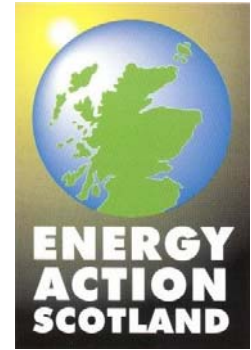


**Energy Action Scotland response to the joint Ofgem –
Energy Retail Association consultation paper:
A strategy to define and prevent the disconnection of
vulnerable customers**



Background

Energy Action Scotland (EAS) is the charity whose mission is to end fuel poverty in Scotland. EAS has campaigned on the issue of fuel poverty and has delivered many practical and research projects to tackle the problems of cold, damp and expensive to heat homes. EAS has worked with both national and devolved administrations on energy efficiency programme design and implementation. EAS is currently a member of the Scottish Executive's Fuel Poverty Forum chaired the forum's EEC sub group and sat on the Scottish Executive's Central Heating Programme Advisory Group. EAS welcomes this consultation paper and believes this to be a positive step in further supporting fuel poor and vulnerable households.

Main comments

Definition of vulnerable households

EAS would wish to see the use of the fuel poverty definition as stated on page one of the consultation document but with some amendment. Therefore, EAS suggests the following definition be used: "Households are considered fuel poor if, in order to maintain a satisfactory heating regime, they would need to spend 10% or more of their disposable income, after housing costs, on all household fuel use. Vulnerable households are households containing someone aged 60 or over or under 16, or someone who has a long term disability or has a long term illness".

Therefore, a vulnerable customer, as defined in the proposal, should be “A vulnerable customer at risk from disconnection will be unable to safeguard his or her welfare or the welfare of any children in the household and will be in need of care and attention by reason of age or infirmity, or suffering from a long term illness or mental disorder, or have a long term disability. Alternatively they will be classed as vulnerable if they would be required to spend 10% or more of their disposable income to maintain a satisfactory heating regime within the home to the benefit of their health.”

Dealing with vulnerable customers

EAS is in broad agreement with the suggestions made in this section, however there is no mention of advice given to the customer. If customers are to budget more effectively, prevent debt or get the maximum energy use for the payments they make, then the provision of good quality, tailor-made energy advice which is delivered face to face is crucial. EAS would therefore request that, prior to any attempt to fit a prepayment meter and certainly prior to the customer being referred to social services, energy advice is given. Where the customer refuses this and a referral is made to social services, then social services should have properly trained and qualified staff to provide that energy advice on behalf of the supplier.

Fuel suppliers are already taking the need to provide trained call centre staff as a serious customer requirement. They should therefore wish to see the provision of quality energy advice for their most vulnerable customers who are on the verge of disconnection. At the same time as energy advice is being provided, the offer of measures to reduce fuel use should also be made as a further means of assistance. Suppliers have the facilities to do so via their EEC programmes.

The Data Protection Act – Guidance

Again EAS is in broad agreement with this section but would comment that, rather than suggest that “it may be possible to draw up a guidance note”, there should be a requirement for all suppliers to have a guidance note for use by suitably trained staff as a first point of reference in any case where disconnection is being considered.

The proposed model for vulnerable customer safety net

EAS is also in broad agreement with the proposals set out in this section to provide a safety net for vulnerable customers. However, EAS would again wish to see the use of effective energy advice and practical measures to support these vulnerable customers. EAS would suggest that the model should be amended to show the following:

Identification of vulnerable customer



Capture of all available information



Seek debt management solutions, offer energy advice and practical measures via EEC



Discuss options with customer, face to face wherever possible



Where disconnection is a consideration, contact social services, to alert them of a vulnerable customer at risk of disconnection.

The right to disconnect

The right to disconnect is the ultimate sanction for energy suppliers to use. While they will be reluctant to lose this power EAS believes it to be outdated and that other more effective means of ensuring customers pay for fuel could be made available. The equivalent power was removed from the water companies in England and Wales and this has not led to a massive rise in the “can pay but won’t pay” numbers. Access to fuel for warmth, light and cooking is essential to the health and welfare of all households’ especially vulnerable families and individuals.

A ban on disconnection from fuel supply for vulnerable domestic customers would encourage companies to develop alternative tariffs and payment methods that would enable households to remain on supply, and the companies to recover arrears and collect payment for current consumption, eg. greater use of Fuel Direct. Albeit the Fuel Direct system would require some revision to ensure that this was offered as a mainstream payment method rather than its current status as payment of last resort.

Conclusion

EAS welcomes the consultation on “Vulnerable Customers” and welcomes the moves by the industry to have a consistent and sympathetic approach to supporting vulnerable customers. The changes suggested by EAS, ie. to have energy efficiency advice and practical measures applied to customers at risk, should significantly reduce the number of vulnerable customers that could face disconnection from supply.

Furthermore EAS is calling for an end to all disconnections and the creation of new and more suitable payment methods for vulnerable households.

These positive changes should also help enable customers to manage both accrued debt and future energy usage to prevent greater levels of fuel poverty or risk of fuel poverty.

EAS would wish to see a review and monitoring of these arrangements after a year of being introduced.