



Bart Schoonbaert  
Consumers & Sustainability  
Ofgem / Ofgem E-Serve  
9 Millbank  
London, SW1P 3GE

Friday 23rd October 2015

Dear Bart,

Please find our response to the “Smart Prepayment for a Smarter Market” consultation below, for simplicity our direct response to each question is in **bold**.

Question 1: Do you agree with our assessment of the Change of Supplier solution as developed by industry, including in terms of its potential unintended consequences and its applicability to all smart meters irrespective of consumer type (domestic and non-domestic)? If not, please: explain why put forward suggested alternative(s) to this solution if relevant, suggest and explain any other action we should take

**We agree principally with Ofgem with regards to the Change of Supplier solution described in the consultation. We believe that meters should be placed in credit mode either the day before or on the date of the change of supply event to ensure continuation of supply. We have specialist operational teams managing our prepayment customers and these teams would manage the change of supplier event issues. We are reviewing processes to identify how we would deal with complex issues including “No WAN” situations which as yet remains an unresolved issue.**

**We are also currently developing a process of sending statements for change of supplier events for prepayment customers with credit balances. These are expected to be completed and sent to customers within 14 days as described in the consultation.**

**Additional further credit risk analysis would be conducted on customers with unusually large credit balances close to a change of supplier event. Our analysis suggests that while these instances would remain low, adapting processes would also add complexity for our operational teams.**

Question 2: Do you agree with our proposal to monitor suppliers' offerings of key smart prepayment functionalities through our Social Obligations Reporting? If not, please: explain why suggest and explain any alternative(s)

**We agree that the Social Obligations Reporting is a logical place to report and monitor smart prepayment functionalities.**

Question 3: Do you agree with our proposed data points for inclusion in the SOR (on the availability of key smart prepayment functionalities), the frequency with which we propose to collect them, and the starting point for collecting them? If not, please: explain why suggest and explain any alternative(s) (Also see appendix 3 for detail on proposed changes)

**We generally agree with the proposal to provide the information required (Appendix 3) through the SOR. We do however have concerns in providing numbers of smart meter customers in prepayment/credit mode on a quarterly basis. We feel that this information would not significantly change and could be provided on a biannual frequency without detriment to the content.**

Question 4: Do you agree with our assessment on those areas where we do not propose to take any further action. If not, please: explain why suggest and explain any action we should take

**Recording meter location - Generally, we believe there are potential improvements in improving meter location data in the industry. We agree with Ofgem that no further action is required in the context of this consultation.**

**Perfect Storm scenario - We are continuing to develop technological innovations to assist prepayment customers with all service requirements.**

**Change of Tenancy - We agree with the consultation that smart prepayment technology should improve the change of tenancy process.**

Question 5: Do you agree with our assessment that the existing regulatory arrangements are fit-for-purpose for a smarter market, and that they pose no undue barrier to innovation? If not, please: explain why suggest and explain any action we should take

**We agree that the existing arrangements are fit for purpose for a smart market. We have concerns that customers may not interact with IHD's (In Home Displays) as the industry expects. We are continuing to develop technology to connect with our customers and offer improved information through their online accounts.**

Question 6: Do you agree with our proposal to update the Safe & Reasonably Practicable Guidance? If not, please: explain why suggest and explain any alternative action we should consider.

**We fully agree with the proposal to update the Safe & Reasonably Practicable Guidance document**

Question 7: Do you agree with our proposed amendments to the Safe & Reasonably Practicable Guidance? If not, please: explain why suggest and explain any alternative amendments we should consider. (Also see appendix 4 for detail on proposed changes)

**We fully support the proposed amendments to the guidance document. We are using technology to continually offer our customers alternative payment solutions.**

Question 8: Do you agree with our proposal to monitor, through our Social Obligations Reporting, the number of smart prepayment consumers who have actively asked for alternative top-up methods so as not to require cash as a payment option? If not, please: explain why suggest and explain any alternative amendments we should consider.

**We agree with the proposal of monitoring smart prepayment customers. We understand this information will enable the industry to monitor trends in customer behaviour. Nonetheless, it would be difficult to monitor and maintain through our operational teams to manage ongoing data for the annual reporting requirement.**

Question 9: Do you agree with our proposed data points for inclusion in the SOR (on cash as a payment option and smart meter consumers on prepayment), the frequency with which we propose to collect them, and the starting point for collecting them? If not, please: explain why suggest and explain any alternative(s) (Also see appendix 3 for detail on proposed changes)

**See response to Question 3**

Question 10: Please provide any views on the risks and merits of differentials between smart and traditional prepayment tariffs. Please also provide views on mitigating actions that could be taken by parties, including by Ofgem, to address any perceived risks.

**We are conducting ongoing cost analysis on the differences between traditional and smart prepayment customers. We would look to introduce prepayment variants of tariffs if savings were identified at a later stage**

Question 11: Do you agree with our proposed approach to micro-businesses? If not, please: explain why provide any evidence to support your position provide details on which existing arrangements we should consider extending to micro-business consumers, and why

**We primarily target domestic customers and our views on micro-businesses remain neutral through this consultation.**

Question 12: Please provide any general views on phasing out the traditional prepayment infrastructure.

**The differences between a smart and a traditional prepayment infrastructure are vast. We suspect that the challenges to maintain the traditional infrastructure over time will have distinct implications on those customers through tariffs. We believe Ofgem are in the best position to manage such a phase out using various consumer facing avenues of engagement. We will fully support any future projects involving the phase out of traditional prepayment meters.**

Please do contact me if you have any questions, and likewise I would be very happy to meet with you to discuss any of the issues covered this response.

Yours sincerely,

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