



Making a positive difference
for energy consumers

To: All gas suppliers, and
other interested parties

Email: charlotte.friel@ofgem.gov.uk
Date: 12 August 2016

Dear colleagues,

Gas meter metric/imperial indicator charging error

A large supplier recently notified Ofgem of an issue they have uncovered that has resulted in a very small number of gas customers being incorrectly charged for their energy use. This supplier has done the right thing in coming forward promptly and taking decisive action to identify affected customers.

The issue is a result of a mismatch between the unit (metric or imperial) the meter is measuring gas consumption in, and the unit (metric or imperial) recorded in suppliers' back office systems. The mismatch leads to either a significant undercharge or significant overcharge to the customer for their gas consumption as a result of the conversion factor between imperial and metric measurements.

The cause of the issue has yet to be fully determined but we understand that human error and poor data flows between industry participants upon meter installation, exchange, and change of supplier are factors.

Identifying affected meters

The affected supplier has taken action to identify affected customers, and through Energy UK, notified other suppliers that they may be affected by the same issue. Energy UK members have committed to Ofgem to identify affected customers by 19 August 2016.

This letter serves to notify all suppliers of the issue and encourages all suppliers to coordinate with Energy UK (audrey.gallacher@energy-uk.org.uk) by 19 August 2016 to determine whether they are affected. Energy UK are willing to provide guidance to suppliers on checks that can be conducted to identify potentially affected meters for further analysis. Should you have concerns sharing data with

Energy UK, please contact Ofgem (charlotte.friel@ofgem.gov.uk) and we can assist in anonymising data.

Suppliers are individually responsible for identifying customers affected by this issue and providing redress, but collective, industry-led action is needed to determine the root cause of the problem and address it properly.

Redress for affected customers

Working with Energy UK, we are making sure suppliers take immediate and decisive action to identify affected customers. Our primary motivation is to ensure that consumers do not lose out and are quickly and fairly compensated for over-payments. We are also keen to ensure that customers who have been undercharged are protected and treated fairly when the issue is rectified.

Upon determining the full extent and impact of the issue, Ofgem will work with affected suppliers to agree a timetable for putting things right, including resolving all traceable cases of mischarged customers and preventing this issue from further impacting other customers. The affected supplier has adopted the following principles for conducting redress activities and we encourage all suppliers to follow suit:

For overcharged customers:

- Repayments include a payment for the historic overcharging as well as an appropriate interest payment.
- Repayments include an ex-gratia payment reflective of the detriment caused.

For undercharged customers:

- Repayment will not be sought from undercharged customers.
- An appropriate cushion will be provided for financially vulnerable customers to ease the transition to accurate bills.

Furthermore, we remind suppliers of their obligations under the Standards of Conduct¹ and expect all suppliers to adhere to the principle of treating customers fairly. This includes taking reasonable steps to ease the transition to accurate bills for undercharged customers. Suppliers must try hard to return all refunds owed to customers and should not profit from this metering data issue. After a reasonable period of time, suppliers will calculate the amount of credit they have been unable to return to affected customers and contribute an equivalent amount to a charity. There is no time limit to when a customer can be issued a refund resulting from this metering data issue.

You should respond to this letter - whether or not you are an Energy UK member - confirming to what extent you are affected by this issue and your proposed

¹ Standard condition 7B of the gas supply licence - Customer Objective and Standards of Conduct for non-domestic supply activities. Standard Condition 25C of the gas supply licence - Customer Objective and Standards of Conduct for supply activities.

approach to redress.² Your response should include how you are adhering to the principles set out in this letter. Please send your responses to charlotte.friel@ofgem.gov.uk by 26 August 2016.

We will follow-up by setting out any further detailed information we will need from suppliers to closely monitor progress and provide assurance that suppliers are meeting their commitments. We will consider further action if suppliers do not take appropriate steps to rectify the issue as a priority, or if we see evidence of serious failings to rectify this issue.

Yours faithfully,

Rob Salter-Church
Partner, Consumers and Competition

² This request to provide information is made pursuant to section 34 of the Gas Act 1986