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Dear Jemma,

Good Energy's response to the consultation on a framework for consumer standards and policy options to address priority customer service issues

Thank you for the invitation to respond to this consultation. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. Good Energy is working towards a renewable future, helping to support technologies including wind, solar, biofuel and tidal. Our purpose is to power the choice of a cleaner, greener future together.

Summary

- **Good Energy welcomes the opportunity to engage with Ofgem on solutions to address priority issues for this winter, as well as a longer-term consumer standards framework.**
- **Before significant regulatory change is brought in, a more conclusive evidence base is required to both articulate the problems Ofgem is trying to solve and the justification that these proposals are the correct solutions.**
- **Some of the proposals for this winter present significant material costs to suppliers. Ofgem needs to consider the disproportional impact this will have on smaller suppliers from a cost & implementation perspective.**
- **Extended opening hours risks placing large operational and cost burdens onto suppliers. Ofgem should re-direct the focus to working proactively with suppliers on areas to improve contact ease during existing opening hours.**
- **Before further prescriptive proposals are brought in for customers who are struggling with their bills, Ofgem should appropriately consider the wider affordability crisis and the impact these new rules could have on an already heavily debt-burdened retail market.**
- **Transitioning the PPM code of practice into licence is a move we broadly welcome, subject to earlier clarification questions being resolved.**
- **As part of a longer-term consumer standards framework, Ofgem should reflect again on the implications of applying incentives from regulated monopolies to a competitive retail market.**





Priority issues for this winter

The energy retail market has navigated multiple crises over the last few years, first through the COVID-19 pandemic and then the energy crisis. We are supportive and welcome the opportunity to work constructively with Ofgem on the proposals for exploring what further protections can be put in place for vulnerable consumers this winter.

Evidence base

We will address the specific proposals in turn; however, it is worth first reflecting on our concerns with the limited evidence base, as this is a common theme underpinning the proposed solutions to the priority issues for this winter.

From the consultation documentation, it is not clear what evidence base Ofgem is using – specifically in reference to the assertion that customer service had been declining before the COVID-19 pandemic and energy crisis.

The multiple crises the energy market has witnessed have created unprecedented challenges in the market, and therefore a considerable challenge for customer service teams. At the same time, suppliers have been working at pace to deliver the various government support schemes.

Whilst we agree customer service should be a priority for all suppliers and for Ofgem, some of the initial proposals presented as part of this package highlight some concerns. We believe it is in all stakeholders' interests for Ofgem to provide a more conclusive evidence base. Proceeding with significant regulatory change without having fully presented the evidence that customer service has (a) declined even when having accounted for the challenges presented by the COVID-19 pandemic and the energy crisis, and (b) that these proposals will deliver the desired effect could lead to unintended consequences for the retail market.

Implementation and costs

The changes proposed for winter 23/24 will cause material costs to suppliers.

Whilst not immediately clear at this stage of the consultation process, it is our assumption that the price cap will have to be adjusted to reflect increased potential costs. We consider that a cost-benefit analysis of these proposals should be published first, so all stakeholders have a transparent view of the net-benefits to consumers.

Whilst we understand the intent for changes to be brought in as soon as possible for this winter, we believe that it is in the consumers best interest that some of these specific proposals are not rushed in where they may present a net cost to consumers – for example a 24/7 phone line.



Finally, it is also important to consider the impact and costs of these proposals on smaller suppliers and potential financial implications this could have on innovation investment should suppliers be required to implement material operational changes at short notice.

Ease of contact

Good Energy is one of many suppliers currently signed up to Energy UK's Vulnerability Commitment – a voluntary industry standard that requires suppliers to go above and beyond existing regulations to support customer in vulnerable circumstances. This includes commitments to offer a free phone number to customers in financial hardship where appropriate as an example.

We support Ofgem looking at ways to improve ease of contact for consumers in vulnerable circumstances. However, we do not believe the initial proposals presented are the correct remedies, and in some cases could lead to unintended consequences. This is then also compounded with a limited evidence base to support a request from consumers for extended opening hours.

Taking the proposal for a 24/7 phone line, we have deep concerns about the cost and implementation of this potential introduction in time for this winter and the disproportionate impact this would have on smaller suppliers plus the potential mental health and wellbeing impacts for customer facing members of staff.

On a practical level, there are limitations to what a supplier could realistically achieve if a customer were to call in the middle of night – as any appointments for example could only reasonably be attended from the following morning. At the same time, existing protection mechanisms are in place for vulnerable customers out of hours, such as emergency credit provision for traditional prepayment customers.

For ease of contact, we believe a more suitable strategy is for a pragmatic and proportionate approach that takes into consideration the different customer bases suppliers hold. At Good Energy, our customers overwhelmingly prefer contacting us via email. We have a dedicated out-of-hours customer service team who service customers via email during extended hours.

Extended hours are also not necessarily a guarantee of ease of contact for vulnerable consumers who contact their supplier during daytime opening hours. Instead, we believe that the focus should be working with stakeholders on areas to further improve ease of contact during existing opening hours.

However, this requires much further engagement with industry on feasible proposals. In the recent supplier workshop, it was suggested that consumers in vulnerable circumstances could possibly skip the queue – but suggestions like this need much further consideration on the practicability and application, notwithstanding appropriate reflection on the operational and cost implications for a such a change.

Yet, before all of this, Ofgem first needs to first define a vulnerable (or priority) customer. We note that later in the consultation as part of the longer-term framework, Ofgem considers the balance between



prescription and principles-based regulation. We believe this is one example where prescription is required from Ofgem – so all suppliers have an agreed definition to work from.

Support & advice for consumers struggling with bills

Good Energy works hard to deliver positive outcomes for consumers struggling with their bills. It is appreciated to see acknowledgment from Ofgem in the consultation document that there was evidence of good practice from the recent market compliance reviews.

Reflecting on the proposals for suppliers to offer tailored default payment plans at the earliest opportunity, we would again call into question the evidence base for the specific prescriptive proposals suggested. This is specifically in reference to the suggestion for customers who pay monthly receiving a payment plan after two monthly missed payments and after one missed payment for quarterly billed customers.

We support and already accommodate the third suggestion, where a payment plan is offered immediately after a customer has contacted us to inform that they are struggling to pay their bill.

However, we do have concerns with a separate proposal to end minimum repayment rates for customers on debt repayment plans. Repayment plans are set so they are proportional and tailored to meet individual needs of consumers – including the level of a minimum repayment rate.

Fundamentally, we do not want our customers to be in debt – nor do customers want to be in debt with their energy supplier. Yet, the energy crisis over the last few years has created a much larger affordability crisis – a point we understand Ofgem has continued to emphasise to colleagues in government. It is something we would further encourage, particularly around any conversations for a potential social tariff.

We would therefore urge careful consideration and a stronger evidence base to be produced before any further prescriptive proposals are brought into licence. This is particularly important as it has a direct interaction with the financial resilience of the sector, at a time of very high debt levels and the gradual phase out of government support schemes.

Trialling the use of reputational incentives

We are broadly supportive of the introduction of reputational incentives from this winter. Ratings, such as the Citizen Advice energy rating, are trusted tools for consumers.

However, key to the success of this policy is first ensuring that the right metrics are in place to allow consumers to take a holistic view of customer service. This could mean for example, engaging with the likes of Citizen's Advice, who have recently consulted on amending the metrics to account for changes



in market conditions. It may also be relevant to consider the risk of multiple competing league tables, and the possible confusion for consumers that could arise from this.

As part of a holistic review, it is also necessary to reflect on other metrics which are also important for consumers. Whilst of course customer service metrics are incredibly important, we feel there should also be consideration for other metrics such as innovation and propositions, which are also important for consumers in a competitive market.

Involuntary prepayment meter (PPM) installations

Good Energy welcomed the introduction of the code of practice earlier this year. We are broadly supportive of the commitments being moved into licence, subject to our questions from the previous stakeholder engagement being clarified first.

Firstly, it is vital that Ofgem provide clarity on how the High & Medium risk categories are supposed to align with PSR codes or whether suppliers are expected to do this. It is imperative that due care is taken to either align these categories within the existing PSR as best possible or conduct a simultaneous review of the PSR. Suppliers will not necessarily have the medical expertise internally to categorise an illness as high, medium, or low risk, so it is imperative that this is clarified before being brought into licence.

Before the commitments are moved into licence, we also require clarity on the following:

- Whether Ofgem will be completing the DPIA for the body cam so we have an industry wide one, or will we have to work with our third parties to produce one specific to our own installs.
- Will Ofgem be confirming the equivalent non-disconnection period that equates to £30, as this will fluctuate with the Price Cap changes?
- Will it become a licence condition, and therefore a legal lawful basis under GDPR, to collect the date of birth for all members of a household?

Monitoring

Over the last few months, suppliers have faced an unprecedented number of reporting and data requests – not just from Ofgem but also from the different government support schemes.

We understand the need for data to be collected as part of monitoring purposes but would ask Ofgem to consider the regulatory burden placed on suppliers with further additional requests. In the case of these proposals, we would urge that Ofgem only request data that is currently not collected elsewhere through existing RFIs and other requests.



Consumer standards framework

We welcome the opportunity to engage with Ofgem at the start of the process for a longer-term consumer standards framework.

Incentives in a competitive energy retail market

Firstly, we are broadly receptive with Ofgem exploring the use of reputational incentives as part of a consumer standards framework. As mentioned already, it is important that due consideration is given to the choice of metrics used, as part of wider holistic review. We believe this warrants further discussion with stakeholders, not just suppliers but also consumer groups and the third parties who already provide independent supplier rankings.

Turning to the suggestions for financial and regulatory incentives, we believe that these are misplaced and could ultimately lead to long-term harm for investment and innovation in the sector, whilst also potentially limiting the viability of new entrants.

The energy retail market is a competitive market. The issue with the suggested proposals for financial and regulatory incentives is that they are predominantly used in regulated monopolies – such as the water industry or energy networks industry. In these examples, financial and regulatory incentives are used as a proxy for competition – it therefore becomes problematic applying this to an existing competitive market, as suppliers are already subject to incentives through the ability of customers to shop around and change their supplier.

We would ask Ofgem to reflect on this balance and the potential implications for healthy competition in the long-term. A competitive market creates incentives for participants to attract and retain customers. Adding in further additional incentives risks undermining the existing drivers of competition, including innovation.

Rules based vs principles-based standards

In determining an appropriate balance between rules based and principles-based standards, we are broadly receptive to Ofgem's initial thinking towards prescriptive rules in some specific circumstances.

However, this is a delicate balance and one that requires further consultation with industry on the exact areas that could warrant more prescriptive rules. For vulnerable consumers, this is one example where there is a stronger argument for specific rules – like with the recent PPM code of practice. In this example it is important that vulnerable consumers have a consistent approach, irrespective of their supplier. Ofgem first defining a vulnerable or priority consumer is an essential, necessary step to achieving this.



Yet, we strongly believe that there is a fundamental place for principles-based standards, as suppliers should be free to focus on delivery of positive outcomes for consumers. Taking an example of customer communications for instance, this is one example where suppliers should be able to decide how best to effectively communicate and innovate to its customers.

There is more work required on defining which areas may warrant further prescriptive rules, but as a key principle, any further prescription must be first informed by a conclusive evidence base. We welcome Ofgem consulting with industry on achieving the right balance for future regulation and look forward to participating in further discussions.

Finally, as part of work on a consumer standards framework, Ofgem first needs to develop a baseline consumer satisfaction survey, that forms the core of the evidence base for implementing future policy proposals. It is important that the macro-economic affordability issues and customer satisfaction is not conflated as part of this work.

I hope you have found our response helpful. If you would like more information, or have any questions about our views, please do not hesitate to let me know.

Kind regards,

Simon Shaw
Regulatory Affairs Officer