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**The Renewable Energy Company (Ecotricity)**  
**Consultation Response to Energy Affordability:**  
**Helping Develop Ofgem's Vulnerable Consumers' Strategy**

Dear Lisa Taylor,

Ecotricity is an independent renewable energy generator and supplier with over 60,000 domestic and non-domestic customer accounts. We welcome the opportunity to respond to this consultation on Ofgem's Vulnerable Consumers' Strategy. As a company we pride ourselves on our award winning customer service and employ a very personalised approach to resolving customer issues. Although, as an independent supplier, we have a proportionately low number of vulnerable customers, vulnerability and fuel poverty are of increasing concern to us. We have recently participated in various events focussing on vulnerability: my colleague Holly Tomlinson attended Consumer Focus Small Suppliers Round Table on the 26<sup>th</sup> of March, which had a strong emphasis on vulnerable consumers and debt. My colleague Sarah Wilshire attended the Ofgem roundtable on Vulnerability on the 10<sup>th</sup> of May.

Ecotricity's response is divided into two parts:

- A) Answers to the questions outlined in the consultation and
- B) Our conclusion/summary views on the proposals outlined in the consultation.

## **A) Answers to questions outlined in the consultation paper**

**Question 1:** *What should be the key factors or actions that we should consider incorporating in our Vulnerable Consumers' Strategy? How should the themes of our strategy be changed?*

Ecotricity support the principle that the costs of environmental and social obligations on suppliers, such as the Energy Company Obligation (ECO) and the Warm Home Discount (WHD), should be socialised on a per kWh basis, rather than a per household basis. As identified by the Centre for Sustainable Energy, there is a strong relationship between wealth and energy consumption and such a move would therefore benefit low income households. It would also be consistent with the 'polluter pays' principle. We would also support such schemes being socialised through gas bills rather than electricity bills. This is because low income households are disproportionately prone to not having gas mains.

Ofgem's Vulnerable Consumers' Strategy is primarily concerned with suppliers. We believe that there should be a stronger focus on the role of other players in the energy network. Although it is suppliers that consumers deal with on a day to day basis, our ability to assist our customers is constrained by the policies of network operators, particularly those of distributors. We welcome efforts by Ofgem to control network costs, but we believe that there are other ways in which network operators could contribute to reducing problems associated with vulnerable consumers.

A particular problem that we regularly encounter is the length of time it can take for distribution companies to move meters, which may be required before a prepayment meter can be installed; this can take as long as 12 weeks. We suggest that there should be an urgent Service Level Agreement, which would require distributors to move meters within one week, where there is a vulnerable customer in the property.

**Question 2:** *What can Ofgem do differently to help address affordability concerns?*

The relationship between energy affordability and the benefits system needs to be addressed. We believe that substantial improvements to the Fuel Direct system are needed. Ecotricity regularly recommends Fuel Direct to customers on benefits and we advise them to speak to their local benefits office about it. Feedback from such customers suggests that there is a high level of inconsistency in the advice they receive on whether they are eligible and how to sign up.

Another problem is the benefits deficit. Many low income customers do not qualify for Fuel Direct because they are not in receipt of sufficient benefits. Electricity and gas are vital services and priority debts. It is essential that they be covered by benefits and payable in the form of Fuel Direct.

With regards to improving gas access for the fuel poor, we believe that substantial investment into bio-methane production is needed. This will ensure progress towards all



three elements of the energy trilemma: keeping prices down; energy security; and reducing carbon emissions.

With more renewable energy coming on line and the resulting increase intermittency, more investment is needed into energy storage research, as this will reduce waste keep prices down. We would also suggest further research into ways of converting energy into heat and distributing it to those off the gas grid.

**Question 3:** *We welcome views on how Ofgem can help stakeholders with their contribution.*

We believe that the industry would benefit from initiatives to increase sharing and promoting best practice. All parties would benefit from more data sharing between organisations in different industries as a means to increasing identification of vulnerability. We suggest a single Priority Services Register (PSR) for all utilities providers (including telephone, water and energy) as a way of increasing uptake and ensuring that vulnerable consumers are covered for all services. It would also be worth reviewing and potentially expanding the definition of vulnerability to ensure more people are eligible for cover through the PSR.

We believe that social tariffs that suppliers with over 250,000 customers are required to pay out should be set by Ofgem. It should be the Authority's responsibility to determine what a fair and affordable rate is for consumers facing fuel poverty.

Ofgem should also do more to help rebuild trust in suppliers. Low consumer trust reduces their engagement, which makes it more difficult for suppliers to assist vulnerable consumers. The Social Obligations Report, for example, could be used to highlight best practice and rather than simply as a means of checking up on suppliers. It could also be used for research purposes.

As a general approach, consumers and suppliers would all benefit from more pro-active Ofgem guidance and support for suppliers in terms of meeting our social obligations.

**B) Our conclusion/summary views on the proposals outlined in the consultation**

Overall Ecotricity welcomes Ofgem's focus on vulnerability and fuel poverty. We strongly support moves to recover costs of social obligations on a consumption basis.

The majority of our suggestions focus on considering connections between industries and taking a more holistic approach to fuel poverty. We believe that there should be more focus on the network as a whole, both in terms of research into energy storage and obligations on distributors. It is our position that bio-methane has a strong role to play in ensuring a secure and sustainable of gas supply and bringing down gas prices. A more joined up approach is needed when considering the relationship between benefits and energy policy and more consistency is needed in Fuel Direct assessments. A multi industry Priority Services Register with a wider definition of vulnerability would ensure that more of those who require this service can receive it.

We are grateful for this opportunity to comment on Ofgem's Vulnerable Consumers' Strategy and welcome further industry engagement on this issue. We support moves by Ofgem to engage with suppliers on this issue and welcome further guidance and support for good behaviour.

We hope that you will take our comments on board and would welcome any further contact in response to this letter. Please contact Emma Cook on 01453 769301 or [emma.cook@ecotricity.co.uk](mailto:emma.cook@ecotricity.co.uk).

Yours sincerely

A handwritten signature in blue ink, appearing to read "Emma Cook", with a stylized flourish extending to the right.

Emma Cook  
Head of Regulation, Compliance & Projects