

Prepayment Meter Webinar FAQ

Note: These responses are from Ofgem and are transcribed from the Q&A section of the webinar hosted on the 30th of November, 2023.

Question	Ofgem Response
<p>At the beginning of each year, Suppliers send Ofgem information on customer numbers, EAC and AQ etc., to have market share/obligation calculated for FIT, WHD, etc.</p> <p>Would there be something similar at the start of the year requested from the Supplier for this process as a starting 'benchmark' - since we may not be going down a Levelisation/audit route?</p>	<p>Currently, you respond to the tariff RFI on a quarterly basis. We've deliberately structured our data request to be compatible with that tariff RFI. It uses categories that you already know and understand. The price cap will continue to be calculated in relation to that tariff RFI, and we will be requiring you to submit to RECO and Ofgem monthly data, which is equivalent to a subset of that RFI.</p>
<ol style="list-style-type: none"> 1. When will these rates be published? Is it the same time as when the cap is published? 2. And are the rates the same for the quarter but will change every quarter according to the cap change, the effect being that the resulting standing charge will be the same? 3. And I suppose they apply to fixed-rate customers as well? 	<ol style="list-style-type: none"> 1. The answer to that is slightly complicated. When the cap is published, the rates in the cap will be published within that calculation. We will also be doing a separate publication a couple of days later that just pulls out and highlights those rates specifically. And so, the answer is yes. 2. No, the rates will not be the same throughout the quarter. Ursula [Mulholland from Capgemini] took you through the calculations by which the rates will vary slightly, and we do expect it to vary slightly throughout the quarters. So, we will publish what we are calling the base Levelisation rates, which are set to quarterly as part of the price cap, and then there will be a small variation month on month. That's just to account for the drift between payment types that we see during the month. We've done some analysis, looked back at historical data, and seen that those drifts are not large and that they will have a minimal impact on the costs or support for any individual. 3. Secondly, in terms of fixed-term contracts, the proposal is that for any new fixes, the reconciliation charges would apply, and for fixes that were entered into prior to qualification data, the qualification date will be any fix that was entered into before the date of our published decision, which should be in January or February next year. But we can confirm that closer to the time.

<p>I am a bit confused about the fixed rate situation.</p> <p>As the rates for Q2 24, Q3 24, Q4 24 and Q1 25 will be quite different depending on the cap, how can I re-coup these from my fixed rates customers signing up in April? Will I have to predict those rates for the next 3 quarters so that I can price the fixed rates DD customers appropriately to cover the Levelisation costs?</p>	<p>This is something that we are consulting on, and we would like your feedback on. We would expect suppliers to, as they do with all manner of other costs when they are pricing fixes, predict or make a reasonable prediction of what future costs may be. The principal change that will determine the level of costs between quarters will be the payment type mix, which doesn't vary that much.</p>
<p>There were instances of miscalculation within MSC [Market Stabilisation Charge], will there be a clear process/Service Level Agreements to deal with this should it happen?</p>	<p>If there is an error detected or any other reason found to change our price cap and, therefore, the reconciliation rates, we will use our existing powers to correct and republish the price cap.</p>
<p>Will customer figures for each region/payment method be available before the February price cap publication? (The customer proportions will help us to predict the cost and Levelisation) to predict the headline price of ppm and dd</p>	<p>We will take this away to look and consider publishing it in our price cap publications</p>
<p>Why does the data submission template separate traditional PPM and Smart PPM? I notice in your examples that Smart PPM happens to be 0, but is it necessary to separate?</p>	<p>We've separated that for two reasons: One is because under the current tariff RFI, they are separated, and we wanted the categories of data to be ones that suppliers were used to using. Secondly, and this is what drove the split, is that it future proofs the system if at any point Ofgem or the government decides that the price cap or Levelisation or reconciliation should be different for smart vs traditional PPM.</p>
<p>When the requirements for reporting will be shared?</p>	<p>Reporting requirements will be shared early in the new year.</p>