



# FUEL POVERTY & ENERGY EFFICIENCY

The Rt Hon Rishi Sunak MP  
Prime Minister  
10 Downing Street  
London SW1A 2AB

The Rt Hon Grant Shapps MP  
Secretary of State  
Department of Business, Energy and Industrial Strategy  
1 Victoria Street  
London SW1H 0ET

17<sup>th</sup> January 2023

Dear Prime Minister and Secretary of State

The APPG is writing to you with deep concern about the situation facing the 4 million prepayment meter customers this winter. Prepayment meter customers are some of the most vulnerable in society. They are more likely to have fallen into debt than those on standard credit and direct debit and are more likely to be classed as fuel poor.

Despite Ofgem's Standard License Condition 28 stating that suppliers should only put households onto prepayment meters only when it is **'safe and reasonably practicable'** to do so<sup>1</sup> – there are now **1 million households with disabilities on prepayment meters** according to latest Government figures<sup>2</sup>. These households will often have medical equipment they need to keep running for their health, so it is dangerous to put them onto meters whereby running out of money to top up or 'self-disconnecting' could lead to death. The APPG are also very concerned by reports of magistrate's courts **batch approval of warrants to forcibly install prepayment meters** – one court in the North of England approved 496 warrants in three minutes.<sup>3</sup> Such a rapid approval of warrants means that no assessment of vulnerability has taken place, also breaching License Condition 28. The APPG is also concerned about the increase in smart meters being remotely switched to prepayment mode. **Between the end of 2019 and the end of 2021, the proportion of smart meters operating in prepayment mode increased from 2.9 million to 3.4 million, with 60,000 switches taking place in Q3 of 2022 alone.**

Despite prepayment meter households more likely to be in fuel poverty, they **pay a premium for their energy compared with customers on direct debit**. This means these vulnerable customers pay about 2% more for their energy, equating to £80 per annum compared to direct debit. In addition, prepayment meter customers face higher standing charges than other customers. This often means that, when customers top up, they only clear the standing charge, leaving them without credit on their meter. Citizens Advice have found that **3.2 million customers 'self-disconnected'** last year as they ran out of credit, more than in the last 10 years combined. National Energy Action have said that a **bespoke plan to stop people self-disconnecting is required, including reduced standing charges and targeted financial support to help clear debts.**

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<sup>1</sup> <https://www.ofgem.gov.uk/publications/consultation-extending-protections-domestic-customers-who-may-have-prepayment-meters-installed-under-warrant-electricity-and-gas-supply-standard-licence-condition-28b>

<sup>2</sup> [https://inews.co.uk/news/one-million-disabled-households-energy-immoral-prepayment-meters-2063613?ito=twitter\\_share\\_article-top](https://inews.co.uk/news/one-million-disabled-households-energy-immoral-prepayment-meters-2063613?ito=twitter_share_article-top)

<sup>3</sup> <https://inews.co.uk/news/uk-energy-debt-crisis-half-million-warrants-granted-forced-prepayment-meters-2008884>



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The APPG understands that, as part of Ofgem's Market Compliance Review, suppliers were reminded of their obligations with regards identifying and supporting vulnerability, including prepayment meter customers, in September 2022.<sup>4</sup> Suppliers were then contacted in November 2022 reminding them of their license conditions and warned on remote switching. Suppliers were asked to review their obligations and processes on prepayment practices. Yet there is continuing evidence of forced installation of prepayment meters to date. The APPG understands that prepayment meter installations are a tool for managing debt, **however it is unacceptable and a breach of license conditions that suppliers are forcibly installing prepayment meters in the homes of vulnerable people without proper assessment of vulnerability.**

It is the APPG's view that urgent Government action is required to prevent the forcible install of prepayment meters and address the price disparities between prepayment and direct debit customers. The APPG therefore is writing with 6 key recommendations to implement over the next 3 months:

1. Government issues a ban on the forced installation of prepayment meters by court warrant
2. Government direct Ofgem to enforce existing Licence Conditions on banning installation of prepayment meters in the homes of people with medical conditions and moving any such customers onto credit meters to ensure they are safe. They should also increase enforcement efforts to ensure customers on smart meters are not remotely switched to prepayment mode.
3. Government should amend the Energy Price Guarantee from April to remove the differentials between different payment types, ensuring that prepayment customers do not pay more than standard credit and direct debit customers
4. Government should write off the standing charge for prepayment meter customers this winter
5. Government should move the cost of failed suppliers into general taxation and ensure no prepayment customers are paying for the costs of failed suppliers through their unit rate for gas and electricity
6. At the Spring Statement in March, Government should provide targeted financial support specifically to help prepayment meter customers clear their debts to reduce the likelihood of self-disconnection.

The APPG looks forward to your response on how Government and Ofgem can work to achieve the above recommendations in the next couple of months.

Yours sincerely,

Ben Lake MP, Chair APPG Fuel Poverty & Energy Efficiency

Peter Aldous MP, Vice Chair APPG Fuel Poverty & Energy Efficiency

Afzal Khan MP, Vice Chair APPG Fuel Poverty & Energy Efficiency

Alison Thewliss MP, Vice Chair APPG Fuel Poverty & Energy Efficiency

Caroline Lucas MP, Vice Chair APPG Fuel Poverty & Energy Efficiency

Dan Carden MP

Wera Hobhouse MP

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<sup>4</sup> <https://www.ofgem.gov.uk/publications/regulatory-expectations-supporting-customers-payment-difficulty>



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