

To: Consumer Policy Team

SGF RESPONSE TO OFGEM 'PROTECTING CONSUMERS WHO RECEIVE BACKBILLS STATUTORY CONSULTATION'

Scottish Grocers' Federation is the national trade association for the independent convenience store industry in Scotland. We welcome the opportunity to provide a short response to the statutory consultation on proposed modification of the standard conditions of electricity supply licence. There are 5,286 convenience stores in Scotland, these stores provide 41,000 jobs. In 2016 retailers in Scotland invested £81 million in their businesses. Retailers have a wide variety of energy-related needs in-store including refrigeration and LED lighting.

We welcome Ofgem's decision to include microbusinesses within the scope of the licence obligation for backbilling, following our calls that the regulator should play a more active role to ensuring that the backbilling limit is robust, adhered to, and enforced. In the context of the current consultation we are broadly in agreement with the following proposals:

1. Propose to implement a licence obligation to prevent suppliers from backbilling consumers for gas and electricity consumed over 12 months ago when the consumer was not at fault.
2. To protect consumers from the shock and financial hardship of catch-up bills for unbilled consumption older than 12 months.
3. Restrict suppliers' ability to recover these charges whether through catch-up bills, by increasing the Direct Debit payments, or by adding this debt to a prepayment meter.
4. The 12 month backbilling limit will apply in all cases, except when there is clear evidence that the fault lies with the consumer. A failure from a consumer to provide a meter reading will not absolve the supplier from the backbilling limit.
5. Introduce a prescriptive licence condition to make it clear to industry what the minimum standards are.
6. This proposed licence change will also incentivise suppliers to improve their billing accuracy and encourage them to prevent a situation where they would be forced to not charge for unbilled consumption.

We would like, however, to list the following points and concerns:

1. There should be an ongoing review of the 12-month limit – it may be that a 6-month limit is more appropriate.
2. Ofgem should ensure that there is not a push-through of backbills by suppliers before the implementation date.
3. It is vital that the changes are communicated very effectively and in a timely fashion to retailers.

We trust this is helpful and would be very happy to discuss further

John

Dr John Lee
Head of Policy and Public Affairs
T: 0131 343 3300 M: 077 94 237 326