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19 November 2009
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Dear Jude

Review of protection for vulnerable customers from disconnection

Thank you for giving SSE the opportunity to comment and respond to the report and consultation on the above.

We believe that the checks and processes that we have in place are robust and do everything possible to identify vulnerable customers long before disconnection is a consideration. It is encouraging that Ofgem has recognised that the measures put in place by Suppliers to avoid knowingly disconnecting vulnerable customers are appropriate and satisfactory.

The ERA Safety Net

The ERA Safety Net has been successful in ensuring that Suppliers have in place appropriate measures to protect vulnerable customers from disconnection. The operationalisation and application of the different aspects of the Safety Net has been and remains key to its success. We have no concerns over SSE's implementation of these, and indeed Ofgem has recognised that in a number of areas SSE goes further than the Safety Net recommends. Whilst SSE is not party to the ERA's Billing Code, under which it is proposed that any audit would take place, we believe that we will be able to work with the ERA to include SSE in these audits.

We will continue to work with the ERA and Ofgem in finding ways to strengthen and adapt the Safety Net, for example, by way of a peer review and implementation of the changes that Ofgem has suggested.

SSE performance

Feedback provided by Consumer Focus, and copied to Ofgem, has shown that SSE demonstrates best practice in the majority of areas considered. Whilst we are pleased that this has been recognised, we will continue to constantly monitor and adapt our policies and processes to ensure that they are suitable and up-to-date. By doing this, it is our belief that SSE will continue to offer customers in financial difficulty a range of options and solutions to help manage their energy accounts, particularly in these difficult times.

Proposed Licence Modifications

In its consultation Ofgem has suggested that it would be beneficial to clarify the existing supply Licence conditions. In particular, Ofgem considers that it is not clear enough that suppliers are obliged to take all reasonable steps to ascertain whether there is vulnerability present in a property before exercising the right of disconnection. Although we believe that our current policies and processes are such that we already take this approach, we can see that there is merit in amending the wording of the Licence condition as proposed in 27.11(A). We therefore support this inclusion on the basis that it clarifies the requirements of the existing condition to the benefit of customers.

Ofgem's second proposed amendment outlined in 27.11(B), would oblige Suppliers to reconnect before Winter any vulnerable customer who has been disconnected at any time of year. We are concerned that this amendment is impractical and we do not believe that Ofgem has presented any evidence in the report that justifies the introduction of a condition of this kind. Furthermore, we believe that it undermines the provisions of the Safety Net, which was established to provide additional protection for a wider category of vulnerable customers, beyond the categories currently identified in the Licence condition.

The amended Safety Net states that Suppliers will never knowingly disconnect a vulnerable customer at any time of year and where they do so in error, will reconnect as a priority, usually within 24 hours. We have follow-up procedures in place to attempt contact with a disconnected customer where no contact has been received from them following disconnection. We would therefore expect to be able to reconnect any vulnerable customer at any time of year within 24 hours of subsequently identifying them as vulnerable.

However, if the proposed Licence condition were to be introduced, we are concerned that it could have a detrimental effect on customers because suppliers would wish to be more careful about their definition of vulnerable, by perhaps narrowing it. Our current approach is to ensure that if we discover that we have inadvertently disconnected a customer whom we consider to be vulnerable, we will make every effort to reconnect them. The proposed Licence condition would require a supplier to "take all reasonable steps to reconnect" and we believe that this needs to be explored, for example whether the expectation would be that a supplier should obtain a Warrant if unable to gain access to reconnect the property.

In addition, it would seem that the proposed Licence Condition negates current practice by suggesting that a vulnerable customer can stay disconnected for any

length of time as long as they are reconnected before Winter. We do not believe that this is Ofgem's intention.

We therefore see very little merit in its inclusion in the Licence as SSE already comply with the Safety Net and go beyond the proposed Licence Condition.

Whilst both proposed Licence conditions broadly cover the same matter, the differences between the two are such that we do not believe that consolidating them into one condition has any merit. Though we will consider this further should Ofgem consult.

Conclusion

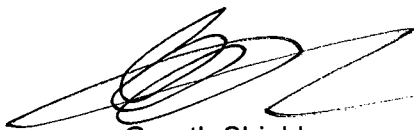
Overall, the outcome and feedback for this part of the review has been welcome and we will continue to work with Ofgem and Consumer Focus towards a successful completion of the wider review.

Putting the customer at the centre of everything that we do is vital to the continuing success of SSE and having an ongoing conversation with those customers who need our help the most is a key objective, especially during times of financial uncertainty. To this end, we will continue the work that we are doing to proactively identify vulnerable customers and those in need. We will also continually look at new ways to assist those in need, be it through new initiatives, targeted information or our Social Tariff.

Finally, whilst we are not opposed to Ofgem's intention on proposed Licence Condition 27.11(B), we believe that it will have unintended negative consequences for customers and feel that it needs further exploration. We would accept condition 27.11(A), as the basis for this is clear and we can see the benefits that it provides for customers.

I hope that the information in this response has been useful. If you would like to discuss anything further, then please feel free to contact me on the telephone number above.

Yours sincerely



Gareth Shields
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