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By email only

Dear Bart,

**Re: Smart Billing for a Smarter Market**

Thank you for the opportunity to respond to the above consultation. The majority of Utilita's customers are smart prepayment customers and we strongly advocate the benefits of smart metering.

As prepayment customers, the majority of our customers will not receive a bill in any case and hence the issue of back billing does not arise. While agreeing that customers value the accurate billing that smart meters can offer and supporting the general principles in the document, for example, minimising back billing for customers or timely issuance of final bills, we share the strong concerns expressed by Energy-UK in their response on behalf of Energy-UK members.

As a domestic supplier, we have not responded to the questions relating to micro businesses.

## CHAPTER: Two

**Question 1: Do you agree with our assessment of the risk of estimates and backbills in the smart future? Please provide any evidence you have to support your answer.**

We consider that even with smart meters, there will be a requirement for occasional backbills. We expect that this will reduce over time, but that the need will continue. The approach taken by the Billing Code and the arrangements put forward by E-UK is sufficient. We do not see the need or benefit for further reductions to 6 months and then 3 months.

We note in particular that under SMETS2, if there are no communications to the meter, the DCC has 90 days to correct the issue from the date reported which may well be outside three months on a quarterly billing cycle. While we concur that there are options available to obtain a read, all involve the supplier incurring additional cost to serve. It is more economic and efficient for the supplier to allow the DCC to provide the service for which they are paid and then update billing as required. A 12 month time limit provides a reasonable compromise.

We also consider that the definition of 'No backbills where the customer is not at fault' is impractical. There will be circumstances where neither the supplier nor the customer is at fault – or example if a customer moves to a new supplier when they move to a new premise, the meter may underrecord for a period without either party being aware, but the customer has consumed the additional energy. We consider that in such circumstances, a 12 month limit is a reasonable compromise. Again combinations of change of supplier, change of tenancy and remote meter reading may lead to difficulties in identifying energy abstraction. Again, in this instance the customer may not be technically at fault.

For reasons such as this we would prefer that in addition to the 'No backbills where the customer is not at fault' principle, clear exclusions should be identified – these would include revenue protection activities and under-recording meters.

### Question 2: Do you agree that a time limit on smart backbills is an appropriate response to this risk?

We agree a time limit is a reasonable approach, however the current 12 month target is appropriate and should not be reduced to 6 and then 3 months. This reduction increases supplier risk and will lead to increased industry costs as a result due to suppliers implementing more onerous processes than would otherwise be required.

We also support the Energy-UK point that the document fails to recognise the variation in cost and resource between suppliers in implementing the processes required to manage billing risk under such a restricted time limit.

### Question 3: Do you agree with our proposal to implement such a limit via licence obligations? If not, what alternative would you suggest?

Utilita strongly supports the discussions around principles based regulation and hence would oppose the inclusion of further prescriptive provisions in the Licence. This topic would be an excellent candidate for a 'Principle and Outcome' approach rather than prescription, especially in the light of the significant work undertaken by the industry.

### Question 4: Do you have any comments on our proposal for suppliers to publish billing performance data for consumers with smart meters?

Utilita is not opposed to the publication of performance data in principle, but is strongly of the view that metrics need to be carefully considered and consistent to ensure the maximum benefit for their intended audience.

It will also be important to ensure that suppliers with unusual business models are not disadvantaged by such reporting and hence we suggest that reporting, if it is to have value will need to reflect proportions of customers billed for example to ensure that prepayment customers (who do not receive bills) are excluded.

### Question 5: Do you agree with our proposed treatment of microbusinesses? Please provide details of any reasons why not.

n/a

CHAPTER: Three

**Question 1: Do you agree with our proposal for the duration of a smart backbill limit?**

We agree that a fixed limit is simpler and clearer, but we do not support either of 6 or 3 months.

**Question 2: Do you agree with our proposed implementation timescales?**

We note the E-UK points in respect of the voluntary arrangements and share the concerns raised. On that basis we do not support the proposed implementation timescales.

**Question 3: Do you agree with our proposed scope of a smart backbill limit? If you disagree with specifics, please provide details.**

The scope as set out in each category is reasonable, however, as set out above we believe that there are a number of exclusions which are required which may not be captured by the current scope as drafted. These include revenue protection and faulty meters.

**Question 4: If you are a supplier, do you agree with our assessment of the implications of the proposed backbill limit for your business?**

Overall, as Utilita supplies mainly prepayment customers, the proposals would affect a modest number of our customers. However, precisely because of this is means that any new processes implemented to manage these risks are likely to be disproportionately costly on a per customer basis.

We believe that the document does not sufficiently take account of the effect of proposals on different suppliers and takes an overly simplistic approach.

**CHAPTER: Four**

**Question 1: Do you have any comments on our proposed approach to these objectives (on change of supplier, billing frequency and Direct Debits)?**

No further comments

Yours sincerely,

By email only

Alison Russell
Regulatory Affairs Manager