



*Action for Warm Homes*

## **National Energy Action's response to Ofgem's Consultation: Review of Priority Services Register**

**Response deadline: 22 September 2014**

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### **Section 1: About National Energy Action (NEA)**

NEA is a UK charity working to protect low income and vulnerable households from fuel poverty and exclusion in the energy market. We believe that radically improving the energy efficiency of fuel poor homes through heating and insulation measures represents the most cost-effective, long-term solution to the crisis caused by high energy bills and cold homes.

NEA estimates that the charity has helped over 7.5 million households in the UK gain access to energy advice and energy efficiency grants. In addition, energy efficiency improvements valued at over £110 million have been installed through NEA's subsidiary Community Interest Company, Warm Zones. The latter focuses on delivering a wide set of benefits to low income households in deprived areas. Through NEA's in-house training scheme around 20,000 people have obtained NEA/City and Guilds energy awareness qualifications.

NEA also identifies and shares best practice and has built capacity in communities to deliver energy efficiency and fuel poverty solutions for over 30 years. Through these and a range of other activities we have gained extensive policy and delivery experience in supporting and advocating for the vulnerable consumer base which is the focus of this consultation.

## **Section 2: Summary of recommendations**

This section contains a summary of the principal recommendations contained in NEA's more detailed response to Ofgem's consultation questions, as outlined in Section 3, below.

### ***Support model***

- Licensees should be required to offer both non-financial and financial support and their extra help services (PSR and non-PSR) should be joined-up to offer an integrated and comprehensive extra help package.

### ***Proposed minimum services***

- Alternative heating and cooking facilities: can be expensive to run and Ofgem should monitor the types of emergency heating provided and action taken by licensees to mitigate associated risks. For example, providing emergency financial assistance to cover the additional cost of running expensive emergency heating units.
- Free gas safety checks: more action is urgently needed to address the concerning trend of a rise in admissions to hospital for symptoms of CO poisoning at the same time as a decline in the number of free gas safety checks. The consultation document makes no mention of this problem and we call on Ofgem to explain and take action on how they are going to address this year-on-year decline.
- Meter readings: where standard meters are replaced for PSR customers with smart meters Ofgem must ensure, through the Smart Meter Installation Code of Practice, that the customer experience for installation provides for extra time for vulnerable customers to help them understand their new meter and get the most out of it.
- Communication: Ofgem should use the PSR's approach to equalising communication outcomes for vulnerable consumers to drive smart meter benefits for certain disadvantaged customer groups, in particular text-to-speech output from IHDs.

### ***Additional services***

NEA recommends consideration of the following services beyond the proposed minimum list.

- Safety: courtesy calls and/or reminder texts to consumers for home visits.
- Safety: free, low-cost CO alarms for vulnerable households.
- Safety: Linking the PSR to Telecare arrangements via smart metering.
- Access: standardising supplier policies to replacing pre-payment meters (PPMs) with standard meters and requiring they do not charge vulnerable consumers an up-front fee for the switch.
- Access: special controls and adaptors for householders with mobility or dexterity issues.
- Communication: communications on audio CD for visually impaired customers.

- Communication: beyond current practice, communications tailored in content and format to address barriers for households with mental health issues, literacy and numeracy issues and English as a second language.
- Communication: dedicated extra help team with associated free customer service number providing access to a licensees' full range of financial and non-financial extra help.

### **Eligibility**

- In moving from a category to a needs-based approach to eligibility Ofgem and licensees should recognise that certain groups of households display risk factors that predispose them to ongoing vulnerability in the energy market. These groups should be guaranteed a minimum level of protection with regard to PSR services.
- Ofgem should provide licensees, consumers and third party advocates with guidance on what sorts of households could most benefit from and should be targeted for PSR services. This will help with proactive identification and targeting and consistent service delivery across providers.

### **Wider register**

- Ofgem should recognise the PSR is currently used to register consumers on it who are to receive extra protection against disconnection, for example in the winter months A register of these consumers and others who have been 'flagged' as vulnerable, as well as current protections under existing licence conditions, especially against disconnection, *must not* be put at risk or eroded due to Ofgem's proposed PSR changes.
- Ofgem should clarify what it sees the purpose and benefit of its proposed wider register.

### **Data sharing**

- NEA supports increased and improved data-sharing arrangements but emphasises the essential need for utility companies having robust consent and safeguarding protocols and mechanisms to facilitate the proper, transparent and proportionate use and transfer of vulnerable customer information between obligated parties.
- Data sharing with regard to PSR details should be aligned to data sharing initiatives around fuel poverty, for example building in needs codes to share information of customers in receipt of bill rebates (e.g. WHD).
- Ofgem should recognise and protect against the potential for unintended consequences of data-sharing when switching. In particular, 'blacklisting' customers with multiple and complex needs.
- The switching point should be used by suppliers to renew consent for data-sharing of customer data with other utility companies and up-date customer information.

## ***Awareness-raising***

Ofgem must require licensees to urgently improve the frequency and range of awareness-raising activities with regard to the PSR. Improvements should be made in three key areas:

### **1. Energy company communications**

- Advertising the PSR through company communications people are most likely to read, in particular billing statements.
- Follow-up communications with those who have been signed up to the register to make sure they understand what the PSR is and what services it can offer (making use of Ofgem's proposed guidance document).
- Prominent and easy-to-access information on energy company websites.
- Tailoring messaging in content and format to appeal to and ensure relevance for different target groups. This includes communicating the utility of PSR services through 'success stories' involving peers, as well as 'scenario' marketing.
- Complementing targeted messaging with advertising aimed at consumers who are part of a vulnerable person's support network and could recognise the PSR as a useful service for their client/friend/family member.
- Adopting a holistic approach to extra help through cross-promotion of the PSR in communications about other forms of extra help.
- Proactive recruitment of customers onto the PSR by staff during phone calls and home visits. The latter should include making better use of gas safety and smart meter installation visits to provide check and referrals for extra help services.

### **2. Third party outreach and referrals**

- Identification: companies should establish more proactive relationships with local authorities and their networks (Health and Wellbeing Boards, local advice bureaus, housing associations, energy advisory services etc.) in areas where they have customer density with a view to identifying and making contact with vulnerable cohorts.
- Dissemination and referrals: companies should improve and increase their contact with partner organisations to disseminate promotional material about PSR services.
- Dissemination and referrals: third party referral routes should be better used to reach and sign consumers up to the PSR. In particular, front-line advisors and health professionals.

### **3. Joined-up approach**

Ofgem should align the PSR with the following policy areas:

- Fuel poverty strategy: action under the strategy should be used to promote PSR services. For example, mandated health referrals from GPs.

- NICE guidelines: Ofgem and the National Institute for Health and Care Excellence (NICE) should recognise the links between the PSR review and NICE's new public health guidelines for reducing excess winter deaths and illnesses. Coordinated discussions should take place between the two agencies to facilitate an integrated approach to support and advice.
- Smart meter roll-out: Ofgem should prioritise the contact opportunity presented by installation visits under the smart meter roll-out to reach vulnerable consumers and offer extra help, including PSR services.

#### **4. Monitoring and reporting**

Under revised social obligations reporting, licensees should be required to report to Ofgem on:

- What specific PSR services they offer;
- The number of unique customers receiving each service;
- The number of customers receiving a service by householder/vulnerability category (e.g. how many registered are pensioners, disabled etc.);
- The number of customers on the wider register;
- What services customers on the wider register receive (if any)

Auditing arrangements must require licenses to monitor and report on efforts to identify vulnerable customers and promote services to them. This could include:

- What third parties have they contacted and established relationships with (e.g. local authorities) and future activity in this area;
- What communications on the PSR they have produced;
- How many customers they have advertised the PSR to through billing statements etc.;
- Surveying PSR customers to monitor quality of service provision and assess what types of information/messaging householders respond well to;
- Random sampling across a supplier's customer base to check compliance with requirements to identify vulnerabilities and offer registration.

## Section 3: Response to consultation questions

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

Response: Agree.

Comments: Energy is an essential service and, as the regulator, Ofgem has a duty to protect the interests of gas and electricity consumers. This includes requiring energy suppliers and distributors to provide support to consumers with vulnerabilities to ensure they are not disadvantaged in the energy market compared to other consumers. We believe this support should take the form of non-financial and financial services.

Furthermore, we would urge Ofgem to clarify within your response to this consultation what it means by 'non-financial' services. Does this refer to Priority Services Register (PSR) services only, for example, a password scheme? Or does it include non-PSR services provided by energy companies – for example income maximisation advice – but where the individual does not receive a grant, rebate or discount of monetary value?

NEA suggests a more useful distinction may be between consumers who face non-financial vulnerabilities, for example they are elderly and have trouble accessing their meter to take a read, and consumers who face financial vulnerabilities, for example they are on a low income and find themselves in fuel poverty. A consumer can clearly be vulnerable for both financial and non-financial reasons and we reiterate energy companies should continue to be required to provide both non-financial advice and support to equalise outcomes for consumers and financial support in the form of grants, discounts and rebates. The latter, which we appreciate is not the focus of this consultation, is nonetheless critical for those on low incomes and suffering in fuel poverty.

**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?*

Response: Agree.

Comments: NEA supports the proposal for Ofgem to continue to prescribe a minimum set of services. We believe this is essential to provide vulnerable consumers with a minimum level of protection that is consistent across all licensees. NEA considers this particularly important as we are not convinced companies will strive to do more for their customers than any prescribed minimum level of protection and nor does evidence suggest consumers expect or will proactively demand additional help.<sup>1</sup>

We are also encouraged by Ofgem's stated intention to adopt an outcomes-based approach to the provision of services; recognising this encourages energy companies to shift their focus to the individual consumer and deliver services in accordance with need.

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<sup>1</sup> BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

If the desired outcome, as Ofgem suggests, is a vulnerable consumer being in the same position as a typical consumer with regard to safety, supply, access and communication, consideration needs to be given to how this outcome is going to be encouraged, implemented and enforced beyond the minimum list. We recommend Ofgem and licensees, with input from stakeholders, agree a set of outcomes that are measurable using robust, consumer-focused indicators and with a suitable accountability framework, including appropriate incentives and penalties. Without such a clear and measurable approach we believe Ofgem's stated outcomes will remain aspirational and customers will continue to receive the minimum service level.

With regard to the minimum set of services, NEA supports the proposed list. We do however provide the following comments which we encourage Ofgem to act upon before a revised approach is introduced:

- 1. Safety: alternative heating and cooking facilities.** While NEA recognises and supports the need for emergency heating and cooking provision in times of crisis, we wish to highlight certain hardships and risks that may inadvertently be induced. For example, electric heaters can be very expensive to run and householders could incur additional expense that cannot afford. Gas heaters can also bring their own health risks. NEA would therefore recommend Ofgem considers and monitors the types of emergency heating provided and action taken by Gas Distribution Networks (GDNs) to mitigate the risks. For example, providing emergency financial assistance to cover the additional cost of running expensive secondary or emergency heating units, especially for fuel poor households in crisis situations.
- 2. Safety: free gas appliance safety check.** NEA suggests more action is needed to mitigate the serious, sometimes fatal, risks caused from faulty gas systems and carbon monoxide (CO) poisoning.<sup>2</sup> The Department of Health has recently revised estimates of incidents of CO poisoning. It now suggests there are approximately 4000 (up from 400) visits to Accident and Emergency Departments every year for symptoms of CO poisoning.<sup>3</sup> At the same time, the number of free gas safety checks is declining: there were 45% less gas safety checks in 2012 than in 2009.<sup>4</sup> A sharp decline in free gas safety checks is of major concern and could lead to an increase in injury or fatalities caused by CO poisoning amongst vulnerable owner occupiers. We note that in its social obligations reporting Ofgem stated: 'we intend to consider this issue as part of our PSR review'.<sup>5</sup> However the consultation document makes no mention of this problem. NEA therefore calls on Ofgem to explain and take action on how they are going to address this year-on-year decline.<sup>6</sup>

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<sup>2</sup> NEA is currently developing a training module on CO awareness in the home to add to our existing 6281-01 City & Guilds Energy Awareness Course.

<sup>3</sup> <https://www.gov.uk/government/news/carbon-monoxide-poisoning-sends-4-000-people-to-a-e-each-year>

<sup>4</sup> Ofgem (2013). *Domestic Suppliers' Social Obligations: 2012 Annual Report*.

<sup>5</sup> *Ibid.*, p. 40.

<sup>6</sup> NEA also recommends improving the value of free gas safety checks for consumers (along with other PSR services: meter readings and meter re-sitings) through equipping engineers with the support and tools to allow them to refer vulnerable householders into other forms of financial and non-financial assistance. For details of this please see our response to question 13.

3. **Access: meter readings.** NEA notes that if standard meters are to be replaced for PSR customers with smart meters (to facilitate easier access to quarterly meter reads) Ofgem should ensure, through the Smart Meter Installation Code of Practice, that the customer experience for installation provides for extra time for certain vulnerable customer groups to help them understand their new meter and get the most out of it. NEA's research in this area showed some customers did not always fully grasp how the in-home display (IHD) functioned, either because the demonstration was too quick or the information was overwhelming.<sup>7</sup> As we move into a smart world NEA therefore suggests the PSR services should align with vulnerable customers' needs with regard to smart metering. This not only includes ensuring a premium installation experience but, if the PSR is to be truly innovative, the service could be linked to Telecare via smart metering. For example, if indoor temperatures dip below acceptable healthy home temperatures in colder weather a smart meter might alert the utility which then alerts a nominated contact or Telecare provider to check on vulnerable occupants.
4. **Communication:** NEA welcomes the requirement for licensees to provide accessible information to consumers and for consumers to have accessible means to contact their energy company. We are pleased Ofgem is proposing to include communication about near real-time usage information in this requirement and note this has implications for the design of IHDs. We believe Ofgem should use the PSR's approach to equalising outcomes for vulnerable consumers to drive smart meter benefits for certain disadvantaged customer groups, in particular text-to-speech output from IHDs for older people with severe sight loss who may have little to no access to web-based smart applications.<sup>8</sup>

More broadly, we note the proposed minimum set of services is essentially the same as what is currently required or what suppliers already provide, e.g. the addition of knock-and-wait. Many of these services are either essential (advance notice of power cuts for people reliant on electricity for health reasons) or are more a matter of good customer service that arguably should be provided to all consumers who require/want them, for example the password scheme. We therefore strongly believe it is important to incentivise and share best practice in the provision of extra help services through the audit process (see Question 14). This should encourage energy companies to go above and beyond the current 'business-as-usual' list. With regard to additional services, NEA would welcome consideration of the following good practice examples:

1. **Safety:** Provide **courtesy calls and/or reminder texts** to consumers for home visits to complement the password scheme. This is now standard practice for all consumers for appointments across a range of service sectors, for example health and eye appointments

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<sup>7</sup> NEA for DECC and Consumer Focus (2012). *Smart for All: Understanding Consumer Vulnerability During the Experience of Smart Meter Installation*.

<sup>8</sup> This was included as a recommendation in SQW, i2 media research and Astutim for DECC (2013). *Study on Access to Smart Meter Benefits for Blind and Partially Sighted Consumers*.



2. **Safety:** Alongside free gas safety checks the merits of providing **free, low-cost CO alarms** to vulnerable households should be considered. This service could be linked up with the roll-out of smart meters and incorporated into extra help for vulnerable customers that could be provided during meter installation visits.
3. **Safety:** As previously mentioned, **linking the PSR to Telecare arrangements** via smart metering.
4. **Access: Standardising supplier policies to replacing pre-payment meters** (PPMs) with standard meters and requiring they do not charge vulnerable consumers an up-front fee for the switch.
5. **Access: Special controls and adaptors for householders with mobility or dexterity issues.** Some suppliers already provide this service as part of their PSR and Ofgem should be careful to ensure the review does not nullify or inadvertently disincentivise current good practice.
6. **Communication: communications on audio CD for visually impaired customers.** This was a recommendation arising from Ofgem's own review of the PSR; where it was noted few visually impaired consumers were able to read Braille and large print is often not sufficient in terms of font size.<sup>9</sup>
7. **Communication:** we are pleased that Ofgem proposes to extend eligibility for communication services from those with hearing and visual impairments to a broader definition.<sup>10</sup> We note at the moment however that suppliers are focused on servicing the former category, for example Textphone, large print formats etc. Ofgem therefore needs to be explicit that it expects licensees to **address communication issues for households with mental health issues, literacy and numeracy issues and English as a second language.** With these groups in mind, NEA suggests information should not only be accessible in format but tailored in content to meet need, for example plain English and alternative languages. This may be in the form of videos available on energy company websites. For example, with support from Npower's Health through Warmth Scheme, NEA has developed an energy efficiency and fuel poverty advice DVD available in 13 minority languages. Such resources can help equalise outcomes for ethnic minority communities which research shows are groups more likely to be disengaged from the energy market.<sup>11</sup>

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<sup>9</sup> BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

<sup>10</sup> Customers who may find it harder than the typical customer to communicate with the licensee or access the licensee services.

<sup>11</sup> Ofgem (2014). *State of the Market Assessment*.

- 8. Communication: dedicated extra help team with associated customer service number.** We note that some suppliers already display good practice and provide their PSR services through a dedicated extra help unit for vulnerable consumers. We welcome such initiatives and would like to see them established across the industry as standard practice. Consumers surveyed in Ofgem's review of the PSR expressed support for this additional service.<sup>12</sup> The literature suggests and NEA would recommend that such a team is available on a free call number (including from mobiles) that avoids automated, lengthy, button menus and allows consumers to speak quickly and easily with a specially-trained customer service representative.<sup>13</sup> A clear, easy and quick pathway for a vulnerable individual to access extra help is essential for many disadvantaged householders, including those with mental health conditions, older people with dementia, those with language difficulties etc. Good practice examples from outside the energy sector clearly evidence a consumer desire for this approach – for example the bank First Direct, which has a policy of 'real people' answering calls, consistently ranks highest for customer satisfaction in the area of telephone banking.<sup>14</sup>

Finally, NEA notes that many households in the most vulnerable positions in the energy market – in particular individuals and families in severe fuel poverty – have needs that are not met by the current or proposed set of PSR services. This point was made in Ofgem's review, where 31% of lower income households selected 'none of these' when asked about the most important PSR services of those currently offered.<sup>15</sup> While we appreciate and understand the focus of this consultation is on non-financial services, NEA suggests that vulnerable individuals, including householders facing financial and non-financial barriers (or a combination of both) would be better served by both Ofgem and energy companies aligning and streamlining their approach to extra help. This ultimately means providing the customer with a single, joined-up pathway to access financial and non-financial services offered under licensees' social and environmental requirements and obligations.

In particular, NEA draw Ofgem's attention to the Warm Home Discount (WHD) Industry Initiatives funding stream. This policy mechanism, through which suppliers offer energy efficiency, income maximisation, fuel debt and best tariff advice services, is a critical source of (non-PSR) non-financial extra help. We note some, but not all, energy companies join up their PSR and WHD offerings through their dedicated extra help teams. We recommend Ofgem prescribe, encourage and incentivise this approach.

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<sup>12</sup> See BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*; Ipsos MORI for Ofgem (2013). *Research into the Priority Services Register and Non-Financial Support for Vulnerable Energy Consumers*.

<sup>13</sup> George, M., Graham C., & Lennard, L. (2011). *Too Many Hurdles: Information and Advice Barriers in the Energy Market*.

<sup>14</sup> <http://www.which.co.uk/money/bank-accounts/reviews-ns/bank-accounts/best-banks-for-customer-satisfaction/>

<sup>15</sup> Ipsos MORI for Ofgem (2013). *Research into the Priority Services Register and Non-Financial Support for Vulnerable Energy Consumers*.

Where various policy acronyms may not resonate with a customer (PSR, WHD, ECO) what will benefit them is a single package of support that provides easy access to the full range of available financial and non-financial services from which they can be helped to select in accordance with eligibility and need. NEA has recently completed some work for Citizens Advice exploring the merits of providing such a joined-up extra help service in the context of the smart meter roll-out. As addressed in more detail at Question 13, we believe the consumer experience around smart meter installation is a critical contact point to identify, reach and support vulnerable consumers to provide a coordinated package of extra help, including PSR registration and services.

**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? Please provide evidence to support your answer.*

Response: No comment.

**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?*

Response: Partly agree.

NEA has previously commended Ofgem's efforts in developing a Consumer Vulnerability Strategy and agrees that, as per the new strategy, vulnerability should be understood –*in some cases* – as transitory; a combination of individual characteristics and structural factors. We agree that Ofgem's review of the PSR should seek to align eligibility with the regulator's new definition of vulnerability and support an approach to PSR eligibility that is inclusive.

NEA acknowledges that current eligibility criteria for PSR services, i.e. disabled, chronically sick and pensionable age, will exclude some consumers who experience vulnerability around safety, supply, access and communication. In particular, consumers with mental health issues, literacy and numeracy barriers, technological, information and language barriers, and families with young children. In saying this however, and supporting Ofgem's broad approach, we wish to make some key qualifying points.

1. In moving from a category to a needs-based approach to eligibility Ofgem and licensees should recognise that certain groups of households display risk factors that predispose them to ongoing vulnerability in the energy market. These groups should be guaranteed a minimum level of protection with regard to PSR services. Research shows, that in the context of fuel poverty, these households can be characterised as being on a low income and containing a pensioner, a child, or someone who is long-term sick or disabled.<sup>16</sup>

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<sup>16</sup> DECC (2013). *Fuel Poverty: A Framework for Future Action*.

While services to target fuel poverty will not always align with PSR assistance (e.g. a fuel poor family with children may not want password protection) NEA remains of the view that this broad group of households is likely to have higher-than-average needs around safety, supply access and communication. We call for focus in licensee identification and targeting efforts to be given to these groups, in addition to placing greater emphasis on the needs of householders with mental health issues, limiting illness (not necessary long-term), literacy and numeracy barriers and technological, information and language barriers.

2. In line with our above comments on key at-risk groups, NEA would like to see Ofgem provide licensees, consumers and third party advocates with guidance on what sorts of households could most benefit from and should be targeted for PSR services. That is, types of households which are more likely than the average household to require PSR services. We note that many stakeholders, including suppliers, called for this sort of eligibility guidance in response to Ofgem's proposals on the WHD Broader Group, which initially was very loosely defined. The purpose here in the context of PSR services is not to discourage flexibility with regard to eligibility or ring-fence funding for a core group (PSR services should be available to all who need them as a business-as-usual activity) but rather to: a.) help with proactive identification and targeting for both for licensees and third parties; b.) help consumers understand what extra help they are entitled to; and c.) ensure consistent access to services across licensees and prevent variations in practice amongst providers.
3. NEA believes that tracking categories of consumers which are receiving PSR services should be built into audit, monitoring and reporting mechanisms for the PSR (see Question 14). This will help to ensure a needs-based approach to eligibility is having its intended effect: that non-financial extra help is reaching the range of households that could most benefit from it.
4. Finally, we question whether, given the current list of minimum services proposed, a strict eligibility approach is necessary. There is evidence suppliers are already displaying flexibility around who they offer to register on their PSR and we note that equivalent special assistance registers in the water sector do not strictly police eligibility and are in fact open to anybody with specific needs. We would welcome a similar flexible approach combined with targeted promotion in the energy sector.

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

Response: Partly agree

Comments: NEA agrees with the requirement for energy companies to maintain a wider register of vulnerable consumers to the extent that the PSR is currently being used for non-PSR services. In particular, registering consumers on it who are to receive extra protection against disconnection, for example in the winter months.

We stress that a register of these consumers and others who have been 'flagged' as vulnerable, as well as current protections under existing licence conditions, especially against disconnection, *must not* be put at risk or eroded due to Ofgem's proposed PSR changes. If NEA does become aware of any instances in which changes to the PSR result in consumers losing some of their existing protections we will immediately alert Ofgem. Furthermore, we reiterate any such instances will seriously undermine the increased value in the register Ofgem is seeking through its proposed changes.

Beyond this issue of using the existing register to provide extra (non-PSR) protection we would welcome clarity on what Ofgem sees the purpose and benefit of its proposed wider register being. Especially if those on it who are not receiving PSR services are not made aware they are eligible to receive such services if they so wish. On this point, Ofgem's research into the PSR showed that one of the main issues with the existing register is that consumers are signed up to it without sufficient follow-up and explanation of what services they can access.<sup>17</sup> Indeed, some consumers on the PSR are not even aware they are registered for the service. This passive, 'record-keeping' approach to consumer vulnerability is of little benefit to householders and we would not want to see this method adopted for the wider register. NEA therefore requests Ofgem clarify what the purpose of the wider register is, what households on it can expect to receive and whether it will be part of the proposed data-sharing arrangements. If there is no apparent financial, material or service benefit to consumers from being on the register it is arguable whether their data should be shared and, at the very least, consent should be sought and given.

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

Response: Agree.

Comments: NEA welcomes and supports the sharing of information about customers' needs across utility sectors and between energy companies. Increased and improved data sharing in the energy sector has long been recognised as having a key role to play in helping to effectively and efficiently identify and deliver support to vulnerable and fuel poor households.<sup>18</sup>

A consumer having to register separately with up to four different companies across the electricity and gas distribution, energy supply and water sectors presents a barrier to effective service delivery for all consumers, and particularly vulnerable ones. It is also an inefficient approach in terms of costs for industry.

Care does need to be taken however to ensure the data sharing process is completely transparent. Although Ofgem suggests their research indicates sharing PSR details is 'relatively uncontroversial' amongst most consumers, NEA notes that around a third of consumers surveyed for some of Ofgem's research into the PSR indicated they would be unhappy with their personal details being

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<sup>17</sup> BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

<sup>18</sup> E.g. Energy and Climate Change Committee (2013). *Fifth Report: Energy Prices, Profits and Poverty*.

shared.<sup>19</sup> The research also shows vulnerable and low income consumers can be extra wary about their personal information being misused, particularly given the trust deficit which exists between this consumer segment and the energy companies.<sup>20</sup>

In this context, NEA particularly wishes to emphasise the essential need for utility companies having robust consent and safeguarding protocols and mechanisms to facilitate the proper, transparent and proportionate use and transfer of vulnerable customer information between obligated parties. Data should only be shared with providers of services required by consumers and not on a general basis. Furthermore, any changes to the PSR should be backed by an information campaign delivered through trusted third parties so vulnerable consumers understand the purpose and benefits of their data being shared. Independent complaint pathways should also be highlighted, e.g. The Energy Ombudsman.

**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?*

Response: The practical benefit to consumers from this type of data sharing should be made clear by Ofgem and prioritised accordingly. If a consumer has access needs with regard to fuel delivery, for example, it is not immediately clear that sharing PSR information will help to address this issue better than a consumer's direct engagement with the heating oil and/or LPG company. Having said that however, NEA has continually campaigned for improved service delivery to off-gas grid households; recognising they are one of the key at-risk groups with regard to fuel poverty. We therefore welcome any steps that help to equalise outcomes for off-gas households in the energy market. In particular, Ofgem, Government and suppliers should prioritise addressing the key barriers that face rural households being able to access existing energy programmes. There is now a critical opportunity to make further progress on this matter as part of a new and ambitious fuel poverty strategy. However, it is evident that, instead of providing support, Government policy continues to disadvantage rural off-gas grid householders under programmes such as ECO. Pursuing a more deliberate and coordinated approach to reducing the 'energy divide' that exists between mains and off-gas households is the real issue that needs to be urgently addressed as a priority.

**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?*

Response: Agree.

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<sup>19</sup> Ipsos MORI for Ofgem (2013). *Research into the Priority Services Register and Non-Financial Support for Vulnerable Energy Consumers*.

<sup>20</sup> BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

Comments: NEA supports the proposed list of minimum customer details that energy companies must share (subject to informed consent). In addition, we wish to highlight the potential for data sharing with regard to PSR details to be aligned to data sharing initiatives around fuel poverty. Currently, energy suppliers have information on their customers in receipt of the WHD and NEA believes this information should also be shared between energy companies in addition to details of customers' PSR needs (again, subject to consent). Moving forward, the Government has indicated in its consultation on the fuel poverty strategy it will explore wider data sharing powers to further automate delivery of bill rebate schemes. The new fuel poverty strategy is also considering the potential of 'mandated health referrals' for energy efficiency interventions. If a referral due to ill-health is made for fuel poverty we believe a referral should also be automatically made for PSR registration and such a health referral and other relevant information with regard to fuel poverty (e.g. a WHD rebate) be shared between energy companies using needs codes proposed in this consultation. This will help create a complete customer record of need and facilitate the joined-up provision of services to address financial and non-financial vulnerability in the energy sector and across the spectrum of energy distribution and supply.

**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?*

Response: Agree.

Comments: NEA supports the development and implementation of needs codes that are descriptive, accurate and consistent across licensees and, as stated previously, believes provision should be made for codes to indicate receipt of the WHD rebate and other fuel poverty information held by energy companies. In developing the codes consideration should therefore be given by licensees to the forthcoming fuel poverty strategy and data sharing arrangements in this area. We also support Ofgem's proposed role in agreeing the codes and recommend Ofgem set a date by when the codes must be in use. Finally, the codes should be subject to regular review and updated as needed.

**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?*

Response: As outlined in our response to Question 6, NEA supports data sharing between energy companies, including when customers switch suppliers. Hassle-free switching, including the transfer of existing information a customer has already agreed to share with their energy company, is in line with Ofgem's Retail Market Review and reflects good practice in other industries, for example the Current Account Switch Guarantee in the banking sector.

We do however draw Ofgem's attention to the potential for unintended consequences from this proposal that could be disadvantageous for vulnerable consumers. In particular, a supplier being unwilling to take on a vulnerable consumer as a new customer if they learn as part of the switch process that the customer has multiple additional needs they must service. Ofgem should put in place protections against, and monitor the risk of, this kind of 'blacklisting'. One option is to implement a 'cooling off' period between when a customer switches and when the new supplier is made aware of a customer's registration on the PSR and what services that customer is in receipt of. This post-switching 'PSR check and transferral' could help avoid any potential for blacklisting, but should occur before the new supplier's first contact with that customer; thus ensuring they have full knowledge of a householder's needs to be able to service them appropriately.

The second issue NEA wishes to draw Ofgem's attention to with regard to data sharing and switching is renewal of information. A customer may have consented for their previous supplier to share their data with other companies in the energy and water sectors some time ago. The question therefore arises: is this information current and is that customer still happy for those companies to hold this information? NEA therefore suggests the switching point is an opportune time for the new supplier to seek renewed consent under opt-in data sharing arrangements for a customer's information to be shared with other utility companies. This would a.) help to ensure information is up-to-date, and b.) support Ofgem's broader approach to 'transient' vulnerability in which a customer – who may at one point in time have had additional needs – may no longer have the same requirements around extra help. At the very least however, we ask that Ofgem clarify how data-sharing arrangements are going to provide for a customer's information and consent with regard to PSR registration and services to be periodically renewed and updated.

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

Response: Agree.

Comments: NEA supports and welcomes this change to the PSR and notes it is in line with recommendations arising from Ofgem's review of the register. We believe careful consideration should be given to what common name is used across energy companies however; given Ofgem's research suggests the word 'priority' does not necessarily resonate with customers.<sup>21</sup> Specifically, the name needs to be easily recognisable, descriptive, sensitive and considers indicating services are free. In particular, a careful balance needs to be struck between using a name that makes clear the service is for vulnerable consumers while not using a pejorative term that may be considered patronising. We therefore recommend vulnerable consumers, consumer groups and third party advocates are involved in the development of the brand and it is tested with the target audience before going 'live'.

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<sup>21</sup> E.g. BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.



NEA also support Ofgem setting a date by when licensees must be using the single brand name and recommend promotion and awareness-raising should take place by energy companies working with Ofgem and third parties in the lead up to this date.

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

*Response: Agree.*

Comments: NEA agrees there is need for a clear, concise document that is consistent across industry with up-to-date information about the PSR, its services, how to register and what companies consumer data will be shared with. Currently, information about the PSR differs markedly across energy suppliers and it is not always made clear companies are obliged to provide these services under licence conditions. Having said that, Ofgem appears to be suggesting the document can service three audiences for awareness-raising purposes: consumers; third party advocates; and industry. This may confuse the tone and content of the document. NEA recommends the guidance is customer-facing, written in plain English and can be adapted for different needs (large print, audio CD, languages other than English etc.). Energy companies and third party advocates can then provide the document to their client base and use it to help them communicate about the availability of extra help in the energy sector.

On the matter of extra help, and bearing in mind good practice amongst energy suppliers who join up their PSR services with other non-financial and financial forms of assistance, we recommend the guidance document at least sign-post to other forms of extra help customers can access on energy (WHD, ECO etc.). Otherwise consumers may believe PSR services are the extent of support available to them and determine extra help on energy is not suitable to support their specific needs. We also wish to emphasise that a guidance document alone will not help raise awareness of the PSR. Instead, the document is a tool that should be utilised in what must be a concerted and greatly improved communication and outreach strategy around the PSR. Please see our response to Question 13 on awareness-raising for full details of our views in this area.

In terms of who produces the document, we believe Ofgem should develop and publish it with input from consumer advocates, third parties and energy companies. It should also be reviewed annually to up-date for any new or changed information.

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

Response: NEA emphasises significant improvements to the frequency and range of awareness-raising activities is one of the most important changes required to current PSR arrangements. The PSR to date has failed to have the impact and reach it should have because people on the whole do not have any idea these services are available. They are also not going to proactively seek them out because they have little to no expectations of energy companies with regard to extra help.

Ofgem's own research<sup>22</sup> shows this and, in addition, NEA research conducted with older people supports Ofgem's findings. Among a sample of older people (aged 55+, sample size n236) 95% of those surveyed claimed to have no awareness of the PSR.<sup>23</sup> This may be an indictment on the substandard efforts of energy companies to make efforts to identify potential PSR beneficiaries and promote the service to them. It is for this reason we are concerned and disappointed that Ofgem's review does not explicitly require licensees to do more with regard to awareness-raising. Instead, requirements in this area remain essentially the same: that licensees prepare and publish a statement telling customers about their obligations in this area and take reasonable steps to inform their domestic customers about the PSR at least once a year. This is incongruous when Ofgem's own review points out that this approach has failed and much more needs to be done with regard to both identification and promotion.

Outlined below are NEA's recommendations for improving awareness-raising. Many of these recommendations are based on practical work NEA has undertaken to promote and improve PSR registration. We emphasise that – where any of these kinds of initiatives are implemented – there is a critical need to share and enforce best practice across industry. While NEA attempts to do this in its campaigning and delivery programmes there is urgent need for the regulator's active support in this area.

## **5. Energy company communications**

Advertising a service once a year is not enough, particularly when good practice shows advice is successfully received when provided in small, regular amounts and through unsolicited direct contact. Energy company communications about the PSR should be improved using the following methods:

- Advertising the PSR through company communications people are most likely to read, in particular billing statements. Prominent messages about the register should be displayed on these types of communications using recognisable branding and messaging that is consistent across companies (as per Ofgem's proposals identified in questions 12 and 13). Messaging should make clear the service is free.
- Follow-up communications with those who have been signed up to the register to make sure they understand what the PSR is and what services it can offer (making use of Ofgem's proposed guidance document). This will not only help customers on the register to make more proactive use of the service but also encourage them to disseminate awareness of the PSR through their personal networks, e.g. tell an elderly friend or neighbour.

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<sup>22</sup> BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

<sup>23</sup> NEA (2014). *Warm Homes for Older People Phase 3*.

- Prominent and easy-to-access information on energy company websites, e.g. scrolling banners across the home page. Currently information about PSR services is often hidden away and can be extremely difficult to find on some companies' websites without deliberate and extensive 'digging'. This improved web communication should again make use of recognisable and consistent branding.
- Tailoring messaging in content and format to appeal to and ensure relevance for the target group. Messages are successful when they provide bespoke information and avoid generic tips and advice. We recognise that tailored messaging is not always possible for large eligible cohorts and will depend on energy companies having prior information about a customer's needs. Nonetheless, there are clear opportunities to make better use of best practice approaches. This includes communicating the utility of PSR services through 'success stories' involving peers, as well as 'scenario' marketing. The former is used successfully in the energy efficiency sector, for example communicating smart meter data and incentivising appropriate behaviour change through 'peer comparisons' setting a customer's energy use against a household with a similar structural and occupancy profile. The latter has been used successfully by Northumbrian Water to promote their register in their customer magazine, 'The Source'. They do so by alerting householders to situations that may prompt them to consider their own vulnerabilities, e.g. 'Would you know what to do if your water needed to be turned off?'<sup>24</sup>
- Complementing targeted messaging with advertising aimed at consumers who are part of a vulnerable person's support network and could recognise the PSR as a useful service for their client/friend/family member. This approach was used successfully for the Digital Switchover Extra Help Scheme, which ran a 'Helping Hand' campaign directly targeting friends, family and neighbours of eligible households.
- Adopting a holistic approach to extra help through cross-promotion of the PSR in communications about other forms of extra help (e.g. supplier trust funds). In addition, and as previously outlined at question 2, NEA believes Ofgem should prescribe, encourage and incentivise supplier good practice of using dedicated extra help teams (available from dedicated free-call numbers) to provide joined-up access to the full range of financial and non-financial assistance available in the energy sector.
- Proactive recruitment of customers onto the PSR by staff during phone calls and home visits. It is well recognised that service providers are most successful in engaging vulnerable households during direct contact situations.<sup>25</sup> Furthermore, extra help is most successful when it avoids customer-led steps and directly refers people into additional assistance schemes, rather than relying on mere signposting methods.<sup>26</sup>

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<sup>24</sup> NEA for DECC (2012). *Green Deal and Energy Company Obligation: The Design and Delivery of Energy Efficiency and Fuel Poverty Advice Services to Vulnerable Citizens*.

<sup>25</sup> Consumer Council for Water (2010). *Review of Companies Promotion of Special Assistance Services*; BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

<sup>26</sup> E.g. Databuild Research for DECC (2014). *Learnings from the DECC Community Energy Outreach Programme*.

As such, energy companies' call centre staff should be trained to recognise signs of vulnerability, identify needs and actively promote the PSR to customers when they are in contact with them for other purposes, e.g. switching, billing enquiries, change of tariff etc. The opportunity of home visits should also be used, including where engineers gain access to vulnerable households for the purpose of gas safety checks, meter readings, re-siting a pre-payment meter or installing a smart meter. Whilst the primary focus of an engineer should always be on the principal task at hand, the impact of these in-home visits could be enhanced if engineers were provided with the support and practical tools to refer clients on for additional forms of (PSR and non-PSR) assistance.

NEA notes this recommendation is supported by the recent draft NICE guidelines for reducing excess winter deaths and illnesses. In making this recommendation, NEA does recognise that engineers (e.g. for gas safety checks, smart meter installations) are under significant pressure to undertake visits quickly, without delays. Gas safety engineers have also informed NEA they lack tools, expertise and guidance materials to offer clients additional assistance beyond the remits of their job. With this in mind, we believe advances in Information Communication Technologies (ICTs) could be applied to enable engineers to refer clients on for additional assistance quickly and easily. For example, an application could be designed to allow for real-time referrals. This will minimise engineers' workloads and prevent scheduling delays. Such provision would provide a sense of job satisfaction amongst engineers and add significant value to the current gas safety checks offered to vulnerable consumers.<sup>27</sup> We also believe such an application has considerable potential to be used for smart meter installations occurring during the roll-out.

## **6. Third party outreach and referrals**

It is established fact that many of the most vulnerable people are not successfully reached through mainstream advertising and do not regularly access information through online channels. In addition, many low income and vulnerable consumers are not engaged in the energy market and are less likely to trust their energy supplier.<sup>28</sup> A partnership approach between licensees and third party advocates is therefore crucial to both identify and access vulnerable consumers to promote the PSR and increase uptake. Ofgem and energy companies need to identify and work with third parties which different vulnerable consumer segments use and trust. This includes national and community organisations, statutory authorities and social networks. These are the bodies that have established relationships with PSR target groups and best understand their needs.

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<sup>27</sup> NEA is currently applying for funding to the Gas Safety Trust and Gas Safe Charity to undertake research to explore additional provisions to consumers as part of gas safety checks. If successful, NEA will liaise with Ofgem and share the key outcomes from this research.

<sup>28</sup> Ofgem (2014). *State of the Market Assessment*.

Furthermore, going 'local' is often critical to engaging the most 'hard-to-reach' consumers for whom the PSR is meant to serve; individuals in the population who may not only be vulnerable but isolated from society and support networks. These kinds of people may only act on information received from a trusted contact, such as a health or care professional or local charity worker. Energy companies should therefore work with third parties on both identification and dissemination activities.

a.) Identification

NEA believes local authorities are particularly important with regard to helping to identify consumers to promote the PSR to. Councils are unique in their profound understanding of their local areas, their duty of care to *all* residents and the fact that many are already engaged in supporting households on energy and ancillary issues (e.g. affordable warmth strategies and benefit checks). They can therefore play a key role in improving licensees' understanding about who and how to target. They will also have knowledge about key actors across a range of vulnerability sectors in their area who could support awareness-raising in either a strategic or service delivery capacity. This includes Health and Wellbeing Boards, local advice bureaus, housing associations, energy advisory services etc. Companies should therefore seek to establish more proactive relationships with local authorities in areas where they have customer density with a view to identifying and making contact with vulnerable cohorts, e.g. using local authority tenancy lists.

b.) Dissemination and referrals

Companies should improve and increase their contact with partner organisations to disseminate promotional material about PSR services. Ofgem's proposed guidance document, along with other 'campaign' materials and messages, could be provided to third parties to distribute through their channels. In addition, many voluntary and statutory national and local organisations produce their own sources of information (factsheets, newsletters etc.) designed to advise on energy-related health and wellbeing issues. Licensees could support the production of these publications to ensure inclusion of appropriate information on PSR services. Finally, third party referral routes are an under-used pathway to reach and sign consumers up to the PSR. In particular, front-line advisors and health professionals should be engaged to a.) be made aware of and understand the PSR, and b.) refer their clients with identified needs into the service.

## **7. Joined-up approach**

As previously stated, vulnerable consumers who are the target for PSR services can be hard to reach and may need a level of hand-holding to enable them to contact their energy company and sign up to the register. They could also potentially benefit from other forms of financial and non-financial assistance on offer. As such, NEA strongly encourages Ofgem and licensees to link the register up with other vulnerability initiatives. This will both maximise the utility of any single intervention and provide ready-made opportunities for PSR identification and awareness-raising. In particular, NEA encourages Ofgem to align the PSR with the following policy areas:

- Fuel poverty strategy: the new strategy on fuel poverty will seek to outline how Government will work with communities, the health sector and across Whitehall to identify and engage fuel poor homes. Action under the strategy should also be used to promote PSR services. For example, mandated health referrals from GPs are being considered for energy efficiency interventions. Such a referral could and should also trigger assessment for the PSR.
- NICE guidelines: the National Institute for Health and Care Excellence (NICE) has just consulted on new public health guidelines for reducing excess winter deaths and illnesses. Recommendations include providing a one-stop shop local health and housing referral service for vulnerable people living in cold homes and for health and social care professionals to identify people at risk of living in a cold home and take action. Clearly, there is significant cross over between Ofgem's review and NICE's consultation and NEA recommends coordinated discussions between these two agencies to facilitate an integrated approach to support and advice.
- Smart meter roll-out: the national roll-out of smart meters presents a unique and one-off opportunity for suppliers to visit every domestic property in the country. NEA believes this installation visit should be used to provide extra help to vulnerable and fuel poor consumers.<sup>29</sup> This includes joining up the installation visit with existing support services, such as the PSR. The phone-call and home visit that will take place around a smart meter installation is a key opportunity to identify needs that may be serviced through registration on the PSR. Ofgem should prioritise this opportunity when considering how licensees should reach vulnerable consumers and raise awareness of PSR services.

**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?*

Response: Partly agree

Comments: NEA supports more rigorous monitoring and reporting arrangements for PSR services and agrees social obligations reporting is currently insufficient. Furthermore, if Ofgem is to move to an outcomes-based approach to service provision, they must, with input from stakeholders, agree a set of outcomes that are measurable using robust, consumer-focused indicators and with a suitable accountability framework, including appropriate incentives and penalties.

We believe, under revised social obligations reporting, licensees should be required to report to Ofgem on:

- What specific PSR services they offer;
- The number of unique customers receiving each service;

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<sup>29</sup> NEA has recently conducted a piece of research for Citizens Advice on options for extra help around the smart meter roll-out. This includes identifying and analysing installation pathways that deliver support to vulnerable consumers through existing schemes provided under suppliers' social obligations. The research is expected to be published later this year.

- The number of customers receiving a service by householder/vulnerability category (e.g. how many registered are pensioners, disabled etc.);
- The number of customers on the wider register;
- What services customers on the wider register receive (if any).

Needs codes that are to be established can assist in this process.

With regard to audits, NEA strongly believes licensees should be required to monitor and report on efforts to identify vulnerable customers and promote services to them. This may include:

- What third parties have they contacted and established relationships with (e.g. local authorities) and future activity in this area;
- What communications on the PSR they have produced;
- How many customers they have advertised the PSR to through billing statements etc.;
- Surveying PSR customers to monitor quality of service provision and assess what types of information/messaging householders respond well to;
- Random sampling across a supplier's customer base to check compliance with requirements to identify vulnerabilities and offer registration.

With this kind of monitoring awareness-raising activities can be correlated with take-up figures to identify what methods work and what methods don't and subsequently share and implement good practice. As previously stated, to ensure the audits are of value, NEA recommends Ofgem clarify and consult on outcomes indicators. NEA also strongly supports a regular audit process and is concerned by the suggestion that audits may no longer be required after two years of the programme. We strongly disagree with this proposal and believe it will not lead to good practice being incentivised, identified and continually improved upon. Finally, there should be a process and framework for publicly reporting on the outcomes of the audits and ensuring practical reforms are implemented subject to findings.