

19 July 2022

Cathryn Scott  
Regulatory Director - Enforcement and Emerging Issues  
Ofgem  
10 South Colonnade  
Canary Wharf  
London, E14 4PU

Email: [alisonrussell@utilita.co.uk](mailto:alisonrussell@utilita.co.uk)

Dear Cathryn,

**RE: Statutory Consultation: Credit Balances -Strengthening Existing Direct Debit Rules**

Thank you for the opportunity to comment on the above statutory consultation. As you are aware, Utilita is a smart prepay supplier with only a small number (circa. 27,000) of direct debit (DD) customers.

While we welcome Ofgem's actions to improve the processes around DD to reduce the build-up of large customer credit balances where this occurs, we have reservations on the proposed drafting. We believe the proposed licence drafting is very rigid and does not allow for a concept of reasonable intervals for review of ODs. Most customers paying by fixed DD select that payment option to help them budget. The proposed drafting may remove that choice from customers, as the amount of the DD must always reflect the best and most current information available.

In a world of smart meters and frequent meter reads, this could lead to an equally frequent review of ODs.' For example, where we receive a daily reading from a smart meter, by making the requirement to use the best and most current information absolute, the draft SLC would suggest a daily review is necessary. We accept that is not likely to be Ofgem's intention, but in the absence of text allowing for a common-sense approach, anything other than a review frequency matching that of data receipt could be interpreted as non-compliant.

The proposed drafting could be amended to address this concern with the following amendment (additions in bold):

*The licensee must ensure that the fixed amount of the regular direct debit payment is based on the best and most current information available (or which reasonably ought to be available) to the licensee, including information as to the quantity of electricity which the licensee reasonably estimates has been or will be supplied under the relevant Domestic Supply Contract. **The fixed amount of the regular direct debit must be reviewed on a regular basis at reasonable intervals.***

We would be happy to discuss our thoughts in more detail. Please let us know if you would like to set up a meeting.

Yours sincerely,

By email

Alison Russell  
Director of Policy and Regulatory Affairs