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for energy consumers

Energy consumers and their
representatives, energy
suppliers, third party switching
organisations and other
interested parties

Direct Dial: 020 7901 7368

Email: jonathan.blagrove@ofgem.gov.uk

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Decision to make modifications to the gas and electricity supply licences to reform the switching process for indebted prepayment meter customers – the Debt Assignment Protocol

This letter sets out our decision following a statutory consultation on proposed modification to the gas and electricity supply licence. The changes will oblige all suppliers to increase the monetary threshold at which they must facilitate the transfer of indebted prepayment meter customers from £200 to £500 (standard licence condition (SLC) 14.6 of the gas and electricity supply licences). **We have decided to implement the changes to SLC 14.6 per our original proposal. The modifications to the gas and electricity supply licence will take effect from 8 July 2015 (see the appendices to this letter).**

Separately, this letter also sets out our final decision on some minor adjustments to our Social Obligations reporting (SOR) data collection and guidance. **We have decided to implement changes in line with our original intent, although we have made some adjustments in light of consultation responses to ensure that these changes can be effectively and efficiently implemented.** The revised SOR guidance is published alongside this letter. It replaces all previous guidance on gas and electricity suppliers' monitoring under SLC 32 (Reporting on performance). The revised SOR arrangements come into force **on 1 July 2015**. This will mean that gas and electricity suppliers will need to submit SOR data returns using the new guidance **for quarter two 2015 onwards (April-June 2015)**. Quarter two returns are due **by 28 July 2015**.

Yours faithfully,

Jonathan Blagrove
Senior Manager - Consumers and Sustainability

Background

When an indebted prepayment meter (PPM) customer chooses to switch, their old supplier must facilitate the transfer of their debt to their new supplier subject to the level of debt on the account (the debt threshold). This threshold is currently set at £200 in the gas and electricity supply licences¹.

The six large suppliers have been applying an increased threshold of £500 per fuel voluntarily since 1 November 2012. Some small suppliers have also been applying this higher threshold voluntarily since then, while some others began applying the increased threshold from 1 April 2013. Applying this increased threshold provides more indebted PPM customers with the opportunity to switch and potentially move to a cheaper tariff. The debt moves with the customer when they switch and the customer must repay it to their new supplier. The Debt Assignment Protocol (DAP) is a process set out in industry codes that governs this debt transfer process². The DAP is managed by suppliers.

In Spring 2014 we reviewed the DAP. Our main finding was that PPM customers in debt face unnecessary barriers and complexity when they try to switch supplier. On 22 September 2014, we published an open letter³ setting out the results of our review and the next steps needed to address the issues we identified. Among the next steps, we said that we would consult on making two changes to improve DAP arrangements. We issued a statutory consultation on making these changes on 18 December 2014 (our December consultation)⁴.

Having reviewed the responses to this consultation, we have now reached a decision on the changes we are going to make. This letter summarises the consultation responses and sets out the detail of the changes.

Debt threshold

In our December 2014 statutory consultation we proposed clarifying regulatory arrangements by modifying the relevant provisions to increase the debt threshold, which some suppliers are already applying voluntarily, in the gas and electricity supply licence conditions.

Some suppliers raised concerns that some relatively new market entrants may not be voluntarily applying the £500 DAP threshold. We are conscious that some suppliers will have entered the market since the original commitment to voluntarily increase the threshold was made. If any suppliers are not applying the increased debt threshold, they may be preventing their PPM customers who have a debt of more than £200 but equal to or less than £500 per fuel from switching and potentially paying off their debt more quickly.

The effect of the licence modification will be to ensure that all suppliers apply a consistent debt threshold so that customers are clear on their rights when they seek to switch. Modifying the gas and electricity supply licences will ensure that all suppliers must apply the same threshold. As well as giving consumers clarity, it will remove any ambiguity that may exist for suppliers, particularly relatively new entrants.

In our consultation we posed the following question:

¹ Electricity Supply Standard Licence Condition 14.6 and Gas Supplier Standard Licence Condition 14.6.

² <http://www.mrasco.com/mra-products/mra-agreed-procedures>,

<http://www.spaa.co.uk/documents/spaa/current-version>.

³ <https://www.ofgem.gov.uk/publications-and-updates/review-debt-assignment-protocol-%E2%80%93-open-letter>

⁴ <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-modifications-gas-and-electricity-supply-licences-reform-switching-process-indebted-prepayment-meter-customers-%E2%80%93-debt-assignment-protocol>

Question 1: Do you agree with our proposal to amend SLC 14.6 and increase the Debt Assignment Protocol debt threshold to £500 to reflect the current voluntary practice?

Consultation responses

There was unanimous support for our proposal from respondents. A consumer group noted that the change would provide clarity and consistency, and make it easier for frontline advisors to assist consumers enquiring about their switching rights. Suppliers agreed that consumers would receive similar support and information when considering their switching decisions. Large suppliers noted that the change would simply formalise a long-standing voluntary arrangement that they were already applying.

Final decision

Having duly considered all the responses, we have decided to proceed with our modifications as proposed. The drafting for the licence modifications are set out in the appendices to this letter.

Social Obligations reporting (SOR)

Suppliers are required to provide us, Citizens Advice and Citizens Advice Scotland with information relating to their dealings with Domestic Customers⁵. Suppliers do this by submitting Social Obligations reporting data returns. We have produced a guidance document to help suppliers complete these returns. The current guidance is published at:

<http://www.ofgem.gov.uk/Sustainability/SocAction/Reporting/SoObMonitor/Documents1/Reporting%20Suppliers%20Performance%20Guidance.pdf>

In our December 2014 consultation we proposed requiring suppliers to break down their reporting according to the number of PPM customers with a debt greater than £500, and the number of PPM customers with a debt equal to or less than £500. This will account for the change in the debt threshold from £200 to £500 that some suppliers are already voluntarily applying and that we have decided to formalise in the gas and electricity supply licences. This revised data can then be used to effectively monitor the number of consumers benefiting from the DAP.

Our changes will also reduce regulatory burden and simplify arrangements by removing redundant data fields. The current reporting requires suppliers to break down the number of PPM customers entering the DAP process according to a number of debt thresholds below £500. Breaking down the reporting in this way does not correspond to the revised SLC14.6 requirements and we do not see value in continuing to gather data in this way.

In our consultation we posed the following question:

Question 2: Do you have any comments on the changes we are proposing to make to the Social Obligation reporting requirements?

Consultation responses

There was unanimous support for the intent behind our proposal. However, stakeholders did raise some issues around implementation of the revised reporting requirements. A summary of consultation responses is provided in Table 1 below (column c). The complete set of data items we will collect in the revised Section 5 "Debt Assignment Protocol – Switching for Indebted PPM Consumers" of the SOR is shown in Table 1 (column d).

⁵ Electricity Supply Standard Licence Condition 32 and Gas Supplier Standard Licence Condition 32.

Table 1. Summary of consultation responses

Location in the guidance (a)	Proposed new definition/wording (b)	Summary of consultation responses (c)	Final definition/wording (d)
Throughout the guidance	Debt Assignment Protocol (DAP) – Switching for Indebted PPM Consumers ⁶	No comments.	Debt Assignment Protocol (DAP) – Switching for Indebted PPM Consumers
Page 15, para 2.41	Data items Q5.1 – Q5.4 use the definitions set out in the MRA 'Agreed Procedure for the Assignment of Debt in Relation to Prepayment Meters. MAP 13' and Supply Point Administration Agreement (SPAA) Schedule 9. Suppliers should use this guidance alongside the Procedure document and SPAA Schedule 9 document accordingly. These can be found at http://www.mrasco.com/mra-products/mra-agreed-procedures and http://www.spaa.co.uk/documents/spaa/current-version .	No comments.	Data items Q5.1 – Q5.4 use the definitions set out in the MRA 'Agreed Procedure for the Assignment of Debt in Relation to Prepayment Meters. MAP 13' and Supply Point Administration Agreement (SPAA) Schedule 9. Suppliers should use this guidance alongside the Procedure document and SPAA Schedule 9 document accordingly. These can be found at http://www.mrasco.com/mra-products/mra-agreed-procedures and http://www.spaa.co.uk/documents/spaa/current-version .
Page 15, para 2.42	Data item Q5.1 asks whether the supplier followed the point of acquisition (POA) model ⁷ at the start of this reporting period (Yes/No).	Several suppliers asked to clarify whether the question should be answered from the gaining supplier perspective. <i>We confirm that this is the case and have reflected this in the revised formulation.</i>	Data item 5.1 asks whether supplier followed the point of acquisition (POA) model ⁸ at the start of this reporting period (Yes/No). The data item should be reported by gaining supplier.

⁶ Wording added to clarify that the DAP only applies to indebted PPM customers, and not to other customers.

⁷ Some suppliers have agreed to adopt a "point of acquisition model". Using this model, these suppliers will provide customers with information about data sharing at the point of acquisition and ask customers to confirm that they are content for details of their debt to be shared between the incoming and outgoing supplier. These suppliers will not then ask customers for consent to data sharing later in the switching process as they do at present. Removing the requirement to provide consent for data sharing partway through the process will remove a barrier to switching and should help increase the volume of completed switches. Visit this link to our previous open letter for additional information: <https://www.ofgem.gov.uk/publications-and-updates/review-debt-assignment-protocol-%E2%80%93-open-letter>

⁸ Some suppliers have agreed to adopt a "point of acquisition model". Using this model, these suppliers will provide customers with information about data sharing at the point of acquisition and ask customers to confirm that they are content for details of their debt to be shared between the incoming and outgoing supplier. These suppliers will not then ask customers for consent to data sharing later in the switching process as they do at present. Removing the requirement to provide consent for data sharing partway through the process will remove a barrier to switching and should help increase the volume of completed switches. Visit this link to our previous open letter for additional information: <https://www.ofgem.gov.uk/publications-and-updates/review-debt-assignment-protocol-%E2%80%93-open-letter>

Location in the guidance (a)	Proposed new definition/wording (b)	Summary of consultation responses (c)	Final definition/wording (d)
Page 15, para 2.43	<p>Data item Q5.2 asks for the number of unique indebted PPM customer accounts entering the switching process in this reporting period. These figures should be provided broken down into the following categories: ≤£500, >£500 and Total. These figures should be reported by the losing supplier.</p>	<p>Some suppliers noted that data item 5.2 should be reported by the losing supplier.</p> <p><i>We agree with this interpretation and have reflected this in the revised formulation.</i></p> <p>Suppliers had different views on whether data item 5.2 should be described in terms of the number of customer accounts or Supply Point Objections (SPOs) raised.</p> <p><i>We have formulated data item 5.2 in terms of the unique number of SPOs raised, rather than customer accounts.</i></p> <p>Some respondents pointed out that the proposed formulation of data items 5.2 and 5.3-5.4 may result in not reporting those switches that span more than one reporting period.</p> <p><i>We have addressed this issue by reformulating items 5.3-5.4 (please see below).</i></p> <p>Some suppliers suggested that the best source of the data requested in 5.2 is data flow G/D0307.</p> <p><i>The revised formulation relies on the SPOs, rather than G/D0307. Using SPOs for this data item will meet our intent to receive reporting on all cases where a switch was initially attempted under the DAP.</i></p>	<p>Data item 5.2 asks for the number of unique Supply Point Objections (SPOs)/Notices of Objection (NOOs) issued against indebted PPM accounts in this reporting period, according to debt level bandings (≤£500, >£500, and Total). The data item should be reported by losing supplier. The number of unique SPOs/NOOs should be derived from the total number of SPOs/NOOs issued against indebted PPM accounts during the reporting period minus the number of accounts against which a SPO/NOO has already been issued during the reporting period.</p>
Not currently in the guidance	<p>Data items 5.3-5.4 refer only to customer accounts reported in 5.2 where debt was ≤£500</p>	<p>No comments.</p> <p><i>We have removed the reference to "reported in</i></p>	<p>Data items 5.3-5.4 refer only to customer accounts where debt was ≤£500</p>

Location in the guidance (a)	Proposed new definition/wording (b)	Summary of consultation responses (c)	Final definition/wording (d)
		5.2" in the final version, to bring the formulation in line with the revised wording of data items 5.2-5.4.	
Page 15, para 2.44	<p>Data item 5.3: For those customer accounts reported in 5.2, where debt was ≤£500, the number of customer accounts where a Complex Debt process was applied in this reporting period. These figures should be provided by the losing supplier, broken down into the following categories: Complex Debt, Not Complex Debt, and Total. For a definition of Complex Debt see MRA 'Agreed Procedure for the Assignment of Debt in Relation to Prepayment Meters. MAP 13' at http://www.mrasco.com/mra-products/mra-agreed-procedures.</p>	<p>Several suppliers sought clarity on whether this data item should be reported by the losing supplier and confirmation that the data flow to be used is G/D0307.</p> <p><i>We have confirmed both these points in the final formulation.</i></p>	<p>Data item 5.3: the number of G/D0307 records sent in this reporting period, where debt level is ≤£500. The data should be broken down into the following categories: "Complex Debt", "Not Complex Debt" and "Total", using the Complex Debt indicator available in the G/D0307 flow. The data item should be reported by losing supplier.</p>
Page 15, para 2.45	<p>Data item 5.4: For those customer accounts reported in 5.2, where debt was ≤£500, the number of customer accounts completing the switching process in the reporting period, split by the type of debt. These figures should be provided by the losing supplier broken down into the following categories: Complex Debt, Not Complex Debt, and Total.</p>	<p>Some suppliers asked to clarify what is meant by "completed switch". Two suppliers asked to confirm the data flow to be used in answering this question.</p> <p><i>We addressed these questions by reformulating item 5.4 in terms of data flow G/D0309.</i></p> <p><i>We have also removed the requirement to report this data item using Complex Debt split to reduce reporting burden, noting that Complex Debt information will be provided via data item 5.3.</i></p>	<p>Data item 5.4: The total number of G/D0309 records sent in this reporting period, where debt level is ≤£500. The data item should be reported by losing supplier.</p>

Location in the guidance (a)	Proposed new definition/wording (b)	Summary of consultation responses (c)	Final definition/wording (d)
Throughout the guidance	EUK ⁹ .	No comments.	EUK ¹⁰ .
Throughout the guidance	Citizens Advice Service/Citizens Advice Scotland ¹¹	Changed to Citizens Advice/Citizens Advice Scotland.	Citizens Advice/Citizens Advice Scotland ¹²

The changes listed in Table 1 (column d) are included in the main text of the revised SOR guidance, in the "Appendix 2 - Monitoring return forms" of the guidance document, and in the online help materials within the SOR web reporting portal (<https://www.sor.ofgem.gov.uk>).

In addition to the above changes, we made the following minor typographical and editorial changes to the SOR guidance:

- Changed "where improvements need." to "where improvements are needed." in the "Context" section on page 7
- Updated the list of associated documents on page 7
- Included the date when new monitoring arrangements come into force in the "Executive summary" section on page 10
- Updated "Review of the data collected" section on pages 11-12 to reflect the current revision of the DAP section
- Corrected the typographical error on page 13, paragraph 1.6, first bullet point, text in parentheses. It now reads "(ie, by no later than 28 January, 28 April, 28 July and 28 October)".

Decision

We have decided to change Section 5 "Debt Assignment Protocol – Switching for Indebted PPM Consumers" of the SOR data collection and guidance in line with the intent of our original proposals. We have modified data collection requirements in some cases to reflect consultation responses and ensure that requirements can be effectively and efficiently operationalised. The complete set of data items we will collect in the revised Section 5 is shown in Table 1 (column d) above. The revised SOR guidance is published alongside this letter¹³.

⁹ The Energy Retail Association has been abolished and superseded by Energy UK since this reference was last updated.

¹⁰ The Energy Retail Association has been abolished and superseded by Energy UK since this reference was last updated.

¹¹ The Consumer Council has been abolished and superseded by the Citizens Advice/Citizens Advice Scotland since this reference was last updated, with its functions transferring to the Citizens Advice/Citizens Advice Scotland.

¹² The Consumer Council has been abolished and superseded by the Citizens Advice/Citizens Advice Scotland since this reference was last updated, with its functions transferring to the Citizens Advice/Citizens Advice Scotland.

¹³ <https://www.ofgem.gov.uk/publications-and-updates/guidance-monitoring-suppliers-performance-relation-domestic-customers-updated-april-2015>

Appendix One – List of consultation responses

Nine stakeholders responded to our consultation. Those responses not marked as confidential are published on our website alongside this letter.

Respondents

British Gas
Citizens Advice
Ecotricity
EDF
Energy UK
npower
Scottish Power
Spark Energy
SSE

Appendix Two – Electricity and gas supply licence modifications

To: All holders of an electricity supply licence

Electricity Act 1989 Section 11A(1)(b)

MODIFICATION OF THE STANDARD CONDITIONS OF ELECTRICITY SUPPLY LICENCES GRANTED UNDER SECTION 6(1)(d) OF THE ELECTRICITY ACT 1989

AND

NOTICE OF REASONS FOR THE DECISION TO MAKE A LICENCE MODIFICATION UNDER SECTION 49A OF THE ELECTRICITY ACT

Whereas –

1. Each of the companies to whom this document is addressed (a Licence Holder) has been granted a licence (a Licence) under section 6(1)(d) of the Electricity Act 1989 (the Act).
2. In accordance with section 11A(2) of the Act the Gas and Electricity Markets Authority (the Authority) gave notice on 18 December 2014 (the Notice) that it proposed to modify standard licence condition 14.6 of the Licence and by requiring any representations to the modification to be made on or before 13 February 2015.
3. In accordance with section 11A(4)(b) of the Act, the Authority gave notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received nine responses. All non-confidential responses have been placed on the Ofgem website. Our response to these comments is set out in the accompanying letter and on our web-site.
5. The Authority has carefully considered all representations received in relation to the proposed modification.
6. The reason why the Authority is making this licence modification is that some suppliers raised concerns that some relatively new market entrants may not be voluntarily applying the £500 Debt Assignment Protocol threshold. The Authority is conscious that some suppliers will have entered the market since the original commitment to voluntarily increase the threshold was made. If any suppliers are not applying the increased debt threshold, they may be preventing their prepayment meter customers who have a debt of more than £200 but equal to or less than £500 from switching and potentially paying off their debt more quickly.
7. The effects of the modification are that modification will ensure that all suppliers apply a consistent debt threshold so that customers are clear on their rights when they seek to switch. Modifying the licence will ensure that all suppliers must take this consistent approach. As well as giving consumers clarity, it will remove any ambiguity that may exist for suppliers, particularly relatively new entrants.
8. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority under section 11C of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules¹⁴ requires that the appellant must

¹⁴ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).

send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 2 provides a list of the relevant licence holders in relation to this modification notice. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Act.

Now therefore

In accordance with the powers contained in section 11A(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all electricity suppliers in the manner specified in Schedule 1. This decision will take effect on and from 8 July 2015.

This document constitutes notice of the reasons for the decision to modify the electricity standard supply licence as required by section 49A of the Act.

The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of



.....
Philip Cullum
Partner, Consumers and Sustainability

Duly authorised on behalf of the
Gas and Electricity Markets Authority

12 May 2015

Schedule 1: Licence Drafting

14. Customer transfer blocking

14.6 The licensee shall ensure that Outstanding Charges of amounts equal to or less than ~~£200~~£500 are capable of being assigned by the licensee to a new Electricity Supplier in accordance with the Protocol.

Schedule 2: Relevant Licence Holders

Addito Supply Limited	Iresa Limited
AMRECS LLC	KAL-Energy Limited
Angel Energy Limited	Kensington Power Limited
Axis Telecom Limited	Krave Management Limited
AXPO UK Limited	Loco2 Energy Supply Ltd.
Barbican Power Limited	Lourdes Associates Limited
BES Commercial Electricity Limited	MA Energy Limited
Bethnal Energy Limited	Marble Power Limited
Better Business Energy Limited	Mercury Energy Supply Limited
Better Energy Supply Limited	Morgan Stanley Capital Group Inc
BizzEnergy Limited (in receivership)	MVV Environment Services Limited
Blizzard Utilities Limited	Nationwide Electricity Limited
BP Energy Europe Limited	Neas Energy Limited
Brilliant Energy Limited	New Stream Renewables Limited
British Energy Direct Limited	Nickel Energy Supply Limited
British Gas Trading Limited	Npower Direct Limited
Bronze Energy Supply Limited	Npower Limited
Cardiff Energy Supply Limited	Npower Northern Limited
Co-Operative Energy Limited	Npower Northern Supply Limited
Copper Energy Supply Limited	Npower Yorkshire Limited
Corona Energy Retail 5 Limited	Npower Yorkshire Supply Limited
Coulomb Energy Supply Limited	Open4Energy Limited
Covent Energy Limited	Opus Energy (Corporate) Limited
Crown Oil Limited	Opus Energy Limited
Danske Commodities A/S	Opus Energy Renewables Limited
Dong Energy Power Sales UK Limited	Osmium Energy Supply Limited
DONG Energy Sales (UK) Limited	OVO Electricity Limited
Donnington Energy Limited	Paddington Power Limited
Dual Energy Direct Limited	Palladium Energy Supply Limited
E (Gas and Electricity) Limited	Pan-Utility Limited
E.ON Energy Solutions Limited	Places for People Energy
E.ON UK Plc	Places for People Energy Supplies Limited
Eco Green Management Limited	Power4All Limited
Economy Energy Supply Limited	Powerq Limited
Economy Energy Trading Limited	R Electrics Limited
EDF Energy Customers Plc	Regent Power Limited
Edgware Energy Limited	Reuben Power Supply Limited
Effortless Energy Ltd.	Rhodium Energy Supply Limited
Electricity Direct (UK) Limited	RMA Dorex UK Ltd
Electricity Plus Supply Limited	Robin Hood Energy Limited
Emexconsult Limited	S. C. Isramart SRL
Eneco Energy Trade BV	Scottish Power Energy Retail Limited
Energy COOP Limited	SEEBOARD Energy Limited
Energy Data Company Limited	Silver Energy Supply Limited
Energyq Limited	Simply Electricity Limited
Envy Energy Limited	Sinq Power Limited
EPG Energy Limited	Sirocco Energy Supply Limited
ETUL Limited	Smart Electricity Limited
Extra Energy Supply Limited	Smarter Eco Energy Ltd
F & S Energy Limited	Smartest Energy Limited
Farmoor Energy Limited	South Wales Electricity Limited
Farringdon Energy Limited	Spark Energy Supply Limited
First Utility Limited	SSE Energy Supply Limited
Flow Energy Limited	Statkraft Markets GmbH

Gazprom Marketing & Trading Retail Limited	Supply Energy Limited
GB Energy Supply Ltd	Symbio Energy Solutions LLP
GDF Suez Marketing Limited	Tempus Energy Supply Ltd
GNERGY Limited	The Nuclear Decommissioning Authority
Gold Energy Supply Limited	The Renewable Energy Company Limited
Good Energy Limited	Total Gas & Power Limited
Green Energy (UK) plc	Tradelink Solutions Limited
Greengen Direct Limited	Tramonto Power Limited
Haven Power Limited	UK Healthcare Corporation Limited
Highclare Trading Limited	Universal Bioenergy Limited
Holborn Energy Limited	Universal Utilities Limited
Home Counties Energy Plc	Utilita Energy Limited
Hudson Energy Supply UK Limited	Utility Partnership Limited
I Supply Electricity 2 Limited	Uttily plc
I Supply Electricity Limited	Vattenfall Energy Trading GmbH
I Supply Energy Limited	Vavu Power Limited
ICS Energy Limited	Wilton Energy Limited
IPM Energy Retail Limited	

To: All holders of a gas supply licence

**Gas Act 1986
Section 23(1)(b)**

**MODIFICATION OF THE STANDARD CONDITIONS OF GAS SUPPLY LICENCES
GRANTED UNDER SECTION 7A(1) OF THE GAS ACT 1986**

AND

**NOTICE OF REASONS FOR THE DECISION TO MAKE A LICENCE MODIFICATION
UNDER SECTION 38A OF THE GAS ACT 1986**

Whereas –

1. Each of the companies to whom this document is addressed (a Licence Holder) has been granted a licence (a Licence) under section 7A(1) of the Gas Act 1986 (the Act).
2. In accordance with section 23(2) of the Act the Gas and Electricity Markets Authority (the Authority) gave notice on 18 December 2014 (the Notice) that it proposed to modify condition 14.6 of the Licence and by requiring any representations to the modification to be made on or before 13 February 2015.
3. In accordance with section 23(4)(b) of the Act, the Authority gave notice of its intention to make the modifications to the Secretary of State and has not received a direction not to make the modification.
4. Prior to the close of the consultation period in respect of the Notice, the Authority received nine responses. All non-confidential responses have been placed on the Ofgem website. Our response to these comments is set out in the accompanying letter.
5. The Authority has carefully considered all representations received in relation to the proposed modification.
6. The reason why the Authority is making this licence modification is that some suppliers raised concerns that some relatively new market entrants may not be voluntarily applying the £500 Debt Assignment Protocol threshold. We are conscious that some suppliers will have entered the market since the original commitment to voluntarily increase the threshold was made. If any suppliers are not applying the increased debt threshold, they may be preventing their prepayment meter customers who have a debt of more than £200 but equal to or less than £500 from switching and potentially paying off their debt more quickly.
7. The effects of the modification are that modification will ensure that all suppliers apply a consistent debt threshold so that customers are clear on their rights when they seek to switch. Modifying the gas and electricity supply licences will ensure that all suppliers must take this consistent approach. As well as giving consumers clarity, it will remove any ambiguity that may exist for suppliers, particularly relatively new entrants.
8. Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority under section 23B of the Act, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules¹⁵ requires that the appellant must

¹⁵ The rules were published by the Competition Commission in September 2012. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the Competition and Markets Authority (CMA).

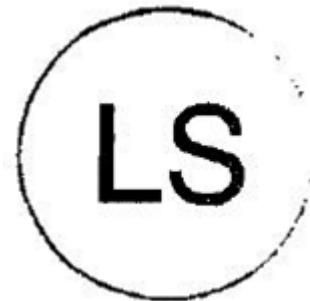
send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Schedule 4 provides a list of the relevant licence holders in relation to this modification. The meaning of 'relevant licence holder' is set out in section 23(10) of the Act.

Now therefore

In accordance with the powers contained in section 23(1)(b) of the Act, the Authority hereby modifies the standard licence conditions for all gas suppliers in the manner specified in attached Schedule 3. This decision will take effect on and from 8 July 2015.

This document constitutes notice of the reasons for the decision to modify the gas supply licences as required by section 38A of the Act.

The Official Seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of



.....
Philip Cullum
Partner, Consumers and Sustainability

Duly authorised on behalf of the
Gas and Electricity Markets Authority

12 May 2015

Schedule 3: Licence Drafting

14. Customer transfer blocking

14.6 The licensee shall ensure that Outstanding Charges of amounts equal to or less than ~~£200~~£500 are capable of being assigned by the licensee to a new Gas Supplier in accordance with the Protocol.

Schedule 4: Relevant Licence Holders

Addito Supply Limited	I Supply Energy Limited
Adrian Francis Associates Limited	I.A.Z.F.S. Limited
AMRECS LLC	ICD Gas Limited
Axis Telecom Limited	International Power Fuel Company Limited
Axpo UK Limited	International Power Ltd.
Barrow Shipping Limited	Iresa Limited
Better Business Energy Limited	JP Morgan Securities Plc
Better Energy Supply Limited	K O Brokers Limited
Blizzard Utilities Limited	Kensington Power Limited
BP Gas Marketing Limited	Krave Management Limited
Brilliant Energy Limited	Loco2 Energy Supply Ltd.
Britannia Gas Limited	Locus Energy Ltd
British Gas Trading Limited	Lourdes Associates Limited
Business Energy Solutions Limited	Lovely Energy Limited
Cardiff Energy Supply Limited	Macquarie Bank Limited
Ceres Energy Limited	Macquarie Commodities Finance (UK) Limited
Chevron Products UK Limited	Macquarie Factoring (UK) Limited
Cofathec Heatsave Limited	Mercuria Energy Europe Trading Limited
Contract Natural Gas Limited	Mercuria Energy Trading SA
Co-Operative Energy Limited	Nationwide Electricity Limited
Corona Energy Retail 1 Limited	Nationwide Gas Limited
Corona Energy Retail 2 Limited	North Sea Gas Limited
Corona Energy Retail 3 Limited	Npower Commercial Gas Limited
Corona Energy Retail 4 Limited	Npower Direct Limited
Coulomb Energy Supply Limited	Npower Gas Limited
Crown Gas and Power Limited	Npower Northern Limited
Crown Oil Limited	Npower Yorkshire Limited
Daligas Limited	Open4Energy Limited
Data Energy Management Services Limited	Opus Energy Limited
Distrigas S.A.	Opus Gas Supply Limited
Distrigaz S.A/NV	Ovo Gas Limited
Dong Energy Sales (UK) Limited	Pan-Utility Limited
Dong Naturgas A/S	Places for People Energy Limited
Donnington Energy Limited	Powerq Limited
Dual Energy Direct Limited	Regent Gas Limited
E (Gas and Electricity) Limited	Riadace Ltd
E.ON Energy Gas (Eastern) Limited	Robin Hood Energy Limited
E.ON Energy Gas (North West) Limited	RWE Generation UK Plc
E.ON Energy Solutions Limited	RWE Supply and Trading Gmbh
E.ON UK Gas Limited	S. C. Isramart SRL
E.ON UK Plc	Scottish Power Energy Retail Limited
Eclipse Energy Supply Limited	Seeboard Energy Gas Limited
Eco Green Management Limited	Shale Gas UK Limited
Economy Energy Supply Ltd	Sing Power Limited
Economy Energy Trading Limited	Smarter Eco Energy Limited
Economy Gas Limited	SmartestEnergy Limited
EDF Energy Customers Plc	Social Ventures in Energy Limited
EDF Trading Limited	Soci�t� Valmy D�fense 17
Effortless Energy Ltd.	Southern Electric Gas Limited
Energy Data Company Limited	Spark Energy Supply Limited
Energyq Limited	SSE Energy Supply Limited
ENI Trading & Shipping S.P.A	Statoil (UK) Limited
Eni UK Limited	Statoil Gas Trading Limited

Enterprise Gas Limited	SWALEC Gas Limited
Envy Energy Limited	Swift Administration Limited
Extra Energy Supply Limited	Symbio Energy Solutions LLP
Fairline Gas Ltd	Telecom Plus PLC
First Utility Limited	The Nuclear Decommissioning Authority
Flow Energy Limited	The Renewable Energy Company Limited
Fylde Gas and Power Limited	The Royal Bank of Scotland Public Limited Company
Gas Plus Supply Limited	Total Energy Gas Supplies Limited
Gazprom Marketing & Trading Retail Limited	Total Gas & Power Limited
GB Energy Supply Ltd	Tramonto Power Limited
GDF Suez Energy UK Limited	UK Healthcare Corporation Limited
GDF Suez Marketing Limited	Unigas Limited
GDF Suez Sales Limited	Universal Bioenergy Limited
GDF Suez Solutions Limited	Utilita Energy Limited
GnERGY Limited	Utilita Gas Limited
Goldgas UK Limited	Uttily plc
Good Energy Gas Limited	Valero Energy UK Ltd
Green Energy (UK) plc	Vavu Power Limited
Greengen Direct Limited	Vayu Limited
Hartree Partners Power & Gas Company (UK) Limited	WINGAS GmbH
HM British Natural Gas Ltd	Wingas UK Limited
Holborn Energy Limited	Xcel Power Limited
Hudson Energy Supply UK Limited	Zog Energy Limited
Flogas Britain Limited	