

Testing domestic consumer take-up of energy services: trial suspension of 28-day rule - Decision Document

energywatch has been closely involved in the development of this trial by commenting on earlier consultations and representing consumers as a member of the original energy services working group.

This trial is just one strand of the Government's sustainable energy policy and for it to deliver the domestic efficiency savings targets consumers will need concise and clear information about potential offers, a workable consumer protection regime and an adequate monitoring and evaluation criteria.

This document focuses on the areas of the trial which **energywatch** believes need further attention, and where practical offers solutions.

Consumer Protection

The proposed modifications to standard licence condition 46 offer consumers sufficient protection before entering into and whilst in a long-term contract, provided that consumers are made fully aware of their rights under this new regulatory framework. With specific reference to the draft direction for the modifications there are the following points:

Paragraph 3 ix.

The payback periods for all the measures included in the trial must be obtained from a reliable and consistent source so quotes can be comparable across suppliers. The EST offers definitive guidance on payback periods for the measures likely to be installed.

Paragraph 5

Before a quote is offered the supplier should initially ascertain what measures the consumer is eligible to receive financial support for. This will make it easy to highlight in the quote which parts of the package the consumer has to pay for and which areas they can receive support for. A licensee should not enter into an energy services contract with any consumer if they charge for the parts of the quote that the consumer is eligible to receive financial support for. If a consumer can demonstrate that they were eligible for financial support at the time of entering into the contract then the contract is invalid.

Paragraph 11 (c)

energywatch believes it would benefit competition in general and poorer consumers wishing to take advantage of this trial if the fixed

difference between the unit price payable under the contract and the price paid by the largest number of the licensees customers were based on the price paid by the consumer from the out-of-former-PES-area.

Paragraph 12 (c)

Breaches must be resolved quickly and to the consumer's satisfaction if confidence in the fledgling energy services market is to develop. **energywatch** will be closely monitoring this trial and seeking speedy redress and clarification in all cases we see. We will be working with the regulator and the Energy Retail Association to establish how license breaches are dealt with, and offer suggestions on how to improve the trial.

All selling activity will have consideration to Standard Licence Condition 48, and as such **energywatch** will ensure that our complaint handling system is capable of recording details specific to this trial in order to evaluate success and seek rapid consumer redress surrounding any selling issues.

energywatch will seek further clarification from the regulator surrounding the process of disconnection for non-payment, and how this will operate for the energy part of the package and the services part. **energywatch** argues that any non-payment of the energy services part of the contract should count as ordinary debt, separate and distinct from energy supply and as such pursue this distinct debt through ordinary channels, and not through the threat of or act of disconnection. This is especially the case for consumers taking part in the trial that are on PPMs.

Monitoring

energywatch will assist Ofgem, in any reasonable way it can, during the monitoring and evaluation of this trial. **energywatch** are particularly keen on resolving consumer issues and problems speedily and ensuring that this trial has no detrimental effects on the overall competitiveness of the domestic market.

Should you wish to discuss any part of this response please contact Ed Reed (ed.reed@energywatch.org.uk ; 020 7799 8363) at **energywatch** head office.