



ACS Submission: Ofgem Open letter – notifying of our intention to launch a project to protect consumers from back billing

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to Ofgem's call for views on their open letter, notifying their intention to launch a project to protect consumers from back billing. ACS represents 33,500 local shops across the country including the Co-op, One Stop, Spar, Costcutter and thousands of independent retailers.

The nature of convenience retail, with long operating hours, intrinsic use of refrigeration and other equipment, means that energy costs are a significant burden. The costs of energy are a critical factor in the viability of a convenience store businesses and it is therefore crucial that the non-domestic market, particularly microbusinesses, are included within the scope of Ofgem's back billing project and not further burdened by long back billing time limits.

ACS welcomes Ofgem's proposals to introduce a new licence obligation to protect consumers from back billing. We would welcome the consistency that this would bring among energy suppliers and the further protection it would provide customers. ACS has previously called for back billing time limits to be introduced as a licence obligation. While we understand that energy suppliers have worked on creating industry agreed standards to address this, there should be more active involvement from the regulator to ensure this is robust, adhered to and, if necessary, enforced.

ACS would welcome further engagement with Ofgem to ensure the interests of small businesses are represented as they launch their project to protect consumers from back billing.

Types of Consumers

ACS encourages Ofgem to include non-domestic customers, particularly micro and small businesses within the scope of the project to protect consumers from back billing. Many small business customers have no greater resource or understanding of energy markets than domestic customers.

We believe it is extremely valuable for microbusinesses to be included within the scope of the project as it is particularly concerning that the length of smart meter back bill limits for microbusinesses varies considerably from 6 months to 4 years, as stipulated in the Annex of the letter.

Whether it is appropriate for different limits to apply for consumers with differing metering technology

While consistency would be ideal to ensure that the back billing periods are easily understood while consumers transition to smart meters, we believe that back billing periods should be reduced over time for all types of meters. We believe an absolute restriction on back billing is feasible in the future, particularly for smart meters.

We recommend that Ofgem should consider holding additional reviews of the back bill licence obligation to ensure that the back billing time limit can be further reduced over time.

The level of detail that any new licence obligations need to contain

A new licence obligation must refer to the length of time that the back billing period can be extended to. ACS recommends the introduction of a six-month limit on back billing in cases of supplier fault. This would half the current back billing principle introduced in 2007 and provide an additional protection for consumers.

For more information on this submission, please contact Julie Byers, ACS Public Affairs Executive at Julie.Byers@acs.org.uk or call 01252 515001.