

By e-mail

Claire Tyler
Senior Manager, Consumer Policy
OFGEM
9 Millbank
London
SW1P 3GE

Your ref

Our Ref

Date

3 December 2012

Contact / Extension

Jeremy Blackford
0151 609 2346

Dear Claire

Proposals for a new Consumer Vulnerability Strategy - response by SP Energy Networks

Introduction

SP Energy Networks welcomes the opportunity to comment on the issues raised in the consultation paper issued on 28 September 2012. As an electricity distributor we have an obligation to provide and maintain economic and secure supplies to customers, including those that are vulnerable. We agree with the thrust of the proposed workplan, and will play our part in reviewing areas such as the Priority Services Register and the sharing of information between agencies.

We recognise that the range of issues where we deal with individual customers is limited (for example, we do not bill individual customers on an ongoing basis). However, we will look to see what elements of the BSI Standard on Inclusive Service Provision could be applied in relation to our vulnerable customers going forward.

Our detailed comments on the individual questions in the paper are set out in the attachment.

I hope that this is helpful but please contact me if you would like to discuss.

Yours sincerely



Jeremy Blackford
SP Energy Networks

New Alderston House, Dove Wynd, Strathclyde Business Park, Bellshill, ML4 3FF

Telephone: 01698 413000, Fax: 01698 413053

www.scottishpower.com

SP Transmission Ltd, Registered Office: 1 Atlantic Quay, Glasgow, G2 8SP Registered in Scotland No. 189126 Vat No. GB 659 3720 08
SP Manweb plc, Registered Office: 3 Prenton Way, Prenton, CH43 3ET Registered in England and Wales No. 2366937 Vat No. GB659 3720 08
SP Distribution Ltd, Registered Office: 1 Atlantic Quay, Glasgow, G2 8SP Registered in Scotland No. 189125 Vat No. GB 659 3720 08

Proposals for a new Consumer Vulnerability Strategy - detailed comments from SP Energy Networks

Question 1: Do our proposed Strategy themes provide an accurate reflection of the work Ofgem should be doing to help protect consumers in vulnerable positions?

We think that the proposed themes are appropriate.

Question 2: Do you agree with our proposed perspective on vulnerability? Are there other risk factors or features of the energy markets that could present issues that we have not covered?

We broadly agree with the approach proposed and the need for a new method to be used for the categorisation of vulnerable customers; however we are also conscious of the limitations on the role of distributors in respect of vulnerable customers.

Due to the nature of the service we provide and the fact that customers don't make a direct purchase of service from us, this means that a number of potential contractual and pricing issues, for example around contract lock-ins, exit fees, and pricing complexity which may occur with Suppliers/ Financial Institutions do not apply in our case, or at least not to the same extent.

We are not directly involved where there is a situation of fuel poverty, although we recognise that there may be a role for distributors in facilitating economic heating solutions for fuel poor customers off the gas grid.

As the paper indicates, not everyone who belongs to the groups set out in statute are vulnerable in all cases. It will always be easier to base vulnerability around characteristics/ capacity of the individual, as these are definable and easier for Contact Centre/ field staff to identify and work with. We have some concerns on how we would identify any "transitory vulnerability" and move away from a "defined list" to a set of variable factors that may indicate a higher propensity towards being vulnerable.

Unlike some of the other areas e.g. Financial Services, Electricity and Communication Suppliers, for most of our customers, there will be little or no direct contact in either direction in an average year. There is therefore less of a dynamic aspect to vulnerability for electricity distributors than for most other customer facing organisations

Question 3: What is your view on whether the BSI Standard on inclusive services could provide a practical approach to adopting our perspective on vulnerability?

A number of aspects of the BSI Standard could be adapted in the context of electricity distribution, including a review of the existing training provided, to see if additional focus on vulnerability can be applied for customer facing staff, together with regular monitoring of processes, identification of areas for improvement and so on.

We already have in place some measures which are seen as best practice within the BSI standard, to improve the way that we identify and interact with vulnerable customers, including:

- Enhanced facilities for helping customers whose first language is not English,
- Improved internet site highlighting our existing PSR.
- Published complaints process with escalation to independent Ombudsman.

The BSI focuses particularly strongly on how to protect customers in areas covering billing, promotions marketing, sales activities (contract, documentation and right to cancel), which are more associated with other service providers e.g. Financial Services, Electricity and Communication Suppliers.

We feel that as in our answer to question 2, the limitations of the distributor's role in interacting with individual customers, needs to be recognised, due to there being less of a potential for direct contact with most of our customers in an average year.

Question 4: What are your views on other approaches suppliers and distributors could take to adopt our proposed perspective on vulnerability in practice?

As noted above, we think that elements of the BSI standard can be adapted for electricity distributors, specifically around improving training and awareness of *vulnerability* for customer facing staff, regular monitoring of processes and identification of areas for improvement.

Additional improvements could be made to the existing process, to improve the flow and type of information that is shared between distributors, and suppliers.

We believe that there is a case for reviewing whether some additional information could be shared automatically (e.g. names for all vulnerable customers). This would make it easier to contact them in an emergency to provide the required support they may need. However, there is also an issue here in relation to 'transitional vulnerability' in terms of ensuring the accuracy of additional data on an ongoing basis, that would need to be taken into account..

We also think that there could be consideration of an all encompassing view on vulnerability for all providers of essential services e.g. the inclusion of water, telecoms etc in the sharing of vulnerable customer information. This would require a coordinated approach across the regulators concerned to deliver this. We need to note, however, that there could be substantial system changes to facilitate such an approach that would come at a cost.

Question 5: What are your views on our plans for developing a Consumer Vulnerability Network and are there additional organisations that we should engage?

We think that this is a worthwhile initiative to assist in policy development in this area.

Question 6: What are your views on our proposed annual workplan for 2013/14?

We support the proposed workplan and will play our part, including in relation to the review of PSRs and licence requirements referred to in paragraph 3.12.

Question 7: Do you believe that there are other areas that we should be specifically addressing in the workplan for 2013/14?

We will be developing our well justified business plan for RIIO ED1 during 2013/14, and look forward to discussing our proposals in relation to vulnerable and priority services customers as a part of the price review.