

Vulnerable Customers and Codes Workgroup

Minutes of Meeting on 12 December

1. Minutes of 14 November Meeting

1.1 CSE commented on paragraph 10.2 of the minutes that the point being made was the extension of the winter moratorium, not its removal. energywatch asked that the comment made by Gretel Jones of Age Concern at the meeting on 14 November, that the ERA safety net was reliant on suppliers being able to identify vulnerable customers, be included in the minutes of that meeting. EDFE suggested it would be helpful if corrections to the minutes were made in advance of working group meetings, as this would allow minutes to be presented for agreement in final form.

2. Actions from 14 November Meeting

2.1 Ofgem said it would welcome any evidence from suppliers that the fuel direct scheme is not working, and further information on problems caused by delay in recalibrating PPMs. Ofgem was due to meet with James Plaskitt, a new Minister at the DWP, shortly, and would appreciate any comments about fuel direct asap. (note: no comments were received from suppliers)

3. Ofgem's discussion paper on Priority Services Register obligations.

3.1 energywatch provided a summary of customer research on the PSR. This identified scope for improvement on a range of issues, including low awareness of the PSR, even for people on the register, problems accessing services even when registered on the PSR, and a mismatch between customers in need and current eligibility criteria. e.on commented that the research also showed that some customers are aware of the services that are provided by the PSR, but do not find them particularly useful. There was discussion over the statistics produced by Ofgem in terms of numbers registered on the PSR. npower was considerably lower in comparison to other companies. EDFE stated that the figures may be an indication of the demographics of particular parts of the country e.g. London and the South East are more densely populated than the rest of the country. EDFE said that the summary on page 19 of the energywatch report provided useful information on what services should be provided on the PSR.¹ It was surprising that demand for special bills was very low. Possibly the focus of the register had changed over the years.

PSR Flag and how suppliers use it

3.2 Ofgem asked how suppliers identified vulnerable customers on their billing systems. e.on said that it compiled two separate lists of customers on the PSR, and provided the more targeted list to distributors. The PSR was used as part of credit management procedures in establishing whether customers in debt were potentially vulnerable. Identification of a customer as vulnerable could also be used to identify their potential eligibility for the PSR. Centrica stated that suppliers should be meeting their customers' needs and requirements regardless of whether they were registered on the PSR. energywatch commented that tailoring services to consumers

¹ Ofgem Footnote: Services identified by customers as being most useful included quarterly meter reading, free gas safety checks, advance notice of interruption in supply, and password protection.

to meet their individual needs was a good idea, but would be very difficult if consumers remained unaware of the services available to them. At present, the system relies on consumers requesting the service they require, but if they do not know of them they cannot ask for them, and therefore are unlikely to get them.

3.3 Ofgem asked whether the ERA safety net was used to help build up vulnerable customers on the PSR. e.on said that for vulnerable customers not eligible for the PSR or who did not want to go on the PSR, a note would usually be put on the customer's record, but they would not be flagged as PSR. Suppliers agreed that holding information in the customers' notes was less reliable in that customer service staff would not necessarily read all the notes. energywatch asked whether any statistics were held by either Ofgem or suppliers of customers contacting companies about the PSR, but not wanting to be registered. It would be helpful to see the numbers that individual suppliers keep to see what percentage of those offered the PSR declined it. Ofgem said that it did not compile this information. Suppliers replied that they would note this on a customer's record after any contact.

3.4 EDFE said that the energywatch report did not appear to suggest that customers were embarrassed about being registered on the PSR, and suppliers should regard this as a positive point. Some customers valued help, but others while eligible did not want anything to do with the PSR. Ofgem said that prior to the PSR being established, the then monopoly company British Gas promoted all its services to all eligible customers. It was still the case that customers did not need to be on the PSR to receive services.

3.5 energywatch said that registration on the PSR should be transferable when customers switch supplier. There was general agreement on this. e.on considered that priority should be given to information that suppliers forward to distributors/transporters in respect of the PSR, which could be used when customers transfer. EDFE considered that the password scheme was particularly important and core to suppliers and distributors/transporters.

Eligibility for the PSR

3.6 The HSE said that the energywatch report suggested that single mothers with young children should be classified as vulnerable customers, and that suppliers should possibly consider looking at a wider group of customers eligible for the PSR, and not just the over 60's. Ofgem noted that the groups to whom it must have regard under statute did not include young children. Centrica suggested there was potentially a very wide scope for customers to be considered vulnerable. These included people on low incomes, customers currently eligible for the PSR, and those covered by the Disability Discrimination Act (DDA). This would amount to more than 50% of customers, many of whom would not consider themselves vulnerable. Ofgem asked whether this was also an issue that could be dealt with by means testing.

Disability Discrimination Act

3.7 Ofgem said that the DDA provided a general framework, but that the PSR actually goes beyond the requirements of the DDA in terms of specific services. EDFE stated that there were differences between the enforcement of the DDA, and the licence. There were no provisions in the DDA which Ofgem could enforce. EDFE said it

would be unwise, and perhaps ultra vires, for Ofgem to consider giving up its jurisdiction over disabled customers entirely, and considered that there was still a need for something explicit in the licence in order to meet Ofgem's disability duty, such as a requirement to report on DDA issues. E.on asked whether Ofgem had any remit over the DDA, and whether energywatch could deal with any complaints – it was confirmed they could not. Ofgem asked suppliers if they had given any guidance to staff on the DDA. Scottish Power said it would make its staff aware of the DDA in the relevant circumstances. EDFE stated that it would be impossible to provide specific guidance as there were no clear obligations under the DDA other than the requirement to make reasonable adjustments, and these might vary from one company to another, as opposed to the more specific supplier licence obligations. energywatch commented that replying on the DDA to ensure that consumers got access to services currently contained in the PSR created problems if and when consumers were denied services as they would have no redress or representation through energywatch/Ofgem. Consumers would therefore be expected to pursue a more complicated and costly course of redress through the legal system.

3.8 Ofgem said that the DDA was a new piece of legislation and issues were being dealt with on a case by case basis through the Courts. The Disability Rights Commission was dealing with issues at a very slow rate. There was discussion on the differences between the DDA and the SLCs. Ofgem said that the main difference related to enforcement as it would have no powers in respect of any breaches of the DDA. The DDA had a wide definition of disabled customers. There were not as many cross-overs as it might have expected between the DDA and the licence. Suppliers were obliged to provide customers with a number of services under the DDA, but these were not specifically defined. CSE asked whether Ofgem could draft any guidance on meeting customer needs under the DDA, and whether these could be included in the suppliers licence. HSE wondered whether Ofgem had any powers under the Enterprise Act in respect of the DDA. Ofgem said it did not have any powers under that Act.

Services under the PSR

C 37 (2) (a) - Free Gas Safety Checks

3.9 A number of issues were raised. Ofgem suggested safety checks may be expensive and that customers may be put off by the fact that if fault was found, appliances would be condemned. There was an obligation on landlords to provide safety checks for their tenants, but this obligation did not extend to owner occupiers. EDFE asked why this obligation had been placed on suppliers. e.on raised the issue of recovery of costs of safety checks by suppliers through transporters, and whether suppliers should continue to promote the free checks or just make customers aware of them. Centrica asked whether under the DDA, suppliers were under any obligation to provide services to customers free of charge. energywatch commented that if meter repositioning was available under the PSR because it was covered by the DDA, then consumers might not qualify for a free meter move. A number of suppliers said that safety matters fitted better with the responsibilities of transporters, than with suppliers.

3.10 Ofgem said that one of its statutory duties related to the safety of customers. It would be useful to establish whether there were any reports or statistics produced in

respect of gas safety checks and also in respect of carbon monoxide poisoning from the HSE. HSE said that the energywatch report highlighted the issue of safety checks and disabled customers, but raised the issue of what alternatives were provided to customers if their supply was cut off. SSE mentioned that a key difference between the two fuels was that if there were a problem with electricity then the meter would self-disconnect, whereas this was not the case with gas. Ofgem highlighted that for PSR customers, transporters were obliged to provide alternative appliances if there was a problem with gas safety which led to disconnection. HSE said it must be consulted on safety matters and would only recommend changes in the current provision if there was a suitable alternative. HSE added that a better alternative could be to fit carbon monoxide alarms. It understood that the Office of the Deputy Prime Minister (ODPM) were providing carbon monoxide alarms to some vulnerable customers free of charge. Ofgem said it would look into this. (Ofgem has subsequently looked into this and found that while smoke alarms are provided, this does not extend to carbon monoxide alarms).

- 3.11 energywatch suggested that some customers were not aware that the gas safety check was different from an annual service check of central heating. There was a question over whether this type of service could be sourced elsewhere, for example through Warm Front. NEA mentioned that it was due to complete research on the Warm Front scheme by the end of March. Among other things this would highlight potential linkages between Warm Front and the gas emergency service. HSE asked whether the cost of providing these services had been quantified by suppliers. e.on said that its costs were in the region of £40 - £50 per check, leading to possible overall costs in the region of £2.5m across the industry. HSE raised the possibility of these funds being diverted into a trust fund, and suggested that this could be done on a voluntary basis. EDFE stated that it did not consider it appropriate to dictate how suppliers' revenue should be used. CSE wondered whether eligibility for services such as the safety check should be a right, similar to receiving a bus pass.

Special Controls, Adaptors & Repositioning Meters

- 3.12 npower said that a list of providers for special controls and adaptors could be found in its code of practice. Special adaptors for meters probably referred to the adaptors provided for coin PPMs and hence no longer relevant.
- 3.13 SSE raised the issue of "reasonably practicable" in respect of repositioning a meter. Moving the meter more than six feet from its original position would involve altering the position of the service cable (supply point) which was the responsibility of the DNO. Moving a meter to a different room would be a major job involving substantial cost. energywatch considered that the main issues for discussion related to the cost of moving meters and the reasons why customers wanted meters moved. E.on's view was that meter moves for disabled customers would be covered by the DDA, but that the licence obligation covered a wider class of customers including able bodied pensioners. Ofgem put forward the view that this issue could potentially be dealt with by more frequent special reads (i.e. those under SLC37(2)(b)(vi).

EDFE confirmed that disputes with suppliers over any question about the repositioning of a meter free of charge to meet the needs of a disabled person are determinable by Ofgem under the primary legislation.

Password Scheme

- 3.14 EDFE considered that the password scheme was valued by most customers, and was one of the four most desirable requirements requested by them. Ofgem stated that the scheme was also a requirement of the code of practice on Rights of Entry, and that it was also the service with the highest take-up by customers.

Give advice on the use of electricity/gas, gas appliances and fittings

- 3.15 Ofgem said that whilst this obligation was broader than energy efficiency advice, covered elsewhere in the licence, it did not appear to be of any additional benefit linking it to the PSR.

Sending bills to a third party

- 3.16 EDFE considered that suppliers were willing to do this anyway and that this was an issue that could be used as a good marketing tool by any supplier.

C37(3)(a) and (b) – Obligation to maintain a PSR and notifying customers annually

- 3.17 Ofgem's view was that there should be an obligation to identify those who are vulnerable.
- 3.18 Ofgem also put forward the view that it may not be necessary to be prescriptive in the licence as to the means of informing customers of the existence of the PSR, and there was room to allow suppliers to be creative. e.on suggested that suppliers should not promote the services provided by the PSR in any particular style. HSE stated that it would be easier for customers if all the PSR schemes were marketed under a similar name, and that suppliers should provide a more standardised package. npower considered that higher importance should be placed on how a product was marketed by suppliers rather than on the trading name provided to these services. Ofgem said that it saw advantages in branding of products, but there was the question whether the customers believed that the different packages were unique. ScottishPower asked if there was any evidence that could be put to the group to identify whether the different styles of marketing of the PSR acted as a disincentive to switching. energywatch made the point that it is somewhat misleading of suppliers to repackage measures as a unique service offering, when in fact they and all other suppliers are obliged to offer them to consumers.

C 37 (3) (c) - Interruptions of Supply

- 3.19 There was concern whether it should be the suppliers' or distributors' responsibility to inform customers of any interruptions. It was agreed that there was some overlap with distributor obligations which would be considered further.

C38 – Provision of services for persons who are blind or deaf

- 3.20 Ofgem mentioned that these obligations could be included within a condition relating to PSR, whilst making it clear that such customers would not need to be on a PSR to receive additional services.

Summing up

3.21 Ofgem said consideration would be needed over which obligations should remain in the licence, and the cross-over with the DDA and other consumer law requirements. EDFE, with the support of a number of suppliers, said Ofgem should determine what the core obligations were. In their view, some of these would be better handled by monopoly network operators. Ofgem said it would be preparing a consultation document for discussion by the group in February. This will set out the various options.

3.22 Centrica asked whether there was potential for only the former monopoly “big 6” to have an obligation to supply these services. Ofgem replied that this is an option that could be considered, and that as a comparison in telecoms only BT had universal service obligations. EDFE observed that if the core rights are seen to be fundamental for customers, then there could be no distinction here.

4. Issues Register

Duty to Supply Workgroup

4.1 Ofgem noted that several issues concerning duty to supply and payment methods would be referred to the vulnerable customers group for consideration.

LIST OF ATTENDEES

William Baker	Centre for Sustainable Energy
Chris Wright	Centrica
Graham Kirby	e.on
Roger Barnard	EDF Energy
Richard Bates	energywatch
Helen Evans	energywatch
Mark Watson	ERA
Julie Voce-Pascoe	HSE
James O'Connell	HSE
Neil Ritchie	NEA
Paul Tonkinson	npower
Emily Hamilton	Ofgem
Michael Knowles	Ofgem
Dave Barnes	Ofgem
Maxine Frerk	Ofgem
Liz Chester	Ofgem
Pamela Kelly	Scottish Power
John Sykes	SSE