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BY EMAIL

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Dear Liz

Proposed amendments to gas and electricity supply licence conditions in relation to the disconnection of vulnerable customers

We are responding to the open letter from Maxine Frerk, dated 26 March 2010, on the proposed amendments to Standard Licence Condition 27. We have discussed this with our members, who will also be responding individually.

We are pleased that Ofgem has recognised the robust protections provided to vulnerable customers by the ERA Safety Net. These protections have been enhanced this year by requiring suppliers to make reasonable endeavours to reconnect any vulnerable customer who has been inadvertently disconnected within 24 hours (on working days) where it is safe to do so. We are also in discussions with our members over enhancing the annual audit of the Safety Net, ensuring that all vulnerable customers are protected from disconnection at any time of year.

Proposed SLC 27.11(A)

Our members are happy to take all reasonable steps to ascertain the status of a customer and the occupants of any affected domestic premises before disconnection. This reflects their existing practice. Although each supplier has their own procedures, disconnection is always a last resort and, prior to authorising a disconnection, suppliers will typically attempt to contact the customer:

- eight times through correspondence;
- twice by telephone;
- twice times by personal visit to the property;
- once by informing the customer of their right to attend court; and
- one final time before executing the warrant of entry.

Thus, our members believe that the proposed addition of SLC 27.11(A) will make explicit their existing practices. As Ofgem has recognised, the ERA Safety Net requires suppliers to be proactive in seeking out information to determine the status of customers. We welcome the clarity this change will bring for suppliers that are not signatory to the Safety Net. We agree with the proactive steps to identify vulnerability suggested by Ofgem. These are all reflected in suppliers' existing procedures.

We consider that the proactive steps set out by Ofgem and included in suppliers procedures as part of the Safety Net will apply in the same way, regardless of whether or not a customer has a smart meter installed. We would expect that specific arrangements for smart meters and remote disconnection/reconnection processes will be considered under the Smart Meter Implementation Programme. We will review the Safety Net arrangements under smart meters as part of the general self-regulation processes prior to the roll-out of this technology.

Reconnection of vulnerable customers before winter

We welcome Ofgem's recognition that the enhanced Safety Net requirement to make reasonable endeavours to reconnect a vulnerable customer within 24 hours (on working days) where it is safe to do so is a higher level of protection than Ofgem was proposing with its SLC amendment. The Safety Net recognises that, in some cases, a warrant of entry may be required to reconnect premises, which may not be granted immediately by the courts. As such, the requirement to reconnect a vulnerable customer at any time should not and cannot be an absolute requirement, as such issues are beyond the control of suppliers. We welcome Ofgem's agreement that the enhanced Safety Net means that a licence amendment in this area is not necessary.

Consolidation of SLCs 27.10 and 27.11

Our members agree with Ofgem that it is not necessary to consolidate SLCs 27.10 and 27.11.

Conclusion

Our members believe that the proposed addition of SLC 27.11(A) will clarify their existing practices under the Safety Net. We agree with Ofgem that the enhanced Safety Net means that there is no need to add a specific requirement to reconnect vulnerable customers before winter. We also agree that there is no need to consolidate SLCs 27.10 and 27.11.

If you would like to discuss this further, please contact me at mark.rusling@energy-retail.org.uk or 020 7104 4165.

Kind regards,

Mark Rusling
POLICY AND EXTERNAL RELATIONS ADVISOR