

Prepayment Meter Debt Blocking & Assignment Protocol

1. Background

Suppliers are required to follow this Protocol for PPM customers, whose transfer has been blocked for debt, as per the Gas Supply licence and Master Registration Agreement.

The principles of the process defined in this Protocol are:

- When a PPM customer's transfer is blocked for debt the losing supplier (Supplier A) sends the customer a letter setting out the customers' options;
- If the customer and the gaining supplier (Supplier B) make contact, agree to investigate the potential for the transfer to continue and Supplier B secures the relevant Data Protection consent from the customer, then;
- Supplier B will request information on the customers' debt from Supplier A;
- Supplier A passes debt information to Supplier B;
- Supplier B chooses whether to restart the customer's transfer, which Supplier A does not block;
- Supplier A assigns any debt in full to Supplier B;
- Supplier B pays a pre-defined proportion of the debt to Supplier A and takes responsibility for the debt;
- Customer continues to repay the full debt outstanding, but to a new supplier.

2. Terminology

- Supplier B is seeking to transfer a customer from Supplier A.
- PPM is any prepayment meter, electricity token, key or smartcard, or gas ETM or MTM.
- Days are working days unless otherwise stated. A working day is defined as any day except Saturday, Sunday or a statutory Bank Holiday in England, Scotland or Wales. When calculating agreed timescales, the day on which the initial action takes place, e.g. the file is sent, is deemed to be Day 0.

3. Process Flowchart

See Annex A.

4. Data Flows Technical Specification

See Annex B.

5. Process Steps

5.1 Sign up and registration

Supplier B completes the sale to the customer, and submits the registration message. On receipt of the loss notification, Supplier A will establish that the customer has a PPM and is in debt. If the debt value is less than £20, they will not block, but will allow the transfer to continue. If the debt value is over £20, they will follow their standard debt blocking procedures.

5.2 Advise customer of objection

Supplier A must advise the customer that the transfer has been stopped. It will send a letter no more than three days after raising the objection. The letter can be drafted as Supplier A sees fit, but must include the following core messages:

- The reason for the objection,
- The three options available to the customer –
 - Do nothing and stay with Supplier A;
 - Pay Supplier A in full and try again;
 - Explore the possibility of debt assignment by contacting Supplier B.
- If the third option is chosen, that information about the debt will be passed to Supplier B.

Supplier A can, if it wants, do some checks before it sends the letter to filter out accounts with high value debts, i.e. £300 or over, and/or complex debts.

A sample letter is given in Annex C.

5.3 Customer and Supplier B make contact

On receipt of the letter, the customer is prompted to contact Supplier B if they are interested in assignment of the debt. Supplier B can contact the customer, though they should recognise that the customer may not get the letter for a few days after the objection.

Supplier B must explain to the customer that debt information will be passed by Supplier A to Supplier B and obtain the customer's consent to this happening (see Section 6).

If possible, especially for token meters, Supplier B should seek a factual meter read (for its own information and to assist Supplier A if recent meter reads have been estimates).

5.4 Supplier B requests debt information

Once agreement has been reached, Supplier B will send a 'REQ' flow to Supplier A, to request the debt information.

Proforma 'REQ'

Data	Product MPAN/MPR Surname Address Postcode Meter reading (optional) Date of meter reading (mandatory if meter reading provided) Supplier B id Rejection row identifier
Format	<i>To be confirmed</i>
Method	<i>To be confirmed</i>
Frequency	Daily, as necessary
Timing	No restriction

5.5 Supplier A prepares debt information

Supplier A will provide a statement of the debt:

- Based on a factual read obtained within the last month (potentially one supplied in the 'REQ' by Supplier B); or
- Calculated from an estimated current meter read.

Supplier A must identify any debts which are 'complex'. These are defined as:

- Suspected, but not confirmed misdirected payment
- Account in dispute
- Suspected fraud
- VAT >5%
- Debt repayment not set on meter
- Any other reason Supplier A considers the debt to be 'complex.' In this case Supplier A must keep a full record of the reason (potentially to explain to the customer or **energywatch**).

5.6 Supplier A gives debt information to Supplier B

Once the relevant information has been extracted, Supplier A should send a 'RET' flow to Supplier B.

Proforma 'RET'

Data	Product ¹ MPAN/MPR ¹ Meter serial number Estimated total debt (inc VAT) ² £/Week repayment for debt Meter type Meter reading ² Date of meter reading ² Reading type Complex indicator ¹
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	Supplier A id Rejection row identifier
Format	<i>To be confirmed</i>
Method	<i>To be confirmed</i>
Frequency	Daily, as necessary
Timing	No more than five days after receipt of the 'REQ' flow

¹ If the debt is complex these are the only data items that need to be completed

² These items should be consistent with each other.

5.7 Supplier B assesses information and contacts customer

Once in possession of the debt information, Supplier B will decide whether it wants to proceed with the transfer or not.

Supplier B is strongly advised to check the accuracy of any estimated meter reading used by Supplier A to calculate the estimated debt – this will reduce its risk of exposure to unwanted debt.

If Supplier B does not want to proceed with the transfer, they must tell the customer this. If the customer requires further information, Supplier B must be open as to whether it is their commercial decision or if the customer should contact Supplier A (eg. "Supplier A has indicated that there is an issue on the account and we cannot currently take it on; please contact them if you want to try to resolve it").

5.8 Supplier B restarts the transfer

Supplier B sends a 'CON' flow to Supplier A to advise that it intends to restart a transfer. If Supplier B does not intend to restart the transfer for a site, it should not send a 'CON' flow.

Proforma 'CON'

Data	Product MPAN/MPR Address Postcode Meter reading Date of meter reading Earliest resubmission date Supplier B id Rejection row identifier
Format	<i>To be confirmed</i>
Method	<i>To be confirmed</i>
Frequency	Daily, as necessary
Timing	No minimum. Best endeavours of no more than 8 days after receipt of the relevant 'RET'.

Supplier B must restart the transfer no less than 2 but no more than 4 days after it sends the 'CON'. If a withdrawal is received within this period, Supplier A will not block (Supplier A may check the supplier ID if available against that in the 'CON' flow). If the withdrawal is received outside of this period and Supplier A is not checking Supplier IDs it should block to guard against a third party taking over the supply.

If Supplier B misses the 2-4 day window it can resubmit the CON and the transfer request.

Note – if a CON flow is received and the reregistration goes through, Supplier B must take on the debt, even if the customer falls outside of the intended scope of the Protocol.

5.9 Supplier B arranges new payment device

Supplier B will need to arrange the issue of a new payment device to the customer. The process varies according to the meter type.

- For electricity token meters, Supplier B must arrange for a new payment card to be sent to the customer. A D176 will arrange a visit to the property to reset the tariff on the meter. The debt settings will remain the same but if they need to be updated, the same flow can be used. The customer should not see any interruption in debt repayment.
- For electricity key meters, a D190 flow message should be sent to the relevant MOP/PPMIP. The new customer reference number and revised tariff are notified via this flow. The total debt and debt recovery rate can also be included if desired. The MOP/PPMIP will issue a new device to the customer with the new details loaded on to it.
- For electricity smartcard meters, a D183 flow message should be sent to the relevant MOP/PPMIP. The new tariff and debt recovery rates are notified using this flow. A total debt value is not set up. The MOP/PPMIP will issue a new device to the customer with the new details loaded on to it.
- If Supplier B decides not to include the relevant debt information in the previous two examples, they can send them through at a later date. For key meters, they will need to send a D189, for smartcard meters a D197.
- For gas ETMs, Supplier B must send a SQ01 form to Siemens. Details of the tariff and customer reference number are included on this form. The total debt and recovery rate can also be included. Siemens will issue a new device to the customer with the new details loaded on to it. If the debt details are not included, the settings on the meter will be cleared when the customer first uses their card. Supplier B will then need to send a SQ05 form to Siemens in the future to get the debt set up.

As a general guideline, the intent should be to avoid any interruption to debt repayment. A 'dummy' total debt value can be set up if the real value is not known, as it can always be reset in the future.

Note – Supplier B is advised to set a debt on the account from CoS, in order to initiate the Protocol if a third supplier seeks to transfer the customer.

5.10 Supplier B obtains Change of Supplier meter reading

Supplier B will attempt to gain an up to date meter reading as per existing COS processes. If it is not successful in doing so, Supplier B may decide to use the reading provided by Supplier A on the 'RET' flow. This should ensure that the final debt is close to the estimate provided previously.

Supplier B will submit the reading to its Data Collector within the agreed industry timescales. Once validated, the DC will forward this reading to Supplier A. If Supplier A is not happy with the reading submitted it can dispute it, as per existing industry processes. When it is in possession of an acceptable reading, Supplier A will seek to finalise the customer's account within 5 days of receipt.

Supplier A will assign the outstanding debt in full to Supplier B and will produce a final account which tells the customer the debt is being assigned.

5.11 Supplier A passes details of final debt to Supplier B

Supplier A sends a 'FIN' flow to Supplier B, confirming the amount of debt to be assigned.

Proforma 'FIN'

Data	Product MPAN/MPR Estimated total debt (inc VAT) Actual final debt (inc VAT) Amount of VAT £/Week repayment for debt Change of supplier meter reading Factored payment expected (optional) Supplier A id Rejection row identifier ¹
Format	<i>To be confirmed</i>
Method	<i>To be confirmed</i>
Frequency	Weekly as necessary, although Supplier A can send more often if it wants to
Timing ²	No more than 5 days after the account has been finalised

¹ The Rejection row identifier is only to be used to show an error in the 'FIN' flow. Supplier B is not able to refuse the debt if the Protocol has been followed. If

Supplier B believes the Protocol has not been followed it should raise a dispute (see Section 8).

² Supplier A can only finalise the account when a satisfactory reading has been received (see 5.10), but existing industry wide problems may delay this. As any delay in the issue of the 'FIN' will affect both Supplier B and the customer, Supplier B can, if it wants, raise a query with Supplier A if a 'FIN' has not been received six weeks after a CoS. Supplier B should ensure that a CoS reading has been provided to and accepted by it's own DC before raising a query. Both Suppliers will then seek to progress and resolve the query as quickly as possible.

5.12 Supplier B contacts customer

Supplier B will probably want to contact the customer to advise that the transfer is complete, the value of the debt that has been assigned and details of the repayment plan, particularly if this has been changed.

5.13 Supplier B pays Supplier A

Supplier A will raise monthly invoices for the amounts due. Payment is due 28 calendar days after the invoice (so 30-60 calendar days after Supplier A assigns the debt). Later payment will be at LIBOR+2%.

The debt must be assigned in full (there is no maximum to the amount that may be assigned), and Supplier B will make payment based on the actual debt, not the estimate. The amount paid by Supplier B will be 90% of the net of VAT amount assigned (rounded to the nearest pence) plus 100% of the VAT, or such other rule as the two suppliers agree.

On receipt, Supplier B will validate the invoice, and raise any disputes with Supplier A within 5 days of receipt.

The invoice will be sent with a supporting spreadsheet detailing each account being assigned, format as detailed below.

Data	Product MPAN/MPR Actual final debt (inc VAT) Amount of VAT Factored payment expected Supplier A id Rejection row identifier Base debt for factoring (ex VAT)
Format	<i>To be confirmed</i>
Method	<i>To be confirmed</i>
Frequency	Monthly, in support of invoice
Timing	Calendar month end

6. Data Protection

By sending an 'REQ' flow Supplier B warrants to Supplier A that the Data Protection Act 1998 has been complied with, notably the fair processing requirement (i.e. the customer has given informed consent to account details, including debt information, being passed from Supplier A to Supplier B).

The customer is told this by Supplier A in the objection letter, but it is Supplier B's responsibility to obtain the customer's informed consent.

7. Security

Password protection is not practicable with most suppliers' current firewalls. Customer addresses are therefore not included in the 'RET' and 'FIN' flows that contain debt information. Suppliers will need to take especial care to check the MPAN/MPR in preparing and in using these files.

Suppliers will return to the originator any flows they receive not intended for them and will return files with MPANs/MPRs they do not recognise with an 'N' flag in the Rejection Row Identifier.

8. Disputes Between Suppliers (and late delivery of information)

Each supplier will keep every other supplier up to date with a contact name for disputes.

Suppliers will follow the escalation procedures that apply to other disputes e.g. nominated contact staff first, then contract managers. The schedule for following up late data flows is nominated contact @ five days late, contract manager @ ten days late.

If a receiving supplier identifies errors in a pro-forma spreadsheet it will identify the erroneous lines with an "R" and return them to the originating supplier together with a contact number in case clarification is required, using best endeavours to do this within two days.

Whilst the process encourages the exchange of meter readings to aid accuracy of the final account, it is still possible that the customer may dispute the reading used to calculate the final account. This may occur at any time, even after the assignment is complete. If this does occur, both suppliers can still raise a dispute as per the existing industry process (MAP08/DCOP section 4). Once the reading has been agreed, and final account recalculated, the two suppliers will need to discuss and agree the resubmission of a 'FIN', and correction of any invoice sent and settled.

9. Monitoring

Each supplier will report to Ofgem, quarterly by the end of the month following the end of the quarter:

As Supplier A

- ◆ Number of PPM customers blocked for debt
- ◆ Number of REQs received

As Supplier B

- ◆ Number of RETs received, broken down <£150, £150-300, >£300, complex
- ◆ Number of FINs received, broken down <£150, £150-300, >£300, complex

Suppliers will review the operation of the Protocol at the OIF and DCOP.

10. Erroneous Transfers

It is expected that Erroneous Transfers will be minimal due to the pre-enquiry stage, giving additional involvement of the customer in the transfer process. If an Erroneous Transfer or Service Returner does occur, the general rule is that the process should be reversed with the debt being passed back to Supplier A. The debt will continue to be paid by the customer.

11. VAT

Suppliers agree to abide by the agreement contained in *[HM Customs & Excise letter dated 27 November 2001, ref: BST/PG/CD/CUT/RJM.]*

12. Changes to this Protocol

12.1 Electricity

Changes will be agreed using MRA procedures.

12.2 Gas

Changes will be agreed using DCOP procedures.

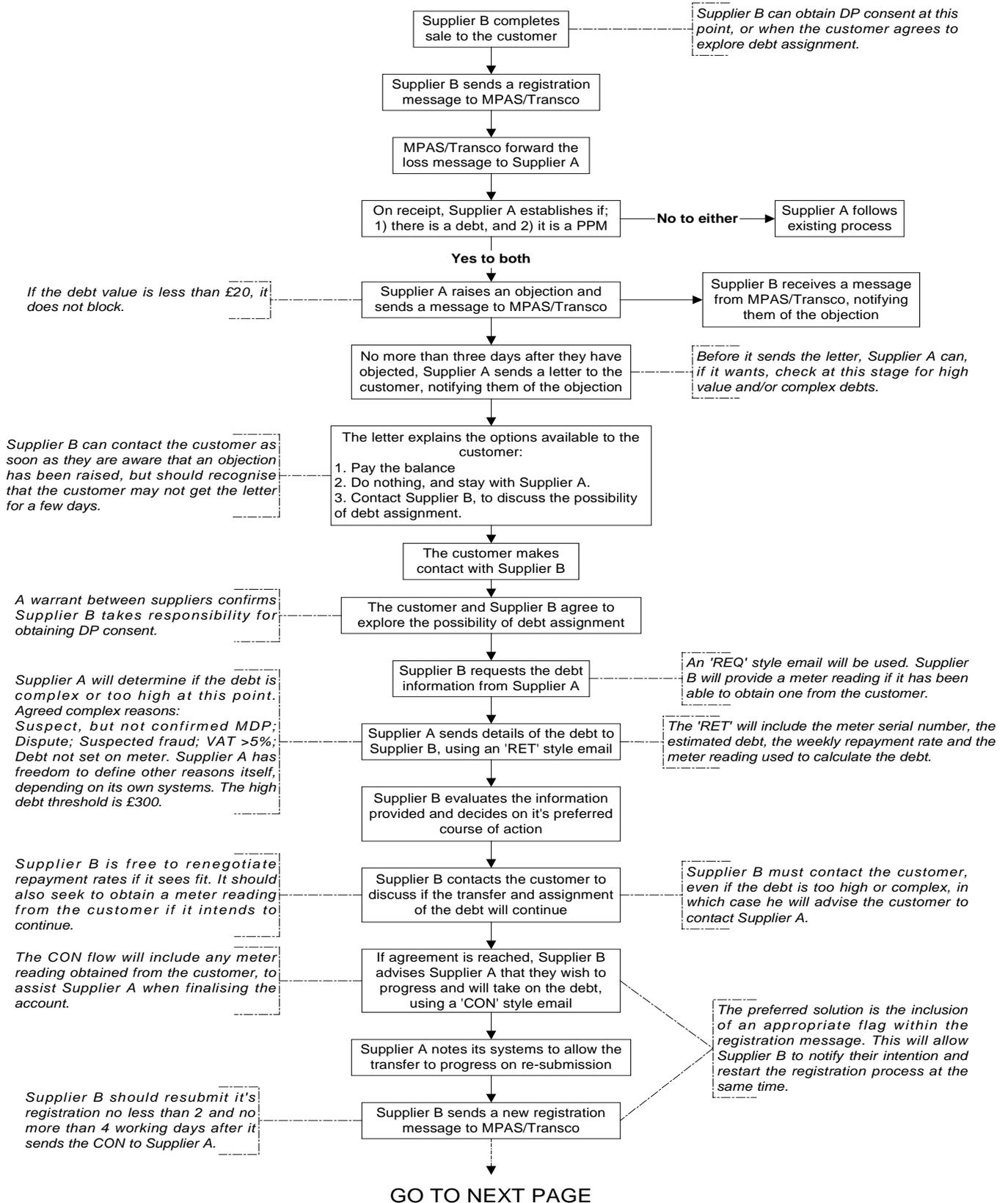
12.3 Ofgem

All changes will be subject to approval by Ofgem.

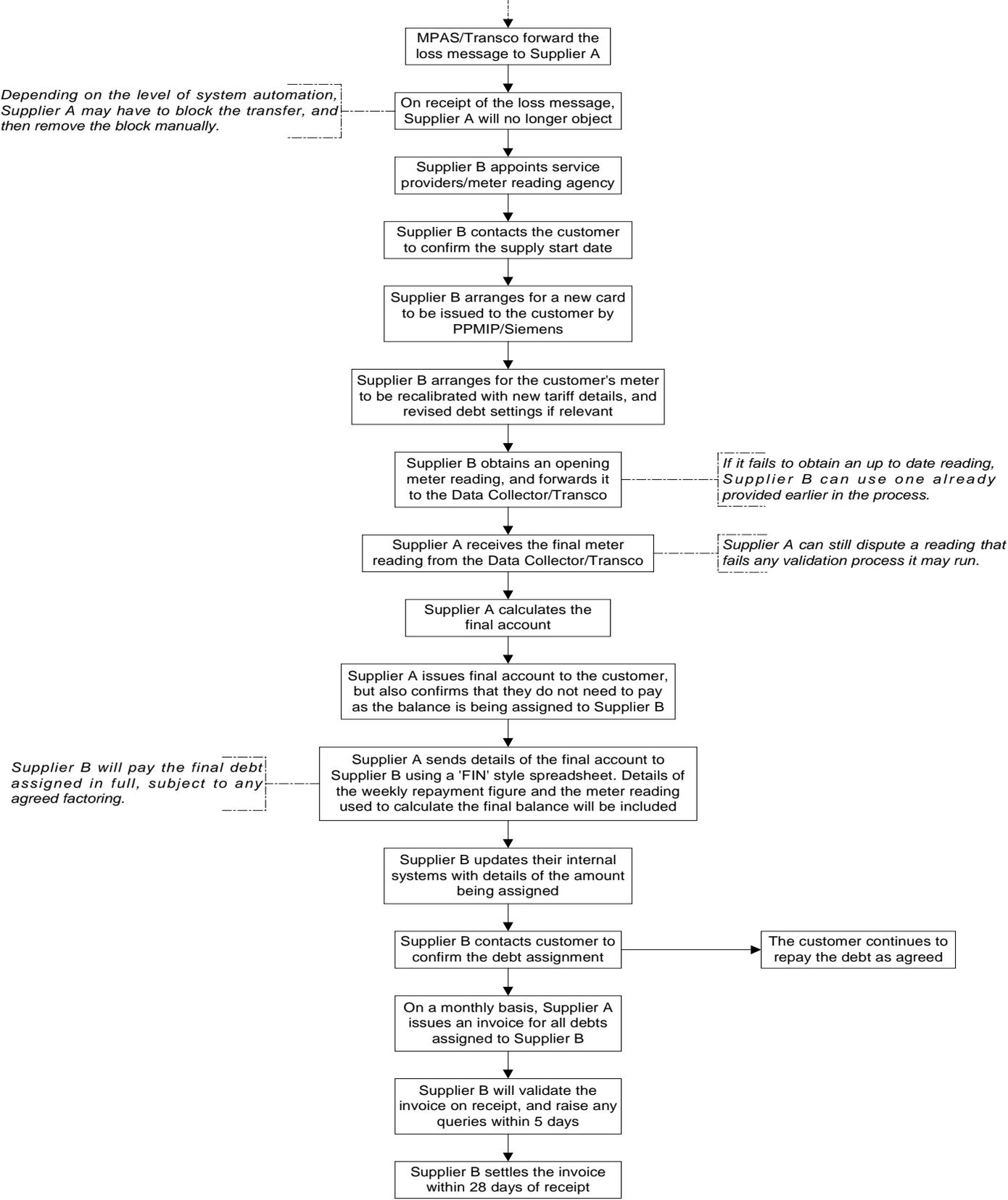
12.4 Version Control

See Annex D

Annex A – Process Diagram



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Annex B – Data Flow Technical Specification

[To be determined]

Annex C – Sample Objection Letter to Customer

Mr J Public
111 Main Street
Maintown
Mainshire
MA1 1NT

31 October, 2002

Dear Mr Public
Re: Customer Reference Number 010102020303

We are sorry to hear that you have chosen to switch your electricity supply to another company. At present, there is a balance outstanding on your account and as a result we have objected to the transfer.

What happens next is up to you. You can decide to stay with [our name], and continue to pay off your debt as previously agreed. Alternatively, you can arrange to pay what you owe. Once the debt has been cleared, you will be free to transfer to the company of your choice. If you would like to do this, please call us on 0800 999 999.

As you have a prepayment meter, you may be able to transfer the debt to your preferred supplier, but they must also be willing to do this. If this prospect interests you, you should contact them to discuss this option in more detail. They will then ask us for details of your outstanding balance.

If you would like any further help or advice regarding this matter, please call us on 0800 999 999.

Yours sincerely

Mr J Bloggs
Registrations Manager

Annex D – Version Control

Version	Date Issued	Summary of Changes
2.0	20.6.2002	Draft for Steering Group
2.1	4.9.2002	Agreed by Steering Group 2/9/02
2.2	30.10.2002	Amendments following Technical Subgroup, 17.10.02