



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

**Prepayment Consultation Paper:
CER's Responses to Comments Received
and Proposals for Next Steps**

**CER 04/208
28th May 2004**

Introduction

In December 2003 the Commission published a consultation paper on the introduction of a prepayment system for customers in the electricity market. The Commission received responses from five parties, and the first section of this paper outlines some of the points raised by these submissions and the Commission's responses to them. In the following section the steps that now need to be taken are set out, along with a proposed timetable. This includes a description of some specific points that need to be considered and how the Commission will interact with interested parties so that decisions can be made and a prepayment pilot project initiated.

Interested parties are invited to comment on the proposed next steps and timeframes outlined in this paper by close of business on Friday, 11th June 2004. Submissions should be forwarded to:

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1. Summary of comments received

Responses to the consultation paper are grouped by the section of the paper that they refer to, and the CER responses follow in italics.

2 Background

One respondent was of the opinion that “the full opening of the electricity market in February 2005 should not place a limit on any supplier’s ability to provide a prepayment option simply because the prepayment infrastructure is presently only operational by the host supplier. Disconcertingly the electricity Market Implementation Group have been informed that a customer currently on prepayment payment method and wishing to change supplier, would require to default to a credit customer with the new supplier and the existing prepayment metering be removed”. This respondent felt there was an urgent need to make prepayment available at full market opening to all suppliers.

The CER supports the introduction of prepayment as an option for all suppliers as soon as it is feasible. In light of the fact that the new prepayment system will be significantly different to the system currently in place it would seem sensible for all suppliers to await the implementation of the new system before offering prepayment as an option to customers. Furthermore, the extra costs imposed by the current prepayment system may not make it a viable option for suppliers to offer customers.

2.2 Current Arrangements

One respondent felt that the continuation of non-discrimination of costs is not sustainable in the fully opened market. In this context, the respondent believes the “real costs” of operating prepayment systems should be fully determined before any judgments are made.

Another respondent felt it was worth clarifying that the current arrangement here is that the so-called prepayment meter is in fact used as a budget controller only. The normal credit i.e. billing meter remains in place and the budget controller is installed in series with the credit meter. The credit meter is read and customers are billed in the normal way.

The CER agrees that cost reflectivity is essential; the issue of higher costs on vulnerable groups is dealt with in section 5. It must be stressed however that the level of costs of a prepayment system must be assessed before any judgment can be made as to whether this will be an issue. The clarification from one of the respondents is valid: the current prepayment meter, or budget controller, is installed in series with the credit meter which is not removed.

3 Capabilities of prepayment systems

The proposal for a standard industry-wide prepayment system was widely supported.

One respondent felt it was urgent that a detailed feasibility study be carried out, that would examine and report on all the operational issues involved.

Another respondent also supported an analysis of the different systems available involving all industry participants. This respondent was in favour of a trial of one or more systems after an agreed procurement process. This trial could be used to test both the claimed benefits of the systems and their efficiency in handling the new and existing industry processes.

The CER agrees that a study of different available systems is necessary, and that this process should have the input of all market participants. This should lead to a pilot project of one or more systems. The CER would prefer any pilot project to involve at least two suppliers in order to test the functioning of the system in this critical aspect (supporting multiple suppliers). The pilot project is also vital with respect to all operational issues involved.

3.1 Operational Considerations

3.1.1 One agent for all suppliers

One respondent expressed the view that it should not be assumed that ESB Networks be the only metering services supplier post market opening. They felt “there is an opportunity to ensure competitive services in metering and meter reading in Ireland”, noting that there is a comparative number of metering installations in Ireland and New Zealand, where meter services are provided by a number of companies. They also stated “The paper rightly asks that an examination of alternative methods and providers be explored before a decision is taken”.

Another respondent noted that the receipting service requirement mainly covers the sale of credit to the customer, the collation and processing of transaction data and the delivery of monies collected directly to the supplier. This respondent “firmly believes that particularly as Ireland is starting with a blank sheet in terms of prepayment meters that each supplier should contract directly with 3rd party receipting service providers for these services. Having DSO or a similar body provide this service was not acceptable.”

Another respondent agreed that the ownership, operation and maintenance of the meters should reside with ESB Networks, in addition to providing an Asset Management service including a relevant charging regime for all suppliers for this service. They also felt that “The management of the transactions associated with issuing credits and payments should reside between each supplier and national agents currently involved in similar prepayment schemes”. They also added that one option would be for the Market/Suppliers to set up an association or agency to handle vending to the customer, transfer of payments to the relevant supplier and provision of readings to the DSO.

Another respondent stated “To minimise the overall cost of providing a prepayment infrastructure, we support the option of introducing a single prepayment infrastructure provider for the industry to manage the service on behalf of all Suppliers”. They added however, that “Although the DSO is

best placed to co-ordinate provision of infrastructure, this does not necessarily mean that it should operate the service”.

In the context of infrastructure for a prepayment system, distinctions need to be made between the vending infrastructure and the management of prepayment meter accounts. While a management service could include vending services, in the main it would consist of administration services. These services would include actions such as changing the customer tariff, adjusting unit rates within a tariff, adjusting debt recovery levels, transfer of meter data to the DSO and other such actions that suppliers will need to do from time to time.

There may be economies in having one agent provide these services on behalf of client suppliers. This would remove the need for each supplier to invest in any software and hardware required to manage their prepayment customers, and the availability of such a service may in particular be of benefit to suppliers with a smaller customer base or smaller suppliers entering the market. However, if such a service were available it would not preclude any supplier from performing these tasks for themselves. Section 3.1.1 was referring to this type of service. Such a service could be independent of the management of vending services.

While a common vending network for all prepayment suppliers would have obvious advantages, the financial agreements regarding receipting and cash flows could also be between individual suppliers and the vending agency. As stated in the paper “suppliers individually or as a group may wish to be responsible for vending outlets. These considerations will depend on the technology available, as well as market demand and suppliers wishes.” Any industry agency would only be formed if this was the choice of suppliers.

Overall, the information flows at the point of sale may include up to four parties; the vending agency (e.g. An Post, PayPoint, etc.), the customer’s supplier, the prepayment system server, and the DSO. Financial information needs to flow to the vending agency and the supplier; this may be via the prepayment system server, and/or also via a supplier’s agency if set up. Consumption information (following a system authenticated meter reading) needs to flow to the supplier and to the DSO; these flows could be directly from the prepayment server to the supplier and then to the DSO, or directly to both the supplier and the DSO from the server. Both these information flows need to be clarified and will depend on:

- *whether retail arrangements will be made with vending agencies by suppliers individually or by a central agent on their behalf*
- *when and how the DSO will be informed of meter readings (these may need to go via the prepayment server for authentication)*
- *whether there is a one way or two way information flow from the customer (e.g. swipecard, or GSM capable prepayment meter)*

These issues will become clearer following an assessment of the various technologies and discussions with other parties such as vending agents and prepayment manufacturers.

The CER would not however favour a system whereby some retail points would only retail for some suppliers and not others as a result of individual vending arrangements, as this could be seen as a barrier to competition.

3.2 Technology

One respondent felt it was crucial that metering and payment networks are considered together and that the lack of payment outlets will severely impact on the ability to offer an effective prepayment metering solution.

Another respondent “would want to confirm that the advantages claimed by the suppliers of the newer technologies can and do translate into real savings which can benefit customers”.

A third respondent “believes that most benefit would be derived from introducing a metering technology that supports transfer of consumption data as part of the credit top up process” and noted that for keypad meters the customer has a swipe card that the retailer uses to make sure that payments are credited to the correct customer, but this provides no consumption information. This also affects settlement procedures: “As customers will buy credit on a regular basis, they are likely to provide more meter readings than the current bi-monthly schedule, rules will be required to define which will be used for Settlement purposes and which will be stored for record purposes”.

They also were of the view that “The chosen technology should be reprogrammable as part of the credit purchase process, to suit different Suppliers' tariffs, so that customers can receive the benefit of switching Supplier without waiting until a meter reader or other ESB visitor changes the tariff recovery rate on the meter”.

The advantages of one technology over another will also need to factor in the cost of the systems. GSM capabilities or transfer of customer data at the vending point may result in a more expensive system. As part of the next stage in this process, the CER in conjunction with market participants will need to assess the strengths and weaknesses of current available systems, including costs. It is envisaged that central features of a prepayment system will include the ability to reprogramme tariffs remotely. New procedures will be required to ensure that correct and timely consumption data from prepayment customers is available for the settlement process.

4 Further considerations

4.1 Ownership and management

One respondent noted that metering services are delivered to all market players by a monopoly provider, and that cost control is driven by the regulatory mechanism and not the market place. They believe the way forward is outlined in the examples on NGC Smart Metering Services and in the competitive number of payment outlet providers in Northern Ireland.

Two respondents agreed that the ownership and installation of prepayment meters should be the responsibility of the DSO.

One respondent noted that “In regard to the removal of the need for manual meter reading; this clearly would be needed for the resultant savings to be passed onto customers. The absence of this saving would significantly reduce the potential benefit to customers. Equally the elimination of manual meter reading would impact on DUOS billing and it would be necessary to agree on a new process for this. Similarly, settlement operations would be affected and these also need to be studied and agreed.”

Another respondent felt that “the elimination of manual reads and the benefits and savings accrued, as referred throughout the document, may not be as relevant to this market structure. Along with the low-scale deployment of such installations currently in the Republic of Ireland (1.8%) and the dispersed nature of these installations, meter reading savings will be marginal and the scale of savings proposed in the document will, therefore, not accrue. For the effective operation of the overall market actual meter readings are required... Further analysis is required to assess the most suitable prepayment system to provide such readings prior to the elimination of scheduled reads for a certain market sector, in order to avoid compromising both DSO’s legislative obligations and the integrity of the market.”

They also felt that although the actual prepayment meter costs have reduced in recent years, “they remain far greater than the cost of the standard meter. These issues along with the increased workload associated with the additional planned replacement due to the shorter life-cycle of the prepayment meter, need to be considered in this analysis. The charging regime will also need to be reflective of the system adopted”

One respondent noted that the “Consultation recognises that the cost structure of a prepayment metering service may be different from that of current credit meter management arrangements; providing a further rationale for disaggregating meter operation and data collection charges from overall DUoS, so that customers may benefit from any savings in data collection costs”. They were also of the view that “The Data Collector should take responsibility for readings after they have been delivered by the infrastructure provider and should provide validation and processing as for readings obtained by other means.”

At present, there is no legal framework to introduce competition to the area of metering services. In order for operational savings to be passed through to the customer, these will need to be reflected in the DUoS charges. Without this, any cost savings will not be seen by suppliers and therefore not passed on to the final customer. There may be a need to introduce a new DUoS category for prepayment customers with charges that reflect the costs they impose.

While the current numbers of prepayment meters is low, the CER anticipates a much greater usage rate once a cost effective system is available to customers. Experience in other countries has been that take-up rates are significant. The savings from manual readings will then not be marginal. Indeed, savings from meter reading requirements in remote areas could be significant, or meters that may go unread for long periods due to access difficulties may now have more regular readings taken and verified. It is clear however that consumption

data will need to be provided to the DSO for settlement and to uphold the integrity of the data collection process.

4.2 Code of conduct

4.2.1 Customer information and emergency credit levels

One respondent noted that “new payment outlet networks are resourced in locations and businesses that do not have statutory holidays” and added “This reinforces the need to have as competitive a range of service providers for provision of outlets as possible, not only for cost control but improved customer service.” They also felt that the areas tabled should be covered in codes of practice and conduct.

Another respondent commented that a trial offers the best opportunity to clarify all of the requirements in this respect. They also stated that “Suppliers should remain able to communicate with their customers as they see fit while meeting all the agreed requirements and license conditions set by the Commission.”

A third respondent noted that “customers will be aware of the opening times of their local prepayment outlet and will have a natural incentive to check how this may change around holiday times. As the nature of outlets will be diverse, advertising general opening times during holiday periods will be impractical. The infrastructure should support allocation of customer payments between Suppliers, for debt recovery, as well as between debt recovery and energy for a single Supplier. A code of practice would be required to set a common approach to such allocations.”

The CER recognises that vending outlets will have different opening hours which will be known to customers in that area. Future codes of practice for prepayment should include the issues raised in section 4.2.

4.2.2 Time-of-Use Tariffs

Time of use tariffs can bring a move to more cost reflective tariffs which can send clearer economic signal to customers. One respondent would welcome this.

Another respondent noted that “Time of use tariffs already exist in the form of day/night and heating tariffs and in general terms it would be a positive move if more sophisticated, multi-rate metering systems were made available to all NQH customers – prepayment or credit, but this would also require additional timeslots to be enabled in the Settlement aggregation process to support more sophisticated seasonal time of day (STOD) pricing, because no benefit will accrue to Customers unless the Settlement process recognises the impact of the changed consumption patterns. More sophisticated time of day tariffs would also require new UoS tariffs that reflected these system benefits.”

They also stated “Metering that provided three or four registers, used in conjunction with a metering technology supporting transfer of consumption data, would allow customers with NQH metering to benefit from pricing that varied by time of day, day of week and even by month. Providing clear

financial incentives to customers in this way, to modify their usage pattern away from peak periods, would also benefit the System without the need for expensive load monitoring and compliance processes that would otherwise be required to operate a conventional load reduction scheme for a large number of smaller customers.”

The CER recognizes that for time-of-use benefits to filter through to the customer there will be a need for the settlement process to recognize the actual consumption of the customers based on the timeslots in the prepayment meter. It is envisaged that these slots for domestic customers would be relatively broad (e.g. peak periods encompassing a few hours) in comparison to the settlement timeslots (half hourly). New settlement arrangements would need to be made to recognize the actual consumption patterns of customers on time-of-use tariffs.

4.2.3 Costs

Three respondents agreed that it is not cost effective to remove and install meters at every customer change. One respondent felt that “an installation fee for the installation of a prepayment meter could be borne by the supplier. The cost of the asset will belong to the meter service provider.”

The CER agrees with the suppliers’ comment and suggests that a prerequisite in the process of choosing a prepayment system should include the ability of the meter to operate as a credit meter.

4.3 Replacement Costs

One respondent said that “assuming the industry reaches a point where it is agreed on a particular technology as the way forward then clearly, a replacement programme for the existing budget controllers could be accelerated. Any evaluation of the new technologies should include a review of replacement program options.”

The CER agrees that the issue of replacing existing meters needs to be assessed.

5 Prepayment and Debt

5.1 Allocation of Costs

One respondent felt that “The extra costs can be allocated to the customer group incurring them. This would be based on a supplier’s customers and on the mix and type of metering installed. Again this would depend on the metering service providers’ fees for servicing different meter types”. They also felt that “the fact that we are starting from a PES policy of no differentiation in prepayment and credit metering is not in itself a reason to retain it.”

The respondent also questioned if different payment type customers had “an obligation for bad debt payers or for customers who elect to prepay?” They added that “In all of the discussions so far it is assumed that ONLY bad debt customers will ‘qualify’ (by the already published Commission views) for a prepayment meter” and wondered if suppliers are being restricted in the

offerings they may wish to make to customers? They also felt “the tone of the paragraph almost suggested a protection of the PES position”.

Another respondent believed that tariffs should be cost reflective but recognised the requirement that vulnerable customers should be supported. They also stated that these issues are best addressed in the context of clarity around the level of additional costs involved.

The CER has never stated that “ONLY bad debt customers” will qualify for prepayment meters. CER is well aware that prepayment can be a preferred payment method for some customers, and in the paper recognised that increased use of prepayment meters in other countries is as a result of customer demand. CER sees the potential of prepayment systems far beyond customers with payment difficulties. Suppliers would be free to offer prepayment options to any customer they wished. Section 5 of the paper solely addressed issues that could arise in situations where debt is a driving factor in the introduction of a prepayment meter. These issues are important to vulnerable customers.

If costs of prepayment are significantly higher, there will be a tension between cost reflectivity and the CER’s obligation to protect the interests of vulnerable customers. The CER would not be protecting their interests if their cost of electricity was significantly higher than other customers. Currently the higher cost of budget controllers is subsidized by other customers, and for this reason their use is restricted and only introduced as a last resort.

The CER will await fuller details of actual costs of prepayment meter systems, but is hopeful that the overall costs of newer technologies will be consistent with credit meters. The CER expects that introduction of a new prepayment system will encourage competitive practices in the market place and cannot be classified as a protection of the PES position

One respondent clarified that “The extra costs of the Budget Controllers are recovered through the retail tariff, not through the DUoS tariff as indicated in the document.”

This is correct. The PES retail tariff is the mechanism by which the extra costs are recovered and not through the DUoS charges as stated in the paper.

5.2 Prepayment as a choice

One respondent agreed that suppliers will need to act responsibly with each customer they wish to direct to prepayment for debt control purposes. They added that “Each customer’s circumstances are different and with modern prepayment meters settings debt recovery can be readily geared to the individual’s debt position and their ability to pay it. The “fuel poor” can be better catered for through modern prepayment meters, due to flexible debt recovery settings, pay back periods, and daytime only disconnections.”

Another respondent agreed that the customer and supplier should agree a mutually acceptable amount and term for debt repayment and stated that “The likelihood is that faced with such charges even on a once-off basis, a

customer would opt for the installation of a prepayment meter” since the “costs of disconnection and reconnection for non payment are significant”.

A third respondent noted that “An appropriately designed prepayment metering technology and infrastructure would allow a meter to be reprogrammed to over-recover on current tariff obligations, to collect debt. It would also permit the over-recovery proportion to be recorded on the system and allocated between Suppliers to enable repayment of historical debts to two or more Suppliers.”

The CER agrees that prepayment technology can offer debt solutions which are beneficial to both the customer and the supplier. There may be a need for a code of practice to be agreed between all suppliers and the CER to cover issues arising from the use of prepayment meters for customers in debt.

5.3 Procedures for introduction of prepayment meter in case of debt

One respondent favoured a meter that can provide a standard level of emergency credit depending on customer type (domestic/small business)

Another respondent linked the issue to ‘Debt Management and Market Opening’. They believe that it is important that industry rules help reduce the risk of bad debt as bad debt only adds to costs borne by all customers.

A third respondent noted that there is a wider use for prepayment in terms of customer solutions, and mentioned that prepayment also been used by many customers as a convenient way of budgeting throughout the year for their electricity account. They mentioned that “In particular student accommodation, high turnover rental properties are examples of where the best solution for customer and supplier may lie in use of prepayment systems.”

As stated earlier, there may be a need for a code of practice to be agreed between all suppliers and the CER to cover issues arising from the use of prepayment meters for customers in debt. The CER would also anticipate the use of prepayment in many instances other than debt, such as those described by one of the respondents above. Prepayment in many cases could be an effective way of allocating usage in instances where turnover is high or usage periods short.

General Comments:

One respondent concluded that “the potential advantages of new prepayment meter technologies are worthy of further study”. They also stated that it would be important that a pilot be carefully planned to ensure that the technologies’ capability to fully meet industry requirements are tested and that potential benefits can be thoroughly evaluated.

Another respondent “believes that the Commission and market participants need to develop an effective operational solution on the interlinked areas of prepayment metering and Management of Customer Payments. The solution, we believe, cannot be delivered without a full understanding of the costs involved, and with the market participants and the Commission jointly

developing a solution on managing debt switching customers. In parallel with this fact finding on metering (and payment collection systems) it is hoped the CER will facilitate an industry forum to establish an effective means of managing industry debt to ensure the market can open to all customers and suppliers.”

The CER has outlined the steps that now need to be taken in the section below. The introduction of prepayment to the electricity market needs to be achieved through a process that actively involves all industry participants in all decision stages. It is important that all parties are well informed of the issues that will arise so that the technology eventually selected addresses these issues in a satisfactory manner.

2. Next Steps: Industry Working Group and Pilot Project

The following steps need to be taken in order to introduce a new prepayment system into the market.

1. An analysis of available prepayment systems.
2. Selection of one or two technologies for a pilot project.
3. Decision on rate of rollout of new prepayment system and steps to be taken for the replacement of existing budget controllers.

As the DSO is the party responsible for metering arrangements, the CER believes it is appropriate for the DSO to also be charged with the procurement of prepayment meters. Nevertheless, prepayment meters differ from other meters in that the different capabilities of various prepayment meters directly impact on the services that suppliers can offer to their customers. In this context, the opinions of suppliers regarding the prepayment meter technology to be chosen are vital. While the DSO will be charged with procuring the meters, the final choice of meter will need to be in accordance with the expressed preferences of suppliers and subject to the approval of the CER.

The CER propose the establishment of an industry working group comprising of the DSO, the CER and suppliers. This group could be a subgroup of the suppliers' forum that has been created, and it is at this subgroup that the proposal will be put forward. Through this process relevant parties will have the opportunity to put forward their initial, high-level preferences for the type of prepayment meter they would like to see adopted. On this basis, the DSO would then investigate the current prepayment technologies on offer and initiate a tender process.

Following this, a detailed analysis of the prepayment meters that meet the initial high level preferences will be required. This may take the form of presentations, followed by discussions of the strengths and weaknesses of each type of meter. One or a number of prepayment meter types will then be chosen for a pilot project. The CER would like to see the pilot project involving at least two suppliers, in order to ensure that the fundamental requirement that the technology can support many suppliers is met.

The DSO have indicated to the CER that they believe that the IT infrastructure (e.g. Pay-point software interfacing with the meter software package which ultimately feeds into a server which interfaces with DSO) will be the most critical element of prepayment to pilot.

The steps described above can be broken down into more detail, along with indicative timelines. The CER propose the following timeframe, having already discussed it with the DSO.

Table 1: Next Steps

		Action By	Indicative Timescales	
1. Analysis of available prepayment systems				
1.1	Set-up Industry Working Group	CER	30/6/04	
1.2	Specification of high level requirements	Industry Working Group	31/7/04	
	Assignment of responsibility to relevant group members for the various elements of the project.			
1.3	Feasibility study of application of one or more meter options including vending infrastructure and IT interfaces: Two scenarios to be examined; (1) Replace existing prepayment meters and minor expansion. (2) Replace existing prepayment meters with significant expansion		10 weeks	
	1.4		Proposal and decision on scope and timing of the pilot project	2 weeks
	1.5		Tender for pilot project	12 weeks
1.6	Analysis of meters that match high level preferences, followed by tender decision involving Suppliers' feedback	ESB Networks	5 weeks	
2. Pilot Project				
2.1	Procurement and installation of meters and associated equipment	ESB Networks	16 weeks	
2.2	Implementation of agreed Vending Infrastructure pilot	Industry Working Group	6 months	
	Co-ordination of system interfaces			
	Overall co-ordination of pilot project and ongoing monitoring			
3. Enduring System				
3.1	Analysis and recommendation on Prepayment System to be adopted by industry	Industry Working Group	2 months	

It must be borne in mind that the above timelines are indicative only, and certain stages may require either shorter or longer timeframes.

The CER seeks the views of interested parties on the next steps proposed above. After reviewing those views the CER propose to direct the DSO to

undertake the pilot study in conjunction with the prepayment meter working group.

3. Further Considerations

With this future process in mind, the CER would also like all suppliers to consider their position on the bullet points in the sections below.

While some of the items below will depend on technological capabilities, other issues are to varying degrees independent of the technology adopted. Issues such as vending arrangements, codes of practice, prepayment tariff arrangements and data transfer to the DSO will not be wholly dependent on the type of prepayment meter adopted. While it is envisaged that the working group will concentrate on and prioritise the adoption of an actual meter, other related areas will also need to be addressed at an appropriate stage.

Choice of Technology:

Some of the broad differences between systems will include the following:

- One- or two-way information flow capabilities from the consumer at the vend point. The following points need to be considered:
 - Cards with data can get lost/damaged, thereby incurring costs.
 - GSM capability at meter is more expensive.
 - Customers may be able to provide authenticated reading from meter via web or phone – less costly, but relies on customer.
 - Ability of a one way system to operate as a two-way system if desired.
- Ability to operate as a credit meter.

Pilot project:

The terms and objectives of any pilot project will need to be decided. As the parties involved become more familiar with alternative systems the exact details of what needs to be examined in such a project will become clearer. There are a number of broad issues that can be looked at in the meantime:

- How many suppliers should participate in the pilot project? The CER would like to see more than one supplier participating.
- How many customers should be part of the project? What type of customers should be included? Over how long a time period should such a project run?
- Should one prepayment technology be chosen for a pilot, or should two technologies be tested and then compared?

Vending and Management Services:

- Should suppliers individually make arrangements with vending agencies, or would suppliers like to see a body formed to handle vending arrangements on behalf of all suppliers? Are the two options mutually exclusive?
- Should it be possible that some vending points only support some suppliers and not others as a result of individual suppliers' vending arrangements?
- Would suppliers like to have a prepayment management service (possibly separate from vending arrangements) available to them as an option, rather than managing it themselves? Would this be of benefit to smaller suppliers or new entrants?

Data to the DSO:

- Should meter data go directly to the DSO from the prepayment system server or should this data be provided to the DSO by the supplier? In order for it to be taken as an authentic meter read it may have to go directly from the prepayment meter data server to the DSO.
- At what intervals should authenticated meter reads be provided and used by the DSO for settlement? Who should be responsible for the provision of such meter reads to the DSO in the event of a technology without a two-way information flow being used: the customer or the supplier?

The DSO as the responsible party for metering services needs to be able to schedule readings and receive data in a reliable, secure and timely fashion. It is not proposed that actual meter reads would be passed to the DSO as a replacement for their reading of meters. The passing of meter data to the DSO by a third party would be in the form of encrypted data that could be decrypted by the DSO, in order to ensure the reliability of such data. Such a reading would maintain the integrity of the system. Again, these procedures will depend to a large extent on the technology employed.

DUoS Charges and Supplier Tariffs:

The points raised in this section should be considered in the light of the Commission's paper "Alternative Tariff Structures". This paper contains a comprehensive review of possible future tariff structures and associated issues.

- Should a new DUoS Category be created for prepayment customers, reflecting the different service provided by the DSO? This would incorporate savings such as from the reduction or elimination of the need for manual meter reading, and include any new costs that may be part of the service to prepayment customers.

- Should such a DUoS category include more time periods than just the day/night periods as are currently used in all DUoS Groups? Suppliers will still face temporal energy prices and will be able to pass those signals to the customer through time-of-use (TOU) tariffs, but only if this consumption pattern is incorporated into settlement.
- Applying a profile to the consumption as is currently done for domestic customers will make any TOU tariffs meaningless: how should the recorded time-of-use be incorporated into the market settlement process? This data would probably be in timeslots longer than the half hour slots used for settlement and therefore would need to be profiled within any timeslot. This would allow suppliers design time-of-use tariffs for domestic customers, knowing that settlement will take into account changes in consumption arising from TOU tariffs offered to customers.

Codes of Practice:

- Should suppliers be obliged to give customers the following information before a prepayment meter is installed:
 - Cost of prepayment compared to other payment options.
 - Level of emergency credit available.
 - Standing charge that is recovered on a daily/weekly basis.
- Should recovery levels and/or emergency credit settings be standardized across suppliers or at the discretion of each supplier?

Poor Payment Records / Debt Issues:

These issues will need to be considered in conjunction with decisions made with regard to debt management, and may be incorporated into a code of practice.

- Should there be a maximum level of debt recovery (through over-recovery, as a percentage of credit purchased for ongoing service) beyond which the customer would not be obliged to agree? In the event that a supplier and a customer cannot agree an appropriate recovery level what mechanism can be used to resolve the issue?
- In the event of outstanding debt or poor payment patterns, at what stage should prepayment meters be offered by a supplier? While payment patterns may be poor, the supplier may feel that disconnection would be too extreme a measure and like to see a prepayment meter installed as a solution. However, a customer should be able to refuse the installation of a prepayment meter.