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*Promoting choice and value for  
all gas and electricity customers*

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Date: 14 August 2012

Dear David,

### **Billing and Apportionment of Price Increases**

As you may be aware, between December 2010 and August 2011, Ofgem investigated EDF's Interactive Voice Recognition billing system, after concerns were raised by customers. These enquiries led to EDF rectifying the problem with its IVR system and taking steps to seek to ensure it will not arise again. Following closure of that investigation, Ofgem wrote to all domestic suppliers on 16 August 2011 indicating that we consider it essential that any system which is used 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. We asked for, and received, evidence from all suppliers on their approach to apportioning price increases within billing periods, and on the mechanisms and checks that they employ to ensure accuracy in the way in which estimated and actual bills are reconciled. Alongside this we were also presented with correspondence from a small number of customers who contacted their suppliers to ask how their bills were calculated.

We found no evidence of systematic errors in the approach taken by supplies to allocate charges nor, in the cases reviewed, any deliberate attempts by suppliers to overcharge. However our observation from the information presented to us is that there are cases where customers seeking advice from suppliers remained unsure how consumption was apportioned when there was a price change within the billing period (and therefore how the corresponding charges were calculated). Because of this it appeared that some information provided by suppliers may not have been clear and accurate.

We note that Energy UK operates the "Code of Practice for Accurate Bills" ("the code") which, as we understand it, requires that the suppliers which are party to it use all available information to produce accurate, clear and timely bills. Ofgem has not undertaken a detailed review of the code provisions (whether for the purposes of writing this letter or more generally) nor suppliers' compliance with its detailed provisions. As Energy UK is the owner of the code, we wanted to draw the issue explained above to your attention so that you may consider in the first instance whether suppliers are acting in compliance with the code. Of course, this is without prejudice to the possibility that Ofgem may take action in the future if deemed appropriate.

Once you have had an opportunity to consider the matter, I should be grateful if you would let me know your views on what action you deem to be appropriate by 28 September 2012. We would be happy to arrange a meeting to discuss this further if you feel it would be helpful. In the meantime, should you have any queries please do not hesitate to contact me.

Yours sincerely,

**Anthony Pygram**

Associate Partner, Enforcement and Competition Policy