



Department for
Business, Energy
& Industrial Strategy

Rt Hon Grant Shapps MP
Secretary of State
Department for Business,
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[TO: GB ENERGY SUPPLIER CEOs]

21 January 2023

Dear CEO,

I am writing to express my concerns in relation to customers on prepayment meters.

As you know, the Government is supporting consumers with the current high cost of energy, via the Energy Price Guarantee, which will save a typical British household around £900 this winter, and the £400 discount through the Energy Bills Support Scheme. The Government has also launched radio and television adverts across the UK as part of its 'It All Adds Up' energy saving campaign. The campaign features tips on simple, low or no-cost actions that households can take to immediately cut energy use and save money while ensuring people are able to stay safe and warm this winter.

The Government recognises that prepayment meters are an option that can help some households control and budget for the amount they spend, and help mitigate the risk of going into, or exacerbating, existing debt. Without prepayment meters there is a risk that court and bailiff action would be the only alternative debt recovery options, which would not be a desirable outcome.

However, I was concerned to read about the growth in the number of customers being switched to a prepayment meter, and that some customers were unaware that they had been switched, with the subsequent risk that they go off supply if they do not top-up. Prepayment meter customers are often more vulnerable so this is of great concern to me.

I take this opportunity to reiterate that the Government expects energy suppliers to do all they can to help customers who are struggling to pay their bills. Customers need to stay on supply and suppliers must only install prepayment meters to recover debt as a last resort. The focus should be on repayment plans for customers in arrears, taking into account a customer's ability to pay, in order to prevent going down the route of a prepayment meter. It is vital that, when a prepay meter is fitted, the requirement to give prior notice to the customer is adhered to in every case. I am particularly concerned about prepayment meters being installed under warrants applied for in bulk and whether your customers are made aware when warrant applications are made. I would like to know how many prepayment meters you have installed under this route in the last year.

For customers already on a prepayment meter, suppliers should ensure this payment method is safe in the customer's circumstances. It is also vital that suppliers are diligent in offering solutions for customers in, or at risk of disconnection, including emergency credit and additional support credit to customers in vulnerable circumstances. This includes taking steps to identify self-disconnecting and self-

rationing customers, then offering Additional Support credit where it is in the customers best interests to do so.

It is also vital to ensure the uptake of Energy Bills Support Scheme vouchers by customers on legacy prepay meters. There is considerable variability among suppliers in how many vouchers remain to be redeemed by their customers. It is not acceptable that much needed Government support remains unused by people who may be self-disconnecting. Suppliers must do their part to ensure take up and proactively communicate redemption of vouchers to relevant customers. We also want to see more legacy meters being replaced with smart meters. Smart meters ensure EBSS payments are received automatically and enable customers to monitor credit and top-up online or via app. They also help suppliers detect when customers self-disconnect.

The Minister for Energy and Climate is hosting a roundtable with suppliers, Ofgem, Energy UK and Citizens Advice to discuss these matters further, and we will be exploring further actions to support customers and to avoid the force-fitting of prepay meters.

With these actions and with the Government's financial support getting to all households, I would expect that the volume of prepayment meter installations and disconnecting households will start to subside over the coming months.

As set out in the Autumn statement, the Government will work with consumer groups and industry to explore the best approach to consumer protection from April 2024, including options such as social tariffs, as part of wider retail market reforms.

Yours sincerely,

A handwritten signature in blue ink, reading "Grant Shapps". The signature is fluid and cursive, with a large initial 'G' and 'S'.

RT HON GRANT SHAPPS MP
Secretary of State for Business, Energy & Industrial Strategy