



*Promoting choice and
value to customers*

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22 May 2006

Dear Colleague

Consultation on Prepayment Meter Regulations in accordance with paragraph 6A(4) of Schedule 2B of the Gas Act 1986 (as amended) and paragraph 12 of Schedule 7 of the Electricity Act 1989 (as amended).

Ofgem has powers under the above provisions to make Regulations to extend the range of payments that can be collected through a prepayment meter (PPM). These are implemented through a Statutory Instrument. Before making the Regulations, Ofgem is required to consult all authorised suppliers, energywatch and such other persons as the Authority considers appropriate.

This letter and its annexes constitute the statutory consultation on the Regulations. Ofgem invites representations regarding its proposals. A background note and the Regulations are set out in Annexes A and B respectively.

Prior to this document Ofgem has published two consultations¹ and held several meetings with stakeholders to discuss the Regulations. The responses to the two consultations are available on the Ofgem website. Ofgem has taken account of respondents' comments and has endeavoured to address the concerns raised by respondents through meetings and correspondence when drafting the Regulations.

Ofgem's objectives in making the Regulations are to enable customers to carry over debt when they move to a new address and to create the potential for lower tariffs for PPM customers by allowing the supplier to use one PPM rather than two to collect gas and electricity payments (and in particular avoid the need for the more expensive gas PPM).

¹ Prepayment meters: Consultation on new powers under the Energy Act 2004 and update on recent developments. February 2005 32/05

Prepayment meters: Update document on new powers under the Energy Act 2004 including draft statutory instrument. December 2005 289/05

These documents and the responses to them are available on the Ofgem website www.ofgem.gov.uk under the work area Social Action Plan

Ofgem will monitor the Regulations to ensure no unanticipated customer detriment occurs and Ofgem will formally review the Regulations after two years.

Subject to any representations received to this consultation Ofgem anticipates the Regulations will be made and come into force in August 2006.

Responses

The deadline for written responses on the Regulations is 23 June 2006. They should be sent or emailed to:

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London
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Email: kiera.bower@ofgem.gov.uk

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Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website. Respondents who wish to have their responses remain confidential should clearly mark the document to that effect and include the reasons for confidentiality. Respondents are asked to put any confidential material in the appendices to their response.

Stakeholders will be notified when the Regulations are made.

Regards

Dave Barnes
Head of Social Issues