

Jonathan Blagrove
Senior Manager
Consumer Policy and Insight
Ofgem
9 Millbank
London
SW1P 3GE

13 February 2015

Dear Jonathan,

Statutory consultation on proposed modifications to the gas and electricity supply licences to reform the switching process for indebted prepayment meter customers – the Debt Assignment Protocol

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy welcomes the opportunity to comment on the proposed modifications to the gas and electricity supply licences as well as the intended changes to the Social Obligations Reporting (SOR).

We are supportive of the changes proposed and agree with the intentions of the wider changes which are being developed around Debt Assignment Protocol (DAP), in particular the introduction of the Point of Acquisition (POA) model. However, Ofgem has an opportunity to go further with the proposals to ensure that operational changes required to implement a new model for DAP are rolled out consistently across all suppliers. For example, by ensuring that all suppliers participate in the POA model or support the model by making changes to their customer correspondence.

EDF Energy is concerned that the proposed new SOR Requirements could lead to incorrect reporting. The time lag between entering and completing a switch using DAP could mean switches are started but not completed in the same period. Under the proposals (5.2) this completed switch would not be reported in the following period as the switch was not entered into in that period. Such an approach may lead to an incorrect conclusion being drawn i.e. the reporting captures all customers who enter into a switch, but not all those who complete the switch. EDF Energy anticipates that Ofgem would look to utilise the revised SOR to assess the effectiveness of the new 'Point of Acquisition Model' and would be particularly concerned that proposed changes would under-report the number of customers completing a switch using DAP.

EDF Energy
40 Grosvenor Place, Victoria
London SW1X 7EN
Tel +44 (0) 20 7752 2187

edfenergy.com
EDF Energy plc.
Registered in England and Wales.
Registered No. 2366852.
Registered office: 40 Grosvenor Place,
Victoria, London SW1X 7EN

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Denise Willis on 0191 512 5442, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, reading "Paul Delamare".

Paul Delamare
Head of Customer Policy and Regulation

Attachment

Statutory consultation on proposed modifications to the gas and electricity supply licences to reform the switching process for indebted prepayment meter customers – the Debt Assignment Protocol

EDF Energy's response to your questions

Q1. 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?

EDF Energy has applied the increased threshold of £500 since November 2012. We therefore fully support formalising this within the gas and electricity supply licence.

Q2. Do you have any comments on the changes we are proposing to make to the Social Obligation reporting requirements?

The following table provides comments on each of the proposed changes to the Social obligation reporting:

Data Item	Proposed Wording	Comments
5.1 – 5.4	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 .	<i>No comments.</i>
5.1	Asks whether supplier followed the point of acquisition (POA) model at the start of this reporting period (Yes/No).	EDF Energy is pleased that conversations are being led by Energy UK to agree a common 'go live' date for the Point of Acquisition (POA) model. Agreeing a common date would ensure 'go live' could be aligned to SOR reporting.

5.2	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.	EDF Energy supports this information being reported by the losing supplier as the gaining supplier may not have the necessary data.
5.3-5.4	Refer only to customer accounts reported in 5.2 where debt was ≤£500.	<i>No comments.</i>
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 .	EDF Energy supports this information being reported by the losing supplier as the gaining supplier may not have the necessary data.
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>EDF Energy supports this information being reported by the losing supplier as the gaining supplier may not have the necessary data.</p> <p>The proposed changes could lead to some completed switches not being reported at all.</p> <p>To explain, 5.2 requires that the number of 'unique customers entering the process in the reporting period' be reported.</p> <p>Due to the time the DAP process takes the switching process may not have completed during the reporting period.</p>

		<p>For example, a switch which begins in Q1 but completes in Q2 would not be reported in the figures for Q1 as it did not complete in Q1.</p> <p>This customer would go unreported as it they would not be reported in the figures for Q2 as the customer did not enter the switch in Q2 (5.2).</p>
--	--	---

EDF Energy
February 2015