
Summary of responses from individuals to the statutory consultation on introducing an allowance for bad debt associated with Additional Support Credit (ASC)

Overview

In response to our statutory consultation on introducing an allowance for bad debt associated with Additional Support Credit (ASC)¹, we received 56 written responses from individual consumers. The majority of these responses endorsed the response from a consumer organisation, Over50sMoney. However, a number of the responses expressed additional comments or were not clearly linked to the Over50sMoney response. We are publishing non-confidential responses to this consultation provided by organisations and to support accessibility, this document summarises those additional comments from individual consumers.²

Summary of additional comments

Rationale for introducing an allowance

- Several respondents made additional comments while opposing the consultation proposals, including on the principle of the cost of bad debt being recovered from other customers. Multiple responses cited personal circumstances or related personal challenges associated with high energy prices or potential increases to the price cap. There were also several related comments about Ofgem's purpose and decision-making.
- One respondent commented, for example, that they believed the logic behind the consultation proposals was flawed, and that the proposals will increase costs to consumers and be inflationary. One respondent, noting there is an existing allowance in the price cap for debt-related costs, asked whether statistical analysis independent of Ofgem had been carried out to justify the proposed increase for ASC bad debt costs.
- Several respondents believed energy companies should absorb or recover the cost of bad debt from elsewhere, rather than from customers. They believed Ofgem should be doing more to protect customers, and that the consultation proposals prioritised the interests of energy companies.

Consultation Process

- Several respondents made additional comments relating to the consultation process. There was criticism of the terminology used and length of Ofgem consultation documents generally, and specifically in relation to the ASC bad debt consultation. Some respondents believed the Ofgem consultation process overall favours energy companies over consumers, and urged Ofgem to reconfigure the existing process. One respondent believed the current approach does not meet Ofgem's statutory purpose.

¹ Ofgem (2023), Statutory consultation on introducing an allowance for bad debt associated with additional support credit - <https://www.ofgem.gov.uk/publications/price-cap-statutory-consultation-introducing-allowance-bad-debt-associated-additional-support-credit>. This consultation was open from 28 June – 26 July 2023.

² Ofgem (2023), Allowance for additional support credit bad debt costs, page 60, Appendix 4, <https://www.ofgem.gov.uk/publications/allowance-additional-support-credit-bad-debt-costs>

Additional communication to consultation respondents – 7 August 2023

- The individuals who responded to the additional communication from 7 August supported the Over50sMoney position. One respondent made additional comments about the consultation process (summarised in the section above) and another respondent restated they believed allowance should not be implemented.