Consultation on Prepayment Metering in the Electricity and Gas Markets

CER/11/166

ESB Networks Response

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ESB Networks Ltd.

1 Executive Summary

ESB Networks Ltd (ESBN) welcomes the opportunity to respond to the Consultation Paper on Prepayment Metering in the Electricity and Gas Markets (CER/11/166). The CER has asked for responses to two options proposed :

- Option A Maintain Status Quo
- Option B Introduce a change to the proposed PPM solution whereby a PPM customer repaying a debt can switch supplier but continues to pay off outstanding arrears

In summary, ESBN agrees that where the industry has funded the installation of a Prepayment meter to assist a customer in financial hardship, that customer should not have the option of changing supplier unless provision has been made for recovering the existing debt. However the changes that would be required to support Option B in the Electricity Market will primarily be required on Supplier's systems. ESBN views that the transfer of debt for PPM customers can only be facilitated with a new Market Process and Rules for Suppliers to allow for a Debt Assignment Protocol and would require a Data Protection review. The proposed PPM solution Liberty Client is not capable of supporting the transfer of debt. If a customer changes supplier in Liberty Client, the "previous charge" (the debt that Liberty sees) is suspended and is not transferred. It is not possible for the debt to move on the system with the customer or the recovered amount to be directed by Liberty Client automatically to the old supplier. Agreement needs to be made bilaterally between Suppliers to transfer the debt. The outstanding debt can be recovered by the New Supplier by updating the debt again on Liberty Client as per proposed Working Practice 19 (Change Tariff Configuration Code and Debt).

2 ESB Networks Response

2.1 Option A Maintain Status Quo

The current arrangements whereby a PPM customer, in receipt of a PPM meter funded by the industry, ceases repaying a debt to their old supplier when switching to an alternative supplier leaves the original supplier with the problem of recovery of the debt. The original supplier can submit a debt flag if approved thresholds reached (CER/11/106) but there is no incentive on the gaining supplier to cancel the change of supply process as the PPM will eliminate any risk of the customer accruing further debt. ESBN agrees that Debt Flagging may not be effective for PPM customers. Additionally maintaining the status quo will not provide the original supplier with any resolution to Suppliers issue of customers increasingly not settling their final bills.

2.2 Option B Amend current switching processes for PPM customers repaying a debt

Option B proposes a change to the current PPM solution whereby a PPM customer in debt can switch supplier but must continue to pay off their outstanding arrears after they switch.

It should not be an assumption that all PPM customers wishing to change supplier will require this facility.

- Debt may already be cleared
- Customer may wish to clear before changing supplier
- Customer may want to pay final bill before changing supplier

ESBN therefore believes that customers should be made aware of the options before proceeding with the switch process. It would also be important to obtain agreement from all parties before proceeding with the switch if the customer requires the debt to be transferred to the new supplier.

As the proposed 'Liberty Client' prepayment system does not have any provision for transferring debt between suppliers, in order to enable a customer to change supplier and continue to repay their outstanding arrears the following steps need to take place:

- Customer must agree to the transfer of debt
- New Supplier must agree to take over the debt
- The outstanding debt must be communicated by Old Supplier to the new Supplier. The customer could provide details of Old Supplier to new Supplier and give permission for them to discuss the debt.
- Once agreement for debt transfer has been obtained New Supplier submits 010MM and switch progresses.
- It is not possible for the debt to move on the prepayment system with the customer or the recovered amount to be directed by Liberty Client automatically to the old supplier. Liberty Client associates payments with the

"premise number" uniquely associated with a supplier. Any payments made will be routed to the current supplier. The New Supplier must then update the debt on Liberty Client for repayment. Debt is set up as a "previous charge" in Liberty Client by the supplier, they also specify the recovery rate that applies for each customer. When a customer vends at a retail point of sale, Liberty Client deducts an amount based on the recovery rate from the vend and applies it to the "previous charge".

- The old supplier still needs to close the customer's account and create a final bill. Under a prepayment situation, this "final bill" would be the debt that is outstanding. There would need to be a procedure agreed to enable the new Supplier to pay the old Supplier for the debt.

The “Liberty Client” system can be thought of as two independent billing systems equivalent to the existing state of the market (that is to say Electricity Suppliers currently operating their own independent billing systems). Under a Change of Supplier process, the gaining supplier has no view of any details of the customer (who may already exist in the system) and upon effect of the COS process all details pertaining to the old supplier are closed off and cease to be associated with that customer as they move to the gaining supplier. The “Liberty Client” does not facilitate debt transfer; in fact it maintains the status quo in the current market. Debt transfer for a prepayment customer using “Liberty Client” is directly comparable to a standard customer carrying debt in the process of changing supplier.

ESB Networks do not believe that any actual information on debt levels should be included within the framework of the Retail Market Design. The process to enable the customer to continue repaying a debt on Change of Supplier will require a change to Supplier processes and procedures. ESBN does not see a requirement for a change to the existing Market Messaging system nor would there be a requirement to change the proposed procedures for Liberty Client.

2.3 Additional Considerations

In considering the question if the overall debt that is owed to the old supplier should be carried forward either in whole or in part by the customer when they change supplier and for the avoidance of doubt, ESBN believes that the definition of debt should be clarified for example if in the electricity market it is restricted to charges related to the supply of electricity only , and specifically excludes gas , appliances, and any other charges including service charges outside the supply of electricity.

3 Conclusion

ESBN agrees that where the industry has funded the installation of a Prepayment meter to assist a customer in financial hardship, that customer should not have the option of changing supplier unless provision has been made for recovering the existing debt. However the changes that would be required to support Option B in the Electricity Market are primarily Supplier related. ESBN agrees that the transfer of debt for PPM customers can only be facilitated with new Market Process and Rules for Suppliers to allow for a Debt Assignment Protocol and would require a Data Protection review. The proposed PPM solution Liberty Client is not capable of supporting the transfer of debt. ESBN does not see a requirement for a change to the existing Market Messaging system nor would there be a requirement to change the proposed procedures associated with the proposed Liberty Client prepayment system.