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Dear Dennis,

Protecting consumers who receive back bills

We welcome the opportunity to respond to Ofgem's consultation in relation to strengthening protections for domestic and micro business customers who are subject to back billing. None of the information in this response is confidential.

Background

BES is a non domestic only provider. We currently supply gas and / or electricity to approximately 42,000 (predominantly small and medium) businesses across the UK. We are advocates of smart metering and, at present, over 70% of our electricity customers benefit from a free of charge smart meter which is offered to them at the point of sale.

We are a signatory to the ICoSS and Energy UK voluntary standards for the back billing of micro businesses and, where we are at fault, we currently limit any back billing to 12 months. We apply these standards to our entire portfolio, irrespective of the size of the business.

BES is a funder of and referral partner to the national charity, Business Debtline (part of the Money Advice Trust). We routinely signpost customers to Business Debtline for free and independent debt and cash flow advice where we identify they may be facing financial difficulty.

In September 2015 we launched the BES Fund, which is designed to support our business customers by freezing and writing off historic energy debts provided they can show a commitment to getting back on track with payments. We believe this is the first fund of its kind in the non domestic energy market.



Consultation response

We have set out below our responses to Ofgem's questions in relation to policy issues and considerations. Our comments relate solely to micro businesses:

Question 1: Do you agree with our assessment of the consumer harm? Both for domestic and microbusiness consumers?

We agree that customers faced with back bills can suffer detriment if these scenarios are not appropriately managed by the supplier in line with the existing regulatory framework, in particular the Standards of Conduct and relevant voluntary back billing codes and standards.

Question 2: Do you agree with the way we are proposing to implement a back billing limit and the other effects of our proposed licence modification?

BES already applies a maximum back billing limit of 12 months in cases where we are fault. However, we do not agree with Ofgem's proposals to implement a licence obligation, as we believe the current framework (comprising of the licence and both the domestic code and micro business voluntary standards) is sufficient to address any potential customer harm caused by back billing.

It appears this modification is being proposed to address concerns about certain (perhaps newer?) suppliers who do not adhere to the best practice principles which currently exist, and therefore we believe the focus should be on improving performance of the individual companies in question rather than introducing additional licence obligations for all.

These proposals seem totally at odds with Ofgem's well publicised move towards reducing prescription in a move towards principles based regulation.

Question 3: Do you agree with our assessment of the costs to suppliers?

As BES already applies a maximum back billing period of 12 months there would be no additional implementation costs for us.

Question 4: Do you agree with the proposed implementation period?

If these modifications are introduced, we would not require any lead time to implement changes to our existing back billing processes.



Summary

Although the proposed modifications would not require any change to BES's existing back billing policy or procedures, we believe additional prescription through the licence is unnecessary, especially given Ofgem's recent commitment to principles based regulation. We believe it would be more appropriate to focus efforts on raising standards across suppliers who currently do not adhere to the existing voluntary arrangements.

I trust all of the information in our response is clear but would be happy to answer any questions you may have. Please feel free to contact me via the details at the top of this letter.

Yours sincerely,



Joel Chapman
Head of Regulation & Compliance