

To interested parties

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## Update on Debt related cost levelisation

In our February 2024 Decision<sup>1</sup> we outlined our decision to introduce levelisation between Pre-Payment Meter (PPM) and Direct Debit (DD) payment types, which was implemented from April 2024. This equalises the PPM and DD standing charges of tariffs under the Price Cap ('cap').

In the decision, we also set out our intention to proceed with debt-related cost levelisation, subject to further consultation, taking into account developments and wider policy considerations. This would look to adjust a number of debt-related costs and share them more equally across Standard Credit (SC) and DD customers and be implemented no earlier than October 2024.

Following the UK General Election in July 2024, we are working closely with Government to understand its priorities going forward, and the potential implications for Ofgem's own priorities and workstreams. This includes considerations around options on debt which may be more effective than debt-related cost levelisation. As a result, we have decided to pause further development of levelisation of debt-related costs until there is further clarity on Government's priorities and potential alternative policy options for consideration. We will provide an update on our debt policies in the Autumn.

Yours faithfully

Dan Norton

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<sup>1</sup> [Changes to prepayment meter standing charges and other debt costs | Ofgem](#)