



Making a positive difference
for energy consumers

Holders of Gas and Electricity
Supply Licences, Citizens Advice
and Citizens Advice Scotland, and
other interested parties

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Dear Colleagues

Consultation on proposed changes to the SOR requirements

We are consulting on changes to the Social Obligation Reporting (SOR) for supplier performance. The data items we are consulting on relate to our future monitoring of the smart prepayment market as indicated in our smart prepayment consultation and decision documents¹.

Background

This consultation fulfils our obligations under SLC 32, which states:

The information provided by the licensee under paragraph 32.1 must be in the form of a statistical record having such content and being presented in such a format and at such intervals of time as the Authority may from time to time direct following consultation with the licensee and Citizens Advice and Citizens Advice Scotland.

We are consulting on two changes to our original package of new monitoring points that were included in our smart prepayment consultation published on 9 September 2015. The proposed changes:

- Introduce a new data point in the SOR to collect the number of times a supplier's customer base tops up per top-up channel;
- Amend the start reporting date for the proposed data point to collect at both quarterly and annual frequency, the number of smart meter customers using prepayment and credit modes.

Commentary on proposed data points

The number of times a supplier's customer base tops up per top-up channel/method

Our view is that it is important to monitor the availability of cash as a top-up method and to ensure that suppliers continue to make an offer that is consistent with the requirements

¹ https://www.ofgem.gov.uk/system/files/docs/2016/03/smart_prepayment_for_a_smarter_market_-_final_0.pdf;
https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/ofgem_smart_prepayment_proposals_0.pdf

in standard licence condition 27.1(a)(i)². We note the views of respondents regarding the time and cost of our original proposal which sought to monitor the number of consumers who have actively asked for alternative top-up methods so as not to require cash as a payment option. We therefore have made amendments to the original proposed data point, which while minimising the burden on suppliers, allow us to achieve our objective in a proportionate way.

We propose to obtain the relevant information to monitor the availability of cash as a top-up method by:

- a. Introducing a new data point in the SOR to collect the number of times a supplier's customer base tops up per top-up channel;
- b. Using information from (a), along with other sources of information, to engage with suppliers to understand how they ensure they have enabled the facilities for their customers to be able to widely top-up by cash.

We propose to ask the following question in the revised SOR:

- For each top-up channel that you offer, please provide the total number of smart prepayment customer top-ups that you have received in this reporting period.
- We propose to collect this data on an annual basis and for suppliers to begin reporting on **28 January 2017**, for the January-December 2016 annual reporting period.

Number of smart prepayment customers

The data we currently collect on smart meters as part of SOR is collected at both quarterly and annual frequency. We propose to collect data on the number of smart meter customers using prepayment and credit modes at both quarterly and annual frequency. This will help to align the new data with the existing data on the total number of smart meter customers. It will also allow us to better monitor trends in smart meter use and compare them with those for traditional prepayment meters. We are proposing to push back the required starting date for reporting on the number of smart prepayment customers. This aligns the starting date for reporting on this data point with the other proposed data points.

We propose that suppliers should start reporting on:

- The number of smart meter customers using prepayment and credit mode – **on 28 January 2017** for quarter 4 (October – December) 2016.

Consultation questions

Question 1: Do you agree with our proposed approach to monitor, through our Social Obligations Reporting, the availability of cash as a top-up method? If not, please:

- explain why
- suggest and explain any alternative approaches we should consider.

Question 2: Do you agree with our proposed data points for inclusion in the SOR (on the number of times a supplier's customer base tops up per top-up channel and the number of

² SLC 27.1(a)(i) requires suppliers to offer consumers a wide choice of payment methods for paying Charges including payment by cash to a person and at a place that is reasonable in all circumstances of the case including where a Domestic Consumer pays in advance using a Prepayment Meter.

smart meter consumers on prepayment), the frequency with which we propose to collect them, and the starting point for collecting them? If not, please:

- explain why
- suggest and explain any alternative(s).

The proposed changes as they will appear in the Social Obligations Reporting guidance are outlined in the annex.

Next steps

We are consulting on the proposed data items for 4 weeks. We welcome your views on our proposals. Please send your responses to the consultation questions by **5pm on 6th June 2016**.

Once we have considered responses to the consultation questions we will issue new guidance for the SOR requirements.

Yours faithfully

Marcus Clements
Head of Consumer Protection and Redress
Consumers and Competition

Annex

Proposed changes to the Social Obligations Reporting guidance

We welcome comments on these proposed changes to the Social Obligations Reporting guidance and answer format as it will be shown in the SOR database.

Social Obligations Reporting guidance				Answer format
Location in the guidance	Section of reporting return	Current wording	Proposed new wording	
Chapter 2 "Guidance on completing quarterly returns"	8	Not currently in the guidance. To be inserted after para. 2.64, p. 24	Data item 8.2 asks the number of smart meter customers on prepayment at the end of this reporting period.	Integer input
Chapter 3 "Guidance on completing annual returns"	8	Not currently in the guidance. To be inserted after para. 3.34, p. 28	Data item A8.27: For each top-up channel that you offer, please provide the total number of smart prepayment customer top-ups that you have received in this reporting period.	List with integer input (e.g. 0): Cash payment outlet Online Mobile app Telephone (including automated telephone line) Text Other, please specify channel and amount (text box)