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Dear Jonathan,

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

SSE welcomes the opportunity to respond to Ofgem's consultation on this issue and its proposed amendments to the electricity and gas licences and the Social Obligations reporting guidance. We have provided our response to the proposed licence modifications and the proposed changes to the Social Obligations reporting guidance in the attached annex.

SSE understands the importance of efficient switching that supports competition in the industry and choice for consumers. Therefore, we understand the importance of the Debt Assignment Protocol (DAP) and the benefits of enabling indebted prepayment meter customers with the ability to switch suppliers. This is demonstrated through our voluntary commitment, back in 2012, to apply a £500 debt threshold rather than the £200 prescribed within the current regulations. SSE support Ofgem's review and proposals in this area and we are keen to work with industry to improve this process and remove any potential barriers or complexities which customers may face through this switching process.

As you will be aware, SSE are one of nine suppliers who have agreed to adopt the Point of Acquisition (POA) DAP model by the end of April 2015. SSE believes that all suppliers should adopt the POA model, otherwise this creates distortions in the competitive market and is unfair to some customers who will not experience the benefits of this model, due to being with certain suppliers, and will continue to face unnecessary barriers and complexity when they try and switch supplier. Therefore, we strongly recommend that Ofgem should ensure a consistent approach to DAP is taken by all suppliers.



We would welcome the opportunity to discuss any of the points within this response in more detail.

Yours sincerely

Sam Torrance
Regulation Analyst

Annex

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?

As acknowledged in Ofgem's consultation document, SSE has been applying the increased threshold of £500 voluntarily since 1 November 2012. Therefore, we agree with Ofgem's proposal to amend SLC 14.6 of the gas and electricity licences to increase the monetary threshold at which suppliers must facilitate the transfer of an indebted prepayment meter customer from £200 to £500. We believe that this licence modification along with the introduction of the 'Point of Acquisition' model will lead to an increase in the number of consumers switching supplier under the DAP process.

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

SSE agrees with Ofgem's proposal to breakdown the reporting to align this with the change in the debt threshold from £200 to £500. We believe it is important for Ofgem to ensure any regulatory reporting is fit for purpose and therefore welcome Ofgem's proposal to remove any redundant fields from the SOR. However, we do have a number of comments which we would like Ofgem to take into consideration and we have outlined these within the table below. Finally, as is the case for any changes to regulatory reporting, Ofgem must provide suppliers with sufficient time to carefully amend the existing reporting or, if required create new reporting, and also build and test this reporting to ensure that it provides correct and accurate information as requested. Therefore, we strongly recommend that Ofgem take this into account when setting out their timescales for implementation for these changes to the SOR.

Data Item	Ofgem proposed wording	SSE comments
5.1	Data item Q5.1 asks whether supplier followed the point of acquisition (POA) model at the start of this reporting period (Yes/No).	<p>SSE believes that both the current definition and the proposed new definition warrant reporting and, therefore, the proposed new wording of 5.4 should not override the current reporting. We recommend that Ofgem should consider including both data items, separately, within the SOR.</p> <p>The rationale behind this is that having visibility of the number of supply point objections would provide Ofgem with the correct starting point to then compare with data items 5.2 (number of unique customers entering into the switching process) and 5.4 (number of completed DAP).</p> <p>This level of reporting would outline the potential customers who would engage with DAP, the number of customers that subsequently entered into the process and the number of customers that successfully completed the process.</p> <p>The proposed wording suggests that Ofgem want to have visibility of suppliers operating the POA model.</p> <p>If this is the case then Ofgem needs to provide clarification as to whether the 'Yes/No' selection is from the losing or gaining suppliers' perspective.</p> <p>We have assumed this is from the gaining supplier's perspective, for the following reasons:</p> <ul style="list-style-type: none"> As from a losing supplier's perspective, SSE would not be aware of whether a gaining supplier is operating the POA model. Therefore, a simple 'Yes/No' answer would not work as suppliers

		<p>would be operating different models.</p> <ul style="list-style-type: none"> Reporting from the gaining supplier's perspective is more logical and SSE would always be aware if the model is in operation at the start of the reporting period.
<p>5.2 – 5.4</p>	<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>Data items 5.3-5.4 refer only to customer accounts reported in 5.2 where debt was •£500.</p> <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>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>With regards to data Item 5.2 and 5.3, SSE's interpretation of these data items is that this data would be retrieved from the information issued on a D/G0307i (estimated debt information). The current definition's data is drawn from the D/G0306i (Request for Debt Information). The D/G0306i would adequately provide the number of customers entering into the process but would not provide information regarding any associated debt values required under the redefinition.</p> <p>Therefore, for consistency between suppliers, Should the new definition state that this data will be provided from the D/G0307i?</p>