



Smart metering spring package – addressing consumer protection issues

Citizens Advice response to Ofgem

April 2011

Introduction

Citizens Advice welcomes the opportunity to respond to Ofgem's consultation on addressing consumer protection issues in its smart metering spring package.

The Citizens Advice service provides free, independent, confidential and impartial advice to everyone on their rights and responsibilities. It values diversity, promotes equality and challenges discrimination. The service aims:

- To provide the advice people need for the problems they face.
- To improve the policies and practices that affect people's lives.

The Citizens Advice service is a network of over 400 independent advice centres that provide free, impartial advice from more than 3,000 locations in England and Wales, including GPs' surgeries, hospitals, community centres, county courts and magistrates courts, and mobile services both in rural areas and to serve particular dispersed groups.

In 2009/2010 the Citizens Advice service in England and Wales advised 2.1 million people on 7.1 million problems. Debt (2.4 million problems) and welfare benefits (2 million problems) were the two largest topics on which advice was given.

Of the 2.4 million debt problems, almost 110,000 related to fuel debt. This represented an increase of 33 per cent on the previous year. In addition, Citizens Advice Bureaux also dealt with over 52,000 problems about a range of other (non-debt) fuel matters. Problems about billing / meter reading represent the largest single category within this figure, amounting to more than 13,000 problems, equivalent to over 25 per cent of fuel problems.

Citizens Advice welcomes Ofgem's intention to ensure that measures are put in place now to ensure that customers who take up smart meters before the mandated roll out are adequately protected. Such measures are vital both to prevent consumer detriment in individual cases and also to avoid creating barriers to developing consumer trust in and engagement with the forthcoming rollout.

Key points

- Citizens Advice welcomes the intention to put consumer protections in place now to protect early adopters of smart meters.
- It is vital to continue to monitor the effects of new technology on energy consumers and update these protections as necessary when further information emerges.
- We welcome Ofgem's proposal to issue guidance on safe and reasonably practicable and on identifying a customer's circumstances prior to switching them to a prepayment meter or disconnecting them.
- We have some concerns around the detail of the proposed guidance, including the fact that suppliers will not always be expected to visit the supply premises prior to remotely switching or disconnecting.
- We welcome the proposed insertion of SLC 27.9A whereby load limiting and credit limiting would be regarded as disconnection in certain circumstances, but we have

some concern over the detail of the wording and we suggest Ofgem considers banning load limiting as a debt management tool.

- We support the proposal to require suppliers to provide information on prepayment meters to customers prior to switching them, but suppliers must ensure that any information provided is appropriate to the client's circumstances and needs.
- We are reassured by Ofgem's view that it would be likely to consider any one case of inappropriate switching or disconnecting as worth of enforcement action.
- We are not in a position to comment on the detail of commercial interoperability, but it is important that customers who move to smart meters are not prevented from switching and we therefore support moves to ensure that incoming suppliers are able to make use of an existing smart meter.

Responses to questions

Question 1: Do you agree with our proposal to issue guidance on safe and reasonably practicable and require suppliers to have regard to this guidance through a licence amendment? If not, what else is needed?

AND

Question 2: Do you agree with our proposal to require suppliers, where they know or have reason to believe that prepayment is no longer safe and reasonably practicable for a customer, to offer an alternative payment method or some other form of action?

Citizens Advice supports the proposal to issue guidance to suppliers on what constitutes safe and reasonably practicable and we believe it is essential to require suppliers to have regard to this. We also welcome the proposal to offer alternative payment methods or another form of action to customers whose prepayment meters are no longer safe and reasonably practicable.

Currently suppliers' obligations in this regard apply only at the time of prepayment meter installation, and only to customers who are offered a prepayment meter because they are struggling to pay. This is a gap in protection that needs closing. However, these proposals may not fully achieve this.

We have some concern that the requirement on suppliers to identify a customer's circumstances in order to ensure that it is safe and reasonably practicable in advance of prepayment meter installation applies only in cases where the supplier offers a prepayment meter to someone who is struggling to pay. This possibly risks leaving customers who request a switch to a pre-payment meter or who are offered one for another reason under-protected. While these customers will benefit from the new requirement to offer alternatives where the supplier becomes aware or has reason to believe that a pre-payment meter is no longer safe and reasonably practicable, it may in fact be inappropriate to switch such customers in the first place. There is a particular need to proceed with caution here as it may not always be the case that someone who requests a switch to a prepayment meter is very different to someone who has a switch imposed on them.

In addition, we would hope that customers who move into a home where there is already a prepayment meter or a smart meter operating in prepayment mode would be protected by the proposed obligation for suppliers to offer alternatives where it is no longer safe and reasonably practicable for the customer to have such a meter, as suppliers would ask questions of a new customer to establish their circumstances. However, to ensure that this will be the case we would suggest that this should be covered within the guidance.

We would be concerned if customers whose circumstances had changed to mean that it was no longer safe and reasonably practicable to have a prepayment meter were to face additional charges for moving on to another payment method or another option. We would not wish to see customers penalised in these circumstances and we urge Ofgem to ensure that consumer interests are protected in this regard.

Question 3: Do you have any comments on our proposed guidance regarding taking into account whether it is safe and reasonably practicable for a customer to pay by prepayment?

We are broadly supportive of the content of this draft guidance. We welcome the inclusion of not only what constitutes safe and reasonably practicable, but also the sort of steps that suppliers would be expected to take to determine the circumstances of a case where they were offering a prepayment meter to someone struggling to pay and the ways in which they would be expected to check that the meter remained safe and practicable after installation.

We are very pleased to hear that Ofgem considers that enforcement action would be appropriate in any single case of an inappropriate switch to a prepayment meter, especially if the customer were vulnerable. However, we feel it would be helpful to reiterate this view within the guidance itself as well as in the text of the consultation. In addition, as we note in our response to questions 1 and 2, above, we believe that as currently worded, inappropriately switched consumers who requested the switch would not be protected by the guidance.

We do not support the wording of the second proposed relevant factor in determining whether a prepayment meter would be safe and reasonably practicable, although we support its intention. This states that suppliers should consider 'whether a customer *lives in a rural area at quite a distance* from any top-up outlets.....' We believe that this wording is too narrow and fails to take into account other circumstances that may make it difficult for a client to get to a top-up outlet. Firstly, customers in areas other than rural areas may live at quite a distance from an outlet. Secondly, although the guidance does make clear that what constitutes 'quite a distance' will vary with the customer's circumstances, it is possible that some customers may live physically near to an outlet but may still find it impractical to get there, for example, because its opening hours do not fit with the customer's needs. We therefore suggest that the guidance should make clear that factors other than physical distance from an outlet may be relevant in determining whether it is practicable for a client to access an outlet.

While we acknowledge that many factors in determining whether or not it is safe and reasonably practicable to install a prepayment meter may be addressed by technological innovations, it is vital that suppliers ensure that they are available to, and suitable for, the individual customer to use. For example, while the internet is available to many people,

and may provide a useful and convenient method of topping up, home access varies significantly by age and socio-economic group. While nearly three quarters of adults overall have access to the internet, only just over half of people in socioeconomic groups D and E have access and for people aged over 75 the figure is less than a quarter.¹

Furthermore suppliers must ensure that such facilities are available reliably and sustainably, 24 hours a day. For example, where a customer has internet access it could potentially be considered reasonable to provide them with a prepayment meter when there is no top-up facility nearby, on the grounds that they are able to top up via the internet. However, this would not be reasonable if, when they run out of credit, they are unable to access the internet because it relies on a power supply. It is important that such eventualities are considered and built into the decision making around safe and reasonably practicable. This would include considering, for example, whether a customer who plans to top up using the phone requires a power supply to do this (e.g. in the case of a cordless landline) or whether they may be likely to run out of credit on their mobile phone at the same time as running out of meter credit. For customers on a low income who may struggle to budget, and may find that their money does not last until the end of the week or the month, this latter scenario is not unlikely. To address some of these issues, suppliers should consider making available a free phone number for topping up. This would need to be free from mobile phones as well as landlines.²

Caution must also be applied when considering whether an adult other than the customer is able to operate and top up the prepayment meter if the customer is not.

It is important that suppliers make decisions about whether it is safe and reasonably practicable on a case-by case basis and that they are able to justify their decisions. We would hope that Ofgem's view that enforcement would be likely in any case of inappropriate switching to a prepayment meter would encourage such an approach.

We support the fact that the guidance obliges suppliers to consider whether a prepayment meter is safe and reasonably practicable from a customer's perspective in all but very limited circumstances. The example given in which it might be reasonable to consider the supplier's perspective is one in which the customer had a history of meter tampering or theft of gas or electricity. We would urge caution even in such cases as this, as it is vital to ensure that innocent customers are not penalised for the actions of others. For example, in the case of a couple in which one individual has committed such an action, the relationship has subsequently broken down, and that individual has left the home, it would not be reasonable to consider safe and reasonably practicable from the supplier's perspective in the case of the remaining customer.

We have previously argued that when remotely switching a customer to a prepayment meter, suppliers should be obliged to visit the supply address in order to determine the customer's circumstances.³ We are disappointed that this will not be the case, but we note

¹ Ofcom Communications Market Report, August 2010

² Ofcom has recently consulted on proposals to make 0800 numbers free from mobiles as well as landlines. Even without such a change, it could be possible to make other arrangements. For example the Department for Work and Pensions has arranged with the main mobile phone providers to make calls to its benefit lines free.

³ Smart metering implementation programme: consumer protection, Citizens Advice response to Ofgem, October 2010

that the guidance will expect a visit in cases where the supplier has been unable to determine information about the customer's circumstances by other means. We acknowledge Ofgem's desire to avoid encouraging a tick-box approach to determining customer circumstances and although visits will not be mandated, we are heartened by Ofgem's commitment to take a strong line on inappropriate switching, especially in the case of vulnerable customers. We would urge Ofgem to remain vigilant and to monitor the actions that suppliers are taking prior to remote switching to ensure that consumer protections are not eroded by this technological development.

We welcome the inclusion in the guidance of the steps that suppliers will be expected to take post-installation of a prepayment meter. We are pleased to see that suppliers will be expected to monitor whether the customer is topping up and to check with the customer that they are able to afford the level of debt repayment. However, in our experience, customers may feel pressurised to accept debt repayments at a level that causes hardship and is unsustainable, and some suppliers can simply fail to negotiate reasonable repayments or explain how deductions are calculated.

A man who went to a CAB in Derbyshire was paying £3 and £10 per week respectively towards his gas and electricity arrears. He was unable to afford this and yet the supplier refused to reduce the repayments. The adviser reported that the supplier's approach was very inflexible and they seemed to have a very limited understanding of debt issues. The man could not afford to heat his home which he shared with his 16 year old daughter.

A CAB in London reported the case of a man in his forties who, in 2007, had had a prepayment gas meter forcibly installed because he owed £400 arrears. By the time he went to the CAB in late 2009, he had effectively been denied gas for two years because the level of arrears and standing charge deductions was set at such a high rate that almost all his credit was used up as soon as he topped up. He had also experienced a similar situation with his electricity, supplied by the same company. The man had attempted to talk to his supplier about his difficulties and had on numerous occasions been promised a return phonecall but these promises were not kept. The CAB adviser phoned the supplier to attempt to arrange for arrears to be recovered at a more reasonable rate. This request was denied and when the adviser requested details of the rate at which arrears were being recovered, they were told that the information was not available. Instead, an arrangement – described by the adviser as 'ludicrous' – was set up whereby the man would phone the supplier from a phone box, and they would call him back on his mobile when he was next to the meter so that he could inform them what the controls on the meter were indicating. The adviser was very concerned about the impact of these difficulties on their client who was living in what they described as 'appalling misery.'

An Essex CAB saw a woman with mental health problems who lived with her husband and three dependant children. The family was in serious financial difficulty and both the woman and her husband had declared themselves bankrupt. The woman had arrears of around £190 on her gas and around £280 on her electricity and was paying these off via her prepayment meter. She did not fully understand how her meter worked or what deductions were being made, and when she phoned her supplier to ask for an explanation, they were rude and unhelpful. She was left feeling confused and helpless.

The balance of power between a supplier and a customer is heavily in the supplier's favour and customers may feel unable to tell a supplier if they cannot afford their repayments, or they may find that if they do try to renegotiate repayments, they have no success. It is imperative that customers are given a real opportunity to discuss what they can reasonably afford.

We are pleased that suppliers will be expected to monitor whether customers are persistently disconnecting but we are disappointed that suppliers will not be required to offer friendly and emergency credit to prepayment meter users. As we have previously set out,⁴ although these measures do not adequately address wider problems of affordability as they must be paid back, we believe that they do represent a valuable lifeline to customers who may not be able to leave their home to top-up their meter, and who may not have a bank account which would enable them to make payment over the phone or on the internet. We note that Ofgem intends to monitor whether suppliers are offering measures such as emergency and friendly credit periods and will be encouraging them to do so. Should suppliers fail to (continue to) provide such measures voluntarily, we would urge Ofgem to reconsider introducing a new requirement for them to do so.

We would also like to see a requirement on suppliers to provide information to customers on other sources of assistance, for example in relation to benefit entitlements or schemes such as Warm Front and the Warm Home Discount.

In order to supplement supplier monitoring of whether it remains safe and reasonably practicable for a customer to use a prepayment meter, we would suggest a note on prepayment meter customers' statements prompting them to contact their supplier if they are experiencing any difficulties or if they have any concerns about using their meter.

Question 4: Do you agree with our view that the current notification periods for switching to a prepayment meter are sufficient?

We are satisfied that seven days is sufficient, provided that suppliers follow appropriate debt paths and ensure early engagement with people who are having trouble paying their bills. Given the requirement upon suppliers to have regard to the guidance both on whether it is safe and reasonably practicable to install a prepayment meter and on identifying the customer's circumstances in advance of doing so, suppliers will be expected to have had contact with the customer prior to providing formal notice of an intention to switch. Where suppliers have been unable to contact the customer by other means, they will be expected to undertake a visit to the supply address to determine the circumstances of the case. It should therefore be the case that customers will generally receive more notice than the formal seven days.

We note that the Electricity Act 1989 and the Gas Act 1986 require suppliers to give customers seven days notice of an installation. We do, however, believe that it would be in the interests of consumer protection to amend the gas and electricity SLCs to include a seven day notification requirement. We acknowledge and are reassured by Ofgem's view that the existing requirement covers remotely switching a smart meter to prepayment

⁴ Smart metering implementation programme: consumer protection, Citizens Advice response to Ofgem, October 2010

mode. However, by virtue of the time when they were enacted, the Acts do not explicitly include smart meters operating in prepayment mode in this requirement. In fact the Gas Act 1986 refers to “install[ing] a pre-payment meter on the premises *in place of the existing meter* [emphasis added].”⁵ We would therefore support including notification period in the SLCs for the avoidance of any doubt.

Question 5: Do you agree with our proposal to require suppliers to give customers information on using a prepayment meter ahead of switching them to prepayment?

Citizens Advice believes that it is vital to ensure that customers are provided with information in advance of being switched to a prepayment meter. Our evidence indicates that many CAB clients have difficulty understanding how their prepayment meters operate and may find them difficult to work. For example, we frequently receive evidence that indicates our clients do not understand that they must pay fixed charges on their meter and that these will accrue even if the meter is not being topped up.

A woman with physical and mental health problems went to a CAB in Cleveland for help with her fuel debts. She had had a gas prepayment meter fitted earlier in the year and when it was installed she had no arrears. However, she had not topped up her gas over the summer months and had received a disconnection threat due to non-payment. When the adviser contacted the supplier, they were told that the debt had accrued due to a £3.50 per week standing charge which had been building up since the meter was installed. The client said she had been unaware of this and unaware of the need to top up the meter even when she was using no gas.

A CAB in Yorkshire reported that their client, a 39 year old man, had self-disconnected because he was received so little power for the amount he was topping up his prepayment meter. A call to his supplier revealed that he was paying a standing charge which builds up if there is no money on the meter at the time it is due. The client did not understand this and felt that his money was ‘going into a black hole’.

A Cumbria CAB reported that their client had a prepayment meter and had been with the same supplier for three years. Initially his standing charge was under £2 per week but it had increased to £3.50 per week. The client said he had not been informed of the change, although the supplier maintained that it had informed all its customers. The man had been in hospital for 28 weeks and in that time had not topped up his meter. During that time he had accrued a debt of nearly £100.

It is imperative that any information is provided in a format that is appropriate to the individual consumer’s needs and it will therefore be necessary for suppliers to make such information available in a variety of formats and via a variety of channels wherever possible. This could include, for example: leaflets and letters; via messages on the IHD; information on websites; and via a courtesy phonecalls or emails. A variety of methods of communication would be particularly useful in situations where the property owner requests the switch but it is someone else, such as the tenant, who has to use the meter in prepayment mode.

⁵ Gas Act 1986 (c. 44) 7(3) (a)

It is also crucial to ensure that disabled consumers are not disadvantaged by the communication methods used, and that adequate provision is made for clients with sensory impairments. Our experience of advising disabled clients with their debt problems indicates that creditor provisions (including those of fuel suppliers) for those with sensory impairments can be inconsistent and frequently blind and deaf people find that there is very little understanding of their needs.⁶

It is also important to ensure that information is provided not only in advance, but also at the time of switching itself and afterwards. If information is provided once and not followed up, there is a risk that customers will not effectively take it in. While customers can, of course, contact their supplier for assistance, some people may find this difficult, and we believe proactive follow-up by suppliers would be of great benefit to consumers.

In addition to providing information on the advantages and disadvantages of a PPM, and where they might obtain information or assistance if the PPM (or charging device) is not working effectively, we would welcome a requirement to provide the following additional information:

- Procedures for topping up credit on the meter, including different payment options and how to access these.
- If the customer is in debt, information on the level of debt and rate of repayment.
- The level and frequency of any standing or fixed charges (including arrears repayments, if any) and the implications that periods of low/no top-up will have on such charges.
- Information about how any friendly or emergency credit will be paid back.

Question 6: Do you consider it necessary to explicitly require suppliers to provide the ability to top-up by cash where payment is made through a prepayment meter?

Citizens Advice believes that it is necessary to explicitly require suppliers to provide a cash top-up facility for prepayment meters (including, in accordance with the proposed amendment to SLC 1, smart meters operating in pre-payment mode).

Suppliers are already under an obligation to ensure that it is safe and reasonably practicable in all circumstances of the case for a customer to use a PPM before such a meter is installed (SLC 27.6), and under the proposed new SLC 28.1A they will be required to offer alternatives where it is no longer safe or reasonably practicable for a customer to use a prepayment meter. These obligations apply to both smart prepayment meters and dumb meters.

If a customer does not have a bank account it would be essential for them to have a cash top up facility. In these circumstances it would not be considered safe and reasonably practicable for such a customer to have a prepayment meter if a cash top up facility were not available.

⁶ Forthcoming evidence report.

However, some people do have a bank account but prefer to budget in cash for the week, or they may have a bank account with very limited functionality, which does not allow debit card payments. In circumstances such as these, there is a danger that a supplier might assume that the customer could top up remotely, via the internet or on the phone, paying directly from their bank account and may therefore consider a smart meter to be safe and reasonably practicable even where a cash top up facility were not available.

We therefore believe that a cash top up facility must be explicitly required, and where a customer wishes to top up using this method, they must be allowed to do so.

Question 7: Do you agree with our proposal to issue guidance on identifying vulnerability prior to disconnection and require suppliers to have regard to this guidance through a licence amendment? If not, what else is needed?

As we have previously stated,⁷ it is not clear to us in what circumstances a supplier would ever need to disconnect a customer except in cases of health and safety concerns or suspected fraud. Our response to question 3, above, explains our concern that care must be taken in cases of suspected fraud to ensure that innocent customers are not penalised. This is of particular importance if disconnection were being considered.

Notwithstanding this, given that disconnection will remain an option, we believe that Ofgem's proposal to issue guidance on identifying vulnerability prior to disconnection and to require suppliers to have regard to this is a positive step.

However, we are disappointed that suppliers will not be required to carry out a site visit prior to disconnecting a customer. Although smart meters will confer on suppliers the ability to disconnect customers remotely, we think that it is imperative that they are not able to undertake such remote disconnections without being in full possession of the facts of the specific case. People's circumstances change and not all customers will engage with their supplier or give them full information about their circumstances. This could be for a variety of reasons, for example because they are distrustful of energy companies; because they are under pressure due to personal circumstances such as debt, bereavement or relationship breakdown; or because they have difficulty communicating due to a disability, limited literacy or because they do not speak English. We therefore think it is only right that suppliers must undertake a visit to the customer's property in order to ascertain information about the customer's circumstances and any vulnerability that may otherwise have been missed.

Question 8: Do you have any comments on our proposed guidance regarding identifying vulnerability prior to disconnection?

Although we are disappointed to learn that a site visit prior to disconnection will not be mandatory, the guidance includes a site visit as one of the steps that suppliers will generally be expected to undertake prior to disconnection. As noted above, we do acknowledge Ofgem's desire to avoid encouraging a tick-box approach by suppliers, and while suppliers will have ultimate discretion to determine the steps they follow to determine a customer's circumstances, we are reassured by Ofgem's view that enforcement action

⁷ Smart metering implementation programme: consumer protection, Citizens Advice response to Ofgem, October 2010

would be a likely outcome in a single case of disconnection of a vulnerable customer. We would anticipate that suppliers would be mindful of this when determining a customer's circumstances. We are reassured to some degree that suppliers have committed to undertake site visits prior to disconnection where they have not already spoken to a customer. However, as disconnection is such a serious step, we believe suppliers should commit to undertake a site visit in all circumstances prior to disconnection.

The guidance states that suppliers must review all written contact with the customer and ensure that it is in plain English and available in other languages where appropriate, and also that the customer has been encouraged to ask for help. We would suggest that this should be amended to add that suppliers must check that it is in an appropriate format (for example, large print or Braille) and that written contact *in itself* is appropriate for the customer, for example deaf people whose first language is British Sign Language can find it very difficult to understand written English.

In addition, we suggest that suppliers should be expected to take into account information received from third parties when determining the status of customers and occupants. This must include a full review of all notes on the customers account and where necessary suppliers should follow up information where necessary in order to verify it.

As in the case of remote switching to prepayment meters, we would urge Ofgem to remain vigilant and to monitor the actions that suppliers are taking prior to remote disconnection.

We would also welcome some guidance for suppliers on actions to take post disconnection.

Question 9: Do you agree that suppliers should ensure rapid reconnection and provide compensation on a voluntary basis where customers have been disconnected in error?

It is vital that suppliers must rapidly reconnect customers who have been disconnected in error. Disconnection is very a serious step for a supplier to take and it can have serious consequences for customers who can be left without any means of heating or cooking.

A CAB in Dorset told us about a man in his sixties who was recovering from an industrial injury. He built up approximately £620 of arrears for his electricity supply and his supplier disconnected him. The company told the bureau that they had written to the man on numerous occasions and had eventually sought, and been granted, a court order to disconnect him. The man was unable to pay the arrears and he was told that it was not safe and reasonably practicable for him to have a prepayment meter installed. He had been offered no other alternative and was told that his supply would not be reinstated until he had paid off the arrears. He had no way of doing this and had been left without the means to cook food or heat water.

A CAB in Lancashire reported that they had helped a man in his forties who lived with his wife and 12 year old son. The man had multiple debt problems, including debts to his dual fuel supplier, and he had agreed to accept a prepayment meter for both gas and electricity. The electricity meter was fitted as arranged, but the supplier simply disconnected the gas supply and told the man he would have to pay back £2,000 before it could be reconnected. The family's heating, hot water and

cooking facilities were all dependent on gas.

A Yorkshire CAB saw a woman who was in her thirties and living with three dependent children. She lived in local authority accommodation on a very low income. Because she had built up a large amount of arrears, her electricity supply was cut off. She made an agreement with her supplier to have a prepayment meter fitted, but neither the supplier nor the landlord agreed to pay the cost. This woman had no gas at her property and was therefore without any fuel whatsoever and was living without heating, lighting, hot water or cooking facilities.

Where customers are disconnected in error, rapid reconnection is essential. We would prefer to see an amendment to the gas and electricity supply licence conditions to this effect, but we are to some degree reassured by Ofgem's statement that it will consider making such an amendment if suppliers fail to implement rapid reconnection and compensation measures on a voluntary basis. Given Ofgem's desire to proceed via self-regulation in this area, we are pleased that it will be asking suppliers to extend to all customers their existing commitment to reconnect vulnerable customers who were disconnected in error within 24 hours and we urge suppliers to commit to this. We hope that reconnection may be possible much more quickly for customers with smart meters and we would hope that suppliers will endeavour to reconnect all customers as quickly as possible.

With regard to compensation, suppliers are obliged by the standards of performance to pay prescribed sums to customers on loss of supply. We would argue that from the customer's perspective, disconnection in error equates to a loss of supply and the same standards should therefore apply. Providing compensation in this way (i.e. a prescribed sum) would avoid requiring customers to go through an application procedure and would provide them with a fixed sum automatically following disconnection. In addition, the customer would have the option to pursue additional damages, for example if they had suffered any consequential losses as a result of the disconnection. We strongly urge suppliers to implement such compensatory measures.

We hope that self regulation will prove adequate in ensuring rapid reconnection and compensation, but should this not be the case, we would strongly support action by Ofgem to mandate such measures.

Question 10: Do you agree with our view that the current notification periods for disconnection are sufficient?

As with installation of prepayment meters (see our response to question 4, above), we are satisfied that the seven day notice period is sufficient provided suppliers continue to follow appropriate debt paths and ensure early engagement with people who are having trouble paying their bills. Given the existing and proposed requirements upon suppliers to take all steps to determine a customer's circumstances prior to disconnection (SLC 27.11A and proposed SLC 27.11B together with associated guidance), which will include the expectation that suppliers will undertake a visit to the supply address prior to disconnection, suppliers will be expected to have had contact with the customer prior to providing formal notice of an intention to disconnect. As in the case of prepayment meters, it should therefore be the case that customers will generally receive more than seven days notice.

Question 11: Do you agree with our proposal to explicitly set out in the supply licences that load limiting and credit limiting amount to disconnection in certain circumstances?

Citizens Advice broadly welcomes the proposal to make this amendment to the licence conditions. We believe it is crucial to ensure that consumers are adequately protected against possible detriment that may result from these new developments.

If customers are disconnected as a result of reaching their credit limit, they must be afforded the same protections as currently exist for disconnection. We would not want to see customers unexpectedly or suddenly left without a supply because their debt had reached a certain 'cut-off' point, especially as we understand that customers would not necessarily be aware of their limit in advance. There could possibly be some risk of physical harm to the customer as a result of an automatic disconnection without warning. For example, if a customer was walking down the stairs and their electricity was cut off, leaving them suddenly without any lighting, they could be at risk of tripping and falling.

We recognise that there could be some positive value in credit limiting if it prevents customers from building up a very large debt, but we feel that this can be better achieved by early engagement with customers and by offering existing alternatives such as prepayment meters or fuel direct. We would want to see the new functionality used to help creditors to identify customers in financial difficulty and to take action to engage with them.

In discussions with stakeholders, the practice of load limiting has been likened to an overdraft, whereby a customer would be able to accrue a certain amount of debt, up to a certain amount. If they reached this pre-determined amount, they would then be disconnected. They would then have to pay the outstanding debt, or an agreed proportion of it prior to re-connection. This causes us some concern; CAB clients are generally on a low income and while for some, a small credit limit may be useful as a budgeting tool, for others there is a danger it may compound their financial difficulties, for example if penalty fees are added for failure to repay the amount owed.

We are also concerned about the use of the term 'significantly constrained' in the proposed licence amendment relating to load limiting, and the fact that Ofgem has not provided any definition of this. We would not wish to see customers left without enough power for their essential use, including cooking, lighting, heating and cold storage of food. We understand – and recognise that it is proper – for Ofgem to avoid stifling tariff innovation but it is important that customers in financial difficulty are adequately protected from measures which could cause significant detriment.

We have some concern about load limiting on prepayment meters as this is specifically excluded from the scope of the proposed amendments to the licence condition which equate the process with disconnection. While it may not be appropriate to include prepayment meters within this proposed amendment, we would wish to see some protections to prevent the possibility of customers being simply stuck long-term with a limited supply of energy via their pre-payment meter, for example, as a debt management tool to encourage the customer to pay off arrears more quickly. As we understand it, there is currently no protection in place to prevent this.

For these reasons we recommend that Ofgem considers ruling out load limiting altogether as a debt management tool.

It is essential that Ofgem closely monitors developments in the use of the new smart meter functions including load limiting and credit limiting. It is not yet clear how suppliers may implement these functions. We suggest that at this early stage, Ofgem could consider obliging suppliers to discuss with and receive approval from Ofgem for their plans for the use of load limiting and credit limiting prior to implementing them.

Question 12: Are there any protections that should be considered regarding disconnection and prepayment for non-domestic customers? If so, what are these? Please provide evidence to support your views.

Citizens Advice has no comment to make on this issue.

Question 13: Do you agree that there should be an obligation on the original supplier to offer terms for use of the meter?

AND

Question 14: Do you have any comments on the requirement for terms to be reasonable and non-discriminatory and factors we would propose to take into account?

It is essential that customers who move to a smart meter are not locked in and remain free to switch supplier. We therefore support the proposal to oblige suppliers to offer terms which would allow other suppliers to use smart meters they had installed.

We accept that in the short term it may be necessary for smart meters to revert to dumb mode on change of supplier, but it is very important that early adopters of smart meters are made aware of this and any implications this may have are clearly explained. It is also absolutely vital to ensure that early adopters are not misinformed by representatives of suppliers attempting to dissuade them from switching, who may tell them that it is not possible to switch following installation of a smart meter.

We agree that these terms should be reasonable and non-discriminatory and support Ofgem's intention to provide guidance on this. We firmly believe that it is proper for suppliers which install smart meters early do so at their own risk. The alternative to this would be that consumers would bear the risk, and this would not be acceptable. We have no further comment to make at this stage.

Question 15: Do you agree with the proposed obligation that terms should be transparent?

Citizens Advice is not in a position to comment in detail on the needs of incoming suppliers, but it seems reasonable to us that such a supplier should be aware of any charges or other terms and conditions that would apply when taking over a customer's supply. If this were not the case, there is a danger that consumers may face increased difficulty in switching.

Question 16: Do you agree with our proposed approach around an obligation to offer terms for use of communications services as part of the Spring Package, and the timeframe for any such obligation?

Citizens Advice is not in a position to comment the technical feasibility of offering terms of use for the communications and associated services. However, where it is possible we would agree that principles similar to those for offering terms for use of the meter itself should apply.

Question 17: Do you have any comments on our proposed approach for dealing with prepayment?

We agree that it is essential that customers who move to a smart meter and use it in prepayment mode must not be at a disadvantage compared to other customers and they must be able to switch suppliers. We support the proposal to oblige suppliers to make arrangements that would enable incoming suppliers to use their meters in prepayment mode. However, we believe that this obligation must apply to suppliers installing any smart meter, not just those which are initially set up in prepayment mode and those for which there is a 'realistic prospect' it will be used in such a mode. We do not see how this would preclude all use of prepayment on smart meters as is implied in paragraphs 4.36 and 4.37 of the consultation document.

We accept that it is reasonable to hold the installing supplier responsible only for the functionality of its meter and not the willingness of incoming suppliers to make use of this. If customers wish to switch and they are made aware that this will necessitate a change of meter, this is simply another factor to consider in deciding whether or not to switch.

Question 18: Do you believe there should be a de minimis threshold before commercial interoperability obligations apply and if so, at what level should it be set?

Citizens Advice would not wish to see some consumers disadvantaged as a result of increased barriers to switching. We therefore would not wish to see a de minimis threshold before commercial interoperability obligations apply.

