

18 November 2016

David Fowles
Project Manager
CCMG
Competition and Markets Authority
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Email: alisonrussell@utilita.co.uk

By email only

Dear David,

Re: EMI Consultation: The Energy Market Investigation (Restricted Meters) Order 2016

Thank you for the draft of The Energy Market Investigation (Restricted Meters) Order 2016 (the Order) and draft Supply Licence Conditions (SLCs). This letter forms Utilita Energy Ltd's (Utilita) response.

We have reviewed the revised document following the previous consultation and have identified some remaining concerns on the definition of Relevant Tariff. The definition in the explanatory notes and the draft Order is based on a tariff being capable of entered into by any customer.

As we set out previously, Utilita's business model is based on installing smart meters free of charge for our customers. The acceptance of a smart meter is a principal term of the contract and access to our Smart Energy Tariff for all our customers is conditional upon their acceptance of a smart meter (the unit rates do not vary according to whether the smart customer is a prepayment or credit customer). If a customer signs up and later rejects a smart meter (having accepted one as a principal term of the contract), then following notification, the customer will be transferred to our standard variable tariff. This tariff, called Premium Energy is accessible to any customer whether prepayment or credit. It is more expensive than Smart Energy.

We operate these two tariffs for both single rate and economy 7 meters. We do not operate other tariffs, the tariffs are variable not fixed term and do not have termination fees. This simple approach of a small number of tariffs is appreciated and well understood by our customers. The access to the cheaper, Smart Energy Tariff for all our smart customers, whatever their payment method, can be delivered as a result of the reduced costs to Utilita of managing smart rather than legacy customers.

As the Smart Energy Tariff is available only to customers with smart meters, we would like confirmation that this tariff would not be captured by the definition of Relevant Tariff. We consider this approach is consistent with the intent of the Order.

We note that drafting amendments have been made which now exclude smart meters and prepayment meters from much of the Order. We also note the change to the definition of Relevant Tariff, which make the requirement subject to the tariff's '*non-meter related terms*'. While we welcome both these amendments, we do not believe that they address our concern.

We are of the view that the principal term for Smart Energy/Smart E7 that a smart meter is required would place it outside the exception above. We would therefore like confirmation that the definitions are intended to exclude not only smart meters, but tariffs which are only available to smart meter customers.

In addition, we previously raised the concern that the Order and explanatory notes remain silent on the subject of network charges levied on suppliers. It is our understanding that suppliers' network charges will be affected by the Time Pattern Regime of the meter. While this impact may be positive or negative, it will mean that supplier charges are not levied on a consistent basis with the charges to customers, leading to a mismatch and potential extra costs.

This has not yet been addressed and we would appreciate confirmation that the network companies will be required to charge suppliers on the same basis as the customers will be charged, or that provision will be made for mismatches.

We hope that these points have been useful. If you would like to discuss any points in more detail, we would be happy to help.

Kind regards,

Yours sincerely,

By email

Alison Russell
Head of Regulatory Affairs