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OVO Energy Response to Ofgem Statutory Consultation on Prepayment Warrants

Dear Moritz

OVO Energy welcomes the opportunity to respond to this consultation however we are concerned that the consultation and the proposed changes contained within it are insufficient in the wider context of consumers in fuel poverty and vulnerable situations. We wholeheartedly agree with Ofgem that vulnerable customers should not be exposed to the detriment that the warrant process can subject them to. However we believe that Ofgem, Government and industry must do more to tackle the fundamental issue that is the affordability of energy. In essence, none of the proposals in this consultation get to the heart of the issue that is some customers simply cannot afford to pay their energy bills and we must do more to address this issue.

That said, in the limited context of the consultation we do have some specific points that must be addressed to ensure that this is workable in practice. These are:

- ❑ **Distinguishing between 'Can't Pay' and 'Won't Pay':** We remain concerned that suppliers must be able to differentiate between 'can't pay' and 'won't pay' customers, and be able to initiate a debt recovery path which **includes** charging for the cost of recovering that debt for 'won't pay' customers. In these circumstances we believe that the newly proposed proportionality principle will be sufficient to ensure that suppliers act appropriately and therefore the warrant charge cap **should not** apply in these circumstances.
- ❑ **The definition of 'severely traumatic':** Industry, consumer groups, and Ofgem must work together to ensure there is sufficient clarity on what is meant here and to ensure this is applied consistently across suppliers. It must be absolutely clear to whom this criteria will be applied to ensure that the right customers are appropriately protected.
- ❑ **The £150 cap level:** We remain concerned that the level of this cap is too low and does not accurately reflect the average costs incurred by suppliers.

Therefore a potential unintended consequence of the change will be suppliers recovering costs exceeding this cap through other means, including by having to recover costs through increased tariffs to all customers.

We would welcome further engagement with Ofgem on the specific concerns we have raised regarding this consultation. However, more importantly we are very keen to see more holistic action taken to address the wider and more pertinent issue of energy affordability and would be happy to share our thoughts on what measures could and should be taken over and above any potential price cap that is currently under development.

We look forward to hearing from you.

Kind regards,

A handwritten signature in black ink, appearing to read 'Caroline Bradford', written in a cursive style.

Caroline Bradford
Head of Regulation and Compliance
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