Second Supplemental Notice of Possible Remedies

For the attention of Will Fletcher

Please find the following information from Our Power Community Benefit Society in response to the Second Supplemental Notice of Possible Remedies.

Our Power Energy Supply Ltd is a new entrant to the energy market with a focus on prepayment customers living in social housing (and their communities) initially in Scotland. We will be offering smart pay-as-you-go from the outset and aim to have a consistently low tariff. We will not have a different (lower) acquisition tariff as our approach is to treat all customers the same and not have a different tariff for new customers.

Our Power Energy Supply Ltd is a wholly owned subsidiary of Our Power Community Benefit Society which is asset-locked and non-profit distributing membership organisation created to reduce levels of fuel poverty. Its members are social housing providers, local authorities and community controlled organisations.

Our Power Energy Supply has just commenced controlled market entry and as such we have limited resources available to respond fully to this notice. However, we would like to make the following responses:

Remedy 19 – facilitating sharing of data relating to prepayment meter

Customers

(a) Would this remedy be effective and proportionate in increasing competition for non-smart prepayment meter customers?

We are not convinced that this remedy would be effective in increasing competition for non-smart prepayment customers for the following reasons:

- This remedy would add a cost to serve for traditional prepayment meter customers which would be passed through to customers potentially increasing their tariff;
- Smart meter roll-out should be prioritised to drive competitive tariffs;
- For those suppliers who are actively marketing to prepayment customers and incurring a cost in doing so, they will suffer a disproportionate loss in effectively handing access to those customers over.

This remedy may be effective if it only related to prepayment customers with a supply start date older than, for example, 3 years. Alternatively, it should only apply to SLEFs.

(c) Is Ofgem the right party to have oversight of this process?

If it is to happen, Ofgem should have oversight.

(d) What limitations would need to be imposed to ensure that the data was disclosed and used appropriately?

Given the sensitive nature of customers being contacted in a cold-calling way and the potential for this to be a number of parties that could be making contact, this should be an opt-in and not opt-out proposal.

(e) When should the continued need for this remedy be reviewed?

This should be reviewed annually given the roll-out of smart meters.

(f) What might be a suitable frequency with which to share customer data?

We would suggest this should be annually.

(g) Should this remedy apply to prepayment meter customers with smart meters?

This remedy should not apply to prepayment customers with smart meters. A review of tariffs should take place to see if there has been a closer alignment between smart prepay tariffs and the wider market.

Remedy 21 – reform the protocol for assignment of debt on prepayment

Meters

(a) Would a remedy recommending Ofgem to address the abovementioned issues be effective in ensuring that adequate changes to the DAP are implemented promptly? Or should the CMA instead use its order-making power to support Ofgem's ongoing work?

Our Power agrees with many of the findings of the Energy Market Investigation particularly in regard to prepayment with the exception of the findings on the Debt Assignment Protocol and dealing with debt generally.

We can find no other sector in which a debt which is owed by a customer to a service provider should prohibit the customer from moving to another provider. The customer should be able to break their contract with the supplier to whom the debt is owed and the supplier should utilise the remedies available to them to receive payment on the debt.

Our Power believes that the Debt Assignment Protocol negatively impacts on new entrants for the following reasons:

- • Working capital is at a premium and having to pay an incumbent supplier up to £500 for a customer would dramatically reduce customer acquisition rates;
- • Having debt sit on the books of a new supplier negatively impacts on future fund-raising for working capital;
- • A 'buy-out' rate of 90% of a debt is extremely high when compared with other debt transfers outside of the energy sector;
- • The set maximum recovery rate for debt of £5 per week means that a customer with around £500 debt would take 2 years to repay which for a new entrant could be unsustainable. (Please note, we are not advocating that this amount should be increased.)

We urge the CMA to review this issue again and look at practices outside of the energy sector to gain a more balanced picture of how debt is managed whilst not prohibiting customer choice.