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Dear Jeremy

Open Letter – Notifying of our intention to launch a project to protect consumers from back billing

Thank you for providing SSE with the opportunity to respond to your recent Open Letter on the launch of a project to examine the regulatory framework governing back billing.

SSE is committed to ensuring our customers receive accurate bills on time and we strive to make our customers aware of the commitments we make in this area, e.g. within our Customer Charter. We are of course also supportive of improving billing where possible and to this end we are assessing the feasibility of becoming a signatory of the Billing Code.

In terms of project objectives, we note Ofgem is considering the introduction of a new licence condition to strengthen the protection afforded to consumers in this area but that this will be carefully considered within Ofgem's wider regulatory approach to utilise a principle based approach in favour of applying prescriptive based obligations. SSE welcomes making improvements and strengthening protections where necessary and so we are keen to understand the specific drivers behind any proposals Ofgem seeks to make as part of the project; the Open Letter did not cover this in detail.

In terms of logistics, we are uncertain as to how this project aligns with other work in this area. As Ofgem are aware, SSE currently affords the same protections to smart and non-smart customers and we are working collaboratively with Energy UK to support the introduction of a reduced back bill limit for our smart customers. To this end, we are keen to



understand whether Ofgem's project is being initiated to work in conjunction with Energy UK's initiative or whether it is an entirely separate initiative. If it is the latter, we would be cautious of duplicated effort and resource and so would welcome clarity on how the two projects will interact. Furthermore, we would be keen to understand the level of resource required and expected timescales of Ofgem's proposed project so that we can make the necessary internal arrangements. Importantly, we would of course need the necessary time to implement any process and IT changes that result from this project.

In terms of smart meters, SSE would like to stress the importance of implementing back billing commitments only once we have sufficient stability in the DCC 1.3 environment. This is very important in ensuring that we can meet the commitments we make to our customers. It is also very important to achieve the correct solution for SMETS1 and SMETS2 given their differences in how they are operated across suppliers. Importantly, we would also like to ensure that differences in technology do not translate into an erosion of any principles within the back billing commitments that protect suppliers' ability to bill customers.

We look forward to receiving further information either bilaterally or via your next publication.

Yours sincerely

Omer Hamid
Regulation Analyst