

## **Testing domestic consumer take-up of energy services: trial suspension of 28-day rule**

**energywatch** welcomes the introduction of this pilot scheme to encourage domestic consumers to take up energy services in order to meet goals set out in the Energy White Paper. This response will focus mainly on the issues of consumer protection during the length of the pilot.

**Energywatch** is willing to work with Ofgem and industry on the final design of the scheme, particularly in areas of consumer protection, monitoring and communications.

### Consumer Protection

The quality of complaints that **energywatch** receives from consumers regarding marketing, highlights the need for robust protection that is adhered to and, when breached, quickly rectified in order to improve consumer confidence in this emerging market. Consumers are especially nervous of admitting service engineers and others into their homes. **energywatch** expects a clear commitment from Ofgem that any failures or cases of non-compliance during this pilot will be given priority.

**energywatch** is committed to providing the regulator with information and case material promptly to facilitate this.

### Licence protection

**energywatch** agrees that it is essential that protective measures should be incorporated in to licence conditions. The document refers to SLC48 which is currently being amended, and presumably will be drafted in such a manner that it will still cover 'any activity directed at or incidental to the identification of and communication with customers supplied or to be supplied and includes entering into domestic supply contracts.'

**energywatch** expects a commitment from industry that the AES code will also offer consumers protection during this trial, and any new agents recruited by industry specifically for this trial will undergo EnergySure training and accreditation.

### Price Certainty/Information

It is essential that consumers not only have certainty regarding how much energy services will cost them over the length of the contract but also that this information is conveyed clearly. Of the three pricing options proposed **energywatch** believes that an index linked price will confuse many consumers and, depending on which index prices are linked to, lead to price fluctuations or result in prices for energy which are above terminable contract prices. A price cap would have the advantage of reflecting

movement in market price whereas a fixed price could be set artificially high based on assumptions in upward price movement that doesn't materialise. Whichever option is selected **energywatch** expects that suppliers will supply Ofgem with detailed information on how they will arrive at energy prices for these contracts and for Ofgem to seek consumer feedback on how best to develop and present this information to encourage take-up during the pilot.

In order for consumers to be fully informed of changes in the market, suppliers should still be obliged to make all their customers aware of alterations in prices, regardless of whether or not they have the right to terminate the contract.

All the information that is supplied to consumers during the sales pitch and once a contract has been agreed should go through an approval process, similar to codes of practice, to ensure that all suppliers are giving consumers fair and equitable information, while allowing for supplier service differentiation to be maintained.

#### Unbundled Bills

**energywatch** agrees that consumers should receive bills which set out charges for energy separately from charges for energy services. This will enable consumers to see how much consumption has reduced and how the energy services costs are less than the savings made on energy use.

Before the trial begins though **energywatch** seeks clarification on the processes of disconnection for non-payment and how this will operate for the energy part of the package and the services part.

#### Written Quote, second opinion

It is essential that consumers have the opportunity to receive an independent second opinion to verify that the initial written quote is bona fide. The written quote should include all the areas listed in the proposal document, but be presented in such a way that consumers can easily understand them, and where appropriate guidance notes included. If a consumer seeks a second opinion it is likely that they will have more confidence in it if the consumer is made aware that the opinion will come from an independent source, such as an EEAC.

#### Cooling off

**energywatch** believes there is some benefit in offering a longer cooling off period for a long term contract but agrees that many consumers may want to take advantage of energy services packages at the point of making a distress purchase. We therefore agree with Ofgem's proposal to maintain a two week cooling off period.

## Termination

**energywatch** agrees in principle with the provisions for terminating a contract as outlined in the proposals but insists on assurances from Ofgem and industry that consumers will be made fully aware of these rights.

**energywatch** would also like Ofgem to issue some guidance on what it believes is a 'reasonable [termination] charge'. Likewise **energywatch** is keen to work with Ofgem and industry to ascertain procedures, protocols and definitions for establishing if a consumers' contract does not comply with the terms of the licence condition and how these will be promptly resolved for the benefit of the consumer and suppliers. This piece of proactive work would mitigate the potential damage done to consumer confidence in cases where there are disputes over suppliers' compliance with licence obligations and contract validity.

## Guarantees

Product guarantees must be offered to cover all installed measures, for at least the length of the contract.

## Monitoring

**energywatch** believes that it is imperative that thorough monitoring and data of successful uptake as well as aborted uptake of the scheme is captured so that robust analysis can be conducted at the end of the trial to definitively evaluate its success or otherwise. **energywatch** is committed to assist the regulator and industry in this essential duty.