

To: All holders of an electricity supply licence

**Electricity Act 1989
Section 11A(2)**

Notice of statutory consultation on a proposal to modify the standard licence conditions of all electricity supply licences

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 by amending licence number
 - 26.7
 - 27.8C
 - 27A, and
 - combining licence numbers 28 and 28B to incorporate additional licence conditions relating to Involuntary PPM and simplify the licence conditions relating to PPM.

The modifications are set out in schedule 1.

2. We are proposing these modifications alongside amendments to Prepayment Meter (PPM) Guidance: Safe and Reasonably Practicable to integrate the key components of the Involuntary PPM Code of Practice (the Code) into the licence.² The Code and these modifications have been developed in response to recent reports of poor practice in licensee actions in relation to the installation of Involuntary PPMs and are designed to strengthen a licensee's assessment of the installation and/or use of a PPM is safe and reasonably practicable.
3. The effect of these proposed modifications is to protect customers in vulnerable circumstances, who risk suffering severe detriment as the result of the installation of a Involuntary PPM. A more detailed description of the reasons for, and effects of, these proposed licence modifications can be found in our accompanying statutory consultation document.
4. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from foi@ofgem.gov.uk.
5. Any representations with respect to the proposed licence modification/modifications must be made on or before 26 July 2023 to: Consumer Vulnerability and Debt team, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to consumervulnerability@ofgem.gov.uk.
6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as 'not for publication.' We prefer to receive responses in an electronic form so they can be placed easily on our website.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² [Involuntary PPM - Supplier Code of Practice | Ofgem](#)

7. If we decide to make the proposed modifications they will take effect not less than 56 days after the decision is published.

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Neil Lawrence
Regulatory Director - Retail
Duly authorised on behalf of the
Gas and Electricity Markets Authority
28 June 2023

Schedule 1 – Draft of proposed modifications to the standard conditions (SLCs) of all electricity supply licences

We have included the SLC 26.7, 27.8C, 27A, 28 and 28B below and the changes we propose to make. Deletions are shown in ~~strikethrough~~ and new text is double underlined,

SLC Modifications - **Definitions for condition**

26.7 In this condition:

“Minimum Details” means the Domestic Customer’s name, details of any relevant Personal Characteristics and/or vulnerable situation, and such other details which are relevant to the subject matter of standard condition 26 as the Authority may from time to time specify by publishing a statement in Writing (following public consultation and giving at least two months’ prior notice).

“Personal Characteristics” means:

- (a) the Domestic Customer being of Pensionable Age;
- (b) the Domestic Customer being chronically sick, or having an impairment, disability, or long term medical condition (including but not limited to a visual, auditory or mobility impairment);
- (c) any other characteristics identified by the licensee as being relevant due to the nature of the Priority Services.

“Priority Services” is to be interpreted in accordance with paragraph 26.5.

“Relevant Industry Mechanisms” means arrangements for the purposes of sharing the Minimum Details with specified persons as:

- (a) set out in the Retail Energy Code, or
- (b) designated by the Authority by publishing a statement in Writing (following public consultation and giving at least two months’ prior notice).

“Safe and Reasonably Practicable in all the Circumstances of the Case” is to be interpreted in accordance with ~~paragraph 28.1B of standard condition 28~~ SLC 28.4.

27.8C The licensee must ensure that the terms and conditions of each Domestic Supply Contract or a Deemed Contract reflect the following provisions of the standard conditions:

- (a) paragraphs 5 to 8 (inclusive) of standard condition 27 and ~~paragraphs 5 and 6 of standard condition 28B~~ SLC28.15 and SLC 28.16, stipulating that charges may not be demanded or recovered and until it can be established that the corresponding contractual terms have been complied with; and
- (b) paragraphs 17 and 18 of standard condition 27.

Provision of Involuntary Prepayment Meter Credit

27A.7A On each occasion the licensee installs an Involuntary Prepayment Meter in accordance with SLC 28.7, the licensee must ensure that each Domestic Customer receives Involuntary prepayment meter Credit, unless it is technically unfeasible and/or outside of the control of the licensee to offer those credit facilities to that Domestic Customer.

27A.7B -Where paragraph 27A.7A applies, the licensee must adhere to SLC 27.8 when calculating instalments for the Domestic Customer to repay the total amount of Involuntary Prepayment Meter Credit.

27A.7C In the event it is technically unfeasible to apply the Involuntary Prepayment Meter Credit in paragraph 27A.7A, the licensee must take all reasonable steps to ensure that the Domestic Customer does not experience an interruption to their Electricity Supply.

Provision of Information

27A.8 The licensee must ensure that each Domestic Customer who uses a Prepayment Meter is given adequate information in a ~~F~~form and frequency that is sufficient to allow that Domestic Customer to quickly and easily understand the licensee's Emergency Credit, Friendly-hours Credit, ~~and~~ Additional Support Credit and Involuntary Prepayment Meter Credit facilities (as appropriate) including what this is, when this can be used and how this is repaid by the Domestic Customer.

Definitions for condition

27A.9 In this condition:

“Additional Support Credit” means a fixed amount of credit provided to a Domestic Customer in a Vulnerable Situation when that Domestic Customer's Prepayment Meter credit runs low or runs out to ensure continuity of electricity supply or return on supply.

“Emergency Credit” means a fixed amount of credit provided to a Domestic Customer when that Domestic Customer's Prepayment Meter credit runs low or runs out to ensure continuity of electricity supply or return on supply.

“Friendly-hours Credit” means an amount of credit provided overnight, at weekends and public holidays to a Domestic Customer when that Domestic Customer's Prepayment Meter credit runs low or runs out to ensure continuity of electricity supply or return on supply.

“Involuntary Prepayment Meter Credit” means an amount of credit to be specified in guidance to be provided automatically upon installation of an Involuntary Prepayment Meter in accordance with SLC 28.7

“Self-disconnection” means when a Domestic Customer uses a Prepayment Meter and experiences an interruption to their electricity supply because the credit on the meter has been exhausted. Terms derived from this, such as ‘Self-Disconnected’ and ‘Self-Disconnecting’ shall be construed accordingly.

“Self-rationing” means when a Domestic Customer deliberately limits its electricity use to save money for other goods or services. Terms derived from this, such as ‘Self-Ration’ and ‘Self-Rationed’ shall be construed accordingly.

Information about Prepayment Meters

28.1 If the licensee offers to enable a Domestic Customer to pay or a Domestic Customer asks to pay Charges through a Prepayment Meter, the licensee must provide, prior to or upon the installation of that meter, appropriate information to that customer about:

- (a) the advantages and disadvantages of a Prepayment Meter;
- (aa) information relating to the operation of the Prepayment Meter, including information about the process for, and methods by which, the Domestic Customer can pay in advance through the Prepayment Meter;
- (b) where ~~he~~ they may obtain information or assistance if:
 - (i) the Prepayment Meter is not operating effectively; or
 - (ii) any device used to allow the Charges to be paid through the Prepayment Meter is not operating effectively;
- (bb) the licensee's Emergency Credit, Friendly-hours Credit, ~~and~~ Additional Support Credit and Involuntary Prepayment Meter Credit facilities as defined in SLC 27A including what this is and when this can be used by the Domestic Customer; and
- (c) the procedures that the licensee will follow when removing or resetting the Prepayment Meter, including the timescale and any conditions for removing or resetting it.

Safety and reasonable practicability of Prepayment Meters

~~28.1A~~ 28.2 Where a Domestic Customer requests, is offered or uses a Prepayment Meter, or a licensee installs an Involuntary Prepayment Meter and the licensee becomes aware or has reason to believe that it is ~~no longer~~ not safe and reasonably practicable in all the

circumstances of the case for the Domestic Customer to have a Prepayment Meter ~~do so~~, the licensee must offer:

- (a) to alter the position of, or replace with one which has been specially adapted, the Prepayment Meter installed in the Domestic Premises, either in accordance with its obligations under Schedule 6 (Electricity Code) or otherwise, if it would make it safe and reasonably practicable in all the circumstances of the case, for the Domestic Customer to continue to use the Prepayment Meter;
- (b) to make such other arrangements as are necessary to ensure that it would be safe and reasonably practicable in all the circumstances of the case, for the Domestic Customer to continue to use the Prepayment Meter; or
- (c) a facility for the Domestic Customer to pay Charges through a means other than a Prepayment Meter, including, where ~~condition~~ SLC 27.5 applies, the services referred to in ~~condition~~ SLC 27.6(a)(i) and (ii).

28.3 In complying with SLC 28.2, the licensee must contact the Domestic Customer, in a form that takes into account their communication preferences, as a minimum, on an annual basis, to assess whether the Prepayment Meter remains safe and reasonably practicable in all the circumstances of the case.

Prepayment Meter guidance

~~28.1B~~ 28.4 The licensee must at all times have regard to the Prepayment Meter guidance, which includes the interpretation of “safe and reasonably practicable in all the circumstances of the case” which, following consultation, the Authority may issue, and may from time to time revise.

Resetting of Prepayment Meters

~~28.2~~ 28.5 Where a Domestic Customer pays Charges for the Supply of Electricity through a Prepayment Meter, the licensee must take all reasonable steps to ensure that the meter is reset within a reasonable period of time:

- (a) after 1 August 2007, if any change has been made to Charges before that date and the meter has not been reset;
- (b) after any change is made on or after that date to Charges for the Supply of Electricity; or
- (c) if payments are being made by instalments using the meter:
 - (i) after any change is made to the amount due in instalments; or
 - (ii) after instalments are no longer required.

Provision of information

~~28.3~~ 28.6 The licensee must:

- (a) prepare a statement that sets out, in plain and intelligible language, its obligations under SLC 28 ~~this condition and includes the information referred to in paragraph 28.1;~~
- (b) publish that statement on and make it readily accessible from its Website (if it has one);
- (c) take all reasonable steps to inform each of its Domestic Customers who pay Charges through a Prepayment Meter, at least once each year, of the statement and how to obtain it; and
- (d) give a copy of the statement on request and free of charge to any person.

Condition ~~28B~~ 28.7 Involuntary PPMs, Warrants relating to PPMs and other supplier actions to recover debt

Involuntary Prepayment Meters

28.7 A licensee must not install an Involuntary Prepayment Meter unless, in accordance with the guidance issued under SLC 28.4, each of the following requirements are satisfied:

- (a) the Debt Trigger has been met;
- (b) the licensee has made multiple attempts to engage with a customer;
- (c) the licensee has complied with its obligations to customers in payment difficulty (including but not limited to under SLCs 27, 27A and 28);
- (d) a Site Welfare Visit has been carried out; and
- (e) the licensee has determined that an Involuntary Prepayment Meter would be safe and reasonably practicable in all the circumstances of the case (including but not limited to the Precautionary Principle and having carried out checks of all information relating to the Priority Services Register).

28.8 The licensee must comply with any other obligations relating to Prepayment Meters (including but not limited to those in SLCs 27, 27A and 28 and set out in the guidance issued under SLC 28.4. In the event of any irreconcilable inconsistency between SLC 28.7 and any other SLC or any other provision made under them, SLC 28.7 shall prevail.

28.9 In relation to the installation of an Involuntary Prepayment Meter, the licensee:

- (a) when considering the customer's ability to pay and conducting financial assessments, must accept any information relevant to the subject matter of paragraph 28.9;
 - (b) must accept information from and actions on behalf of a customer by any person or organisation legally entitled to act on their behalf;
 - (c) must not link any staff incentives to the number of installations;
 - (d) must ensure that Site Welfare Visits include the use of audio recording equipment or body cameras;
 - (e) must ensure that post installation aftercare support is provided;
 - (f) must retain any assessment documentation and audio or body camera recordings for an appropriate period; and
- must have regard to the guidance issued under paragraph 28.4.

Prohibitions on exercising a warrant and recovering costs

~~28B.1~~ 28.10 The licensee must not exercise a Relevant Warrant (or otherwise exercise a statutory power which would give rise to the grounds for obtaining a Relevant Warrant) in respect of a Domestic Customer's premises where such action would be severely traumatic to that Domestic Customer or any member of their household due to an existing vulnerability which relates to their mental capacity and/or psychological state and would be made significantly worse by the experience.

~~28B.2~~ 28.11 The licensee must not charge a Domestic Customer in respect of any costs associated with a Relevant Warrant where:

1. that Domestic Customer has a vulnerability which has significantly impaired their ability to engage with the licensee or a Representative in relation to the recovery of a Relevant Payment; or

2. that Domestic Customer has a severe financial vulnerability which would be made worse by charging them any costs associated with a Relevant Warrant.

Cap on warrant costs

~~28B.3~~ 28.12 Subject to paragraph ~~28B.3A~~ 28.13 where the licensee or any Affiliated Licensee obtains and/or exercises one or more Relevant Warrants in respect of particular Domestic Premises of a particular Domestic Customer, the total amount of charges they recover (or seek to recover) at any time from the same Domestic Customer in relation to any costs associated with those Relevant Warrants and incurred within the Specified Period, must not exceed the Specified Amount (and, for the avoidance of doubt, no additional costs that were incurred within the Specified Period may be recovered during any other period of time).

~~28B.3A~~ 28.13 Where the licensee or any Affiliated Licensee obtains and/or exercises one or more Relevant Warrants in respect of more than one Domestic Premises of the same Domestic Customer, paragraph ~~28B.3~~ 28.12 applies separately to each of those Domestic Premises.

Proportionality principle for debt recovery activities

~~28B.4~~ 28.14 The licensee must only exercise a Relevant Warrant where such action would be proportionate in the context of the amount of the Outstanding Charges.

~~28B.5~~ 28.15 In relation to the recovery of Outstanding Charges, Other Outstanding Charges or any other debt ('the charges') from a Domestic Customer, the licensee must ensure that:

1. any action it or a Representative takes (including, but not limited to, the exercise of statutory powers); and
2. the costs which they seek to recover from that Domestic Customer as a result,

are proportionate in the context of the amount of the charges and the customer's ability to pay (as assessed in accordance with SLC 27.5), having regard to the guidance issued under SLC 28.4.

~~28B.6~~ 28.16 Paragraph ~~28B.5~~ 28.15 does not apply in relation to a Transfer Objection.

Debt completion assessment

28.17 The licensee must ensure that once a customer using an Involuntary Prepayment Meter has repaid all debt owed, the customer is contacted and offered:

- (a) an assessment of whether a Prepayment Meter remains the most appropriate payment method (including but not limited to in accordance with SLC 28.2 and the guidance issued under SLC 28.4);
- (b) appropriate information on alternative payment methods and tariffs; and
- (c) the option to move to an alternative payment method.

28.18 If the customer decides, pursuant to paragraph 28.17 to move to an alternative payment method, the licensee must:

- (a) agree to and implement this change as soon as reasonably practicable, subject to required credit checks; and
- (b) ensure that any security deposit required as part of this process does not exceed a reasonable amount.

Duration of the restrictions

~~28B.7 28.19~~ Paragraphs ~~28B.1 to 28B.4~~ ~~28.10 to 28.13~~ will cease to have effect on ~~31 December 2020~~ 30 June 2025 unless the Authority specifies a later date by publishing a statement in Writing.

~~28B.8 28.20~~ The power to specify a later date in paragraph ~~28B.7 28.19~~ may be exercised by the Authority on more than one occasion (before, on, or after the expiry of any later date specified by the Authority).

Definitions for condition

~~28B.10 28.21~~ For the purposes of this condition:

“Involuntary Prepayment Meter” means:

- (a) a Prepayment Meter installed by execution of a Relevant Warrant in respect of a Domestic Customer; or
- (b) a Smart Metering System switched to a mode which requires a Domestic Customer to pay Charges for the Supply of Electricity in advance when there are Outstanding Charges and the customer has failed to comply with other payment methods in paragraph 27.6(a) (i) and (ii), notice has been given under paragraph 23.8B, and the Domestic Customer has not given explicit Consent for the switch to Prepayment mode;

and references to the installation or removal of an Involuntary Prepayment Meter include the switching of any Electricity Meter to or from such a mode.

28.22 Each of the following has the meaning given in guidance issued under SLC 28.4:

“Consent”

“Debt Trigger”

“Precautionary Principle”

“Site Welfare Visit”

“Relevant Warrant” means:

- (a) a warrant pursuant to paragraph 23(2)(c) of Schedule 2B to the Gas Act 1986 for the purposes of paragraph 7(3)(a) of Schedule 2B to the Gas Act 1986;
- (b) a warrant pursuant to paragraph 7(4) of Schedule 6 to the Electricity Act 1989; and
- (c) any other type of warrant specified or described by the Authority by publishing a statement in writing (or by issuing a direction to the licensee), following consultation.

“Specified Amount” means £150 or such higher amount as may be designated by the Authority from time to time by publishing a statement in Writing or as set out in any guidance issued by the Authority and which the Authority may revise from time to time.

“Specified Period” means twelve months or such other (shorter or longer) period which may be specified by the Authority by publishing a statement in writing (or by issuing a direction to the licensee), following consultation.

“Transfer Objection” means to prevent a Proposed Supplier Transfer on grounds permitted by SLC14.

“Relevant Payment” has the meaning given in paragraph 7(1A) of Schedule 2B to the Gas Act 1986 and paragraph 2(1A) of Schedule 6 to the Electricity Act 1989.