



Fiona Coulthart
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Consumers & Sustainability
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6 November 2015

Dear Fiona,

RE: Smart prepayment for a smarter market: our proposals

Many thanks for the interest in FSB views around Ofgem's latest proposals for smart pre-payment meters.

As you know, the FSB has engaged regularly with Ofgem around a variety of issues related to the roll out of smart meters and the subsequent potential for a smarter energy market. However, I understand it would be helpful to briefly summarise our views on a particular issue raised in the latest consultation on smart pre-payment.

The FSB is particularly concerned that Ofgem's current proposals for smart prepayment would mean that microbusinesses will not be included in the regulatory arrangements that will otherwise cover domestic customers. Ofgem's view is that microbusinesses have not shown a demonstrable interest in the option of smart prepayment meters, so regulating this may be disproportionate.

The point we have raised previously, including at Ofgem-led stakeholder meetings, was that it is hard to find evidence that microbusinesses have any demonstrable interest in smart meters at the moment. That's not to say that we don't believe this new technology will be useful, rather that microbusinesses are currently disengaged and not yet convinced about their potential benefits being realised (FSB views on smart meter roll out have been widely shared with Government and Ofgem in previous consultations). So in this context we believe it would be unreasonable to expect microbusinesses to form a collective view at this time on something specific like the further option for smart pre-payment.

What we do know is that many small businesses would welcome the opportunity to manage their expenditure and reduce their debt-risk in order to get a decent energy deal (just like domestic customers), and smart pre-payment could well be an option for achieving this. Ofgem acknowledge as much in this consultation.

FSB would therefore seek more clarity on where the harm may occur if microbusinesses were to be included alongside domestic customers in smart prepayment proposals. In this context, we would highlight Ofgem's own acknowledgment that they have "not been

made aware of any specific issues around prepayment in the context of micro-business consumers”.

It therefore feels like the precautionary principle around smart pre-payment is currently being assigned to suppliers, rather than the small business customers.

I hope this helps to adequately clarify the FSB’s position. If you would like any further information or input from the FSB, please do let me know.

Yours sincerely,

A handwritten signature in black ink that reads "Allen R. Creedy". The signature is written in a cursive style with a large, sweeping flourish at the end.

Allen Creedy
Chairman of the FSB Environment and Water Policy Unit