

03 June 2010

Maxine Frerk  
Partner, Sustainable Development.  
By email

Dear Maxine,

Thank you for the opportunity to respond to the consultation on proposed amendments to gas and electricity supply licence conditions which relate to the disconnection of vulnerable consumers. Consumer Focus welcomes the opportunity to respond to the issues raised in this open letter. This response is non-confidential and we are happy for it to be published on the Ofgem website.

Consumer Focus welcomes Ofgem's intention to progress with changes that clarify licensees' obligations to take all reasonable steps to ascertain the status of a customer and the occupants of any affected domestic premises before disconnection. It is important that all suppliers take steps to properly understand their customers' circumstances and take all relevant factors into account at all stages of the debt path.

Consumer Focus believes that suppliers should not disconnect households where they have been unable to ascertain the consumer's circumstances e.g. confirmed that the household is not vulnerable. The suggested amendment, and the focus on the licensee taking all reasonable steps to ascertain vulnerability *before* exercising any right to disconnect is vital and we are in agreement with the list of 'proactive steps' that Ofgem suggests suppliers should follow. We further believe that the list of proactive steps listed in the letter should be highlighted by Ofgem in the decision document, to provide guidance to the interpretation of the licence condition.

We appreciate the difficulties flagged by suppliers in reconnecting previously disconnected households. However, Consumer Focus believes that a vulnerable consumer who does not have access to supply during the Winter Moratorium is a breach of the licence condition, regardless of when the disconnection originally took place.

We accept that the amendments to the Energy Retail Association (ERA) Safety Net do, in some ways, go further than the original proposal to ensure that a disconnected consumer subsequently found to be vulnerable is reconnected, usually within 24 hours. However, the Safety Net has, in the past, proven to be an ineffective tool to prevent vulnerable consumers from disconnection in

the first instance, as evidenced by the cases that Consumer Focus' Extra Help Unit continues to receive. This has included thirty suspected cases of vulnerable consumers disconnected because of debt referred via Consumer Direct, and nine confirmed cases of vulnerable consumers disconnected between January 1 – March 31 2010.

It is therefore essential that Ofgem issue more formal guidance on what 'reasonable steps to identify the status of consumers' means in practice. This could be included as an annex to the decision document. It will ensure that there is a minimum level of checks that must be carried out before a household can be disconnected. This guidance is important to clarify suppliers' obligations as not all suppliers are signatories to the ERA Safety Net and in one case, an existing signatory to the Safety Net is not covered by its compliance regime..

Further to this, Consumer Focus remains concerned that the licence condition does not protect *all* households with vulnerable consumers. In particular, Consumer Focus continues to advocate for all children to be captured within the ERA's Safety Net definition, not least to meet the requirements of international legal standards regarding the welfare of children. There continue to be significant discrepancies between suppliers in the application of the definition of the 'child'. We strongly urge Ofgem and energy suppliers to seek agreement on this matter. A consistent approach with agreed minimum standards is necessary to ensure that the Safety Net is effective.

Consumer Focus will continue to work with suppliers and Ofgem to ensure that suppliers agree affordable debt repayment plans with consumers, taking their personal circumstances into account. It is also imperative that suppliers do not demand full, upfront, payment of reconnection (and other) charges before reconnecting a consumer.

#### *Smart Meters*

In light of the early roll out of smart metering, it is important that Ofgem and industry consider prepayment meter safeguards and protections around disconnection in parallel with these changes to the proposed licence conditions. Consumer Focus is concerned that the early roll out of smart metering might result in a situation where suppliers make the decision to disconnect without fully understanding the consumer's circumstances, and could result in disconnection of vulnerable consumers in error.

Further to this, you will be aware that Consumer Focus has recently carried out research into self disconnection and self rationing of energy by prepayment meter customers. We are keen to share a draft of the final report with Ofgem as soon as possible. Early findings from the research indicate that that any new guidance on how the current obligations apply when suppliers have the ability to disconnect remotely must include:

- safeguards to prevent vulnerable consumers from being remotely switched to prepay tariffs
- an obligation for suppliers to monitor vending post remote switching of payment method and to take action if a customer has self disconnected for a given period of time
- an offer of a benefits check for consumers switched to prepay tariffs because of debt, offered at the point of switching.

Given the ability to remotely switch customers to prepay tariffs, Consumer Focus also encourages all suppliers to ensure that at the very minimum one personal visit to the property is made prior to disconnection.

Finally, Consumer Focus continues to support Citizens Advice's call that as well as making multiple attempts to contact the customer, suppliers must also be able to demonstrate that they have provided the customer with information about third party advice agencies that could help them engage and deal with the threat of disconnection.

Please do not hesitate to contact myself or my colleague Dhara Vyas (020 7799 8048 [dhara.vyas@consumerfocus.org.uk](mailto:dhara.vyas@consumerfocus.org.uk)) should you require any further information.

Best regards,



Audrey Gallacher  
Head of Company Energy  
Consumer Focus