

Citizens Advice response to the Ofgem consultation on proposals to modify arrangements for the Over-Recovery of Allowed Revenue, Housekeeping changes to the Licence and the Baseline Margin Indexation change for the Data Communications Company



We welcome the opportunity to respond to this consultation as the statutory consumer voice for energy consumers in Great Britain. We support the amendments proposed within the consultation relating to the Data Communications Company (DCC) and provide further detail below.

Question 1: We welcome views from stakeholders on our proposal to reduce the threshold on DCC’s Allowed Revenue, at which DCC must justify any over-collected revenue in its Price Control submission, from 110% to 105%?

We support the reduction of the threshold from 110% to 105% given that the threshold was originally set in a time of greater uncertainty at the outset of the DCC and that the DCC should be now better able to forecast its costs.

Question 2: We welcome views from stakeholders on our proposed Licence amendment to introduce a backstop date by which all outstanding over-recovered revenue must be returned by DCC to its customers?

We welcome the introduction of a backstop date by which all outstanding over-recovered revenues should be returned to customers. The proposal is for the backstop date to be “as soon as reasonably practicable and before the end of the Licence term, or any additional term thereafter”¹. We would welcome clarification as to the exact operation of this backstop date. We recommend that any currently over-recovered revenues are returned to end-user consumers within the current licence term. We would also welcome clarification as to how recovery and backstop dates interact with any retail price cap in operation at that time. It is important that any over-recovery is returned to *end-user consumers* as soon as possible.

¹ Ofgem, [Consultation on proposals to modify arrangements for the Over-Recovery of Allowed Revenue, Housekeeping changes to the Licence and the Baseline Margin Indexation change](#), June 2023, p16

Question 3: We welcome views from stakeholders on our proposal not to change the Penalty Interest Rate?

The current Penalty Interest Rate (PIR) of 3% plus the BoE Base Rate appears to be a reasonable rate and we support the proposal to not amend the PIR.

Question 4: We welcome views from stakeholders on our proposal to move away from RPI to CPIH for DCC Price Control from RY24/25 onwards?

No response provided.

Question 5: We welcome views from stakeholders on the proposed Licence modification to the tolerance threshold for the over-recovery.

No response provided.

Question 6: We welcome views from stakeholders on the proposed Licence drafting to introduce a new obligation on DCC to realise the phased return to customers of over-recovered revenue.

No response provided.

Question 7: We welcome views from stakeholders on the proposed Licence modification to move away from RPI to CPIH for DCC Price Control from RY24/25 onwards.

No response provided.

Question 8: We welcome views from stakeholders on the proposed housekeeping changes to the Licence.

No response provided.

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