

Seminar for Consumer Groups - London 3 April 2006

LIST OF ATTENDEES

Siobhan McCluskey	Lansons Communications
Ann Robinson (AR)	uSwitch.com
Tim Wolfenden	uSwitch.com
Gloria Foran	UNISON
Sonia Munroe	East London Financial Inclusion Unit
Virginia Graham (VG)	National Consumer Council
Stephanie Trotter (ST)	CO Gas Safety
Caroline Heijne (CH)	National Right to Fuel Campaign
Linda Lennard (LL)	Centre for Utility Consumer Law
Ros Baptiste (RB)	Energy Solutions
Dr. Mark Watson (MW)	Energy Retail Association
Alison Purshouse	National Pensioners Convention
Clare Tallboys	Consumer Council for Water Southern Region
Ian Tanner	NEA
Richard Bates (RBates)	energywatch
Carole Pitkeathly (CP)	energywatch
Maxine Frerk (MF)	Ofgem
Michael Knowles (MK)	Ofgem
Dave Barnes (DB)	Ofgem
Lisa Vango	Ofgem
Liz Chester	Ofgem

1. Background

1.1 As part of the major review of Supply Licences, the Vulnerable Customers and Codes Workgroup published a consultation document on 7 March that focuses on those licence conditions which have particular implications for vulnerable customers.

1.2 Ofgem held two seminars for consumer groups, one in Glasgow on 31 March and another in London on 3 April, to guide them through the consultation document on vulnerable customers and assist in their response to the document. Ofgem explained that smaller consumer bodies have been unable to attend the workgroups. ST stated that in fact CO-Gas Safety was not allowed to attend. ST made the point that all consumers were stakeholders and should be treated as such, not put in a separate small meeting. MK explained that a separate meeting had recently been held with ST and other CO-Gas members to go over gas safety issues.

2. Issues raised

2.1 The first part of the seminar concentrated on the structure of the consultation document and general overview on the current regime.

2.2 Main issues arising were:

- a) AR said that as there were likely to be changes to consumer representation, it would be important to ensure protection for customers was robust.
- b) LL asked whether Ofgem would be undertaking regulatory impact assessments. MK said this would be considered at the next stage, when Ofgem had developed some firmer proposals. At this stage Ofgem wanted views on various options.
- c) VG referred to the reasoning why suppliers engage in Corporate Social Responsibility (CSR) – incentives were competition with each other and to attract investors in company. CSR initiatives, while valuable, were no way to ensure a safety net for vulnerable customers. LL said that because of mistrust of energy companies, protection needed to be clear and robust.
- d) AR believed that self-regulation is unlikely to be relied upon and a requirement on suppliers to market information should be included in the supply licence.
- e) LL asked about the legal status of codes of practice, and whether Ofgem had taken enforcement action against any supplier for non-compliance. MK confirmed that while no formal action had been taken, complaints had been investigated.
- f) ST had experience of a gas safety incident, when a meter was moved and it took 10 months to sort out. Vulnerability could not be pinpointed, so it was wrong to pigeonhole people. Information for consumers must be clear, and responsibilities should be disentangled to make it clear who was responsible.
- g) CP asked whether companies could do more by way of publicity for consumers. Suppliers should be aware of minimum requirements for vulnerable customers, and should have the incentive to provide the necessary services to these customers. CP said that the important factor was the final outcome for the consumer.
- h) ST highlighted concerns about gas safety. No action had been taken following HSC recommendations for a levy on gas companies to fund a publicity campaign on the dangers of carbon monoxide poisoning.

There was an opportunity to act on this in new licence conditions. ST said that HSC also recommended that the gas emergency service carry and use equipment to test appliances for CO. This could also be dealt with by the Review into the licensing conditions instead of having to have primary legislation.

2.3 The second part of the presentation looked at debt and disconnection, the Priority Services Register (PSR) and the Disability Discrimination Act (DDA).

2.4 Main issues arising were:

- a) CP had concerns over whether suppliers were not members of the ERA would not be party to self-regulatory codes such as the ERA safety net.
- b) CP said that suppliers should try to establish more about their customers and their financial circumstances in order to be able to offer more help and assistance.
- c) CP had concerns that the companies are not always the best organisation to offer debt advice to their customers.
- d) Getting consumers to transfer to more beneficial payment methods, rather than PPMs, was another concern raised by CP. There were also concerns for consumers living in rural areas where Top-up facilities for PPMs may be a problem. The prospect of Smart Metering in helping to alleviate some of the problems was also raised.
- e) CH raised the issue of self-disconnection. Research carried out by a number of organisations confirmed that problems existed for some customers. The problem may increase with the rises in energy prices. Special facilities for blind customers should also be taken into consideration.
- f) LL said that the maximum thresholds for debt repayment should be included in a licence condition rather than guidance. She also mentioned inherent problems with voluntary codes in terms of transparency and enforcement.
- g) LL said reference to security deposits in the licence conditions do not appear to be explicit enough. MK confirmed that security deposits cannot be requested from PPM customers. The numbers of security deposits had fallen by about 50% in the last three years.
- h) On the issue of estimated bills, RB highlighted the problem with customers whose first language is not English, and some consumer reps instruct customers on how to read a meter. Delays in suppliers reading customers meters lead to estimated bills being sent.
- i) VG referred to the provision of information to consumers on consumption. MK replied that the implementation of the Energy Services Directive and the ERA's billing code due this summer, are also being considered as part of the Supply Licence Review.
- j) RB said it was not always that easy speaking to the appropriate person within an organisation, and that the public were not always aware of the PSR which should be promoted more by suppliers. RB highlighted the problems and delays this can cause when visiting consumers in their homes. MW confirmed that suppliers have PSR and debt policy teams dealing with customer queries, and R.Bates referred to licence condition 35 (2) (e), and the requirement on suppliers to take into account any information provided by a third party. It was important to retain this requirement.

- k) AR said that many customers are not classified as vulnerable such as low income families. A wider concept of vulnerable circumstances should also be taken into consideration.
- l) Energy Review – MW said that stakeholders should put their views forward on vulnerable customers to the DTI. DB said that although Ofgem is currently focussed on the review, the issue of incomes and benefits is primarily one for the Government.
- m) CP said that suppliers are marketing the PSR under different brand names which can be confusing for consumers, but that the mobile registration of customers when they transfer from one supplier to another was considered to be useful.
- n) CP referred to the annual gas safety check, and said that the preferred approach was a gas safety service. Some customers need more encouragement than others to take up the service. They worry that as their appliances are old, these may be condemned. HSE should be consulted on what the safety check should consist of, and whether it should be more a service rather than just a check.
- o) ST said HSE was currently carrying out a gas safety review which includes investigation of carbon monoxide poisoning. DB confirmed this and said that HSE's review was covering 600 homes. ST was convinced there was significant under reporting and that since Christmas there had been 10 deaths. Public awareness of the dangers of poisoning was very low, and even the medical profession was not always aware of it. A major publicity campaign was needed. ST also commented that she has no objection to people who can afford it having to pay for a gas safety check, provided that the check is good.
- p) VG said that there was possible funding from the Warm Front for the replacement of appliances, but this was only applicable to new installations.
- q) LL said that the DDA was not considered to be an acceptable route under which to pursue suppliers, as it is not enforceable by Ofgem. There were also issues as to the broad definitions of disabled.
- r) CP said there were a number of concerns voiced by consumer reps acting on behalf of customers and how they will be affected by the review of consumer representation.
- s) AR put forward her suggestions for the options for the structure. A mixture of option 1 (licence based obligations) and 2 (mandatory code of practice) was suggested, which could also include aspects of option 3 (principles based licence obligations supported by more detailed guidance) and option 4 (requirements through self-regulation).
- t) ST said that there would be a preference for an Ofgem designated code or equivalent, which should include specific duties within the DDA.
- u) RB said that some customers encounter problems with contacting the appropriate person within supply companies for registering on the PSR.
- v) AR said that publicity of the PSR was currently insufficient and the past track record was not good.
- w) Consider separating debt and consumption – consider other methods of making administration more effective (CP)
- x) Winter moratorium should be extended as widely as possible (AR)
- y) Should not be any charge for PSR measures for vulnerable consumers (LL)

Next Steps

- ◆ ST asked if the final report to the steering group would be made public and was told that it would be made public on the website. MK confirmed that the report of the vulnerable customers and codes workgroup will be submitted to the steering group, and will be published on Ofgem's website.
- ◆ VG asked whether the comments raised at this seminar would be taken into account at the supply licence review. MK confirmed the comments would be taken into account and considered as part of the final report to the steering group of the supply licence review. He also highlighted that there will be a further opportunity to comment as part of the broader consultation on the review on early June.