



Jeremy Adams-Strump,
Consumers and Competition,
Ofgem,
9 Millbank,
London,
SW1P 3GE

24th April 2016

Dear Jeremy,

Ofgem's intention to launch a project on back billing

Thank you for the invitation to respond to your open letter on the above. Bristol Energy is an independent supplier of electricity and gas with a business model that has a regional focus on the South West of England, although we supply customers across Great Britain.

Bristol Energy is supportive of the view that customers should not face large back bills due to a failing by their supplier, or by the industry collectively. It is our view that to do so, especially where the customer is not at fault fails the overarching standard of conduct of treating customers fairly and honestly. The avoidance of large bills is one of the reasons we bill all our customers on a monthly, rather than quarterly basis.

It is our view that to introduce a prescriptive regulation in an area which should fall within the standard of conduct runs counter to Ofgem's intention to move to a principle based regulatory environment where it would be up to suppliers to justify their back billing policy in light of the standard of conduct. Indeed, we believe it will in fact be counterproductive in that some suppliers will apply the rule as one that gives 12 months to bill a customer, rather than seeking to ensure all customers are billed as soon as possible.

With regard to smart meters, we fully expect that as customers receive smart meters then the proportion of customers billed on time will increase. However, currently we have no experience of how robust and reliable the new SMETS2 infrastructure is. Not only the central systems, but also the rate of SMETS2 meter failures, communication hub failures and properties where communication with the meter may be sporadic or non-existence.

Once we have this knowledge, then we will be in a position to review our back billing policy and seek to reduce the time we allow ourselves to bill a customer, hopefully because the number of customers with disputed or missing reads will reduce.

Of course, if this area is regulated under the standard of conduct it would be up to any supplier maintaining a 12 month back billing policy once smart metering is in a stable state to justify that position. Rather than Ofgem having to make changes to the licence, perhaps more than once.

Finally, we believe Ofgem needs to look ahead and ensure prescriptive regulations do not hinder innovation. In the case of back billing, it may be in a future world, some tariffs, which include a demand response element or a form of annual allowance of units at a fixed price, would require an element of reconciliation beyond a prescriptive back billing limit. A prescriptive regulation would hinder this development whereas; a principle-based approach would allow suppliers to tune their back billing policies to the form of tariff offered to the

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customer.

I hope you find this response useful. If you have any queries, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink that reads "Chris Welby".

Chris Welby
Head of Regulation

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