

22 September 2014

Ms Rebecca Langford
Consumer Policy
Ofgem
9, Millbank
London
SW1P 3GE

Dear Rebecca

RE: Review of the Priority Services Register

I am writing on behalf of Energy Networks Association (ENA), the voice of the networks. ENA is the industry body for UK and Ireland gas and electricity transmission and distribution networks, essentially, the ‘wires and pipes’ that deliver this vital service to our homes and businesses.

ENA members welcome Ofgem’s review of the Priority Services Register (PSR) with a view to ensure equal outcomes for all, ensuring that customers should not be disadvantaged or receive a worse service because of their situation. ENA agree that the proposals will improve peace of mind of customers who may need additional support to stay or feel safe, particularly when their gas or electricity supply is interrupted.

Question 1 - Do you agree that energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers?

Both ENA’s Electricity Distribution Network Operators (DNO) and Gas Distribution Networks (GDN) members appreciate that light, power and heating are essential services for our society and that different customers have different needs or interests. Indeed some customers are significantly less able than others to protect or represent their own interests in the energy market.

As Network Companies for both gas and electricity, our members have less of a direct relationship with customers, and therefore support and assistance is also required from suppliers who have many more communication opportunities. One such potential opportunity is the Smart Meter Roll-Out which will require Suppliers to have contact with their customers and would provide a good opportunity for suppliers to update the PSR.

It needs to be noted that there are differences between the gas and electricity networks that may mean a “one size, fits all solution” might not be appropriate. Unlike electricity, the likelihood of mass supply interruptions, with large numbers of customers off supply, in gas are much less likely. Gas networks are significantly more resilient to inclement or severe weather events predominantly because they are an underground network.

Furthermore, again, unlike electricity networks most of the GDN interactions with customers are on a one to one basis as they have to enter a customer’s premises to deal with incidents, escapes or interruptions, given the requirement to both safely isolate and purge/reignite the supply. Generally therefore the GDNs are able to determine the vulnerability of a customer “on the doorstep” and provide the level of service or assistance based on what they are facing.

The different licence requirements between the DNOs and GDNs also need to be considered, as currently, the GDNs are not required to maintain their own PSR. For GDNs the PSR obligations would be new and were not discussed or even flagged up as a possibility during the discussions on outputs for RIIO-GD1. Also, none of the GDNs stakeholder engagement identified this as something customers wanted them to do, it should be noted that any costs GDNs incur are consequently and currently totally unfunded.

The potential scale of change to gas industry systems could be large and therefore costly if a large central industry data base was to be proposed and this would also require amendments to the change of supplier process. In gas this is complicated by the role of Gas Shippers and the current implementation of Xoserve's Project Nexus. If this is expanded to have large scale transfers of data across gas and electricity and potentially water and telecoms this would grow the complexity and cost by another factor. Ofgem's intentions in this area need to be clarified and our members believe that as an industry, we should push for simpler more practical suggestions.

It will be an immense challenge to create such a database but even that would be dwarfed by the challenge of keeping the database maintained with up to date information. ENA's GDN members also question whether it will deliver practical benefits to vulnerable customers and there is a risk that the money spent on this will detract or reduce the amount spent on other optional services provided by companies.

Question 2 - Do you agree that we should continue to prescribe a minimum set of services? Do you support the proposed list of services? What additional services, if any, do you think energy companies should be required to provide?

A minimum set of prescribed services assists customers in understanding what they are entitled to, however, our members agree that the services provided should not be limited to customers that are of pensionable age, chronically sick or disabled. As stated in the consultation, customers may find themselves vulnerable due to circumstances beyond their control such as suffering an accident that limits their mobility or a fuel poor customer having to rely on costly electric heaters/hot plates during a gas outage.

It is important that any services offered address the needs of the end customers and that the list of required services are not so prescriptive as to prevent the network companies and supplier tailoring the service offered to meet the customers' needs.

Question 3 - If applicable, what services do you currently provide and what are the current costs of providing services (please break down by service). What financial impact do you think widening eligibility in the way we have proposed will have?

Our electricity members offer services to medically dependent customers (who depend on electricity for home medical care) or who have special communication needs and can find power cuts particularly worrying.

If a customer is dependent on electricity for medical reasons, or has special communication needs (such as being blind or deaf, for example) our DNO members encourage them to join the PSR, meaning they can:

- Provide a direct number to call so customers can get straight through to the DNOs in the event of a power cut.
- Contact customers about planned interruptions to the electricity supply.

Currently ENA's GDN members provide customers registered on the PSR with temporary heating and cooking appliances within four hours when they have to disconnect the gas supply either in an emergency or for planned maintenance. These services could be

extended to winter warmer packs and other non-financial services based upon an assessment of need.

There are also further licence conditions of the GDNs which require them to

- Move the service position free of charge if the customer is unable to operate the Emergency Control Valve (ECV) because of its location when the customer contacts the GDN directly.
- Provide a single national emergency number which includes facilities for deaf and partially hearing persons, and,
- Secure adequate publicity for the number taking into account the special needs for blind or partially sighted persons.

And, all our members

- Strive to keep any disruption to supply to a minimum
- All operatives carry photographic identification (including contractors) when accessing customers properties
- Offer a “password” scheme to any customer that requests it
- Provide literature in larger print, Braille or another language.
- Provide information on the PSR and what customers can gain under the existing schemes.
- Work with local and national organisations such as the Red Cross and the Royal Volunteer Service in large scale emergencies and support customers without power or gas.

Our members will provide an indication of the current costs and future financial implications in their own individual responses.

Question 4 - Do you agree that we should move away from requiring energy companies to provide services to disabled, chronically sick and pensionable age customers to an approach which requires energy companies to take reasonable steps to identify and provide appropriate services to any customer with safety, access or communication needs?

As previously stated, ENA believes that vulnerability should not be limited to the prescriptive definitions of disabled, chronically sick or of pensionable age. Customers not falling in to these categories may require additional services, such as minority groups where English may not be their first language or those with learning difficulties which result in communication difficulties.

Indeed, customers who would not normally be considered vulnerable, may find themselves requiring further assistance in the event of a gas or electricity outage, for example, those in fuel poverty or with small children. Also, as identified in the consultation document, there are customers living in areas where they feel unsafe to answer the door to strangers and may benefit from the password scheme. We agree that vulnerability should be assessed on a case by case basis and that employees should be empowered to “do the right thing” for that customer and make every customer contact count.

Question 5 - Do you agree that energy companies should be required to maintain a wider register of customers that they have identified as being in a vulnerable situation?

We would agree that it is the responsibility of both Suppliers and the Network Companies to understand their customers' needs and whether these customers should be offered additional services if they find themselves in a vulnerable situation. However it should be noted that gathering information to identify such customers is difficult. As noted in the consultation paper, currently only 24% of customers are aware of any non-financial support available to customers in vulnerable situation and only 10% of customers can mention the PSR without being prompted.

Levels of trust in some energy companies are low, which may lead to reluctance from some customers to provide personal information. It is therefore very important that companies work hard to proactively identify eligible customers, be clearer in explaining the benefits of the PSR and the services provided, as well as working with trusted partners to raise awareness and sign-ups. All of this will go a long way to improving customer confidence. Our gas members, who are not funded to hold their own PSR information but rely on the suppliers to provide this to them, have experienced difficulties influencing customers to contact their supplier to register on the PSR, or indeed obtain permissions from the customers to do this on their behalf.

We believe that a more collaborative approach from the DNOs, GDNs, Ofgem, Suppliers and other agencies such as the Citizens Advice Bureau, Age Concern, Mencap, Social Services and the Red Cross would ensure that customers feel comfortable in registering on to the PSR and understanding that their personal data will not be used for marketing purposes, but solely for their benefit as a vulnerable customer.

It is also extremely important that all energy companies work harder to improve the quality of the data being entered when a customer joins the PSR. A recent best practice exercise undertaken by all of the DNOs analysed circa 8,500 dataflows provided to DNOs by suppliers. It was found that 18% of records were entered into two available free text categories – 'Other' or 'Other Medical Dependency on Electricity'. In the 'Other' category, 26% of these were incorrectly allocated (as there was an existing direct category for the customer's need) and 41% unusable, with the description either blank, stating 'unknown' or 'other', or gave no tangible description as to the Priority Service Requirement. Therefore, whilst maintaining a wider register, with a common list of criteria, is extremely important, this will only be successful if companies provide better/additional staff training to ensure significant improvements in the quality of information input when a customer joins for the first time.

Question 6 - Do you agree that suppliers, DNOs and GDNs should share information about customers' needs with: a) each other? b) Other utilities?

The ENA, in its position representing both the gas and electricity network companies believe that the networks and suppliers should be required to share data on vulnerability and share best practice in managing the needs of these customers. There may also be opportunities to share data with water companies, particularly for DNOs and GDNs that share common geographic footprints.

ENA members have been working together and a Customer Safeguarding Forum¹ has been established, this forum represents members from across the Gas and Electricity industry with attendance welcome to GDN's, DNO's and Ofgem, Suppliers and other interested parties to allow a joined up approach on a topic that impacts all of us.

This group will look to

- Work through and agree definitions to improve the consistency of the approach towards vulnerable customers.
- Share ideas and best practice.
- Assess and improve daily operations, policies and procedures to support vulnerable customers.
- Understand and share what other businesses/associations outside of the industry do, that the energy companies might be able to link in with or learn from.
- Shape business plans ensuring vulnerable customers are protected and offered appropriate services.
- Pilot and test effectiveness of changes and where possible lobby industry-wide benefits through partnership working.
- Review/discuss current PSR and agree new/improved processes (potentially systems) to help develop shared data resources across industry – use this to influence change through other relevant forums.
- Track and communicate significant achievements.

The recent changes to the PSR dataflow arrangements with DNOs/suppliers, which ensure that the DNOs receive contact details for every customer are acknowledged within the consultation document and we agreed that such arrangements should be replicated for GDNs.

One consideration is that in the event of a customer switching supplier, the relationship with the networks remains the same and therefore we agree with Ofgem that in principle, that vulnerability data should form part of the critical customer data that the suppliers transfer between themselves as part of the switching process.

For our DNO Members, for example, it will require further investigation to identify the best mechanisms, via the introduction of two-way industry dataflows (currently only one way, supplier to DNO), to achieve this. It should be considered whether one supplier to supplier dataflow would be more efficient than two separate flows from Supplier A to DNO, then DNO to Supplier B.

Question 7 - Should energy companies be required to share information about customers' needs with other fuel providers such as LPG, heating oil distributors? How could the transfer of this information work? What are the benefits and risks of sharing the information?

There are obvious issues with the sharing of data and consideration should be given to the requirements under the Data Protection Act 1998, and the protection of customers. It is important the customers are given assurances if their trust in the energy companies is maintained and increased and also that the customer's informed consent to share data is sought at all times.

Consideration should be given to a central data store of customer vulnerability data that the utilities, charities, alternative fuel providers and other interested parties can access and provide data to, which may mitigate concerns on relation to data security and integrity.

¹ Terms of Reference attached as an appendix

Question 8 - Do you agree that we should stipulate the minimum details that we expect energy companies to share, for example that names and phone numbers must be shared where they are available? Is there any other information that should be shared and for what purposes?

ENA believes that an industry wide agreed set of minimum data requirements should be set out to ensure consistency and, in this, Ofgem can have a role. It is also important that details relating to the needs of the customers across all fuels/utilities are agreed and developed in a way that works both for the companies, other related organisations and the customers.

Question 9- Do you agree that energy companies should agree common minimum 'needs codes' to facilitate the sharing of information? Should we require energy companies to agree these codes? How might this work and what mechanisms are already in place to facilitate this? What role would Ofgem need to have in this process?

The data flows within the gas and electricity markets are complex and need to be understood and carefully mapped out to understand how they can be integrated to provide the sharing of data in relation to vulnerable customers. Cross fuel industry arrangements that already exist such as the Smart Energy Code could be used as a vehicle for the development of common needs codes.

Consideration also needs to be given as to whether networks and suppliers use PSR records for the same purposes. There are situations, as part of the current dataflows, where a customer may ask to be removed from one register (e.g. they do not consider themselves vulnerable during a power cut) but the supplier will not remove them from their PSR for other purposes (e.g. the PSR record may influence the tariff the customer is on or the schemes customers are targeted for).

Question 10 - Should information about a customers' needs be shared with their new supplier when they switch? What is the best way to facilitate the sharing of this information?

As previously stated, customers relationships with the network companies remains the same even when a change of supplier event takes place. It should be a requirement for the DNO/GDN to be advised along with the new supplier of the customer's vulnerability information therefore vulnerability data should form part of the critical customer data that the suppliers transfer between themselves as part of the switching process. Customers should be made aware that their data will be shared with the new suppliers to ensure they remain in receipt of the benefits from the PSR and their informed consent for this is sought.

With regard to the sharing of data, whilst our members agree entirely with the aligning of codes and sharing information, consideration needs to be given to the issues of achieving consents, as currently this is ambiguous in the Ofgem Consultation document. If companies are expected to obtain consents, then there will need to be a common approach taken by all DNOs and GDNs and not just "energy companies to set up mechanisms to acquire and facilitate consents". We must all be taking the same actions to obtain consents and it would be helpful if Ofgem could advise what this should be so that we are all doing the same thing without breaching any laws.

Question 11 - Do you agree that a single cross-industry brand will raise awareness of priority services?

ENA has already highlighted that the levels of trust in the energy industry is low, and the figures as quoted in the consultation document demonstrate customers unwillingness to enter in to a scheme where they believe their data will be used for marketing purposes, even if this is not the case.

Therefore, ENA members would be supportive of a single cross-industry brand that could be used to dispel customer concerns regarding data security and to improve the visibility of the service offered by energy companies for customers that are, or could be considered to be vulnerable.

Single branding across the Utilities and other providers (such as oil and LPG) for PSR would need to be carefully thought through however, so as not to further confuse customers. Those Network Companies from a corporate group that includes Supply companies have to spend considerable time and effort educating customers on the differences between their supplier and network operator and such a cross industry brand may lead to confusion.

Question 12 - Do you agree that a guidance document would help advice providers and raise awareness? Who should produce this document?

ENA members believe that a Utilities wide guidance document would raise the profile of the services offered to vulnerable customers and how these customers and the supporting services, such as charities and welfare agencies, can access the PSR and the ancillary services offered.

ENA would be happy to work with Energy UK and Energy Supplies Forum to produce such a document.

Question 13 - What more can be done to raise awareness of priority services?

Suppliers communicate with customers on a regular basis and as part of their role, are best placed to provide customers information on the priority services. ENA members feel that this information should be communicated to all customers at least once a year, if not on all communications. Key to this, will be a clear explanation of the benefits of joining the PSR and the consistent services offered by all companies (as referred to above), including the support provided by network companies during emergencies. It is also important to consider that broader awareness of the service is required so that family members and carers can also register people in need, with their informed consent of course.

Information and engagement with charities and welfare agencies is also a good route to raise awareness and consideration should be given to the best way to do this.

Question 14 - Do you agree that supplier independent audits are the best way of monitoring companies' compliance with our proposed obligations? Do you have views on the approach the audit should take and what it should cover?

Given the importance of protecting vulnerable customers in their time of need and the role that the energy companies can play in this, ENA members would be supportive of independent audits to ensure compliance with the updated obligations and also to enable the sharing of best practice across all of the energy companies to improve services offered to customers that are in need. In order to conduct a like for like audit, there would need to be a minimum set of criteria published and these criteria should focus on compliance to good practice and not formal auditing of the Licence requirement as this would add an unnecessary layer of complexity.

ENA Members believe that Ofgem should adopt a framework where energy companies provide evidence to demonstrate compliance in the first instance and just reserve the right to initiate independent audits where they have concerns about a company's compliance against their obligations.

I trust that you find these comments useful. We would be happy to meet with you and the relevant members of your team to discuss them further.

Yours sincerely



David Smith
Chief Executive

Vulnerable Customer Working Group - Terms of Reference.

Background

A shared concern on how to best provide a thorough and responsible approach to the subject of Vulnerable Customers was raised at the Customer Social Issues Working Group (CSIWG); initially stemming from conversations around on-going limitations with the Priority Services Register (PSR).

Vulnerability has many meanings and definitions but the dynamic nature of vulnerability also needs to be considered. To help ensure a robust way of supporting Vulnerable Customers, with flexibility to tailor the support to the individual requirements, a Vulnerable Customer Forum has been established with representatives from member organisations to discuss the issue. This working group represents members from across the Gas and Electricity industry with attendance welcome to GDN's, DNO's and Suppliers to allow a joined up approach on a topic that impacts all of us.

Actions agreed and taken as part of this working group helps support a collaborative way of working to benefit customers whilst positively impacting upon the reputation of the industry.

Working Group topics and discussions will be used to:

- Debate and agree definitions to improve the consistency of the approach towards Vulnerable Customers.
- Share ideas and best practice.
- Share updates on policies.
- Assess and improve daily operations, policies and procedures to support Vulnerable Customers.
- Understand and share what other businesses/associations outside of the industry do, that we might be able to link in with or learn from.
- Shape business plans ensuring Vulnerable Customers are protected and offered appropriate services.
- Pilot and test effectiveness of changes and where possible lobby industry-wide benefits through partnership working.
- Understand current flows to help create industry standard data flows.
- Review/discuss current PSR and agree new/improved processes (potentially systems) to help develop shared data resources across industry – use this to influence change through other relevant forums.
- Track and communicate significant achievements.

Membership

- A range of organisations representing the industry have volunteered to send a member representative.
- Member organisations are able to bring additional attendees with particular interest; although this needs to be agreed prior to meetings due to space limitations of meeting rooms

- External stakeholders such as Data Protection are welcome and critical to the success of the working group.
- There is no set period for membership; however we are keen that the same person attends from each member organisation each time to ensure consistency. Alternates will be considered upon request.
- A representative of National Grid Gas Distribution will chair the group.

Meetings

- The Vulnerable Customer Working Group will facilitate the group activities and meetings.
- Meetings shall be held between at least four times per year by agreement with the group – with opportunities for site visits to ‘go see’ and share examples in action.
- Meetings will usually be held in an accessible location along the M4 corridor; however, they may also be conducted by teleconference if arranged by prior agreement.

Objectives/Responsibilities

The group will:

- Agree the initial Terms of Reference.
- Review these Terms of Reference Annually.
- Represent a broad range of vulnerable stakeholders.
- Provide views and feedback on [Group]'s ideas & initiatives for those that are Vulnerable.
- Be empowered to influence [Group]'s Vulnerable Customer strategy.
- Facilitate mutually beneficial partnerships.
- Promote innovation and sharing of best practice.

Governance

- The Vulnerable Customer Working Group is a sub-group of the CSIWG.
- Decisions will be taken and acted upon by the sub-group without the need for approval by the CSIWG.
- CSIWG will be kept informed periodically of progress and if necessary, will be consulted as and when required.

Reporting procedures

- The Vulnerable Customer Working Group will be responsible for feeding back outputs into relevant areas of their own business and will have a duty to report back to the member groups either at the next meeting or as per a mutually agreed timescale.

Expenses

- Expenses are the responsibility of the member representative via their normal business claim procedures.

Compliance

- The Group will at all times comply with the requirements of the 1998 Competition Act and will not deal with any matter which will or is likely to prevent, restrict or distort competition or constitute an abuse of a dominant position as construed within the Act.