

Bart Schoonbaert
Consumers & Sustainability
Ofgem
9 Millbank
London
SW1P 3GE

2nd October 2015

Dear Mr Schoonbaert,

Smart billing for a smarter market consultation

Since our start in 2002, Opus Energy has grown to be one of the UK's leading business energy suppliers. We supply more than 240,000 business sites, with customers ranging from local newsagents to city councils to large corporate businesses such as White Stuff and Paperchase looking to us to meet their energy needs. We employ over 700 people between our Northampton and Oxford-based offices, and were named one of the Top 100 Best Companies to Work For in 2015 by the Sunday Times. We welcome the opportunity to provide feedback on the proposals in this consultation.

CHAPTER: Two

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

As mentioned in the consultation, we agree that the main issue with the current voluntary arrangements for billing, such as the Billing Code, Smart Billing Commitments and Voluntary Standards: Backbilling for microbusinesses, simply do not achieve the maximum standard of protection for consumers. This is due to two specific reasons, the first being that not all suppliers are signatories so consumer coverage is not complete; secondly, those suppliers that are signed up to a voluntary arrangement can choose to take different positions. For example, under the voluntary microbusiness backbilling standards the backbill limit is three years for electricity and four years for gas, however, some suppliers including Opus Energy choose to go above and beyond those commitments by limiting backbills to one year where the customer is not at fault. This creates an uneven playing field amongst competing suppliers whilst meaning consumers only get the best level of protection if they are the customer of a supplier who goes beyond the commitments.

Whilst recognising the problems these issues cause, we feel that perhaps the best way of implementing (and standardising all supplier behaviour for the benefit of consumers) would be to have a Code of Practice underpinned by licence obligations, such as the Smart Metering Installation Code of Practice. This would require suppliers to create and adhere to a single code, whilst allowing an easier modification route than that required to amend licence conditions.

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

We consider the needs of domestic consumers and microbusinesses are different. For instance, there is a clear need to protect vulnerable domestic consumers and those who are fuel poor, from the shock effect of a backbill. There is not the same concept of a vulnerable business consumer. However, we do agree that some degree of protection should be available for this section of consumers.

At Opus Energy, we're committed to delivering the highest standards of customer service, and as part of our commitment, we go beyond the requirements set out in the Voluntary Standards for Back Billing Microbusiness Energy Customers. We don't backbill for unbilled energy consumption in excess of one year where it's our error. We feel the twelve month limit is appropriate for microbusinesses and that there would be more benefit for consumers gained from standardising this timescale across all suppliers at this point in time.

CHAPTER: Three

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

As mentioned in the answer to question 5 previously, we feel the twelve month limit is appropriate and provides a good level of protection for microbusinesses and that there would be more benefit for consumers from standardising this timescale across all suppliers at this point in time.

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

We consider that a six month time limit should not be considered until at least twelve months after the Smart DCC goes live. The Smart DCC is an unknown quantity at the moment and the introduction of such a large change to industry processes is bound to have teething issues. At the moment most suppliers have no experience of installing smart meters in any volume and the type of issues that will be encountered in doing so. In addition, the DCC is not due to go live until April 2016, with a six month contingency. This causes additional complexities associated with the uncertainties of this date, or the level of functionality that will be available. We note there is currently an absence of any formal SLAs being published for the Smart DCC to resolve unexpected communication issues.

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

We do not agree with the scope of meter types captured by the proposals, i.e. any metering point that suppliers are operating or intending to operate via remote communications. This would immediately capture Advanced meters installed in non-domestic customer sites. This would become a disproportionate financial burden on a supplier such as Opus Energy, who has pro-actively undertaken a programme to roll out free smart (advanced) meters for the benefit of customers since 2009, resulting in a saturation rate of around 46% of the portfolio currently.

This is likely to mean a much higher proportion of our portfolio will be captured under the six month proposal than for say the portfolio of a Big 6 supplier, resulting in a disproportionate and anti-competitive cost burden on a smaller independent challenger brand. We feel that more analysis would need to be carried out to prove the cost benefit impact of including Advanced meters and would propose that any restriction should only apply to true Smart meters (SMETS).

If you would like to discuss any part of our response further please feel free to contact me.

Yours sincerely,

Gemma Newsham
Head of Regulations