



Rob Church
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28 November 2014

Dear Rob

Follow-up to gas prepayment overcharging announcement

Thank you for your letter of 27 November, regarding the Energy UK announcement on gas prepayment meter overcharging.

As you may be aware, ScottishPower has always billed prepayment customers using actual meter readings (gas volume), rather than the incorrect kWh consumption calculated by the meter. Therefore any over-collection by the meter has been credited back to the customer's account and refunded on request as part of our normal processes. Obviously, this policy will continue and therefore customers are not waiting for their meter to be fixed as any issue has already been accounted for in their recent bill.

The vast majority (95%) of ScottishPower customers affected by this issue have been billed recently and therefore had their credits crystallised at that point in time. The remaining 4,539 customers are overdue a bill and we have committed to billing these customers and proactively refunding their credits by Christmas. (These 4,539 customers are part of our overdue billing commitment made as part of our recent Customer Service commitments.)

For any customer with a debt on their meter, while the debt amount on the meter will not be affected, the effect of our billing is that the customer's debit amount on their account will be reducing faster than it otherwise would do. Our analysis suggests that for ScottishPower customers the average reduction in debit balance on their account is £0.70. As such, this is a slight benefit to the customer and we do not believe it is in the customer's best interests to refund and increase the debt. We will however ensure the total meter debt balance matches the actual total debt to prevent collecting more than is owed.



I would note that over the winter months, we are giving our vulnerable PPM customers a debt recovery break. This will ensure that any payment made by these customers will be purely towards their energy usage and not to recover a debt. This is already in place.

It is important that Ofgem recognises that energy suppliers do have different billing approaches and policies. ScottishPower has a billing policy based on actual meter reads, which has protected our customers from this issue for many years. Hopefully, Ofgem will appreciate this distinction and take this into account with this issue and other related issues. If you would like to discuss our approach further, we would be pleased to have a conference call with your team to take this forward.

Yours sincerely

A handwritten signature in purple ink, appearing to read "Andrew Ward".

Andrew Ward
Operations Director