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25 April 2017

Dear Mr Adams-Strump,

**Back billing Project - Ofgem's Minded-to position**

We refer to Anthony Pygram's open letter dated 3 April 2017. We are grateful for the opportunity to share our initial views on Ofgem's minded-to position to introduce new licence obligations to strengthen consumer protection in the area of back billing.

Our reply to Ofgem's 2015 Consultation (Smart Billing for a Smarter Market - attached) will provide more detail on our position at that time. In anticipation of your forthcoming Project, we are happy to summarise our current position which has not greatly changed since then. We would be pleased to offer further input as the Project develops.

As you have indicated in your letter, First Utility has continued to apply a 12 month back billing policy in line with the requirements of the Back Billing Code. This applies to both Smart and traditional meter customers. In our experience, what should be a relatively straightforward principle can be complicated by the individual circumstances of each case. We are grateful to Ofgem for the dialogue that has taken place between us as we have addressed the challenges presented. We will continue to work with Ofgem as necessary, and irrespective of these proposals.



We would welcome a more prescriptive version of the back billing code within our licence. Notwithstanding the voluntary nature of the Code originally, compliance with the Code is something that is rightly expected of suppliers.

We hope that with prescription will come more certainty around areas such as the respective obligations between suppliers and customers, which would be welcome in this complex and sometimes challenging area. We had previously indicated that the nature of the back billing principles, and the complex and individual circumstances that arose from them, lent themselves more to a Principles-based approach than to prescriptive regulation. If the decision is made to adopt a prescriptive licence obligation it will be important to ensure that, either on their own, or with supporting guidance, these minimum standards are sufficiently comprehensive as to be authoritative on a standalone basis.

We note that Ofgem continues to draw a link between the availability of remotely-obtained actual reads alone, and the ability to accurately bill. Following observations we made in our 2015 response, we hope that the Project will explore the wider journey between the transmission of a read to the billing itself. We would ask Ofgem to ensure that the scope of the project is sufficiently wide to consider other factors and responsibilities which might also impact the timely provision of an accurate bill.

You will note that we do support a reduction of the 12 month time limit in the long term. However, we remain of the view that whilst Smart and, in particular, SMETS 2 is being rolled out, the time limit should remain at 12 months. We would favour a subsequent and gradual reduction of the time limit, informed by the additional challenges we hope the Project will identify and acknowledge - beyond the remote collection of actual reads.

We look forward to working with Ofgem, and will await opportunity to contribute in more detail over the coming months. If we can be of any further immediate assistance, please do not hesitate to contact us.

Yours sincerely

**Malcolm Henchley**