



*Promoting choice and
value for all customers*

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Dear

APPORTIONING PRICE INCREASES

I am writing to ask for details of your company's approach to two issues which we are concerned about and which could have a significant effect on consumers.

Firstly, we have been investigating with EDF an issue which relates to the retrospective application of price increases using an interactive voice recognition (IVR) system.

The issue concerned a fault with the company's IVR telephone system and the interface with its billing system. This resulted in some customers who received an estimated bill and then provided their own meter reading through the system, by phoning up and leaving a recorded message, being overcharged or undercharged where there had been a price change during the billing period. In contrast, if a customer spoke to an agent then that agent would enter the consumed amount into the billing system which would correctly apportion the change in units across the whole billing period.

EDF has taken action to address the problem and has put in place a process to compensate customers who were adversely affected.

We consider it essential that any system to assess customers' bills must operate in a way that ensures customers are billed as accurately and fairly as possible and that consumers understand and have confidence in the process. **Would you please tell me whether it is possible that a similar issue could have arisen with your company and what checks you have carried out to assess the position.**

Secondly, and more generally, we want to be confident that suppliers' systems are working fairly and accurately and that customers are being billed properly where there has been a price rise. For example, we want to understand what mechanisms suppliers use when prices are raised to ensure that consumers only pay the higher price for units consumed following the price increase and how estimated meter readings and subsequent actual readings are factored in.

Would you therefore please provide details of the approach your company takes to apportioning price increases, and an explanation of the mechanisms and checks it employs to ensure accuracy, and the way in which estimated and actual bills are reconciled.

We are seeking this information pursuant to our general functions of collecting information (section 34 of the Gas Act and section 47 of the Electricity Act). The information is most likely to be used for any of the following purposes -

- Enforcement action (consumer protection law or licence enforcement).
- Publishing information in order to promote the interests of consumers.
- Policy development which could lead to proposals for new licence conditions.

I would be grateful for a reply by 12 September 2011.

Yours sincerely

Andy Burgess
Head of Enforcement and Competition Policy