



Department
of Energy &
Climate Change

Government response to the consultation on the Government Electricity Rebate

2nd October 2014

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Executive summary

1. In June 2014, the Department of Energy and Climate Change (DECC) launched a public consultation on the Government Electricity Rebate (GER). This set out the Government's proposals to ensure that all eligible domestic electricity customers receive a £12 rebate on their bills in 2014 and 2015. This rebate is a key element of the package of measures announced by Government in autumn 2013 to help reduce domestic energy bills. The consultation posed questions on:
 - Delivering the rebate and informing customers (questions 1 – 6, and questions 16-17)
 - Obligations, reporting and assurance (questions 7 – 10, and question 19)
 - Reimbursing suppliers for rebates delivered (questions 11-13, question 15, and question 18)
 - Scheme end date (question 14)
 - Additional evidence and other concerns (questions 20 – 22)
2. The consultation closed on 17 July. We received 19 responses through our online survey and through emails to the consultation inbox. 13 responses were made on behalf of domestic electricity suppliers who are the delivery agents of the GER. A further four responses were sent by organisations with a particular interest in the GER including: a consumer organisation, an industry trade association, a national charity and an industry software provider. The remaining two responses came from members of the public.
3. DECC has considered the evidence from the public consultation feedback and technical advice obtained from GER stakeholders during the consultation period to guide the decision making process on the key policy areas of the GER. The purpose of this document is to set out the Government's response to the consultation, drawing upon the evidence gathered as part of the consultation process and thereby give notice of the reasons for the Government's decision to issue a Direction pursuant to section 7(3)(a) of the Electricity Act 1989¹.
4. This document provides a summary of the points raised during the consultation and states the Government's position on proposals for delivering a £12 rebate to domestic electricity customers.

Summary of the GER scheme

5. The GER aims to ensure that all eligible domestic customers will have their electricity bills reduced by £12 in each of the next two years. This rebate will be delivered by suppliers and enforced through a license modification by Ofgem. The obligations of the scheme will be determined under a Direction from the Secretary of State.
6. For the purposes of the GER an eligible customer is defined as each single domestic household. Those on non-domestic contracts will not be eligible.
7. The GER will be delivered through electricity suppliers who will be responsible for delivering the GER to those customers it supplies with electricity on a specified qualifying date (the eligible customers). This date will be 12 October 2014 in scheme year 1 and 11 October

¹ Section 49A of the Electricity Act 1989 requires the Secretary of State to publish a notice with the reasons for the decision to issue a Direction.

2015 in scheme year 2. Government will reimburse suppliers for the GERs they deliver to their eligible customers.

8. Suppliers will have an obligation to take all reasonable steps to ensure that all their eligible customers are provided with the GER in the six weeks following the qualifying date – referred to as the payment period. For direct debit and receipt of bill (credit) customers this means that the customer must have had the GER applied to their electricity account within this period and those on pre-payment must have been sent the GER, likely through a voucher or special action message (SAMs) which can be redeemed at their next top up.
9. If a supplier is not able to provide the GER to all its eligible customers during the initial six week period, suppliers will then have until the scheme cut-off date of 28 February, in both 2015 and 2016, to deliver the GER to any outstanding customers. DECC will not reimburse suppliers for any rebates delivered after this date. Therefore, we expect pre-payment vouchers to have an expiry date of 28 February with respect to each scheme year. DECC understands there will be certain exceptional circumstances under which it will not be reasonably practical for a supplier to provide the GER to a customer. However, suppliers are expected to provide the GERs except where it would not be reasonably practical and the general principles for determining whether or not suppliers have complied with that obligation are set out in this document.
10. Suppliers must notify all their eligible customers in writing when they have received the GER and this will vary depending on the method by which the customer receives it.
11. DECC will continue to work closely with all suppliers to ensure messaging and communications around the GER are clear, coordinated and consistent to minimise customer confusion and calls to supplier call centres and to encourage redemption of the GER by pre-payment customers.
12. As this is a Government-funded scheme, DECC will reimburse suppliers for GERs delivered to customers, but not for any costs incurred in administering the scheme. This document, and Guidance supplied by DECC, will set out the process for this reimbursement. Suppliers will be obligated to return any funds provided by Government in excess of the number of GERs that have reached customers.

Summary of responses and policy decisions

The following sections provide a brief summary of DECC's initial proposals and the responses received, before setting out the final decision that has been made. Questions are grouped thematically rather than in the numerical order in which they were set out in the original consultation.

Delivering the rebate and informing customers

Question 1: Do you agree with the proposal for a single Qualifying Date?

DECC's Consultation Proposal

13. It is important that customers and suppliers are clear on who will be responsible for delivering the GER to a specific customer. To do this, a clear point of responsibility needs to be established. The consultation proposed that this could only happen by having a single qualifying date (QD) and making suppliers subject to an obligation to take all reasonable steps to ensure that the customers they supply on that date receive the GER. This clearly establishes which supplier should provide the rebate to which customer. Our proposal was that there be a single QD for both years of the scheme and that in scheme year 1 this would be 8 October 2014.

You said

Agree	17
Disagree	0
Didn't Answer	2

14. There was strong consensus amongst respondents on the need for a single QD, in that it would help reduce the risk of duplicate payments being made to customers, and could also reduce the number of customers who may miss out. However, 80% of suppliers that responded to the GER consultation said that a weekend QD would be preferable to the date proposed (which fell on a Wednesday). Generally, fewer customers switch supplier at weekends, and therefore a weekend QD could minimise the number of exceptions which occur as a result of switching. One large supplier highlighted that a later date may be needed to ensure sufficient time to put in place the necessary systems to deliver the scheme.

Final policy decision

15. As with the consultation proposal, the GER will be subject to a single qualifying date. However, in response to respondents' requests, we have decided to move the qualifying date to Sunday 12 October 2014 for scheme year 1. This is the closest Sunday after the

date which we originally proposed. Sunday October 11 2015 will be the qualifying date for scheme year 2.

Question 2: Do you agree that suppliers should be under a responsibility to take all reasonable steps to ensure that the eligible customers they supply on the Qualifying Date receive the rebate?

You said

Yes	16
No	1
Didn't Answer	2

16. There was broad agreement from respondents that there should be a requirement to take all reasonable steps to ensure that the eligible customers they supply on the qualifying date receive the GER. One supplier, although in agreement with the principle, said that this requirement was already covered through the licence condition requirement to treat customers fairly.

17. The majority of respondents emphasised the importance of clearly defining “all reasonable steps”. There was a general consensus from suppliers that the definition of ‘reasonable’ needed to be assessed in the context of the time it would take to complete any ‘steps’ required.

18. Additional points were raised in response to this question including the need for greater detail on definitions such as ‘eligibility’ and ‘exception’. It was also highlighted that greater detail was needed on defining at what point a customer could be considered to have ‘received’ a rebate.

Final policy decision

19. For the GER, we will require that suppliers should take all reasonable steps to ensure eligible customers they supply on QD receive the GER before the end of the payment period. This should be done through their business as usual (BAU) processes as far as possible.

20. In defining what is reasonable for the purpose of the GER, it is DECC’s view that suppliers must first attempt to deliver the GER to every eligible customer they supply through their chosen primary delivery mechanism for that payment type (i.e. through their BAU method). For example, for a direct debit customer, this would be once a supplier has made all attempts to credit the customer’s electricity account automatically. These attempts must be done during the initial six week period. We believe that this will be sufficient in the vast majority of cases. However, we understand that in some instances, suppliers will not be able to credit a small number of customers through their BAU processes and have to seek alternative means of getting the rebate to those customers.

21. In such cases, where a supplier does not have adequate information to be able to provide the rebate through other means, suppliers will be required to report these customers as outstanding customers to DECC and set out the steps that they will take to attempt to deliver the rebate to them. The supplier is then expected to provide a rebate to those customers before the cut-off date unless it would not be reasonably practical for it to do so.
22. For these additional steps, DECC consider that suppliers should make one additional attempt to provide the GER to the customer through other means. The circumstance in which such an additional attempt to provide the GER may not be reasonably practical will be determined by the information that a supplier has at their disposal to allow further attempt to be made, e.g. bank details or address of the customer etc.
23. If delivery ultimately fails, suppliers will be required to report to Ofgem on the reasons why outstanding customers could not be provided with a rebate, or why delivery failed. They will not be able to seek reimbursement for such customers. Ofgem's Guidance will provide more detail about how suppliers will have to evidence and report on such situations. Further discussion on our proposals and response to questions on exceptions is set out below in response to questions 4, 16, and 17.

[Question 4: Under what circumstances do you believe it will not be reasonably practical to provide the rebate?](#)

You said

Responded with examples	6
Did not respond	13

24. A number of suppliers provided us with extensive lists of examples outlining in which circumstances it would not be reasonably practical to provide the rebate.

Final policy decision

25. Given the potential range of circumstances that may arise where it will not be possible to provide a rebate, DECC does not intend to set out an exhaustive list of all the permutations that it believes should constitute a valid exception. We have set out the principles for providing and delivering rebates where BAU approaches are not available in paragraphs 19 to 23 above, and these are the principles that we propose Ofgem should apply when determining whether a supplier's attempt to deal with any outstanding customers is sufficient for compliance purposes. We will discuss how we expect suppliers to handle exceptions further in response to questions 16 and 17 below.

[Question 16: Do you agree with our proposals for having specified exceptions within the Direction?](#)

DECC's Proposal

26. For the GER we proposed to specify in the Secretary of State's Direction, the circumstances under which it would not be reasonably practical for suppliers to provide the rebate to customers.

You said

Agree	9
Disagree	6
Don't know / Did not answer	4

27. The most frequent response to this question was that there should be flexibility in the approach to exceptions. Some respondents supported the inclusion of specific exceptions in the Secretary of State's Direction; others stated that they should be in Ofgem's Guidance. Others emphasised that there should be a set of principles in the Secretary of State's Direction that would allow for flexibility to determine exceptions.

28. Two suppliers suggested that exceptions should not be defined until after the payment period as there may be exceptions that are entirely different from those under the Warm Home Discount, which has different processes.

Final policy decision

29. Given the potential range of circumstances that may arise where it has not been possible to provide a rebate, DECC does not intend to set out an exhaustive list of all the permutations that could constitute a valid exception in the Direction. Instead, the application of this provision will be determined on a case by case basis, as suppliers report on how they have handled delivery to outstanding customers. Ofgem will monitor and assess the cases where suppliers have not ultimately been able to deliver the rebate to eligible customers, reported by suppliers from the end of the payment period (the initial 6 weeks of crediting) onwards, and in their End of Year returns. More information on how to report on, and evidence, exceptions will be published in Ofgem's Guidance.

[Question 17: Do you agree with the specified exceptions we are proposing to include within the Direction? Should there be others? Please provide evidence to support the inclusion of additional exceptions if possible.](#)

DECC's Proposal

30. We proposed that specified exceptions should be where: the customer has died and it has not been possible to contact the person now responsible for their estate; and where the customer has moved house and not provided a forwarding address.

You said

Agree	12
Disagree	3

Don't know / Did not answer	4
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31. Suppliers largely agreed with DECC's specified exceptions in the GER consultation. Respondents further provided various examples of exceptions that they felt should be included within the Secretary of State's Direction.

Final policy decision

32. As set out above, given the potential range of circumstances that may arise where it has not been possible to provide a GER, DECC does not intend to set out an exhaustive list of all the permutations that could constitute a valid exception in the Direction.

33. We do, however, believe that there are at least two generic situations which are likely to result in suppliers not being able to deliver a GER to a customer. We stated these in the consultation and in more general terms they are:

- the customer has died, it has not been possible to credit or tender payment, and it has not been possible to contact the person now responsible for their estate; or
- the customer has moved house and switched suppliers, it has not been possible to credit or tender payment, e.g. no bank details, and has not provided any forwarding address.

Eligibility

Question 3: Do you agree that the Direction should state that suppliers will only be reimbursed for one payment per eligible premises?

DECC's Proposal

34. In our consultation on the GER, we proposed that each domestic electricity account holder in Great Britain will be eligible for one rebate.

You said

Yes	13
No	3
Uncertain	1
Didn't Answer	2

35. There was general agreement amongst respondents with the proposals to reimburse suppliers for one payment per "eligible premises" but respondents stressed that there needed to be clarity on the definition of this, and consistency in the definitions between the Secretary of State's Direction and Ofgem's Guidance.

36. Suppliers raised the issue that account management structures differ across the industry, and so the use of "customer account", which was referred to in the consultation, would have different meanings to different suppliers, and be irrelevant to some.

37. In relation to the requirement to only deliver one rebate per premises, three larger suppliers stated that in some exceptional situations duplicate GER payments may be made by suppliers in good faith. For example, these could be in the event of a change of supply or change of tenancy on the qualifying date. These suppliers argued that under these circumstances, they should be reimbursed for those rebates as it would be too costly to identify all duplicate payments.

Final policy decision

38. We have decided that given the potential variability in the way suppliers classify and manage their customer relationships it is not possible to establish a single definition that would be applicable to all suppliers. For the GER, therefore, DECC will look to adopt a principles based approach to determining eligibility.

39. We will aim to be consistent with the original policy intent of compensating for Government social and environmental policy costs paid for through household energy bills. In accordance with this, therefore, our overall policy principle is that the GER should be applied at individual household level where possible.

40. Secondly, we have adopted a number of delivery principles which will determine our approach to translating the policy principle into action, and these included the following:

- Delivery costs should be proportionate to the size of the rebate and therefore we should adopt a pragmatic, “business as usual” approach, using existing systems and processes where possible; and
- Eligible customers should be easy to identify and provide the rebate to.

41. Therefore, where suppliers are able to identify individual domestic households using BAU processes (whether there are several aggregated into one account, or there are separate accounts for one household) the account holder should receive a rebate for each household. Circumstances which may require a supplier to apply such a judgement as to how many rebates to apply include, for example,

- a household with a number of related meters;
- a household with a number of unrelated meters;
- a customer who owns more than one property, but each property is a distinct household, e.g. landlords.

42. In each case the rebate should be applied at household level regardless of the structure of the account. Nevertheless, there will be cases where the detail of such situations will not be clear to suppliers. For example, it is possible that one single household with two or more unrelated meters could appear to a supplier as separate households – this could be where a householder has connected two terraced houses. In this example, for reasons of imperfect information, a supplier could not be reasonably expected to know that there is only one household. In this situation, a supplier is likely to apply two rebates.

43. Likewise, where a supplier could not reasonably be expected to know that an account contains multiple households, they are likely to apply a single rebate. In the case of multiple metering arrangements, where meters are unrelated, it is even possible that there could be two distinct suppliers supplying one premises, or household. In this case, the customer

would likely receive a rebate from each supplier, and this would be acceptable as each supplier would be following their standard processes in applying the rebate.

Informing customers

Question 5: Do you have suggestions for how Government and suppliers can cost-effectively encourage prepayment meter customers to redeem the rebate?

DECC's Proposal

44. We are aware that it will be challenging for suppliers both large and small to deliver the GER to prepayment meter (PPM) customers. We are committed to working with suppliers to ensure communications around the rebate are coordinated, clear and can increase the chances of PPM customers taking action to put the credit on their meter. We are mindful that the GER should be delivered at low cost. We invited suggestions on how to deliver rebates to PPM customers efficiently.

You said

Responded with suggestions	8
Did not respond	11

45. A common response from suppliers was that the approaches to engaging their PPM customers vary markedly across the industry and that a 'one size fits all' approach would not be suitable. It was stressed that supplier flexibility to communicate the GER with their customers would be the key approach to cost-effectively encouraging PPM customers to redeem the rebate. Responses further stressed that if significant additional communications were required then this should be Government funded as this activity would not form part of suppliers' BAU processes.

46. Respondents were in agreement that Government should work closely with all suppliers to ensure communications are clear, coordinated and consistent. It was raised by several suppliers that it was vital that there was clarity over how the rebate fitted within the wider £50 package to avoid customer confusion around the value of the rebate they were to receive. They highlighted that there was the potential for unnecessary calls/complaints to their contact centres if this was not done well, which would increase the costs of delivering the scheme. Suppliers and consumer organisations stated that they would be happy to work with DECC to develop the communications for the scheme.

47. A common suggestion was for a targeted advertising campaign in PPM outlets to increase awareness of the rebate amongst customers in the run-up to and throughout the crediting period. This was felt to have worked well in the past as it built on already established and trusted relationships.

Final policy decision

48. Government will continue to work closely with all suppliers, consumer organisations and prepayment voucher and infrastructure providers to ensure communications are clear, coordinated and consistent. We are working with the industry on plans for any Government funded communication activities, particularly with the aim of ensuring that take up of the rebate is high amongst PPM customers.

Question 6: Do you agree that as a minimum all customers should be informed of the credit via their bills, statements or receipts for crediting their prepayment meter keys, cards or tokens?

DECC's Proposal

49. We proposed that suppliers should be required to label clearly the £12 Government Electricity Rebate as a credit on a bill (or statement of account) or, in the case of prepayment customers, via the receipt they receive when they charge their card.

You said

Agree	14
Disagree	0
Uncertain	3
Did not answer	2

50. All respondents were in agreement that as a minimum, standard credit and cash/cheque customers should be informed of the GER via their bills or statements. Respondents also agreed that PPM customers should also be informed about the GER, but explained that how the PPM customer is informed should be determined by how they receive the GER.

51. A voucher and accompanying letter was commonly deemed as the appropriate level of communications for customers receiving the rebate via voucher. Where possible, customers receiving the GER through a special action message (SAM) should be informed of the GER by a line on their receipt upon having the GER credited to their account. Suppliers mentioned that the format of the messaging on bills, statements, vouchers and receipts should be determined by supplier.

52. Several suppliers mentioned that any communications beyond the consultation proposals should be funded by Government. One consumer organisation with interest in the GER discussed that they would ensure that their consumer helpline staff are briefed in order to respond to customers who may seek advice from a third party about it. Additionally, they discussed that they would provide information about it on their website and produce an advice guide.

Final Policy Decision

53. All customers will have to be informed in writing (paper or electronic) of having received the rebate, though we will allow flexibility for suppliers to determine the most appropriate method. At a minimum, we expect this to be on bills or statements for credit and direct debit customers. The bill or statement following the application of the rebate credit should clearly show that the rebate has been applied as a line item. The way that PPM customers will be informed will vary depending on their payment type. Customers who receive vouchers or barcoded letters must be informed that the purpose of the voucher is provision of the GER. Customers who receive electronic credits, or tendered payments will have to be notified in writing.

Obligations, reporting and assurance

Question 19: Do you agree that the Direction should require suppliers to pay the full £12 to their customers?

DECC's Proposal

54. We proposed that suppliers should be required by the Direction to pass on the full value of the rebate to their customers.

You said

Agree	14
Disagree	2
Don't know / Did not answer	3

55. All but one respondent agreed that suppliers should pay the full £12 to their customers, but that respondent did not specify why they disagreed with the proposal. Suppliers that were in agreement with this proposal stated that they were content in doing so, but stressed that there needs to be a clear rule regarding the VAT status of the GER in the Direction to ensure consistent application. Some suppliers raised concerns that if high delivery costs are created by the scheme then this would impact on the benefit received by the customer.

Final Policy Decision

56. The Secretary of State's Direction will require suppliers to pay the full value of the £12 GER to their eligible domestic electricity customers. This is a reduction in the total amount a customer would pay, including the application of charges for VAT. How VAT should be presented in relation to the rebate is discussed further in the additional questions section.

Question 7: Do you agree with the broad proposals for seeking assurance for the rebate?

DECC's Proposal

57. Any assurance we seek will need to be based on data we have chosen as a basis on which to reimburse suppliers for rebates delivered. For example, we may need assurance that the money in question (i.e. the rebate) has been delivered to customers. This may involve (but not be limited to) an inspection of the relevant financial records. We will need to be able to access information in order to be assured that suppliers' delivery of the rebate is in accordance with the Direction.

You said

Agree	13
Disagree	3
Uncertain	2

58. The majority of respondents agreed with the consultation proposals that Government should be able to seek assurance from suppliers around the provision of the rebate but highlighted the need for there to be more detail on what would be required in the assurance process.
59. The majority of respondents emphasised that the assurance process should be designed to be proportionate to the value of the rebate so that it does not significantly increase costs of the scheme. There was a concern from one consumer organisation that the costs to suppliers in the event of an onerous and burdensome assurance process could be recouped by the industry through higher tariffs.
60. Respondents were in agreement that requiring assurance on the point of need for cash would increase administration workloads. Suppliers were also concerned that there could be duplication of work by suppliers' internal audit and Ofgem, and were concerned that this should not be the approach here. One supplier stressed that DECC assurance needs to avoid duplication with that of Ofgem.

Final policy decision

61. Ofgem will be responsible for providing the audit for the GER as part of their compliance monitoring procedures. Ofgem will largely be determining if suppliers have provided and delivered the rebate to their eligible customers as required by the amended standard licence conditions and Direction as well as determining if any reported exceptions are valid. The detail of this process is set out in Ofgem's Guidance document.
62. Apart from this, DECC will require assurance that suppliers' requests for reimbursement and their reporting under the Direction are true and fair and are made on behalf of the company. Each supplier will therefore be required to designate a 'responsible person' for the purpose of certifying all mandatory reporting required under the Direction, and reimbursement requests and invoices for reimbursement. The responsible person will be a senior employee or officer of a domestic supplier designated by that supplier as responsible for the delivery of the GER. We believe that this is a proportionate way of dealing with the need for on-going assurance, and is sufficiently flexible not to incur significant additional costs to suppliers.
63. Ofgem will then undertake an external audit of suppliers which will include all suppliers for the first year of scheme. External assurance is key to providing Ofgem and DECC with confidence that suppliers have met their obligations under GER. Therefore, the external audit programme will be a vital component of the scheme. Indeed, DECC will use the results of the audit to cross-check whether the requests for reimbursement submitted were accurate, and in the event that they are not, suppliers would be required to repay any overpaid funds to DECC. Suppliers will be required to agree to DECC's terms of reimbursement as set out in the Direction.

Question 8: Do you agree that suppliers should be under an obligation to provide information to the Secretary of State and Ofgem for the purpose of the Direction?

You said

Agree	16
Disagree	0
Did not answer	2

64. There was strong agreement from suppliers and a trade association that suppliers should be under an obligation to provide information to the Secretary of State and Ofgem for the purpose of the Secretary of State Direction. Almost all respondents requested that no duplication of information, monitoring and reporting requirements takes place between Ofgem and DECC.

65. A number of suppliers requested keeping the information provided to what is proportionate in order to keep costs to a minimum. Suppliers requested that Government should discuss the nature of “information” as early as possible with suppliers. One smaller supplier requested a turnaround of no shorter than four weeks for the process of providing information.

Final Policy Decision

66. The reporting requirements, which are stipulated in Secretary of State’s Direction, and also in the DECC and Ofgem Guidance documents, serve to provide assurance to DECC that suppliers have fulfilled their obligations under the Direction in delivering the rebate. Furthermore the required information will enable DECC to:

- co-ordinate the reimbursement process;
- authorise payments to suppliers to reimburse suppliers for the rebates delivered.

67. DECC will also request regular voluntary reporting during the scheme’s payment period. This will be important to determine the required level of reactive communications if PPM customers’ redemption of vouchers proves to be lower than expected. DECC’s requirements for reporting are set in a format that mirrors Ofgem’s to reduce the administrative burden on suppliers and limited to information required to support the successful delivery of the scheme, as well as administering the reimbursement process.

68. There is an overview of the reporting requirements set out in response to question 10.

Question 9: Do you agree that suppliers should endeavour to credit all their customers’ accounts (or send vouchers and SAMs) with the rebate within 6 weeks of the qualifying date?

DECC’s Proposal

69. The consultation set out that suppliers should be required to credit customer accounts and send out vouchers and SAMs quickly in order to minimise the number of people switching supplier between the qualifying date and the date their account is credited. Therefore, we

proposed that there should be a time limit of six weeks within which suppliers should have attempted to credit accounts or send out vouchers and SAMs to all eligible domestic electricity customers.

You said

Agree	16
Disagree	1
Did not answer	2

70. There was agreement from respondents that suppliers should endeavour to credit all their customers’ accounts (or send vouchers and SAMs) within six weeks of the qualifying date. Two thirds of respondents said that whilst six weeks was manageable for credit and direct debit, they stressed that PPM customers may take considerably longer to complete. Some suppliers mentioned that an eight week crediting period would be more realistic.

71. Some suppliers made the case that a six week period is a relatively short time to credit such a large volume of accounts and, therefore, when compliance against this target was being assessed, the difficulty should be borne in mind and any action taken should be proportionate.

72. Suppliers emphasised the need for early confirmation and clarification of what would be required so that they could start the process of putting in place resource and plans in preparation for timely delivery of the GER.

73. In particular, one supplier said that the length of this period would prevent them from using SAMs to deliver the rebate to PPM customers, given that there are constraints on the volume of messages which can be sent through the electricity credit purchasing network. They argued therefore that this period should be extended to in order that they can use this preferred method of delivery which they believe would be cheaper and achieve greater uptake.

Final policy decision

74. We believe that six weeks is a reasonable period of time over which to provide the rebate to eligible customers. We are aware that some larger suppliers may require all of this period to process large volumes of rebates, whereas smaller suppliers will likely finish earlier. However, we are confident that, following additional consultation with suppliers, delivering within the six weeks is achievable. We are conscious that switching energy suppliers usually increases in the autumn and this, if combined with an extended payment period, would make delivery more challenging for suppliers. This would therefore increase the number and complexity of exceptions that the supplier would need to deal with, increasing the number of customers who will not receive the rebate

75. We therefore consider this timeframe an appropriate balance between the greater effort required to process the rebate over a shorter time period and the greater effort required in dealing with exceptions over a longer time period, and the associated risks of customers

missing out. We also think that it is fair to set a concrete timetable so that we are able to be clear with consumers when they will receive the rebate.

76. Suppliers must therefore have made an attempt to provide a rebate (meaning, in most cases, crediting their customers' accounts or sending SAMs or vouchers to PPM customers) to all of their customers within six weeks of the qualifying date beginning on the 12 October 2014. Following this period, where the initial attempt to provide the rebate was unsuccessful, suppliers will be required to report on how many outstanding customers they have and how they intend to provide the rebate to them.
77. We are sympathetic to the fact that payment period of six weeks will mean that suppliers, in some instances, may not be able to use SAMs to deliver the rebate where this is their preferred method. However, evidence received from the SAM infrastructure providers makes it clear that if SAMs were to be chosen as the delivery method for large suppliers it would have meant, due to the limited capacity of the network, significantly extending the delivery of the scheme into summer 2015. This is well beyond the agreed timeline for delivery of the scheme.
78. We have started to explore with the industry as a whole whether there is any scope for investment in expanding the capacity of the network to enable delivery via SAMs over a shorter timeframe for year 2. This investment would have to be industry-led and, given the rebate is for two years only, would therefore only be made if there were additional sound business reasons. We will consider this as part of assessing other potential changes for year 2 of the scheme.

Question 10: Do you agree that suppliers should be required to report on the total number of customer accounts by payment method, the number of customer accounts successfully credited (or been sent vouchers and SAMs) and the number of exceptions and the timescale for dealing with the exceptions?

DECC's Proposal

79. After the six week payment period, we proposed that suppliers would be required to report to us the total number of customer accounts by payment method, how many eligible customers have been successfully provided with the rebate and the number of outstanding customers that remain. We would also expect suppliers to report how they plan to deal with likely exceptions and how long this process would be likely to take.

You said

Agree	15
Disagree	0
Uncertain	0
Did not answer	3

80. All respondents were in general agreement that suppliers should be required to report on the total number of customer accounts by payment method, the number of customer accounts successfully credited (or been sent vouchers and SAMs) and the number of exceptions and the timescale for dealing with these exceptions. Some suppliers stated that they would not know what their exceptions were likely to be until the crediting period of the GER had started, therefore unsure of the timeframe in which they could provide this information.

Final Policy Decision

81. We have considered in detail the reporting that we will require from suppliers to enable robust management of the scheme, and to reimburse suppliers. We summarise these requirements below, and they are set out fully in DECC's scheme Guidance. Ofgem's reporting requirements are set out in their scheme guidance. In many cases, the requirements are equivalent or similar, this is to minimise the administrative burden on suppliers.

82. In general terms, DECC will be looking for two forms of information:

- Required reporting – these reports will be mandatory and will be set out in the Secretary of State Direction. Primarily, they will serve to inform the reimbursement process and to provide assurance to DECC that suppliers have fulfilled their obligations under the Direction in delivering GER to eligible customers. Where possible we will match the reporting, in both content and format, to that required by Ofgem in order to minimise additional bureaucracy.
- Requested reporting – alongside the mandatory reporting above, DECC will be seeking regular management information from suppliers on a more informal basis to assist in scheme delivery. This will allow us to respond to any problems within the scheme in a quick and effective way.

83. DECC will **require** the following reports:

- On or before 26 October - DECC GER Notification Template: the contents of this report, focussing on the total number of eligible customers a supplier had on the qualifying date, will be used by DECC as part of the reimbursement process and will be used to set the maximum number of rebates for which a supplier may request reimbursement.
- On or before 13 December - DECC GER Outstanding Customer Notification Template: The report will notify DECC of the number of outstanding customers a supplier did not provide the rebate to and the steps proposed for delivering rebates to those customers before or on the cut-off date of 28 February. The contents of this report will allow DECC to provide further clarifications on eligible exceptions and will be used to inform decisions around whether additional actions are required.

84. In addition, DECC is **requesting** suppliers provide the following reports:

- By 8 September 2014 - DECC GER Pre Notification Template: In advance of the Direction coming into force, DECC requested that suppliers provide estimates of customer numbers by payment type, likely invoicing frequencies and invoicing amounts.

This information has been used by DECC to set up the cash management processes for the scheme – forecasting in which month we will reimburse suppliers and how much.

- Informal progress updates during the scheme: These will allow DECC to provide further clarifications or information where required and take additional actions (e.g. further public communications) where necessary.

Reimbursing suppliers for rebates delivered

85. Our proposals for reimbursement in the consultation were based on matching any outgoing funds from Government to the point of need for cash for suppliers. The point of need for cash was when we considered that suppliers would see a reduction in funds received from customers as a result of the rebate.
86. For some payment types this point is clear, in particular PPM where vouchers are purchased and credit customers where a bill is sent out which is £12 lower than it would have been otherwise. However, for others, particularly direct debit, this point is less clear. We therefore proposed that reimbursement for direct debit should be based on account reconciliation as a point when customers would start to see their payments change as a result of the rebate.
87. In all cases we are seeking a reimbursement process which is pragmatic, deliverable and fair, does not compromise the principles of good management of public funds and does not put suppliers at financial risk. We set out below our proposals for reimbursing rebates delivered to each customer type, the feedback received and our final decision.

Question 11: Do you agree with the way in which we are proposing to reimburse suppliers for the rebate provided to direct debit customers?

DECC's Proposal

88. Suppliers would be reimbursed following reconciliation of their direct debit customers' accounts. Suppliers would need to submit a schedule of planned reconciliations and monitor customer activity against it. They would then submit invoices based on actual customer activity for the number of reconciliations carried out in the previous month.

You said

Agree	6
Disagree	9
Uncertain	2
Did not answer	2

89. There were a variety of reasons why suppliers objected to the proposals ranging from cash flow issues to incompatibility with IT systems. Ultimately, the suppliers felt that the proposal was not deliverable and certainly did not align with their current processes and systems.
90. Those respondents that supported the proposals for reimbursement discussed that the cash-flow neutral approach set out in theory was a good idea but were concerned about the complexity of delivering this in reality. Suppliers felt it would be easier to pay against justified approximations rather than actual account reconciliations as proposed in the GER consultation.

91. Suppliers discussed an alternative approach that provides reimbursement earlier in the process e.g. 80% expenditure at the point of crediting with 20% reimbursed following final audit. It was discussed that suppliers could develop the reporting for such a schedule, but it would take time so would need clarity as soon as possible in order to adopt this approach if it were decided on by DECC.
92. In all cases, suppliers argued that as soon as a direct debit customer's account is credited then the financial commitment is created and that this is the objective criteria on which reimbursement should be based.

Final Policy Decision

93. DECC has held further discussions with suppliers and industry experts on customer billing processes, likely cash flow impacts on suppliers and delivery issues. We believe that a fair approach is one which is consistent for all suppliers, does not create cash flow risks and is consistent with the principles of managing public money.
94. We are also mindful of keeping delivery costs as low as possible to maximise the value of the rebate to customers. We have therefore decided to modify our approach of requiring suppliers to report on customer reconciliations each month in order to seek reimbursement, as we believe that this would create an unduly complex and costly process for suppliers to deliver.
95. We have therefore decided that we will reimburse suppliers on the basis of accounts credited in six, equal monthly instalments from the point when they report on the number of direct debit customers credited. We believe this is a clear and simple process which will be low cost to deliver for suppliers and Government. Though it will not exactly match each individual supplier's account reconciliations, it is a good approximation of when there will be a cash impact. Twelve monthly instalments was considered as an option to reflect the fact that all customers should be reconciled within 12 months. However, other customer activity, such as customers requesting voluntary reconciliations in order to claim rebate funds or switching (which would automatically create reconciliation) will bring significant cash loss forward for suppliers. We therefore felt that six months provided the right balance and will allow all payments to be made before the start of year 2 of the scheme.
96. Suppliers will need to submit a declaration that the request for reimbursement is true and accurate and based on the number of accounts credited. This declaration would need to be signed by a responsible person.

Question 12: Do you agree with the way in which we are proposing to reimburse suppliers for the rebate provided to standard credit customers?

DECC's Proposal

97. We proposed that suppliers should submit a schedule of bills going out following the application of the rebate credit and actively monitor it so that they submit invoices based on actual customer activity (bills etc.) each month.

You said

Agree	9
Disagree	5
Broadly agree	1
Did not answer	4

98. There was broad agreement with the principle of reimbursing suppliers once lower bills had been issued as a result of the rebate. However, the suppliers that disagreed, and some of those that agreed, were concerned that the consultation proposals were likely to increase complexity, compared to paying on crediting. This was for the similar reasons as those for the direct debit reimbursement proposal, that there would be a significant reporting challenge in tracking the billing of customers from the qualifying date. It was also mentioned that cash flow issues could arise if there were delays between issuing a bill and receiving the reimbursement. Suppliers additionally asked for clarity on the evidence required to claim reimbursement for this proposal.

Final policy decision

99. As with the direct debit reimbursement process, we are determined to have a process which is low cost and deliverable, as well as being aligned with the cash flow impacts of the rebate. We have therefore decided to simplify our consultation proposals to reimburse suppliers for the GER against accounts credited in either one or three equal monthly instalments, depending on their billing cycle. For example, if suppliers bill customers monthly then one payment will be made after suppliers have credited accounts, if they bill quarterly then three equal payments will be made over three months.

100. Again, though not exactly matching when customers will be billed, this process balances consideration of that with the desire to have a clear and simple process. As with direct debit, suppliers will need to submit a declaration signed by the responsible person that the request for reimbursement is fair and accurate and based on the number of accounts credited.

Question 13: Do you agree with the way in which we are proposing to refund suppliers for the rebate provided to prepayment customers?

101. Suppliers will most commonly use one of two delivery methods to get the rebate to their pre-payment meter (PPM) customers; vouchers (including barcoded letters) and special action messages (SAMs). Vouchers are sent to customers in the post and are redeemed as electricity credit at an outlet, usually a post office or newsagents. The logistics of the cash flows between voucher providers and retailers dictate that suppliers have to lodge funds with voucher providers for the total sum of rebates (or a high proportion thereof) before vouchers can be sent out to customers.

102. SAMs are sent out on the electricity credit purchasing network to the terminals in shops and post offices where customers usually top-up. Customers then download these messages onto their top-up keys when they purchase electricity. If a SAM with credit on has

been issued to a customer they are likely to receive the credit on one of the next occasions they top up. There is evidence to suggest that customers top-up on average around every 10 days.

DECC's Proposal

- 103. Suppliers using vouchers would be reimbursed for the value of funds which suppliers have lodged with voucher providers, as this is a clear point of need for cash which would not have occurred if suppliers were not required to deliver the rebate.
- 104. Suppliers using SAMs, or equivalent, e.g. smart PPM credits, or new keys, would be required to provide DECC with a schedule of when they would be sent to customers, so that payments could be matched. Government would then pay suppliers for a high percentage of the SAMs based upon their take-up in other similar campaigns for which we asked for evidence of through the consultation.

You said

Agree	9
Disagree	6
Did not answer	4

- 105. There was general agreement from suppliers that DECC should reimburse them once they had paid for vouchers. All respondents requested clarity on what would have to be evidenced for reimbursement. Smaller suppliers said that there should be minimal or zero delay in receiving reimbursement for vouchers as this is likely to cause cash flow issues.
- 106. Other responses from smaller suppliers were that they would like to have the option to be able to reduce debt from a customer's account in the first instance or would like to be able to provide the rebate to PPM customers by cheque, where they have very low numbers of PPM customers.
- 107. Some suppliers asked whether they would need to send vouchers or SAMs to owner/occupier accounts.

Final policy decision

- 108. The approach for reimbursing suppliers for the rebate provided to prepayment customers remains largely as proposed in the GER consultation. Following the qualifying date, DECC will reimburse suppliers once they provide evidence of the number of PPM customers and of funds lodged with PPM voucher providers. However, in response to concerns from suppliers, arrangements have been put in place as part of the reimbursement process that will allow DECC to reimburse suppliers for providing vouchers as quickly as possible and the same day where possible.
- 109. For SAMs, smart PPM credits, new keys/cards, we will reimburse on the basis of issuance. Again, we will require evidence to be collected that this has occurred for audit purposes, although we will not require this at the point of reimbursement.

110. Although we originally proposed that SAMs should be reimbursed on a percentage basis, we did not receive substantial evidence on which to base this percentage on. However, after discussion with PPM infrastructure providers we understand that SAMs will in general have a very high probability of success and a percentage held back would not be required. We will therefore reimburse for the total value of rebates sent out via SAMs (or smart credits, new keys/cards) once we have evidence of them being sent.

111. As with other payment types we will require the responsible person to sign off any request for reimbursement. Also, for each payment type suppliers will have to return funds to DECC for any vouchers not claimed or SAMs not picked up by customers, or any other funds claimed for any payment type which have not been provided or delivered to customers.

Question 15: Do you agree with our proposals for reimbursing suppliers?

112. We asked if, in general terms, suppliers agreed with our overall approach to the reimbursement process.

You said

Agree	3
Disagree	14
Don't know / Did not answer	2

113. Respondents referred back to answers to questions 11 – 13 and took the further opportunity to outline the challenges associated with the approach we proposed. Some suppliers added here that where a voucher expires, suppliers should be given the opportunity to provide customers with the GER through a SAM before refunding Government for overpayment.

Final policy decision

114. We have modified the reimbursement process from the original proposals, particularly for direct debit and credit customers, where we have simplified the approach. The process is set out above in response to questions 11 – 13.

Question 18: Do you agree that suppliers should be under an obligation to return any refunds provided by Government in excess of the number of rebates that have been provided to customers?

DECC's Proposal

115. The GER consultation proposed that the Direction will require that suppliers account for and, if needed, pay back any funds received which have not reached customers as rebates for which they may have already received reimbursement. For example, this may occur if a supplier reported the number of rebates credited erroneously, or where a rebate was

provided to a customer, but later not delivered. The latter scenario is likely to occur where there are erroneous transfers where suppliers later find out that the customer has not benefited from the credit applied to the account at the time, or with PPM customers who do not redeem a voucher provided.

You said

Agree	16
Disagree	0
Don't know / Did not answer	2

116. All respondents agreed that suppliers should be under an obligation to return any refunds provided by Government in excess of the number of rebates that have been provided and delivered to customers. Some suppliers proposed netting off funds from payments owed by DECC where possible.

117. One large supplier stated that where PPM customers were issued vouchers but did not redeem them, they would prefer to attempt to reissue the rebate to those customer via SAMs at a later date.

Final policy decision

118. Suppliers will be obligated to return any funding provided by Government in excess of the total sum of the rebates that have been delivered to customers. Furthermore, suppliers will be required to notify DECC of such an overpayment within 10 working days of when the supplier becomes aware of it and be required to report to DECC regarding any overpayment within 10 working days from any written request. Therefore, once the reimbursement process is complete, including any returns from suppliers, Government will have provided to suppliers funds equal to the total sum of rebates which reached customers by 28 February 2015.

Scheme end date

119. The scheme end date will dictate a number of important delivery milestones for the rebate. Given that the rebate is a two-year scheme, Government has relied on the Appropriation Act to issue the rebate funds. We will therefore need to ensure that the scheme funds are spent within this timeframe and this gives us an absolute final date of March 31 2016 to determine the funds that we need to reimburse suppliers for.
120. We also need cut-off dates for each scheme year so that the rebates which suppliers have delivered can be verified and Government can confirm that the funds paid out are accurate in each year. DECC will only reimburse suppliers for rebates delivered up to and including the cut-off date. Therefore, the cut-off date will be the date when vouchers and SAMs, and other tendered payments expire – though note that this is relevant primarily for PPM customers. For the majority of direct debit and credit customers, once the rebate is applied to an account it will have been provided and delivered (though delivery is only confirmed through audit). Therefore, the payment for these customers will not expire beyond any date.
121. Given the cut-off date has a particular impact on PPM customer voucher redemption we asked the following question in the consultation.

Question 14: Would a shorter voucher expiry period (e.g. 3 months) be preferable in order to increase uptake?

DECC's Proposal

122. The consultation proposed that the rebate should be made available for the whole period from the qualifying date to the end of the financial year, 31 March in both 2015 and 2016. We recognised that a shorter expiry period for vouchers (e.g. three months) may create more urgency and reduce the number of people who do not redeem their vouchers. We also asked if a shorter voucher expiry period would affect the administrative burden on suppliers.

You said

Agree	6
Disagree	5
Don't know / Did not answer	8

123. There was no clear agreement and no evidence provided on whether a shorter voucher validity period would increase uptake of the GER by pre-payment customers, though most suppliers agreed that a six month voucher length is the fairer option for people who have no urgency to top-up or have a valid a reason for not topping up within three months. A few respondents mentioned that there should be an extension period for people with difficulties redeeming during the validity period.

124. One supplier asked for clarity on the date from which vouchers would be valid. Some large suppliers said that they would prefer to send out all vouchers with the same fixed validity period, e.g. 3 months. This would be to ensure that all customers get the same amount of time to redeem, and because some larger suppliers are likely to send out vouchers over the whole of the six week payment period.
125. We also spoke to suppliers regarding how a shorter scheme end date would affect their scheme administration. Most suppliers said that given that such a large scale rebate has not been attempted before it is likely they will have to deal with a significant number of delivery issues, e.g. dealing with outstanding customers and exceptions. They therefore erred on the side of caution with regards to the timeframe, i.e. the longer the better to work through any issues that may arise.

Final policy decision

126. Following the evidence received from suppliers and from additional conversations with consumer groups and voucher providers themselves, we have decided to shorten the validity period for vouchers. This decision was also taken in the light of other delivery considerations that point to an earlier cut-off date. The latest date for which DECC will therefore reimburse suppliers for rebates delivered (the cut-off date) is 28 February in both scheme years. This is one month earlier than the date which we consulted on.
127. The evidence that we received on the link with the expiry date of vouchers and uptake was largely anecdotal, and did not point decisively to an optimum length of time for voucher redemption. However, the evidence we have shows that PPM customers top up their meters on average around every 10 days and that the vast majority of voucher redemptions happen shortly after receipt and shortly before expiry, irrespective of the length of the redemption period. This therefore implied that a shorter validity of vouchers would in many cases improve the delivery of the scheme, or at the very least would be unlikely to have a detrimental effect.
128. We have taken the concerns of suppliers regarding the delivery timescale into account and have also reconsidered what will allow DECC to run the scheme efficiently and effectively over its two-year duration. In particular, it was important that DECC, Ofgem and suppliers were able to conclude scheme year 1 early enough to learn lessons and implement improvements for scheme year 2 which could lead to more eligible customers receiving the rebate.
129. The revised cut-off date means that all PPM vouchers and SAMs, and any other tendered payments will have to expire by this date, unless a supplier wanted to provide such a rebate without seeking reimbursement from DECC. We will set 31 March as the scheme end date in each year, and suppliers will have until then to inform DECC of all rebates that have been delivered up until 28 February for the purpose of seeking reimbursement. DECC cannot accept requests for reimbursement any later than 13 March 2015 in relation to scheme year 1 and 11 March 2016 in relation to scheme year 2.
130. We note suppliers' concerns that, as vouchers may be sent out at different times over the initial six weeks, the length of time customers have to redeem them will vary. However,

we believe this difference is acceptable given the length of time available and to ensure clarity and certainty.

Additional questions

Question 20: Do you agree with the way in which we are planning to treat the costs of suppliers?

DECC's Proposal

131. Suppliers have said that there will be costs involved in administering and funding the delivery of the rebate. DECC do not see that there is a case for refunding these costs. It is assumed that upon this basis, suppliers will look to deliver these requirements as competitively as possible by seeking the lowest cost of delivery.

You said

Agree	3
Disagree	12
Don't know / Did not answer	4

132. The majority of respondents disagreed with the way in which we propose to treat the costs of suppliers. The main concern was the costs that would be incurred by suppliers to deliver a Government scheme. Some suggested an alternative to the rebate such as a reduction to council tax or a VAT reduction.

133. One small supplier discussed that smaller suppliers would face disproportionate delivery costs in comparison to larger suppliers. Some suppliers expressed the concern that the payment process, as proposed would push delivery costs significantly higher, some even stating that their costs for delivering the rebate could exceed the value of the rebate, but did not substantiate this with detailed evidence.

134. Another large supplier suggested that their PPM delivery costs would have been much reduced if the crediting period was long enough to allow for their preferred delivery method, SAMs.

Final policy decision

135. We will not be reimbursing costs incurred by suppliers for passing the GER to their eligible domestic electricity customers. Through entering a regulated competitive energy market, suppliers accept that their costs will include delivering and complying with regulatory requirements. By bearing the cost of delivering the rebate, suppliers will have an incentive to minimise those costs (e.g. by driving down procurement costs). Evidence from consultation responses indicated that the delivery costs for the GER per eligible customer will be relatively low to deliver to the vast majority of the domestic electricity customers, though costs will vary by customer payment type. Our estimates of these costs are set out in detail in the accompanying impact assessment.

136. We will consider whether there are changes we can make to the scheme in year two which would reduce administrative costs. The greatest scope for this appears to be in PPM delivery.

Question 21: Additional cost evidence

You said

Provided evidence	15
Did not provide evidence	4

137. There were a wide range of costs provided but the general consensus was that the cost of the scheme will largely be driven by: how the rebate is delivered to PPM customers, the final decisions on payment process, suppliers' reporting requirements, and the handling of additional calls to call centres.

Final policy decision

138. We have taken all information provided by suppliers into consideration when making the final policy decisions laid out in this document to ensure timely and cost effective delivery of the GER. Where applicable, this aggregated information has been used in the final impact assessment accompanying this document.

Question 22: Are there any other concerns to your organisation of implementing the Government Electricity Rebate?

You said

Had other concerns	8
Don't know / Did not answer	11

139. Responses to this question focused on suppliers' concerns around the Government's plans for marketing and communicating the rebate. Suppliers stressed that they would like clarity over DECC's communication plans for the GER.

140. The major concern for suppliers is that if Government chooses to pro-actively communicate the £50 package, it could create confusion for customers of the value of the rebate that should be passed onto them by suppliers. It was mentioned that customer confusion could culminate in customer calls and complaints which would increase suppliers' administration costs.

141. One supplier explained that the GER will be delivered at the same time as the Warm Home Discount so customers could receive several PPM vouchers. Communications should be clear to avoid customer confusion.

Final policy decision

142. DECC will keep suppliers informed of any Government decisions to communicate the £50 package. Proactive communications around the rebate will be focused on briefing third parties who provide information to consumers and on driving uptake of PPM vouchers. We will share our consumer messaging with suppliers in order to get as much consistency and clarity as possible. Inevitably, there will be some reactive communications during the operation of the scheme and regular reporting by suppliers will help us identify any issues arising.

Treatment of VAT

143. We said in the consultation that the rebate is not a reduction in the cost of electricity but a payment from Government to domestic electricity customers. Therefore, the element of the bill that is subject to VAT will remain unchanged. For clarity, we want suppliers to show the rebate applied to the bill after the calculation of charges for consumption and VAT. We would not expect the rebate to interfere in any way with the VAT that suppliers then pay to HMRC.

144. For example, if a customer owes a supplier £100 in charges for usage, a supplier charges $(100 + 5) = £105$ inclusive of VAT, because the VAT rate is 5%. The supplier then has to pass £5 on to HMRC, and keeps £100 as revenue.

145. Where the rebate is applied a supplier should charge the customer $(100 + 5 - 12) = £93$. A supplier would then still have to pay HMRC £5 in VAT, so would be left with £88 of revenue. DECC would then compensate the supplier for the £12 it has passed on to the customer, so the supplier would then have $(88 + 12) = £100$ of revenue as before.

146. In terms of presentation therefore, our priority is that the customer is made aware that their total bill has been reduced by £12 as a result of the rebate. Our preference would be that this is communicated below the line where VAT is applied. If this is absolutely not possible, e.g. due to constraints of suppliers' billing systems, then we will accept the rebate being presented as a £11.43 plus VAT benefit.

147. However, we think this approach is ambiguous and could cause issues for suppliers in terms of calculating the amount of VAT they owe, as in this case it would appear that they owed £4.43 of VAT, whereas in fact they owe £5 as explained above. They would therefore have to account for £0.57 of the £12 that Government reimburses them with as VAT owed to HMRC. We would also want it to be explained clearly to the customer elsewhere on the bill that the total amount of their bill has been reduced by £12.

Conclusion and next steps

Accompanying documents

148. The relevant documents in addition to this policy response are listed below.

- Licence condition 25D issued by the Authority (Ofgem). This comes into force on 3 October 2014. The Government Electricity Rebate Direction made by the Secretary of State for Energy and Climate Change published on 2 October 2014 and available from [<https://www.gov.uk/government/publications/government-electricity-rebate-direction>] This also comes into force on 3 October 2014.
- The DECC GER scheme guidance, published on 2 October 2014 and available from [<https://www.gov.uk/government/publications/government-electricity-rebate-guidance-for-licensed-electricity-suppliers>], relevant to the reimbursement process and reporting to DECC.
- The Ofgem scheme Guidance, relating to all other aspects of delivery.
- The updated DECC GER Impact Assessment published on 2 October 2014 and available from [<https://www.gov.uk/government/consultations/government-electricity-rebate>]

Monitoring and learning lessons for scheme year 2

149. DECC will monitor the scheme delivery drawing on the reporting required under the Direction, the voluntary reporting, Ofgem's scheme audit and feedback received. We will use this information to assess the success of the scheme in year 1 and evaluate if any improvements need to be made in scheme year 2. We will consult with suppliers of any changes we may wish to implement in due course.

150. We also issued a call for evidence on park homes in July this year. There are delivery challenges which mean that Government schemes often do not reach, or are not taken up by, residents of park homes. For example, the GER relies on customers having a relationship with a domestic supplier, and this is often not the case for park home residents. Our call for evidence, which closed in September, should help us evaluate whether it is realistic to include park homes in the scope of the rebate for scheme year 2.

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