



## By Email

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

Name Paul Finch  
Phone 07795 353787  
E-Mail paul.finch@npower.com

15<sup>th</sup> December 2017

Dear Dennis,

### **Statutory Consultation: protecting consumers who receive backbills**

Please find npower's response to Ofgem's statutory consultation and proposed licence changes, published 16<sup>th</sup> November 2017. We welcome the opportunity to provide comments.

npower is a founding member of Energy UK's Code of Practice for Accurate Bills ("Billing Code") and a signatory to the voluntary back billing standards for Microbusiness customers. As such, it is our policy to apply back-billing in line with these arrangements, to safeguard our customers from bill shock. In respect of Microbusiness customers, we exceed the voluntary arrangements by applying a 12 month limit.

npower broadly supports the response from Energy UK (including answers to your 4 questions). We would like to make the following points:

1. Whilst a licence condition would ensure universal and consistent protection (which we support in principle) and there are issues that need to be addressed, it's not clear whether there is sufficient evidence to justify formal intervention, particularly in relation to microbusiness customers. The extent to which Ofgem has considered a principles based approach to addressing the issues and enforcing standards of conduct where required, rather than risk discarding current arrangements that have generally worked well, is also unclear.
2. Ofgem states that it does not expect a new licence condition to impose a significant burden on suppliers following the current voluntary arrangements. Our assumption is that continuing to adhere to the backbilling requirements of the Domestic Billing Code (and associated scenarios) and the Microbusiness standards, would be compliant with a new licence condition.
3. It is important that the recognised role of customers in supporting timely and accurate billing (particularly the provision of readings pre-Smart) should continue to be factored into the determination of supplier/customer fault and compliance.

Npower Group PLC  
2 Princes Way, Solihull,  
West Midlands, B91 3ES

Registered office:  
Npower Group PLC  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 8241182

Current voluntary arrangements hinge on supplier fault, taking into account attempts to read the meter and requests for customer readings. Ofgem's policy intent is that back billing will apply in all cases unless there is clear evidence of customer fault. This would not, however, include a failure to provide customer readings when requested. It does not feel appropriate or proportionate (pre-smart mass roll-out) to ignore the customer's role in supporting timely and accurate bills and direct debit payments through the provision of readings (as recognised in the current regulatory framework i.e. SLC21B).

It is worth noting that eligibility criteria for certain tariffs (e.g. online) may include a requirement for customers to submit readings. Prices will in part reflect a reduced cost-to-serve. Additional costs associated with meter reading to mitigate back billing risk (against a backdrop of price caps) may undermine the incentive to offer such tariffs, to the overall detriment of customers and competition. It could also impinge on resource focussed on smart deployment.

Generally, we believe that a more balanced consideration of whether fault lies with the supplier or customer should be applied, guided by the principle of treating customers fairly under Standards of Conduct. This should also recognise that if customer inactivity causes issues (with appropriate allowance for vulnerabilities), then a supplier should be able to backbill.

I hope this is helpful in considering appropriate arrangements to protect customers from backbills. If you require any clarification on any of the points we have made, please do not hesitate to contact me.

This response is not confidential.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Finch', with a horizontal line underneath.

**Paul Finch**  
**Regulation**