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Dear Moritz

### **Prepayment meters installed under warrant: statutory consultation**

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, storage, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We support Ofgem's policy aim of ensuring all customers are protected from excessive charges, along with providing further protection to vulnerable customers. All suppliers should have regard to the needs and requirements of vulnerable customers, delivering the right customer outcomes. Reflecting the importance that we put in doing the right thing by all of our customers, including the vulnerable, our approach is to treat each customer on a case by case basis taking in to account their individual characteristics and circumstances.

We agree with Ofgem's aim to ensure a more consistent approach regarding the level of charges for customers who enter the warrant process. However, a balance needs to be achieved between protecting customers from excessive costs, and ensuring that suppliers are able to recover charges from customers who do not pay for their energy consumption. If such a balance is not reached the consequence is that costs would be socialised across the customer base, including those vulnerable customers that are paying for their consumption.

The current drafting of 28B.2 states 'must not charge' where the customer has a vulnerability that has significantly impaired their ability to engage, or has a severe financial vulnerability which would be made worse by charging them any costs associated with a relevant warrant.

Suppliers should use a wide range of mechanisms to identify vulnerability at each stage of the debt recovery process. However, there still may be cases where we have been unable to confirm the customer's characteristics or circumstances. In such instances, it would be detrimental to customers if suppliers were not in a position to undertake measures to recover debt through the warrant process, especially as the warrant process itself can result in increased customer engagement. Ofgem should clarify their expectations of suppliers where they have been unable, despite a number of attempts, to engage with a customer.

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EDF Energy is fully committed to supporting customers who have payment difficulties and who subsequently fall into arrears. We actively encourage customers to engage with us through a series of activities (including outbound dialling, messaging and letters). Our intention throughout this process is to engage with the customer, resulting in a supportive discussion to understand their characteristics and circumstances to reach agreement on a mutually acceptable repayment plan.

However, where these actions are unsuccessful, and where appropriate, it becomes necessary to utilise the Pre Warrant Visit (PWV) and Warrant process to install a prepayment meter. When a customer reaches this stage, it provides a further opportunity to assess each customer's individual characteristics and circumstances.

The warrant process may also provide both an incentive for customers to engage with their supplier, providing an opportunity to identify any support they may require. It is also a deterrent for the minority of customers who may wilfully avoid payment.

### **Cap on warrant costs**

We would welcome clarification on the proposed draft licence requirement around customers with multiple premises. The cap currently applies to each domestic customer, rather than each premises. Therefore, within the current draft of the licence condition, a customer who has multiple properties could only be charged one capped fee of £150 per year. We recommend the licence condition is reviewed to reflect premises rather than customer.

We understand Ofgem's desire to standardise the level of warrant charges across suppliers. However, we remain concerned that a cap of £150 is not appropriate to cover all of the costs suppliers face in the minority of non-standard warrant executions.

A cap of £150 for standard warrant applications and executions is reasonable for the majority of circumstances. However, suppliers should be permitted to pass on genuine additional costs for non-standard warrant executions.

Our current approach is proportionate, and our costs are those which directly relate to the warrant process, for example court and warrant execution fees. We consider the PWV as a debt recovery activity rather than an activity which is included within the capped warrant cost.

The current proposed licence condition wording will result in different outcomes for dual fuel customers, depending on whether they are supplied by one supplier for both fuels, or by two suppliers. If a customer is supplied by two suppliers (one for gas and one for electricity), then the maximum amount that could be passed on, would be £300 per year. If a dual fuel supplier has cause to initiate a warrant on both fuels, even if at different times in the same year, then the maximum they can pass across is £150 per year. This is unfair for both customers and suppliers.

### **Proportionality principle**

The proportionality principle is an effective mechanism for ensuring customers are not disadvantaged by excessive debt recovery and warrant costs. This is fair and reasonable, and all suppliers should ensure all related costs are cost-reflective.

We welcome the removal of transfer objections from the proposed licence condition. Suppliers should refer to their obligations under the Standards of Conduct to consider whether it is fair to object to transfers for consumers with low levels of debt.

### **Prohibition proposal**

We support the intention to protect vulnerable customers due to their mental capacity or psychological state. We review all customers' characteristics and circumstances on a case by case basis and will only proceed with warrant action with subsequent fees applied where appropriate.

Ofgem has confirmed within section 2.24 of the consultation that they "expect those likely to be severely traumatised by the force-fitting experience to be very small". However, further clarification is required on the new terms 'severely traumatic' and 'severe financial vulnerability', to ensure a comparable outcome for customers in vulnerable positions, across all suppliers.

We recognise that some vulnerable customers may, compared to a typical customer, find it more difficult to engage with us, despite our best actions. This can make it difficult to identify the extent of the customers' situation. Recognising this, in all cases, we would continue to treat customers on a case by case basis and act upon information received at any point in the process.

As outlined in section 2.33 of the consultation, Ofgem "acknowledges the risk that some 'won't pay' customers could try to unfairly take advantage of the prohibition of charges. However, we believe that suppliers are well placed to mitigate the risk". Suppliers will obviously attempt to differentiate these from customers who 'can't pay'. The current drafting may result in suppliers taking different approaches around not charging customers warrant costs, or requesting various levels of evidence from customers in order to confirm vulnerability. This may be dependent upon the supplier's appetite of regulatory risk and could therefore be detrimental to customers.

### **Additional comments**

The definition "relevant payment" requires reordering within the definition section of the licence condition, as it is currently not ordered alphabetically.

We would question the rationale for the additional words, which are first introduced at the statutory consultation stage, included in the brackets in SLC28B.1 "(or otherwise exercise a statutory power which would give rise to the grounds for obtaining a Relevant Warrant)" and the extent to which they could be interpreted to extend the restrictions placed on suppliers behind the policy intent of the licence condition. We request that Ofgem address this uncertainty by either removing the wording or by providing some guidance on its interpretation.

It would also be appropriate for a consultation to take place as part of any Ofgem decision to extend the duration of the restrictions.

To ensure consistent supplier implementation Ofgem should specify if any financial cap is inclusive or exclusive of VAT.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Lesley Bowen on 07817 407150, or myself.

I confirm that this letter may be published on the Ofgem website.

Yours sincerely,

A handwritten signature in blue ink that reads "Paul Delamare".

**Paul Delamare**  
**Head of Customers Policy and Regulation**