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Dennis Berg
Senior Manager, Retail Directorate
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Dear Dennis,

Extending prepayment meter warrant protections (SLC 28B)

Thank you for the opportunity to respond to Ofgem's statutory consultation on proposals to extend the protections for domestic customers who may have prepayment meters installed under warrant (Electricity and Gas Supply Standard Licence Condition 28B) until 30 June 2025.

We recognise that the current status of the smart meter rollout and the strategy outlined to protect customers in vulnerable circumstances in Ofgem's consumer vulnerability strategy 2025 have influenced the proposal to extend these protections. If the protections under SLC 28B were to lapse at the end of the year, not only would this conflict with the market-wide smart meter rollout plans but it may also have an adverse impact on vulnerable households. We are therefore supportive of Ofgem's proposal to amend the sunset clause in SLC 28B from 31 December 2020 to 30 June 2025, in line with the smart meter rollout post-2020 framework.

We recognise that this consultation only relates to the extension of the end date of these protections. However, we firmly believe that Ofgem must also review the level of the cap on warrant charges set out in SLC 28B.3 in light of the extension of the protections, and ask that Ofgem commences a consultation process to review this as soon as is practicable.

The need for a review arises because Ofgem's original assessment of the correct level for the cap was based on balancing a number of competing considerations including protecting 'can't pay' customers, incentivising 'won't pay' customers to pay, minimising the socialisation of above-cap costs across all customers and incentivising supplier efficiency in warrant costs (whilst still allowing reasonable cost recovery). These factors were balanced on the assumption that the cap would be removed at the end of 2020. If the cap is to be extended to end June 2025, the cap must be updated to allow for the impact of changes to costs since Ofgem undertook its analysis, not least the impact of inflation. We are therefore concerned that without further review, the balance Ofgem achieved with the £150 cap level will be skewed and will likely unfairly penalise suppliers

by not taking account of the inflationary or other impact on costs since Ofgem's initial assessment. We are happy to provide further evidence to support the necessary actions being taken by Ofgem to ensure that a correct balance of incentives is retained for this extended period of consumer protection.

If you have any comments or queries on any aspect of this response, please do not hesitate to contact (lisa.cunningham@scottishpower.com) or myself.

Yours sincerely,



Richard Sweet
Head of Regulatory Policy