



Dennis Berg,
Consumers and Competition,
Ofgem,
9 Millbank,
London,
SW1P 3GE

7th December 2017

Dear Dennis,

Statutory Consultation on Backbilling

Thank you for the invitation to respond to the above consultation. 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. We have mission to fight fuel poverty and be a force for social good.

Executive Summary

Bristol Energy is supportive of Ofgem's proposal to introduce a licence condition preventing back billing of customers over 12 months unless the customer is at fault. We would have preferred the licence condition to be more principle based as we feel it is too prescriptive, and arguably already covered by the existing Standard of Conduct.

Although we are not signatories to the Billing Code, we have been applying the 12-month back billing principle. We are disappointed to learn that all the signatories to the code have failed to meet the commitment they have made and call on Ofgem to consider enforcement action via the Standard of Conduct to show that making a voluntary commitment and then failing to meet it is not acceptable.

In a more principle-based regulation world, voluntary commitments will become more important as a way of demonstrating compliance and we feel Ofgem should make clear to all licensed parties that failing to meet voluntary commitments can have consequences.

We have answered your specific questions below, expanding our response where necessary.

Q1. Do you agree with our assessment of the consumer harm? Both for domestic and microbusiness customers?

We broadly agree with Ofgem's assessment of consumer harm for both domestic and microbusinesses. we find it particularly disappointing given the six largest suppliers are supposed to be abiding by the Billing Code which they developed and signed up to. Bristol Energy has suspected for a while that some suppliers sign-up to voluntary commitments without making concerted efforts to abide by the commitments they have made and hope Ofgem will use this evidence to hold those suppliers to account.

Q2. Do you agree with the way we are proposing to implement a backbilling limit and the other effects of our proposed license modification?

As stated in our response to Ofgem's open letter we believe that a new prescriptive requirement is not required

Bristol Energy & Technology Services (Supply) Limited

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and this could be handled under the existing standard of conduct if Ofgem made clear that it believed billing a customer beyond 12 months was not acceptable if the customer was not at fault.

We believe the requirement to include this commitment in the customers Terms and Conditions is overly prescriptive as it mandates how the supplier communicates this change to customers, and prescribes it in the worse possible way. Most customers do not read the terms and conditions of supply, and existing customers will not receive revised T&Cs from suppliers because it is not a disadvantageous change. This means most customers will be none the wiser about this change.

If Ofgem wishes customers to know about this rule, then a narrow principle requiring suppliers to ensure customers are aware of the 12 month backbilling rule would make much more sense than prescribing the how and where.

Q3. Do you agree with our assessment of the costs to suppliers?

Ofgem's view that the costs will be minimal is incorrect. Ofgem states that the six biggest suppliers, and several independent suppliers already operate a 12-month rule and thus they should not need to make changes. However, Ofgem in its evidence earlier in the consultation shows that the big 6 suppliers are failing to meet the backbilling commitment they have made. If they do not make any changes, then they will fail to meet the new licence condition.

There is also a cost of communicating the new rule to customers. Ofgem's current proposal requires minimal change as it requires a change to customer T&Cs as they are issued to customers on sign-up, but no requirement to inform existing customers. If Ofgem wishes existing customers to be informed of the new rules then there will be a cost.

Q4. Do you agree with the proposed implementation period?

We are supportive of the proposed implementation period on the proviso that Ofgem does not expect the new rules to be communicated to customers by the implementation date, but as soon as reasonably practicable after the implementation date.

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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