

Debate Pack

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Self-disconnection of prepayment meters

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Summary

A debate is scheduled in the Commons Chamber for Thursday 15 December on self-disconnection of pre-payment meters.

The subject has been chosen by the Backbench Business Committee, and the debate will be opened by Anne McLaughlin MP.

What are prepayment meters?

Prepayment meters (PPMs) are meters that require customers to pay for their electricity or gas before they use it – on a pay-as-you-go basis. Customers buy credit, usually with a key or a smart card, and add this to the meter. The credit is used up as the customer uses gas or electricity.

Households can choose to move onto a PPM as part of an agreement to repay an energy debt (or for other reasons). Energy companies can also install a PPM to recover debt without the agreement of the customer.

Are prepayment meters expensive?

PPM customers have historically paid more for their energy than customers paying by direct debit. They also have limited credit in comparison with customers paying by other methods, who have the option to go into arrears.

The gap between unit prices available to PPM and other customers was reduced in 2017 with the introduction of the Prepayment Meter Cap, which was replaced in 2019 by the Default Tariff Cap. The cap has been superseded by the Energy Price Guarantee for the period 1 October 2022 to 31 March 2024.

Under the EPG PPM customers pay a lower unit price for electricity than other customers. However PPM customers pay a higher unit price for gas than customers paying by direct debit, and they pay higher standing charges than all other customers for both electricity and gas.

What is self-disconnection?

Self-disconnection happens when a consumer with a prepayment meter does not have enough money to top-up their meter and their meter cuts out, or when they do not realise that credit on the meter is running out.

In 2020 [Ofgem reported](#) that there were 4.3 million electricity and 3.4 million gas prepayment meter customers. It said:

Our data shows that 1 in 7 customers self-disconnected during 2019, and more recent data from Citizens Advice shows these numbers could be higher. Evidence shows that around half of those who are self-disconnecting appear to experience a negative impact. This could be a physical impact such as living in a cold home and/or emotional impact which includes financial distress. Some groups will generally be more affected than others such as households including children and/or the elderly.

According to the [Citizens Advice Cost of living dashboard](#):

- The number of people Citizens Advice had seen in 2022 (up to October) who were unable to top up their PPM was more than for the whole of the previous five years combined.
- The number of people they have seen who are having PPMs installed for debt was between 700 and 900 per month in nearly every month since November 2020, up from 400-500 in most months in the previous three years.

Rules for energy suppliers

The energy regulator Ofgem requires energy suppliers to identify self-disconnecting and vulnerable customers and offer them credit and additional support.

Calls for change

Some opposition parties have called for prepayment customers to be treated the same as monthly bill payers, to pay the same price and have the same allowance to be in arrears with payment.

Further reading

The following Library briefings provide background on related topics:

- [Domestic energy prices](#) (November 2022)
- [Fuel poverty in the UK](#) (May 2022)

1 What are prepayment meters?

Prepayment meters (PPMs) are meters that require customers to pay for their electricity or gas before they use it – on a pay-as-you-go basis. Customers buy credit, usually with a key or a smart card, and add this to the meter. The credit is used up as the customer uses gas or electricity.

1.1 Why do customers get prepayment meters?

Households can choose to move onto a PPM as part of an agreement to repay an energy debt (or for other reasons). Energy companies can also install a PPM to recover debt without the agreement of the customer.

Imposition of prepayment meters

Under their licence agreements suppliers can install prepayment meters or switch smart meters to prepayment mode for customers in arrears, having assessed customers' situations and provided notice.

Ofgem's [Prepayment meters explained](#) webpage states that suppliers:

can only fit a prepayment meter for debt:

- if it is safe, practical and easy for you to use and get to
- through a court warrant to cover ongoing energy use and debt repayments. A supplier can force-fit a prepayment meter by warrant only after they have taken all reasonable steps to agree payment with you. It should be a last resort to avoid disconnecting your supply.

Suppliers can't force-fit a prepayment meter under warrant for people in very vulnerable situations if they don't want one, or charge them for warrant costs on debts. Nor can they use warrants on people who would find the experience very traumatic.

Warrant charges for debts are capped at £150 for everyone else.

In response to a [PQ](#) in November 2022 the Government stated:

The energy regulator Ofgem has rules in place that restrict the force-fitting of a prepayment meter on those in arrears, except as a last resort.

Ofgem rules further require energy suppliers to assess whether installing a prepayment meter, including the remote switching of a smart meter, is safe and reasonably practicable for the customer. This assessment should include identifying any vulnerability.

Ofgem has published a letter to suppliers on the issue here: <https://www.ofgem.gov.uk/publications/letter-suppliers-november-2022>.¹

Ofgem's [Letter to Suppliers - November 2022](#) expressed, "concern over remote switching of smart meters to prepayment mode". It set out suppliers' obligations under their conditions of licence, including the requirement to identify vulnerable customers, provide advance notice and following a switch assess the suitability of the arrangement.²

On 30 September 2022 [Citizens Advice published a report](#) calling for a "winter moratorium on moving customers to prepayment meters under warrant and on switching smart meters to prepay in an attempt to recover debt". It said the moratorium should remain in place until April 2023. An [accompanying press release](#) summarises Citizens Advice's analysis.

1.2

Are prepayment meters more expensive than other payment methods?

Prepayment customers pay more for their energy than customers paying by direct debit. They have limited credit in comparison with other customers who have the option to go into arrears.

Customers who pay by direct debit have traditionally been offered the cheapest tariffs, followed by those who use standard credit and those who use prepayment meters. The gap between unit prices available to PPM and other customers was reduced in 2017 with the introduction of the Prepayment Meter Cap. However the cap limits for PPM customers remained more expensive than those for direct debit customers, both under the PPM Cap and – later – the Default Tariff Cap, which was introduced in 2019.

The higher prices charged to PPM customers reflect the higher cost for energy companies to serve them. This was set out in this Government reply to a PQ asking for additional costs to be removed for prepayment customers:

Supply licence conditions, enforced by Ofgem, state that differences in price between payment methods for energy must reflect the cost to the supplier of that payment method. The costs of managing prepayment meters are higher than those for standard meters due to the different metering requirements and payment systems.³

The approach appears to have changed under the Energy Price Guarantee, with PPM rates set at a lower level than most (but not all) rates paid by

¹ [Energy: Pre-payment](#), PQ84892

² Ofgem, [Letter to Suppliers - 14 November 2022](#)

³ [Energy: Meters](#), PQ71133, 2 Nov 2022

customers using other payment methods. This is discussed in more detail in the following.

Price caps and prepayment meters

Until 1 October 2022 the unit price of electricity and gas paid by customers on default (standard variable) tariffs was limited by the default tariff cap (energy price cap). Ofgem set the cap using its own estimates of the different costs that suppliers will face in the next cap period.

The limits set under the default tariff cap for PPM customers were higher than those for customers paying by direct debit (although lower than customers paying by standard credit), to allow for the higher cost to suppliers of servicing PPMs. For example:

- For the period 1 April 2022 to 30 September 2022 the default tariff cap was set at a rate whereby an average dual fuel customer paying by direct debit would pay £1,971 per year, and a PPM customer would pay £2,017.⁴
- On 26 August 2022 Ofgem announced that the default tariff cap would increase from 1 October 2022 to £3,549 per year for an average dual fuel customer paying by direct debit, and to £3,608 for a customer paying by PPM.⁵

On 8 September 2022 the Government announced a new temporary price capping measure, the Energy Price Guarantee (EPG), would be implemented from 1 October 2022 to 31 March 2023. The EPG limits the amount consumers on all domestic contracts (not just default tariffs) can be charged per unit of gas and electricity. It has superseded the default tariff cap.

Under the EPG PPM customers pay a lower unit for price electricity and gas than customers on paying by standard credit, and a lower unit price for electricity than customers paying by direct debit. However PPM customers pay a higher unit price for gas than customers paying by direct debit.⁶ PPM customers also pay higher standing charges than other customers. The table below sets out the EPG limits for different payment methods for the period 1 October to 31 December 2022.

⁴ Ofgem, [Price cap to increase by £693 from April](#), 3 February 2022

⁵ Ofgem, [Ofgem updates price cap level and tightens up rules on suppliers](#), 26 August 2022

⁶ BEIS, [Energy Price Guarantee: regional rates, January to March 2023](#), 29 November 2022; BEIS [Energy Price Guarantee: regional rates, October to December 2022](#), 29 November 2022

Energy prices the Energy Price Guarantee (October to December 2022)

Great Britain averages including VAT

| | Electricity (single rate meter) | Gas | Dual fuel (gas plus electricity) |
|---|--|-------|--|
| Standing charge (pence per day) | | | |
| Direct debit | 46.4 | 28.5 | 74.9 |
| Standard credit | 52.4 | 33.5 | 85.9 |
| Prepayment meter | 51.4 | 37.5 | 88.9 |
| Unit cost (pence per kWh) | | | |
| Direct debit | 34.0 | 10.3 | .. |
| Standard credit | 36.8 | 11.1 | .. |
| Prepayment meter | 33.1 | 10.6 | .. |
| Annual bill for typical consumption (£ per year) | | | |
| Direct debit | 1,156 | 1,344 | 2,500 |
| Standard credit | 1,258 | 1,457 | 2,715 |
| Prepayment meter | 1,147 | 1,413 | 2,559 |

Note:

Typical consumption assumed to be 2,900 kWh for electricity and 12,000 kWh for gas

[Source: Octopus Energy, How the £2,500 Energy Price Guarantee works](#)

The following Library briefings have more information:

- [Constituency casework: Government support for energy bills](#): this covers the Energy Price Guarantee, as well as other energy bill support schemes introduced by the Government in 2022.
- [Domestic energy prices](#): Section 4 has further information on variations and trends in prices by payment method.
- [Energy bills and the price cap](#): this has more information on the Prepayment Meter Cap and the Default Tariff Cap.

2

What is self-disconnection?

The energy regulator Ofgem has defined self-disconnection and self-rationing of customers on pre-payment meters (PPMs):

Self-disconnection happens when a consumer with a prepayment meter does not have enough money to top-up their meter and their meter cuts out, or when they do not realise that credit on the meter is running out. Closely associated with self-disconnection is self-rationing. This is when a customer deliberately limits their energy use to spend money in other essential areas. Self-rationing can also refer to restricting spending in other essential areas in order to pay for energy.⁷

The Government has stated that some customers choose prepayment meters to help them budget and avoid debt.⁸ However it and the energy regulator Ofgem have set out expectations for how energy suppliers should treat customers with a PPM:

The Government expects suppliers to take proactive steps to identify vulnerable consumers and offer them the necessary support. Under Ofgem's licence conditions, energy suppliers have an obligation to identify self-disconnecting and self-rationing Prepayment Meter customers proactively.

Ofgem's rules also require energy suppliers to agree repayment rates with a customer in arrears and to take into account a customer's ability to pay, when calculating repayment rates for Prepayment Meter customers in debt. Energy suppliers are also expected to provide extra support by making emergency and friendly-hours credit available to all Prepayment Meter customers.⁹

Further information on Ofgem's rules on PPMs is provided in section 4 of this briefing.

⁷ Ofgem, [Vulnerable consumers in the energy market: 2019 \[PDF\]](#)

⁸ [Energy: Meters](#), 26 Oct 2022, HL2548

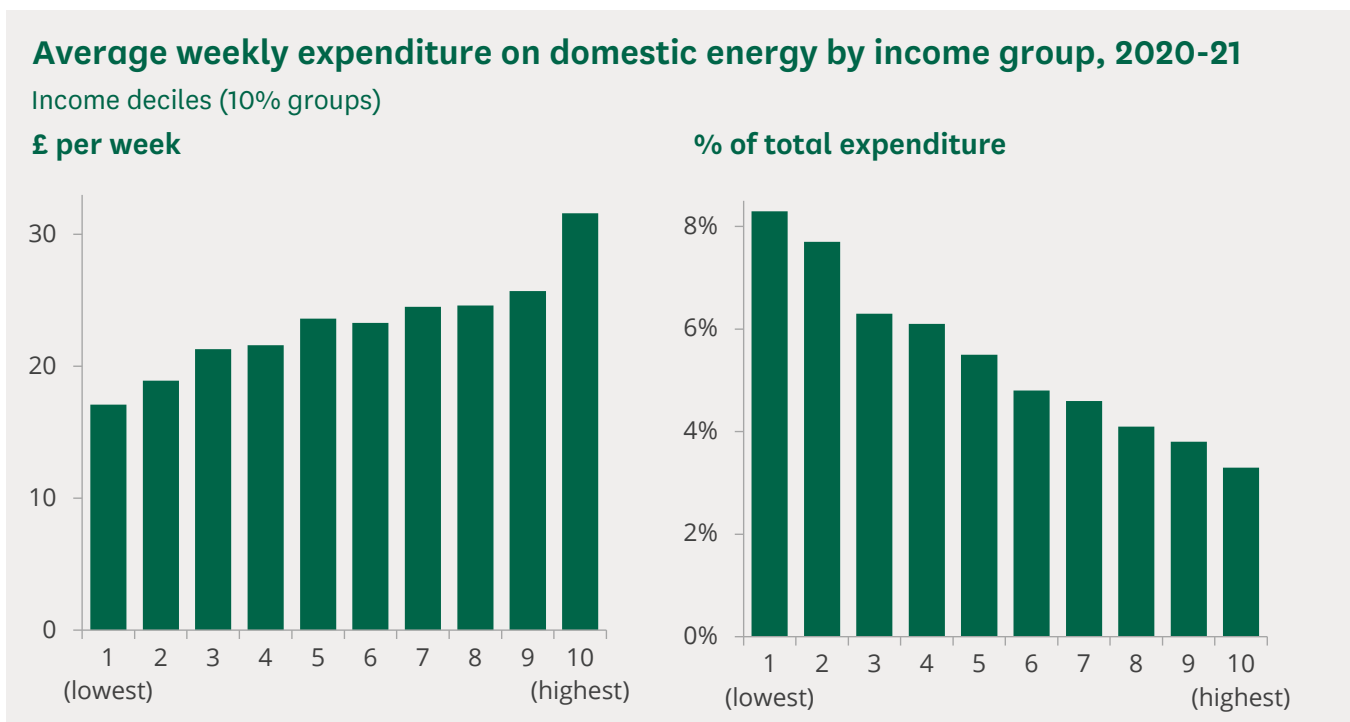
⁹ [Energy: Meters](#), 30 Nov 2022, PQ 93691

3 Statistics and survey data on self-disconnection and prepayment meter customers

3.1 How does spending on energy vary with income?

Spending on energy increases with income. However, spending on energy varies less by income than any other spending category and there is a limit to the amount a household can do to cut their costs while adequately heating their home, without substantial improvements in the energy efficiency of their property.

The chart below illustrates how spending on domestic energy varies as a proportion of total spending varies by income group. Section 6.1 of the Library briefing [Domestic energy prices](#) has more information.



Source: ONS, [Family spending workbook 1 \(Tables 3.1 & 3.2\)](#)

3.2

Extent of self-disconnection

There is evidence that customers on prepayment meters (who generally have lower incomes and who may be repaying a debt to their supplier) were already self-disconnecting or self-rationing in 2019. Ofgem said the following about levels of self-disconnection and self-rationing in their 2020 [decision paper](#) on measures to improve outcomes for these customers:

There are a reported 4.3 million electricity and 3.4 million gas PPM [prepayment meter] consumers. Our data shows that 1 in 7 customers self-disconnected during 2019, and more recent data from Citizens Advice shows these numbers could be higher. Evidence shows that around half of those who are self-disconnecting appear to experience a negative impact. This could be a physical impact such as living in a cold home and/or emotional impact which includes financial distress. Some groups will generally be more affected than others such as households including children and/or the elderly.¹⁰

The [Citizens Advice work](#) they referred to was published in 2020 and used a different methodology than earlier data on the subject, which may explain the higher reported levels. It found that **35%** of respondents to a survey of PPM customers had self-disconnected at some point during the year to April 2020. 43% of those who had disconnected had done so for an hour or less, around 30% for longer than 3 hours and 7% for over 24 hours. A separate survey for Citizens Advice in mid-May 2020 found that **47%** of PPM respondents had disconnected since lockdown. The [report](#) also includes some figures on self-rationing (page 8).

According to the [Citizens Advice Cost of living dashboard](#):

- The number of people Citizens Advice had seen in 2022 (up to October) who were unable to top up their PPM was more than for the whole of the previous five years combined
- The number of people they have seen who are having PPMs installed for debt was between 700 and 900 per month in nearly every month since November 2020, up from 400-500 in most months in the previous three years.

The Fuel Bank [Foundation's Fuel Crisis Report 2022](#) looked at the experience of people who they support (people on PPMs who are having trouble paying for energy). The results are therefore not representative of all PPM customers. The report found that **49%** of people they had helped still faced self-disconnection at least weekly and the majority (78%) strongly agreed that they were alarmed by the prospect of rising energy prices.

[Office for National Statistics \(ONS\) research](#) carried out in late September/early October this year found that **72%** of adults with PPMs

¹⁰ Ofgem, [Self-disconnection and self-rationing: decision](#), 19 October 2020, para 1.10

reported difficulty in affording their energy compared to **42%** of those paying by direct debit or quarterly bills.

3.3 Survey evidence on difficulty paying energy bills

An [article from the ONS](#) published in April 2022 looked at the impact of rising costs of living in the period to March 2022. It is based on survey evidence from before the latest increase in the [energy price cap](#),¹¹ but shows that overall families were already finding it more difficult to pay their usual household bills than a year earlier. More deprived areas had seen the largest increases in those finding it difficult to pay, where substantial numbers were behind with their energy bills, had borrowed more and were unable to afford unexpected household expenses.¹²

ONS [survey evidence from June to September 2022](#) found that the proportion of adults who were finding it difficult to pay their energy bills was 45%, up from 40% in March to June 2022. Disabled adults, those from minority ethnic groups, renters and those from low income groups were all more likely to find it difficult to afford their energy bills and be behind on these bills. In late September/early October 72% of prepayment customers reported difficulty in paying their bills compared to 42% of other customers.¹³

The latest [ONS survey of people's views about their household finances](#) was carried out between 22 November 4 December 2022 (i.e. after higher prices under the [Energy Price Guarantee](#) were introduced) and found that:¹⁴

- 48% of those who pay energy bills said they found it very or somewhat difficult to afford their latest bills. This rate was 60% in the most deprived areas compared to 41% in the least deprived areas.
- 4% said they were behind with their energy bills, again this was higher (14%) in the most deprived areas.
- 63% of those who reported a rise in the cost of living said they were using less energy in their home and 28% reported making energy efficiency improvements at home.

¹¹ The Library briefing [Energy bills and the price cap](#) has more information on the energy price cap, including increases to the cap earlier in 2022.

¹² ONS, [The rising cost of living and its impact on individuals in Great Britain: November 2021 to March 2022](#) (April 2022)

¹³ ONS, [Impact of increased cost of living on adults across Great Britain: June to September 2022](#) (October 2022)

¹⁴ ONS, [Public opinions and social trends, Great Britain: household finances](#), 9 December 2022

3.4 Data on the impact of energy price rises on prepayment (PPM) meter customers

A [Uswitch press release](#) from the end of October said that the number of PPM customers had increased in Q4 2021 and Q1 2022. This reversed a trend of over two years where PPM customer numbers had fallen steadily from 7.8 million to 7.3 million. The increase in the following two quarters was of a much smaller scale (60,000). Uswitch obtained this data from Ofgem through a Freedom of Information (FoI) request.

A recent [i news article](#) looked at FoI data from the Ministry of Justice on warrants for entry to install prepayment meters. This found that almost half a million such warrants had been granted in England and Wales since July 2021. Not all of these warrants are enforced.¹⁵

[Ofgem consumer research](#) on the impact of ‘market conditions’ (price rises) in March and July 2022 asked PPM customers a number of questions about affordability. It found small (not statistically significant) *reductions* in most indicators between March and July (using emergency credit, putting less on their meter, run out of credit and disconnected > 3 hours, asked for additional credit) which is probably due to seasonal patterns of use having a larger impact than the April price rises (notably the increase in the energy price cap¹⁶).

3.5 Energy Debts

The following table summarises Ofgem data on debt and arrears. This includes customers on all payment methods, not just PPMs. The number with a formal debt arrangement with their supplier increased by almost three-quarters in the year to Q2 2022, but the average debt fell slightly. The number of customers in arrears also increased, but by a smaller amount. The average debt among this group increased by 16/17% in the year to Q2 2022.

¹⁵ [inews.co.uk, Energy firms target homes in fuel poverty, using court warrants to forcibly install prepayment meters](#), 4 December 2022

¹⁶ The Library briefing [Energy bills and the price cap](#) has more information on the energy price cap, including increases to the cap earlier in 2022.

| Energy debt and arrears, Great Britain | | | | | | | | |
|--|---|------|------------------|-----|--|------|------------------|------|
| | Accounts with a formal debt arrangement | | | | Accounts in arrears where no formal arrangement to repay | | | |
| | Number (millions) | | Average debt (£) | | Number (millions) | | Average debt (£) | |
| | Electricity | Gas | Electricity | Gas | Electricity | Gas | Electricity | Gas |
| Q2 2021 | 0.85 | 0.66 | 430 | 352 | 0.78 | 0.63 | 834 | 660 |
| Q3 2021 | 0.87 | 0.66 | 434 | 357 | 0.82 | 0.65 | 849 | 686 |
| Q4 2021 | 0.98 | 0.73 | 425 | 359 | 0.78 | 0.60 | 905 | 683 |
| Q1 2022 | 1.03 | 0.79 | 455 | 373 | 0.88 | 0.67 | 1000 | 855 |
| Q2 2022 | 1.45 | 1.14 | 402 | 335 | 0.90 | 0.72 | 979 | 767 |
| <i>Change Q2</i> | | | | | | | | |
| '21 to Q2 '22 | +71% | +72% | -7% | -5% | +15% | +14% | +17% | +16% |

Note: A customer is in arrears if they have not paid a bill for longer than 13 weeks, and there is no formal arrangement to repay the debt.

Source: [Ofgem data portal](#)

According to Ofgem in 2021 there were no gas customer and 21 electricity customer disconnections for debt. There was only one customer disconnection in total in 2020. Numbers have fallen from around 8,500 in 2007 to 17 in 2017 and 6 in 2018.¹⁷

¹⁷ Ofgem, [Customer service data \(disconnections for debt\)](#); Ofgem, [Vulnerable consumers in the energy market: 2019](#)

4

Ofgem rules to protect self-disconnecting customers

Ofgem published its [Self-disconnection and self-rationing: decision](#) on 19 October 2020 requiring energy suppliers to identify self-disconnecting and vulnerable customers and offer them credit and additional support.

The decision also required suppliers to support the wider group of customers with financial difficulties:

we are introducing new requirements on suppliers to identify PPM customers who are self-disconnecting and to offer short-term support through emergency and friendly-hours credit as well as to offer additional support credit to PPM customers in vulnerable situations who have self-disconnected or self-rationed. We are also introducing enhanced requirements on suppliers to support all customers who are facing financial difficulties through the inclusion of updated Ability to Pay principles in the supply licence.

The changes took effect on 15 December 2020.

The Ability to Pay principles require suppliers to give due consideration to:

- (a) having appropriate credit management policies and guidelines;
- (b) making proactive contact with customers;
- (c) understanding individual customers' ability to pay;
- (d) setting repayment rates based on ability to pay;
- (e) ensuring the customer understands the arrangement; and
- (f) monitoring arrangements after they have been set up.¹⁸

¹⁸ Ofgem, [Self-disconnection and self-rationing: decision](#), 19 October 2020, para 4.6

5 Opposition proposals on support for prepayment meter customers

5.1 Labour party proposal

On 12 August 2022 [the Guardian](#) reported on comments by Rachel Reeves that the Labour party would eliminate the higher prices paid by prepayment meter customers (compared to other customers) for their energy bills. Keir Starmer set out the [Labour Party's proposals to tackle the cost of living crisis](#) on 14 August. These included a proposal to “mak[e] sure the price people on prepayments meters pay for energy is the same as people who pay their bills monthly”.¹⁹

5.2 Private Members' Bills

Anne McLaughlin has introduced [Private Members Bill on Pre-payment Meters \(Self-disconnection\)](#) under the Ten Minute Rule. The bill seeks:

to require energy companies to allow a grace period before disconnecting customers with pre-payment meters who have run out of credit; to require energy companies to offer debt management support to all customers; and for connected purposes.²⁰

Anne McLaughlin summarised the aim of the Bill at [First Reading on 23 November 2022](#):

The Bill asks for one thing only: to put an end to those on prepayment meters being treated differently from those of us who enjoy the benefit of paying in arrears. My Bill asks for so-called self-disconnection to be stopped.²¹

The Second Reading debate for the Bill (Bill 198) was scheduled for Friday 9 December and is now scheduled to be to be [resumed on Friday 3 February 2023](#). It can be tracked on the [Parliamentary Bills webpages](#).

Kenny MacAskill's [Energy Costs \(Pre-payment Meters and Social Tariffs\) Bill](#) (Bill 166 and also a Ten Minute Rule Bill) seeks to:

¹⁹ Labour Party, [Keir Starmer sets out Labour's plan to address the Tory cost of living crisis](#), 14 August 2022

²⁰ [Pre-Payment Meters \(Self-Disconnection\) Bill](#)

²¹ [HC Deb 23 November 2022 c327](#)

abolish higher standing charges for customers with pre-payment meters; to require energy companies to provide social tariffs for low income customers; and for connected purposes.²²

The Bill was [read a first time on 19 October 2022](#) and is due for Second Reading on Friday 24 March 2023 (see [Bills webpages](#)).

²² [Energy Costs \(Pre-payment Meters and Social Tariffs\) Bill](#)

6 Parliamentary material

6.1 Early Day Motions

EDM 690 2022-23 | 12 December 2022

Involuntarily installation of prepayment meters

That this House notes with concern the significant increase in the number of households being involuntarily moved onto prepayment meters; is alarmed by reports that since July 2021 nearly half a million warrants have been issued allowing energy firms to force entry into the UK's poorest homes, and that at one court in the North of England, magistrates signed off a single batch of 496 utility warrants in just three minutes and 51 seconds as a debt agent representing several major energy firms dialled in by telephone; recognises the injustice that the 4.5 million UK households on prepayment meters face higher average annual bills than those on direct debit; notes that Citizens Advice report an unprecedented number of people who cannot afford to top up their prepayment meter, leaving them facing a choice between being pushed deeper into debt or self-disconnecting; further notes the concerns raised by the End Fuel Poverty Coalition that energy suppliers are using prepayment meter installations under warrant to disconnect indebted customers by the back door; believes that suppliers need to be supporting customers in debt; and calls on the Government to ban the forcible installation of prepayment meters this winter and end the indefensible prepayment meter premium that sees the poorest households paying the highest prices.

EDM 686 2022-23 | 9 December 2022

Compulsory prepayment meters

That this House understands that due to rising energy prices many households are struggling to pay their bills; notes that nearly half a million warrants allowing energy firms to forcibly install prepayment meters in people's homes have been approved by courts since July 2021, according to a Freedom of Information request; further notes reports in The i newspaper that courts are signing off these warrants in large batches without examining individual cases; recognises that households with prepayment meters have less rights than other customers because they are not entitled to get into more than £10 of debt and if they are unable to pay in advance they are forced to self-disconnect leaving them without power in their homes; further recognises that the rules state that suppliers cannot force-fit a prepayment meter under warrant for people in very vulnerable situations if they don't want one, charge them for warrant costs on debts, or use warrants on people who would find the experience very traumatic; expresses its concern that warrants are being issued without the appropriate checks being undertaken

to make sure that the rules are being followed; believes that nobody should be left without energy this winter as a result of them not being able to afford bills; calls for the Government to immediately implement a legal ban on prepayment meters being forcibly installed without the approval of households; and further calls for the Government to investigate whether courts are following the rules relating to the forced instalment of prepayment meters.

EDM 588 2022-23 | 15 November 2022

Social tariff for domestic energy use

That this House believes in protections for low income, vulnerable and fuel poor households; notes that even with the current price cap in place there has been a 139 per cent increase in a year on the average bill; recognises that as a result there are now 6.7 million households in fuel poverty and many more grappling with soaring energy prices; further notes with alarm the possibility that a further 3 million households could slip into fuel poverty in April 2023, bringing the total number to the highest levels since records began; notes with concern that there has been a significant increase in the number of households being involuntarily moved onto prepayment meters and that Citizens Advice report a truly unprecedented number of people who can't afford to top up their prepayment energy meter; calls on the Government to introduce a social tariff into the energy market of the kind advocated by Fair By Design and National Energy Action, but which at a minimum must: be priced below the default tariff price cap, capped against significant increases, targeted at those most in need and reduce the energy costs of vulnerable consumers; and further calls for such a tariff to be additional to the Warm Home Discount and Default Tariff Price Cap, mandated across all suppliers to guarantee equality of access, and that all eligible consumers must be automatically enrolled onto the tariff using suppliers' existing customer data and/or via data-sharing with the Department of Work and Pensions and HMRC.

EDM 393 2022-23 | 21 September 2022

Prepayment meter energy customers and self-disconnection

That this House acknowledges the rising cost of energy for households; notes that prepayment meter customers pay more in standing charges and unit rates for energy; recognises that prepayment meter customers are not afforded the same rights when in energy debt as direct debit customers; understands that a prepayment meter customer can only get into limited amounts of debt, currently ten pounds, before self-disconnection is the only option available; acknowledges that self-disconnection could see the most vulnerable in our society left without heat, light and facilities to cook and wash over the coming winter; and strongly urges the Government to outlaw self-disconnection to ensure that the poorest and most vulnerable customers are not left without basic energy provision this winter.

EDM 101 2022-23 | 25 May 2022 [Effect of standing charges on vulnerable consumers](#)

That this House acknowledges the increase in the energy price cap, has seen household energy costs rising exponentially from 1 April 2022; notes the standing charges applied daily to consumers is also rising, by at least 80 per cent in most cases; understands that this charge is applied regardless of the amount of power used, meaning that consumers have no control over this aspect of their increasing energy bills; believes that much of the increase in standing charges is as a result of the failure of 30 energy suppliers in 2020, with the cost of guaranteeing customers' balances being added to the bills of all households; condemns the negligent policymaking and bad practice within the industry which has resulted in many energy suppliers going out of business; recognises that these increases will impact the poorest and most vulnerable the most, with prepayment customers facing the biggest increases; further notes the discriminatory regional variations in standing charges, with consumers in Scotland paying among the highest charges despite being an exporter of energy to the rest of the UK; and urges the UK Government to either cap or scrap these charges to ensure the poorest customers are not paying the most for the mistakes made in regulating the energy market.

6.2 Ten-Minute Rule Bills

(Standing Order 23) [Pre-payment Meters \(Self-disconnection\)](#)

Anne McLaughlin MP

HC Deb 23 November 2022 | Vol 723 c327-

(Standing Order 23) [Energy Costs \(Pre-payment Meters and Social Tariffs\)](#)

Kenny McAskill MP

HC Deb 19 October 2022 | Vol 720 c692-

6.3 Statement

Commons Statement followed by questions: [Energy Update](#)

HC Deb 5 September 2022 | Vol 719 c59-

6.4

PQs

[Energy: Meters](#)

Asked by: Winter, Beth

To ask the Secretary of State for Business, Energy and Industrial Strategy, what steps his Department is taking to help ensure that energy suppliers are (a) identifying and (b) supporting customers self-disconnecting from prepayment meters.

Answering member: Graham Stuart | Department: Department for Business, Energy and Industrial Strategy

The Government expects suppliers to take proactive steps to identify vulnerable consumers and offer them the necessary support. Under Ofgem's licence conditions, energy suppliers have an obligation to identify self-disconnecting and self-rationing Prepayment Meter customers proactively.

Ofgem's rules also require energy suppliers to agree repayment rates with a customer in arrears and to take into account a customer's ability to pay, when calculating repayment rates for Prepayment Meter customers in debt. Energy suppliers are also expected to provide extra support by making emergency and friendly-hours credit available to all Prepayment Meter customers.

HC Deb 30 November 2022 | PQ 93691

[Energy: Meters](#)

Asked by: Maskell, Rachael

To ask the Secretary of State for Business, Energy and Industrial Strategy, what steps he is taking to help ensure that people on an energy meter do not experience periods with no energy provision.

Answering member: Greg Hands | Department: Department for Business, Energy and Industrial Strategy

Ofgem has rules in place that require energy suppliers to provide extra support specifically for prepayment meter customers. These include an obligation on suppliers to make emergency and friendly-hours credit available to pre-payment meter customers. Where a supplier identifies that a prepayment customer is self-disconnecting or self-rationing their supply, they must offer additional support credit.

Consumers in financial distress should talk to their energy supplier, who will be able to discuss their personal circumstances and consider options to help, including reassessing, reducing or pausing payments. Ofgem requires all

suppliers to provide a free Priority Services Register service for vulnerable consumers offering a range of services on safety, access and communication.

HC Deb 23 May 2022 | PQ 3663

Fuel Direct Scheme

Asked by: Saville Roberts, Liz

To ask the Secretary of State for Work and Pensions, what steps her Department is taking to promote the Fuel Direct scheme as an alternative to energy prepayment for vulnerable customers who are at risk of self-disconnection.

Answering member: David Rutley | Department: Department for Work and Pensions

The Government's website, GOV.UK provides information about the option of paying towards energy bills directly out of a range of benefits if the claimant is in debt and is having difficulties budgeting for these costs, as well as advice on extra help with fuel bills for people in receipt of benefits.

DWP staff will discuss the option of Fuel Direct and third-party deductions with claimants and handle any applications they receive. The scheme is not intended to be an alternative to energy prepayment meters, which may be appropriate for the claimant depending on their circumstances.

In addition, Jobcentre staff have access to information on services and support available in their local area and will signpost claimants to national and local organisations who provide specialist debt and money management support.

HC Deb 26 April 2022 | PQ 154244

Energy: Meters

Asked by: Hendrick, Sir Mark

To ask the Secretary of State for Business, Energy and Industrial Strategy, whether his Department has made an assessment of the potential merits of providing support to users of prepayment energy meters who are unable to make prepayment.

Answering member: Greg Hands | Department: Department for Business, Energy and Industrial Strategy

Ofgem has rules in place that require energy suppliers to provide extra support for customers using prepayment meters. These include an obligation on suppliers to make emergency and friendly-hours credit available to all pre-payment meter customers. Where a supplier identifies that a prepayment customer is self-disconnecting or self-rationing their supply, they must also offer additional support credit. When assessing how a customer will repay any credit offered, suppliers must consider their ability to pay.

The Government is already taking action to support households with rising energy bills through a package of support worth £9.1 billion in 2022-23. This includes a £150 Council Tax rebate for bands A-D for properties in England, with funding provided to the Devolved Administrations for comparable provision, £144 million discretionary funding for local authorities and a £200 energy bill reduction from October 2022 to be recouped over 5 years from 2023. This support is available to customers with prepayment meters.

As announced in the Spring Statement, the Government continues to provide targeted cost of living support for households most in need. From April, an additional £500 million will be provided to help households with the cost of essentials, bringing total funding for this support to £1 billion. In England, £421 million will be provided to extend the existing Household Support Fund, whilst the devolved administrations will receive £79 million through the Barnett formula.

HC Deb 01 April 2022 | PQ 145815

[Energy: Disconnections](#)

Asked by: Hendrick, Sir Mark

To ask the Secretary of State for Business, Energy and Industrial Strategy, is his Department will take steps to ensure that energy and utility companies suspend disconnections of customers unable to afford payment of their bills.

Answering member: Greg Hands | Department: Department for Business, Energy and Industrial Strategy

The energy regulator Ofgem prohibits energy suppliers from disconnecting customers who are of pensionable age during the winter months (October to March). Ofgem takes all reasonable steps during winter to avoid disconnecting premises where the occupants include a person who has a disability or a chronic sickness or is a person of pensionable age.

Suppliers must not disconnect customers for unpaid charges unless they have offered a range of repayment options and have exhausted all available

means to recover a debt. In addition, suppliers are also required to identify and support pre-payment meter (PPM) customers at risk of self-rationing or self-disconnection through provision of emergency/friendly-hours credit and additional support credit.

HC Deb 31 March 2022 | PQ 145819

Energy: Disconnections

Asked by: MacAskill, Kenny

To ask the Secretary of State for Business, Energy and Industrial Strategy, whether his Department holds data on the number of households potentially self-disconnecting from power supplies through non-usage as a result of the cost of energy.

Answering member: Greg Hands | Department: Department for Business, Energy and Industrial Strategy

The Regulator Ofgem monitors prepayment meter customers' experiences with the energy market. Ofgem's most recent Consumer Engagement Survey, published in April 2021, suggested that 21% of prepayment meter customers households had temporarily been disconnected from their supply. This report is available online at: <https://www.ofgem.gov.uk/publications/consumer-survey-2020-update-consumer-engagement-energy>

The Price Cap continues to ensure that 22 million households, including the 4 million who use a pre-payment meter, pay a fair price for their energy.

In addition, Ofgem's new licence conditions rules protect Prepayment Meter customers at risk of self-disconnection and include requirements on suppliers to offer emergency and friendly-hours credit to all these customers and to offer additional support credit to customers in vulnerable circumstances.

HC Deb 01 March 2022 | PQ 126893

Energy Price Cap: Prepayment Meter Customers

Asked by: Yvonne Fovargue

People on prepayment meters will see their bills rise by £708, which is £46 more than for those who pay by direct debit. How will the Secretary of State ensure that people do not self-disconnect, leaving them without heat and means to cook? How will that be monitored? What thought has been given to private renters so that they do not lose out on the rebate due to the frequent tenancy changes in that sector?

Answered by: Kwasi Kwarteng | Department: Business, Energy and Industrial strategy

We are constantly engaging with Citizens Advice, Ofgem and a huge range of stakeholders about how to protect the most vulnerable consumers. The package announced by my right hon. Friend the Chancellor only a couple of weeks ago includes £350, which goes halfway towards addressing the increase that the hon. Member for Makerfield (Yvonne Fovargue) describes. The warm home discount is being extended from 2 million people to 3 million people, and the uplift will be to £150.

HC Deb 22 February 2022 | Vol 709 c165

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News items and blogs

Independent

23 November 2022

[MP: Stop disconnecting pre-payment meter customers who have run out of credit](#)

Guardian

25 October 2022

[Why rising use of prepayment meters could be 'disconnection by back door'](#)

Fuelbank Foundation

26 August 2022

[Prepayment meter customers facing "Winter of Disconnect"](#)

Politics Home

28 July 2022

[Energy Regulator Plans Help With Bills Through 'Increased Consumer Debt'](#)

FT [subscription]

10 June 2022

[Harrowing plight of Britain's prepayment energy users left sitting in the dark](#)

Guardian

15 May 2022

[Watchdog urged to step in as UK's poorest turn off energy supply](#)

Fuel Poverty Action blog

15 May 2022

[Heat and Light are Basic Rights: Energy Customers Need the Same Rights and Protections as Domestic Water Customers and We Need it Now](#)

Energy Live News

3 May 2022

[Prepayment customers 'self-disconnect' as energy bills soar](#)

Simply Switch

3 May 2022

[Record Numbers of Prepayment Energy Customers Self-Disconnecting, Citizens Advice Warns](#)

BBC News Online

29 April 2022

[Prepay energy customers disconnect over price rises](#)

Energy Economics

Vol 81 June 2019, Pages 273-286

[Addressing self-disconnection among prepayment energy consumers: A behavioural approach](#)

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Help and advice for customers

Ofgem has information for prepayment customers at: [Prepayment meters explained](#) Your rights on prepayment meters and if you are at risk of disconnection.

Citizens Advice has information on what suppliers can and cannot do regarding switching to pre-payment:

- [Stop your energy supplier moving you to prepayment](#)
- [Check the prepayment meter rules your supplier has to follow - Citizens Advice](#)
- [You can't afford to top up your prepayment meter](#)

There is separate advice for [customers in Northern Ireland](#).

General help with energy bills

Ofgem [Energy advice for households](#)

Citizens Advice:

- [What to do if you're struggling to pay your energy bills](#)
- [Grants and benefits to help you pay your energy bills](#)
- [Getting extra support from your energy supplier](#)
- [Make sure your home is energy efficient](#)

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Further reading

Library Research Briefings:

- [Constituency casework: Government support for energy bills](#) (November 2022)
- [Help with energy bills](#) (March 2019)
- [Help with energy efficiency, heating and renewable energy in homes](#) (July 2022)

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