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11<sup>th</sup> November 2016

Dear Mr Fowlis

### **The Energy Market Investigation (Prepayment Charge Restriction) Order 2016**

Which? welcomes the opportunity to comment on the CMA's draft order for implementing the prepayment charge cap. Which? has been supportive of measures that would provide extra protection for vulnerable customers. As the CMA has identified, customers on prepayment meters are unable to fully engage in the market - the savings available to these customers are substantially lower than those available to other customers; there is only a small range of tariffs available; and, the detriment expressed as a proportion of the bill for prepayment meters is substantially higher than for other customers.

We note that the Draft Order contains limited detail on the success and testing criteria for the Prepayment Charge Restriction, and instead sets out that the Prepayment Charge Restriction should end by 31 December 2020. We are concerned that this is an arbitrary date and in part determined by the CMA's view that the roll out of smart meters will have delivered changes to the market at this point. However, the CMA itself has recognised that the success of the smart meter roll out is far from guaranteed.

Instead, the CMA should assess the market again at a defined point, or instruct Ofgem to assess the market, to determine whether the remedy has been effective in addressing the adverse effects on competition identified in the market investigation. This assessment would allow an informed decision about the circumstances in which the price cap should cease.

We also remain concerned that the calculation of the level of the price cap includes "headroom" that may legitimise overcharging of a set of vulnerable customers that the remedy is intending to protect. We would urge the CMA to ensure safeguards and regular monitoring is in place to ensure that suppliers are correctly charging their pre-payment meter customers within each Charge Restriction Period.

Yours sincerely

Caroline Normand  
Director of Policy

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