



Making a positive difference
for energy consumers

Email: CDconsultations@ofgem.gov.uk

Date: Tuesday 21 February 2023

Dear Stakeholders,

Prepayment meter rules and protections for domestic consumers: a call for evidence

Our role is to protect energy consumers. We are particularly concerned about the impact that currently high energy prices have on consumers in vulnerable situations. If they are put on prepayment meters (PPM) and self-disconnect or self-ration, it could cause them considerable harm. We have licence conditions and guidance which suppliers must follow to protect vulnerable consumers, and we will act to ensure those rules are followed.

Alongside our investigation of recent reports of poor supplier practice, we are also reviewing the licence and guidance to consider whether these should be changed to further protect consumers, particularly vulnerable consumers. This document sets out the issues and seeks stakeholder views.

This is a complex issue. We are aware that PPMs are preferred by many consumers for the control it gives them over their energy spending. They are an important tool for suppliers to minimise the level of debt - suppliers have a statutory right to recover unpaid energy bills, albeit whilst meeting their licence obligations to vulnerable consumers.¹ Without the option of PPM, unpaid energy bills would likely rise, with the costs to be recovered from customers who are paying their bills. This would include many other low income and vulnerable households also struggling with the cost of living. Further, alternative actions that could be taken by suppliers to limit the growth of debt, such as disconnection and debt collection enforcement, could cause more detriment to customers in vulnerable circumstances.

We want to see a market where no customers are put onto PPM if that is not safe for them, and where suppliers consistently protect their vulnerable customers. This includes suppliers

¹ Ofgem does not have the statutory powers to ban forced PPM installations or smart meter remote mode switches. Any change to this would be a matter for government.

reliably identifying any relevant vulnerabilities and having processes and practices for installation of (or switch to) PPM that are fair, clear and effective. Our intent is that our rules and guidance should provide a robust foundation for these outcomes.

We recognise that the root cause for most consumers who are struggling to pay their bills is affordability. We welcome the support that government has provided so far and are working collaboratively on potential options for the future, such as a social tariff.

How to respond

We are calling for views and evidence from all interested parties on the use of PPM, in particular on the licence conditions and guidance covering:

- Identification of vulnerabilities by suppliers;
- PPM Safe and Reasonably Practicable rules and guidance; and
- Processes in place for installing or switching customers to PPM.

These are covered by questions 1-10. Please send your response to CDconsultations@ofgem.gov.uk by Tuesday 7 March 2023.

We are also asking for views on further measures that could reduce the need for PPMs to be installed, such as load limiting (which would enable suppliers to limit debt without resorting to forced installation of PPM), or improve the PPM experience for customers, such as measures to encourage the use of smart PPM over traditional PPM. We are open to other suggestions. **These are covered by questions 11-14. Please send your response to the same email address by Tuesday 14 March 2023.**

In parallel to this Call for Evidence, we are engaging industry participants and key consumer groups directly with a series of meetings to explore in depth the issues set out in this document.

We will consider all the evidence we receive and publish our initial findings and proposed way forward in late March. We look forward to hearing from you.

Maureen Paul
Deputy Director of Retail Market Policy

Contents

This document covers the following:

- Introduction;
- Principles-based regulation;
- Suppliers' obligations on PPM; and
- Further actions that could be taken to support PPM consumers.

Introduction

Whilst PPMs can be useful to both suppliers and their customers, suppliers have important obligations to follow in how and when they move customers to PPM, including in respect of how they recover debt. These obligations are part of the supply licence and are there to protect customers, especially those who are vulnerable. The rules are principles-based, which allow for suppliers to consider the situation of each individual customer and to make sure the best outcome is achieved for them. This is accompanied by some more prescriptive guidance (described below). And last year we reiterated our expectations of suppliers in our [regulatory expectations letter](#), [good practice document](#) on supporting consumers in payment difficulty and a [letter on PPM remote switching](#).

However, we remain concerned about reports of poor supplier practices, for example, consumers in vulnerable circumstances being moved onto PPM where it would not be considered safe and reasonably practicable. We are taking immediate action to address these risks, including conducting a Market Compliance Review focused on PPM installations and associated customer experiences.^{2 3 4}

This call for evidence is being issued in line with our Public Sector Equality Duty and our duty to have regard to the interests of vulnerable consumers.⁵ We recognise that many consumers on PPM may be in vulnerable circumstances and will include customers with protected characteristics. We will be engaging directly with groups who champion consumers to ensure any proposals are balanced in regard to our duties.

Principles-based regulation

In 2015, we moved towards a principles-based approach to regulating the retail energy market. We introduced Standards of Conduct, including a requirement for suppliers to treat

² [British Gas - PPM Installation Investigation | Ofgem](#)

³ [British Gas - PPM Installations - Provisional Order | Ofgem](#)

⁴ [Letter to suppliers on the treatment of domestic customers during pre-payment meter installations | Ofgem](#)

⁵ See Annex 3

customers, specifically including vulnerable customers, fairly. We considered this approach would allow us to better protect consumers from existing and emerging risks and encourage suppliers to put the consumer's interests at the heart of their businesses. At the same time, we considered it would promote competition and innovation, while continuing to offer effective consumer protections.⁶

However, we recognised the need to retain some prescription in the rules. This is the case for PPM, in which we expect suppliers to comply with the Standards of Conduct but also with specific rules on ability to pay and PPM installation.⁷

Given the concerns we have about the way the PPM market is working, and how consumers in vulnerable circumstances are treated in the market, we are keen to revisit this debate as part of our work on PPM rules and guidance. We are asking stakeholders to consider if the current hybrid approach combining overarching principles (eg, "treat customers fairly") and prescriptive rules is the right balance for the issues around installation of PPMs.

Question 1: Does Ofgem have the right balance between principles-based regulation (Standards of Conduct and Vulnerability Principle) and prescriptive rules (SLCs, guidance) to guide suppliers when installing or remote switching to PPMs? Please explain.

Suppliers' obligations on PPM

Included below is a description of the key obligations suppliers have when dealing with consumers who may need to move to PPM.

Definition of a vulnerable situation

We define a vulnerable situation as: "the personal circumstances and characteristics of each Domestic Customer create a situation where he or she is:

- (a) significantly less able than a typical Domestic Customer to protect or represent his or her interests; and/or
- (b) significantly more likely than a typical Domestic Customer to suffer detriment or that detriment is likely to be more substantial."⁸

⁶ [The future of retail market regulation – Update on the way forward | Ofgem](#)

⁷ Customers in payment difficulty SLC 27.5-27.8

⁸ SLC 0.9

The overarching Standards of Conduct and Vulnerability Principle

Standard Licence Condition (SLC) 0 contains enforceable overarching principles, known as the Standards of Conduct, that suppliers must treat all domestic consumers fairly and that suppliers need to make extra effort to identify and respond to the needs of their consumers in vulnerable situations. These obligations include how a supplier behaves and that they must seek to identify each customer in a vulnerable situation in a manner that is effective and appropriate and has regard to their interests. Suppliers must behave and carry out any actions in a fair, honest, transparent, appropriate, and professional manner; and must apply the Standards of Conduct in a manner which takes into account any vulnerable situation a customer is in. This overarching principle is a significant enforcement obligation in its own right, and also designed to work alongside the more specific obligations in the licence, such as installation of or switch to PPM modes.

Suppliers are expected to have regard to guidance issued in their interpretation and application of SLC0.

Guidance on the key terms in the Standards of Conduct, in particular the term 'appropriate', sets out that an "example of when a supplier may be insensitive to a consumer's circumstances when they are in a vulnerable position may include scenarios where a consumer is in financial difficulty, are suffering from stress and/or are in debt. An example of inappropriate behaviour in this scenario would involve the supplier's customer service representative adopting an aggressive/rude tone when speaking to a consumer on the phone." ⁹

Circumstances in which a PPM can be installed

SLCs 27 and 28 stipulate PPMs should only be used where it is "safe and reasonably practicable" in all the circumstances of the case. PPMs should not be installed or remotely switched without carrying out appropriate assessments, including identifying any relevant vulnerability.

Guidance on the interpretation of "safe and reasonably practicable" for the purpose of this SLC was updated in 2016 and can be found [here](#). It sets out that the guidance should be applied where the supplier wishes to switch a customer to PPM and, recognising the customer circumstances can change, when the supplier becomes aware that it is no longer safe and reasonably practicable for an existing PPM customer to remain on PPM.

⁹ [final decision - standards of conduct for suppliers in the retail energy market.pdf \(ofgem.gov.uk\)](#)

Generally, the guidance covers circumstances surrounding any **mental or physical disability** that may prevent a customer being able to appropriately use a PPM, including the **location of the meter**; if a customer has **need for continuous supply for health reasons** such as for medical equipment, **advice received by the Health and Safety Executive (HSE)**; and **ability to top up a smart meter** such as technical ability and ability to travel to a shop for top up. The guidance also requires the supplier to monitor usage in order to identify instances of **self-disconnection** and check if the use of PPM remains safe and reasonably practicable for the customer and, if not, make alternative arrangements.

Recognising the complexity and diversity of individual circumstances, suppliers are expected to assess each individual case. The safe and reasonably practicable guidance in its current form is not intended to be exhaustive, nor does it imply that these steps must be taken in each and every case, and it is ultimately for suppliers to determine the steps they need to take to meet their supply licence conditions. Is there a case for expanding the examples of circumstances in which forced installations of PPMs is not acceptable?

The current period of record gas and electricity prices, risks making energy bills unaffordable for millions of households. Ofgem has historically focused protections from PPM conversion on customers with vulnerabilities that would make self-disconnection unsafe or impracticable, as set out above. We have not considered financial vulnerabilities within this category. We recognise that record energy prices have changed the context, but broadening PPM protections to financially vulnerable customers would have other impacts, for example increasing the level of unpaid energy bills to be recovered from other billpayers. And it is not clear that suppliers have the information available to assess financial vulnerability effectively. We welcome views on the merits of including financial vulnerability when assessing “safe and reasonably practicable”.

Question 2: Should there be prescriptive processes and questions suppliers must seek to answer before progressing to PPM in the debt journey? Should this be set by Ofgem?

Question 3: SLCs 27 and 28 require suppliers to only install PPM if safe and reasonably practicable and Ofgem published updated guidance on it in 2016. In your view is the term “safe and reasonably practicable” still sufficient or should this be changed?

Question 4: Should we expand the list of vulnerable characteristics for which customers should never have PPM force-fitted or (if on a smart meter) forced-remote switched? If so, what additional characteristics should we include in our guidance, and why?

Question 5: Should we require suppliers to assess financial vulnerability when assessing whether a PPM is safe and reasonably practicable? Please explain.

Question 6: Should the licence or guidance clearly state that installation of PPM under warrant is a 'last resort'?

Rules around disconnection

SLC 27.10 sets out that suppliers must not disconnect a household for debt in winter if the supplier knows or has reason to believe that the customer is of Pensionable Age and lives alone, or lives only with persons who are of Pensionable Age or under the age of 18. SLC 27.11 also sets out that suppliers must take all reasonable steps to avoid disconnecting a household for debt in winter if the occupants include a person who is of Pensionable Age, disabled or chronically sick.

Question 7: Our disconnection rules stress specific characteristics to be considered ahead of disconnection. Are these characteristics sufficient to account for the vulnerable circumstances being seen today?

Installation of PPM under warrant

SLC 28B was introduced to protect consumers from forced PPM installations. This includes, for example, introducing and extending a universal cap on charges in relation to PPM installed under warrant and prohibitions on the use of, or ability to charge, any costs for warrants in relation to consumers in certain vulnerable situations. It also includes a proportionality principle covering all supplier costs and actions when recovering debt, including the use of a warrant to install a PPM. For people for whom the experience would be severely traumatic due to an existing vulnerability relating to mental or psychological state, we have banned installations entirely (SLC28B.1).

Protections for remote switching

There is no equivalent to the SLC 28B.1 protections for those who are subject to remote switching. SLC 23.8A includes rules about supplier powers to change payment methods. This includes the requirement that suppliers must provide notice of at least 7 working days in advance of the change to the prepay method on the smart meter.

Question 8: Do you consider that the rules for legacy and smart prepayment are appropriately aligned to ensure sufficient and equivalent protection, no matter the meter type? If not, what changes should be made?

Arrangements for site access

SLC 13 specifies that a supplier must take all reasonable steps to ensure that representatives visiting a household on its behalf have the appropriate skills to perform their function, can be identified as a representative of the supplier and are deemed to be a **fit and proper person** to visit and enter a household.

Question 9: Suppliers are responsible for the acts of their contractors and their compliance with relevant licence conditions, but should we consider specific guidance for suppliers on how they manage third parties involved in the installation of PPMs?

Question 10: Are there any other proposals you have that would support PPM customers? Please explain the proposal and provide evidence if available.

Further actions that could be taken to support PPM customers

Whilst we are primarily considering changes that could be made to existing rules, we are also open to consideration of introduction of new obligations that may help support consumers with PPM. Below we have set out some possibilities and welcome stakeholder views on them, and other options.

Load Limiting

Also referred to as trickle charging, load limiting is where the supplier can set a customer's smart meter to limit the amount of energy that can be drawn.

The benefit of load limiting is that instead of complete self-disconnection once a consumer has run out of credit (and any other emergency support provided), limited electricity service remains, for example, keeping the lights on and the fridge running. Once a customer has exceeded the maximum amount of energy that can be drawn, the meter would disable. It limits the accumulation of debt, whilst preserving a basic level of electricity provision.

We previously reviewed load limiting in 2012 and decided not to trial or introduce load limiting into the domestic sector due to the functionality exposing consumers to 'disconnection by the back door' and lack of supplier development of plans or intent to utilise the functionality at all.¹⁰ Our latest (initial) assessment suggests that load limiting is only practical for electricity, and only SMETS 2 smart meters have the full capability for load limiting, SMETS 1 meters have limited capability. Even if feasible in GB, it would not be suitable in all cases. For example, it is not clear whether load limiting would leave sufficient electricity to ensure continuous supply for medical equipment.

Question 11: Should we explore load limiting?

- a) What are your views on load limiting as an alternative to disconnection or self-disconnection? Would you support the introduction of load limiting?
- b) Have you completed any work that considers this option? What are your views on the technical feasibility? Where possible, please include information on any testing and assurance completed to date and IT/DCC adapter support capability.

Traditional/legacy vs smart PPM installs

We believe that smart meter PPMs offer several significant advantages over traditional/legacy PPM installations: for customers, easier top up, clearer notifications when credit is running low, and easier access to emergency support; for suppliers, they allow remote monitoring of self-disconnection, enabling suppliers to provide faster support and emergency credit if needed. In addition, smart meters can be remotely switched to PPM mode which both reduces the costs for suppliers, but also the disturbance to the customer of someone accessing their home under warrant; and can easily be switched back out of PPM mode if it is no longer safe and practicable for the consumer, or at customer request if there is no debt.

In winter 2021, via Energy UK, we agreed four key commitments with suppliers on actions they would take to support consumers, over and above that expected of them in licence obligations and existing vulnerability commitments. This was agreed to as signatories of Energy UK's Vulnerability Commitment, in winter 2021/22.¹¹ This included taking all reasonable steps to ensure that PPM customers are able to receive smart meters as soon as practicable, particularly those at risk of off-supply situations.

¹⁰ [Review of developments with the use of load limiting functionality \(ofgem.gov.uk\)](https://www.ofgem.gov.uk/review-of-developments-with-the-use-of-load-limiting-functionality)

¹¹ [PowerPoint Presentation \(energy-uk.org.uk\)](https://www.energy-uk.org.uk/powerpoint-presentation)

We have obligations on suppliers that require smart PPM to be installed over traditional PPM where possible. The New and Replacement Obligation (NRO) requires them to take all reasonable steps to install a compliant smart meter (ie a SMETS 2 meter) wherever a meter is replaced or where a meter is installed for the first time (eg in new premises).¹² But, with 56,600 traditional gas and 39,600 traditional electricity PPM meters being installed in 2022 by large suppliers alone, it may be that more could be done to ensure smart meters are the default for PPM installations.

Suppliers also have smart meter rollout targets which are set by the Department for Energy Security and Net Zero (DESNZ) and are currently under consultation.¹³ We continue to work closely with government to drive the roll out of smart meters, in particular for customers on traditional PPM for whom smart meters would be of most benefit.

Question 12: Please provide any suggestions for actions that Ofgem can take to further drive the PPM smart meter roll out. Please consider all possible options, including, for example, restrictions on warrant costs recovery for traditional PPM installations

PPM tariff levels

The price cap tariff for the average dual fuel energy PPM customer is currently higher than for those paying by direct debit (although the PPM tariff is significantly lower than those paying by 'standard credit' - quarterly bills paid on receipt of bill). Ofgem sets price cap levels to reflect the costs incurred by efficient suppliers in providing energy to their customers, with costs varying by region and by payment type.

The calculations are complex and the balance between different payment types changes over time, but currently standing charges and gas unit costs are higher for PPM customers than for those on direct debit, whilst electricity unit costs are lower for PPM customers, due largely to higher costs of bad debt for those on direct debit. The net effect is higher costs for most PPM customers.

Ofgem recognises the negative distributional impacts of higher PPM tariffs, given the relatively high share of PPM customers that are low income and/or vulnerable, and we are investigating options to reduce or eliminate the cost gap. Any solution must enable suppliers to recover their efficient costs - simply cutting the PPM price cap level without

¹² Electricity Supply Licence SLC 39.7 & Gas Supply Licence SLC 33.7 [Smart Meter Rollout: Open letter on Energy Suppliers' Delivery of the Rollout and Regulatory Obligations \(ofgem.gov.uk\)](#)

¹³ [Smart Meter Targets Framework: minimum installation requirements for Year 3 \(2024\) and Year 4 \(2025\) - GOV.UK \(www.gov.uk\)](#)

reducing (or compensating for) the underlying costs of providing that energy would make PPM customers unviable for suppliers to serve.

Question 13: Should Ofgem try to reduce / eliminate the gap between PPM and direct debit tariffs, recognising that this is likely to result in non-PPM tariffs rising slightly? What would be the best way to achieve this, whilst ensuring that suppliers can recover their costs of serving PPM customers?

Prepayment Metering Interface Device (PPMid)

PPMids are interface devices that act as a two-way version of an in-home display (IHD). In addition to providing the benefits of displaying key information to the customer such as consumption and credit levels, customers can also use the device to activate emergency credit, and manually enter top up codes if there is an error with the smart meter, such as, a communication error between the meter and device.¹⁴

PPMids are not obligated as currently standard provision for PPM customers, or when a customer has a PPM installed under warrant or switched remotely, as they are more expensive and complicated to install than IHDs. However, they can bring benefits to consumers, such as providing an accessible device if the meter is in an inaccessible position and for consumers to have easier control in situations when communication is interrupted.

Question 14: Should we consider introducing a requirement for suppliers to provide PPMids to consumers? Should this be universal or provided in select circumstances? How might the costs be recovered?

¹⁴ Unique transaction reference numbers (UTRNs) are provided on receipt of top ups

ANNEX 1 - Questions to guide evidence gathering

Please provide answers to the questions below and provide any other comments that may be relevant to PPM processes and rules. In all cases, please provide as much detail as possible to support your input.

Area of focus	Questions
<p>SLC 0</p> <ul style="list-style-type: none"> - Identification of vulnerabilities - Registering vulnerabilities - Customer service 	<p>Q1: Does Ofgem have the right balance between principles-based regulation (Standards of Conduct and Vulnerability Principle) and prescriptive rules (SLCs, guidance) to guide suppliers when installing or remote switching to prepayment meters? Please explain.</p> <p>Q2: Should there be prescriptive processes and questions suppliers must seek to answer before progressing to PPM in the debt journey? Should this be set by Ofgem?</p>
<p>Safe and reasonably practicable</p> <ul style="list-style-type: none"> - Processes - Ensuring all vulnerable circumstances are considered 	<p>Q3: SLCs 27 and 28 require suppliers to only install PPM if safe and reasonably practicable and Ofgem published updated guidance on it in 2016. In your view is the term "safe and reasonably practicable" still sufficient or should this be changed?</p> <p>Q4: Should we expand the list of vulnerable characteristics for which customers should never have PPM force-fitted or (if on a smart meter) forced-remote switched? If so, what additional characteristics should we include in our guidance, and why?</p>
<p>Disconnections/Installations</p> <ul style="list-style-type: none"> - Disconnection rules - PPM installs under warrant - Remote switching from credit – PPM 	<p>Q5: Should we require suppliers to assess <u>financial</u> vulnerability when assessing whether a PPM is safe and reasonably practicable? Please explain.</p> <p>Q6: Should the licence or guidance more clearly clarify that installation of PPM under warrant is a 'last resort'?</p> <p>Q7: Our disconnection rules stress specific characteristics to be considered ahead of disconnection. Are these characteristics sufficient to account for the vulnerable circumstances being seen today?</p>
<p>Smart</p>	<p>Q8: Do you consider that the rules for legacy and smart prepayment are appropriately aligned to ensure sufficient and equivalent protection, no matter the meter type? If not, what changes should be made?</p> <p>Q9: Suppliers are responsible for the acts of their contractors and their compliance with relevant licence conditions, but should we consider specific</p>

Area of focus	Questions
	<p>guidance for suppliers on how they manage third parties involved in the installation of PPMs?</p> <p>Q10: Are there any other proposals you have that would support PPM customers? Please explain the proposal and provide evidence if available.</p>
Other	<p>Q11: Should we explore load limiting?</p> <ul style="list-style-type: none"> - a) What are your views on load limiting as an alternative to disconnection or self-disconnection? Would you support the introduction of load limiting? - b) Have you completed any work that considers this option? What are your views on the technical feasibility? Where possible, please include information on any testing and assurance completed to date and IT/DCC adapter support capability. <p>Q12: Please provide any suggestions for actions that Ofgem can take to further drive the PPM smart meter roll out. Please consider all possible options, including, for example, restrictions on warrant costs recovery for traditional PPM installations</p> <p>Q13: Should Ofgem try to reduce / eliminate the gap between PPM and direct debit tariffs, recognising that this is likely to result in non-PPM tariffs rising slightly? What would be the best way to achieve this, whilst ensuring that suppliers can recover their costs of serving PPM customers?</p> <p>Q14: Should we consider introducing a requirement for suppliers to provide PPMids to consumers? Should this be universal or provided in select circumstances? How might the costs be recovered?</p>

ANNEX 2 - Text of key licence conditions

SLC 0 Standards of Conduct

“The objective of this condition is for the licensee and any Representative to ensure that each Domestic Customer, including each Domestic Customer in a Vulnerable Situation, is treated Fairly (“the Customer Objective”).”

“The Standards of Conduct are that the licensee and any Representative:

- a) behave and carry out any actions in a Fair, honest, transparent, appropriate and professional manner...
- b) in relation to Domestic Customers in Vulnerable situations:
 - i. seek to identify each Domestic Customer in a Vulnerable Situation, in a manner which is effective and appropriate, having regard to the interests of the Domestic Customer; and
 - ii. when applying the Standards of Conduct in paragraphs (a) to (c) above, do so in a manner which takes into account any Vulnerable Situation of each Domestic Customer identified in accordance with (d)(i) above or otherwise.”

SLC 27.1

“Where the licensee offers to supply electricity to a Domestic Customer under a Domestic Supply Contract under paragraph 2 of standard condition 22 (Duty to offer and supply under Domestic Supply Contract), it must offer the customer a wide choice of payment methods for paying Charges and those methods must include (in each case, for the duration of the contract):

- (a) payment by cash...
- (b) payment in advance through a Prepayment Meter.”

SLC 27.5-27.6

“the licensee must offer each of the services set out in paragraph 27.6 when it becomes aware or has reason to believe that a Domestic Customer is having or will have difficulty paying all or part of the Charges...

The services referred to in paragraph 27.5 are:

- (a) the facility for a Domestic Customer to pay Charges:
 - (i) by using, where available, a means by which payments may be deducted at source from a social security benefit received by that customer;
 - (ii) by regular instalments calculated in accordance with paragraph 27.8 and paid through a means other than a Prepayment Meter; and

- (iii) by using a Prepayment Meter, where it is safe and reasonably practicable in all the circumstances of the case for the Domestic Customer to do so...”

SLC 27.8

“The licensee must take all reasonable steps to ascertain the Domestic Customer’s ability to pay and must take this into account when calculating instalments, giving due consideration to:

- (a) relevant information provided by third parties, where it is available to the licensee;
and
- (b) where instalments will be paid using a Prepayment Meter, the value of all of the charges that are to be recovered through that meter.”

SLC 27.8A

“For the purposes of ascertaining a Domestic Customer’s ability to pay as set out in paragraph 27.8, “the licensee must give due consideration to:

- (a) Having appropriate credit management policies and guidelines, which includes:
 - (i) Allowing for customers to be dealt with on a case-by-case basis; and
 - (ii) Linking staff incentives to successful customer outcomes not the value of repayment rates.
- (b) Making proactive contact with customers, which includes:
 - (i) Making early contact to identify whether a customer is in payment difficulty;
 - (ii) Regularly reviewing methods of proactive contact to ensure they meet the needs of customers;
 - (iii) Using every contact as an opportunity to gain more information about the customer’s ability to pay when the licensee becomes aware or has reason to believe the customer is having or will have payment difficulty; and
 - (iv) Making customers aware of debt advice services when they raise concerns about their ongoing ability to pay, in accordance with Supply Licence Condition 31G.
- (c) Understanding individual customers’ ability to pay, which includes:
 - (i) Providing clear guidance and training for staff on how to elicit information on ability to pay and monitoring the effectiveness of this;
 - (ii) Providing appropriate channels for customers to quickly and easily raise concerns and facilitating conversations around customers’ ability to pay when requested;
 - (iii) Making full use of all available information; and
 - (iv) Proactively exploring payment amounts and payment methods which are appropriate to the individual circumstances of each customer; this includes

debt repayment schemes such as those by which payments may be deducted at source from a social security benefit received by that customer.

(d) Setting repayment rates based on ability to pay, which includes:

- (i) Ensuring all available information is obtained and taken into account, including the customer's circumstances identified on a warrant or site visit or when installing a prepayment meter on a warrant;
- (ii) Only setting default amounts when there is insufficient information to ascertain the customer's ability to pay and where default amounts are set, it should be made clear that the repayment rate may change based on information about the customer's ability to pay. In any event the levels of any default repayment rate should be reasonable; and
- (iii) Not insisting on substantial upfront payments before reconnection.

(e) Ensuring the customer understands the arrangement, which includes:

- (i) Clear communication with the customer which allows them to understand how much they are regularly repaying; how the repayment will be deducted; when the debt will be repaid; and what to do if they experience difficulties during the arrangement; and
- (ii) For prepayment meter customers repaying debt by a weekly amount explaining that debt will be recovered regardless of usage.

(f) Monitoring of arrangements after they have been set up, which includes:

- (i) Individual arrangements must be monitored:
 - for credit meter customers to check for the occurrence of failed repayment arrangements;
 - and for prepayment meter customers to check whether the meter is being used initially and on an ongoing basis;
- (ii) Monitoring of the approach taken by staff when agreeing repayment rates, using call listening and other techniques, to encourage a consistent and appropriate approach;
- (iii) Monitoring of failed repayment arrangements to understand whether inappropriate rates are being set
- (iv) Monitoring of overall repayment rates and recovery periods to understand trends.

(g) Re-engaging with the customer after an initial occurrence of a failed repayment arrangement, which includes: engaging with the customer in a timely manner to discuss the repayment plan, including whether a different repayment plan or repayment method would be more suitable."

SLC 27.9

“The licensee must not Disconnect a Domestic Premises at which the Domestic Customer has not paid Charges unless it has first taken all reasonable steps to recover those charges by means of the service referred to in sub-paragraph 27.6(a)(iii) [paying Charges by Prepayment Meter].”

SLC 27A

“27A.1 Where a Domestic Customer uses a Prepayment Meter the licensee must:

- (a) take all reasonable steps to identify on an ongoing and continuous basis, whether that Domestic Customer is Self-Disconnecting; and
- (b) if the licensee identifies that the Domestic Customer is Self-Disconnecting, offer that Domestic Customer appropriate support in accordance with this condition, SLC 27A, SLC 27.8 and all other obligations relating to Prepayment Meter customers, and in deciding what is appropriate support for that Domestic Customer, take into account whether they are in a Vulnerable Situation, as appropriate.”

27A.2

“Where a Domestic Customer uses a Prepayment Meter the licensee must offer Emergency Credit and Friendly-hours Credit to that Domestic Customer, unless it is technically unfeasible and/or outside of the control of the licensee to offer those credit facilities to that Domestic Customer.”

27A.3

“Where it is technically unfeasible and/or outside of the control of the licensee to offer Emergency Credit and Friendly-hours Credit to the Domestic Customer, the licensee must take all reasonable steps to provide that Customer alternative short-term support in a timely manner.”

27A.4

“Where paragraph 27A.2 applies, if the licensee becomes aware or has reason to believe that a Domestic Customer is having or will have difficulty paying all or part of the Charges, the licensee must adhere to SLC 27.8 when calculating instalments for the Domestic Customer to repay the total amount of Emergency and/or Friendly-hours Credit provided.”

27A.5

“Subject to paragraph 27A.7, on each and every occasion on which a licensee identifies that a Domestic Customer who uses a Prepayment Meter and who is in a Vulnerable Situation has Self-Disconnected or is Self-Disconnecting and/or the licensee becomes aware or has reason to believe that a Domestic Customer who uses a Prepayment Meter and who is in a Vulnerable Situation has Self-Rationed or is Self-Rationing, the licensee must offer

Additional Support Credit to that Domestic Customer in a timely manner in addition to the support offered in paragraph 27A.2.”

27A.6

“Where paragraph 27A.5 applies, on each occasion on which the licensee offers Additional Support Credit, the licensee must assess the sum of Additional Support Credit it offers to the Domestic Customer and calculate the instalments for the Domestic Customer to repay the Additional Support Credit it offers to the Domestic Customer in accordance with SLC 27.”

27A.7

“Should the licensee, acting reasonably and having fully considered and complied with its obligation in paragraph 27A.5 and 27.A6 (apart from actually offering the Domestic Customer Additional Support Credit), determine that the provision of Additional Support Credit to the Domestic Customer is not in the best interest of the Domestic Customer the licensee shall not be obliged to provide Additional Support Credit under SLC27A.5 to that Domestic Customer on that occasion, however, the licensee must provide alternative appropriate support to that Domestic Customer in accordance with SLC 0 and SLC 31G.2.”

SLC 28.1A

“Where a Domestic Customer uses a Prepayment Meter and the licensee becomes aware or has reason to believe that it is no longer safe and reasonably practicable in all the circumstances of the case for the Domestic Customer to do so, the licensee must offer:

- (a) to alter the position of, or replace with one which has been specially adapted, the Prepayment Meter installed in the Domestic Premises, either in accordance with its obligations under Schedule 6 (Electricity Code) or otherwise, if it would make it safe and reasonably practicable in all the circumstances of the case, for the Domestic Customer to continue to use the Prepayment Meter;
- (b) to make such other arrangements as are necessary to ensure that it would be safe and reasonably practicable in all the circumstances of the case, for the Domestic Customer to continue to use the Prepayment Meter; or
- (c) a facility for the Domestic Customer to pay Charges through a means other than a prepayment meter, including, where condition 27.5 applies, the services referred to in condition 27.6(a)(i) and (ii).”

(NB: Additional [guidance](#) has been issued to suppliers on the meaning of “safe and reasonably practicable in all the circumstances of the case”)

SLC 28B.1

“The licensee must not exercise a Relevant Warrant (or otherwise exercise a statutory power which would give rise to the grounds for obtaining a Relevant Warrant) in respect of a Domestic Customer’s premises where such action would be severely traumatic to that Domestic Customer due to an existing vulnerability which relates to their mental capacity and/or psychological state and would be made significantly worse by the experience.”

28B.2

“The licensee must not charge a Domestic Customer in respect of any costs associated with a Relevant Warrant where:

- (a) that Domestic Customer has a vulnerability which has significantly impaired their ability to engage with the licensee or a Representative in relation to the recovery of a Relevant Payment; or
- (b) that Domestic Customer has a severe financial vulnerability which would be made worse by charging them any costs associated with a Relevant Warrant.”

28B.3

“Subject to 28B.3A, where the licensee or any Affiliated Licensee obtains and/or exercises one or more Relevant Warrants in respect of particular Domestic Premises of a particular Domestic Customer, the total amount of charges they recover (or seek to recover) at any time from the same Domestic Customer in relation to any costs associated with those Relevant Warrants and incurred within the Specified Period, must not exceed the Specified Amount [£150] (and, for the avoidance of doubt, no additional costs that were incurred within the Specified Period may be recovered during any other period of time).”

28B.4

“The licensee must only exercise a Relevant Warrant where such action would be proportionate in the context of the amount of the Outstanding Charges.”

28B.5.

“In relation to the recovery of Outstanding Charges, Other Outstanding Charges or any other debt (‘the charges’) from a Domestic Customer, the licensee must ensure that:

- (a) any action it or a Representative takes (including, but not limited to, the exercise of statutory powers); and
- (b) the costs which they seek to recover from that Domestic Customer as a result, are proportionate in the context of the amount of the charges.”

13.

“The licensee must take all reasonable steps to ensure that each Representative who visits a Customer’s premises on the licensee’s behalf:

- (a) possesses the skills necessary to perform the required function;
- (b) can be readily identified as a Representative of the licensee by a member of the public;
- (c) uses any password that the licensee has agreed with the Customer;
- (d) is a fit and proper person to visit and enter the Customer's premises; and
- (e) is able to inform the Customer, on request, of a contact point for any help and advice that he may require in relation to the supply of electricity."

ANNEX 3 – Ofgem’s Duties

Our principal objective in carrying out our functions is to protect the interests of existing and future electricity and gas consumers.

Ofgem’s primary duty towards consumers in vulnerable situations (our vulnerability duty) derives primarily from our principal objective, which is contained in the Gas Act 1986 and the Electricity Act 1989 (the Acts). How we interpret and apply our vulnerability duty is also informed by other sources, such as the Equality Act 2010 and human rights law.

The Public Sector Equality Duty (PSED) contained in the Equality Act 2010 requires Ofgem to have due regard in the exercise of its functions to the need to

- (i) eliminate discrimination, harassment and victimisation;
- (ii) advance equality of opportunity; and
- (iii) foster good relations between persons who share a relevant protected characteristic and persons who do not.

Protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

ANNEX 4 - Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the UK General Data Protection Regulation (UK GDPR).¹⁵

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the UK GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

Your personal information is never shared with anyone outside of Ofgem.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for as long as an audit trail on decision-making relating to the questions discussed in this document should reasonable be available.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data

¹⁵ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR), as retained in domestic law following the UK's withdrawal from the European Union (UK GDPR)

- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making

9. Your personal data will be stored in a secure government IT system

10. More information For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".