



Action for Warm Homes

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Dear Mr Berg

RE: NATIONAL ENERGY ACTION RESPONSE TO OFGEM CONSULTATION ON PROTECTING CONSUMERS WHO RECEIVE BACKBILLS

Thank you for the opportunity to respond to Ofgem's consultation on backbilling. National Energy Action (NEA) is the national charity seeking to end fuel poverty and tackle exclusion in the energy market at a local and national level. We work across England, Wales, Northern Ireland, and with our sister charity Energy Action Scotland, to ensure that all UK households can afford to live in a warm, dry home.

NEA welcomes and strongly supports Ofgem's proposal to implement a licence obligation to prevent suppliers from backbilling consumers for gas and electricity consumed over 12 months ago when the consumer is not at fault. Like many other consumer organisations we believe it is absolutely essential to guard against the severe financial detriment and mental stress which large backbills cause customers. A 'shock' bill is a core reason why low income households are pushed into debt. This debt can then spiral out of control, causing further hardship and, in the most severe cases, suicide. Ofgem concluded in its latest social obligations reporting that suppliers needed to do more to tackle high levels of debt and that suppliers' own actions should not exacerbate existing vulnerable situations or create new ones. We believe this prescriptive rule is necessary to guarantee the highest level of customer service in an area where customers should expect absolute accuracy: billing.

While supporting Ofgem's proposal we would like to see a shorter time limit imposed for backbilling smart meter customers (six months or less). An accurate bill is one of the core benefits customers should receive from their smart meter but data from the Department for Business, Energy and Industrial Strategy shows that on average 6% of smart meter bills are still estimated.¹ In such cases and where the customer does not realise the core smart meter benefit of no more estimated billing then detriment to the customer must be minimised. As such, we welcome Ofgem's intention to review the backbilling period for smart meter customers and consider reducing it as the roll-out progresses.

Thank you again for providing NEA with the opportunity to outline our views on this matter.

Yours Sincerely

Peter Smith
Director of Policy and Research

¹ <https://www.ofgem.gov.uk/publications-and-updates/protecting-consumers-who-receive-backbills-statutory-consultation>