

**By email only**

Rebecca Langford  
Consumer Policy Manger  
Ofgem  
9 Millbank  
London SW1P 3GE

Name Paul Tonkinson  
Phone 07989493019  
email paul.tonkinson@npower.com

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**Review of Priority Services Register**

Dear Rebecca,

Please find npower's response to the above consultation. We are happy for this to be placed in the public domain other than that part of the answer to question 3 in relation to the cost of providing PSR services.

If there are points about which you require clarification, please do not hesitate to contact me.

Yours sincerely,

Paul Tonkinson  
Regulation

**RWE npower**

Oak House  
Bridgwater Road  
Worcester WR4 9FP

T 07833-236609  
I www.rwenpower.com

Registered office:  
RWE Npower Group plc  
Windmill Hill Business Park  
Whitehill Way  
Swindon  
Wiltshire SN5 6PB

Registered in England  
and Wales no. 8241182

## **Appendix**

### **Executive summary**

We believe that additional Priority Services Register (PSR) services should not be mandated across the piece, unless consumer research indicates their worth.

We agree that the PSR could be better publicised and targeted.

We believe that the PSR and Ofgem's Consumer Vulnerability Strategy (CVS) are distinct and should not be conflated, particularly the former being used to identify and assist transitory vulnerability.

We do not agree that there should be a formal requirement on suppliers actively to identify customers who may be eligible for inclusion on the PSR.

We agree that there should be data sharing between network providers and suppliers, and that the information provided should be aligned between gas and electricity industries. Sharing data with other utilities and types of energy provider is, in principle, attractive, but this needs further thought, as it is complex and as a result will take time to implement

We agree that a common-named PSR is worthwhile to aid consumer recognition, but a brand alone will not raise awareness.

We agree that an independent, Ofgem-produced guidance document would be helpful in raising consumers' awareness of the PSR.

We do not agree that supplier-funded audits are the best way of monitoring compliance with any proposed obligations.

A rigorous impact assessment needs to be undertaken before any changes are made.

### **Background**

The PSR has been around, in some form or other, since the beginning of market liberalisation. Given its longevity, it is clearly perceived as a fundamental part of supplier activity in dealing with certain vulnerable customer groups. Notwithstanding, a review of its purpose, content and how it is publicised is useful, not least in order to ensure that it remains relevant in addressing certain problems that might affect some customers more adversely than others. It is also useful to consider if the PSR is the right vehicle by which the those parts of the energy industry that interact with consumers do so with accurate and up-to-date information.

Below are npower's detailed responses to the questions raised in the consultation document.

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

**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?**

## **We agree in part.**

We agree that the PSR should continue to focus on non-financial services. By making this distinction between these and any financial support that suppliers offer their customers, it rightly preserves the ability by them to innovate in the latter space, thus underpinning the view that PSR can continue to be the vehicle for a common set of services. Also, given that the PSR covers both supply and distribution, with the latter's contact with end-use consumers related primarily with the continuing physical supply of gas and electricity, this reinforces the view that the PSR should remain non-financial in focus. In so doing, then, the corollary is that the PSR should also remain inputs-based (that is a defined set of services offered to consumers).

Moving to an outputs-based measure (where there the eligibility of the recipient is less clearly defined – Ofgem mentions those with access, communication, safety needs) makes it harder to decide who could and should benefit from being placed on the PSR. It also makes subjective the comparison of suppliers' and network providers' performance with each other against a revised less-clearly-defined-recipient-based PSR. If backed by licence conditions, the element of subjectivity will also feed into any enforcement action that may ensue.

On an operational level, while vulnerability is assessed on a case-by-case basis, it has to be recognised that front-line staff need clear guidance in order to help them identify vulnerable customers. While they are trained to recognise vulnerability, in order to do so, they have to ask sensitive and personal questions. Customers can find this intrusive and, given the nature of the relationship between both parties, may be reluctant to divulge sensitive information. To be able to do so efficiently and quickly, helps both suppliers and consumers in this regard.

We understand Ofgem's desire to align the PSR with its CVS; for example, to use the former to seek to try and address transient vulnerability (as is evident in the scope of the revised services being proposed). However, as alluded to above, having a set of applicable services to deliver to clearly and easily defined customer groups (which will, very possibly, cover the majority of customers that a more subjective definition seeks to catch) and criteria might make it easier to explain to customers and for them to self identify as being eligible for the PSR. Other types of vulnerability could be captured using the so-called special needs codes meaning that eligible customers are easier to identify quickly as well as limiting the scope for inconsistency of approach.

This appears accord with the original purpose of the Register: to keep customers on supply and to provide easily defined groups with services that they will, more likely than not, find useful. Proposing interpretative classifications of vulnerability are not compatible with a common branding or the desire to improve data sharing of defined special needs, which the consultation recognises requires a common set of vulnerable indicators.

Ofgem needs to be careful to not widen the definition so much that the majority of customers are classed as vulnerable, and that there are so many people on the PSR, that it dilutes the impact of a priority service. By having clearly defined groups it should only be those who truly require priority assistance that are on the register. This view is backed up that Ofgem's research which suggested that by changing the definitions, 3 in 5 people could be classed as vulnerable

Finally, we believe that suppliers being required to actively identify customers who can benefit from PSR-related services, with the concomitant for being penalised for a failure for so doing will be difficult to enforce objectively and consistently

**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?**

**We agree, but see our comments on individual services.**

The relative simplicity of the PSR, because it prescribes services to prescribed groups of individuals, is part of its strength. This should be retained.

Turning now to the services listed in the consultation document

- **Password scheme** – Ofgem’s proposal is for this to apply to customers who may be more likely than a typical customer to experience safety issues or have concerns about safety.

**Comment:** we already offer a password to anyone who requests it, as it is in both suppliers’ and customers’ interests to ensure each is put at their ease when dealing with the other on the doorstep and in the home, as well as this being good customer service.

How would the Ofgem approach be operationalised? As the proposal is allied to that for suppliers to identify customers who may benefit from PSR services, would, for example, customers in neighbourhoods where the crime rate is typically higher than average be targeted for receipt of this service? It may be argued that they experience safety issues etc more than a typical customer. This could be one way (a contentious one, no doubt) of meeting the requirement if necessary, but it could lead to a form of postcode ‘redlining’.

- **Free gas appliance safety check** – in the supply licence, strictly speaking, this is not part of PSR services. However, beneficiaries are broadly coincidental with PSR.

**Comment:** we agree that this remains relevant and support its retention as is.

- **Meter readings** - Ofgem’s proposal is for quarterly meter readings or alternative arrangements to access and submit quarterly meter readings, for example, a smart meter. This would be available to households with nobody who can read and submit meter readings.

**Comment:** Like the existing provision, to work, practically, it would require the customer to tell us that there is no-one in the house who can read a meter. Under the Energy Efficiency Directive (colloquially known as the Third Package), suppliers will be required to offer quarterly bills to any customer who requests it. To that end, it may be worth exploring whether there is scope through the PSR for any crossover with this requirement.

- **Resiting a ppm free of charge** – Ofgem’s proposal is for this for to be offered to households where it is not safe or reasonably practicable for consumers to access a ppm in its current position

**Comment:** As the consultation recognises, under SLC281A, suppliers are already required to move a ppm where they are made or become aware that it is not safe and reasonably practicable for the customer, amongst other things, to continue to use it. The addition to this is that under the PSR proposal, ppm resiting must be free of charge.

We already provide this service to any of our customers who ask for it. Also, suppliers already avoid installing meters in situations where the customer does not have 24-hr access to the equipment (for example where it is situated in an intake room), or it is deemed unsafe. Our concerns here revolve around identifying eligible customers and the cost of so doing.

- **Knock and wait** – Ofgem’s proposal is that when visiting a customer’s home a supplier (or network provider) waits longer for a response before leaving, if customers’ circumstances mean that they may require longer than the typical consumer to open their door.

**Comment:** self-evidently, for a home visit, it is desirable that contact is made with the customer and so we would support what the proposal is designed to achieve. The difficulty is how you define and record the details of eligible customers for ease of operationalising the service, for it to be applied sensibly, along with how Ofgem would assess compliance with it in a consistent way.

- **Ensure information related to the energy companies’ dealings with consumers are provided by means that are accessible to the consumer; and**
- **provide an accessible means by which the customer can contact the company to access information, query or complain about any service provided, including but not limited to:**
  - ⇒ **actual usage information – in particular information needed to switch supplier or manage their energy use.**
  - ⇒ **bill, account and annual summary information**

**These would apply to those who may find it harder than the typical customer to communicate with the licensee or access the licensee’s services**

**Comment:** The supply licences already require suppliers to provide services in a relevant format for sight- and hearing-impaired customers to contact suppliers and vice versa. The only other obvious group which is not defined in the licence and not expressly covered by the services therein is that containing consumers whose first language isn’t, and who may struggle to communicate in, English. Again suppliers make services available to non-English speakers to enable both parties to better communicate and this will continue. It is, therefore, hard to see what additional benefit these particular services will produce that will not be outweighed by the cost of being required to introduce them on a formal basis.

- **Redirecting all communications associated with a customer’s account to a nominated person (with the latter’s permission). Again, this would apply to those who may find it harder than the typical customer to communicate with the licensee or access the licensee’s services**

**Comment:** we already provide this service subject to the appropriate delegation of authority to comply with data protection legislation.

Ofgem’s research itself did not find any additional services apart from one-stop shops for vulnerable customers; this is already something that npower offers.

**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.**

We provide all the services required under the PSR. The costs of so doing are commercially confidential.

**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?**

**We agree**

We believe that being on the PSR is beneficial even if the customers do not take advantage of the Register's services, as it provides us with relevant information allowing us to know and deal with the customers in an appropriate manner. Also, it makes it easier to identify customers should they decide subsequently to take up a PSR-related service.

While the distinct customer groupings used for the PSR are helpful, we recognise that they are widely defined. With there being many definitions of vulnerability in use for a number of purposes: for example, the EUK Safety Net; Warm Home Discount etc, we, like other suppliers, also hold our own list of what we refer to as vulnerable indicators (VIs). These reflect financial and non-financial attributes that can define vulnerability. We find our VIs helpful in being able to identify quickly what service may well benefit a particular customer. While this does not replace the necessity of establishing a customer's specific circumstances, it does help in targeting services to those in most need, accurately and quickly.

With the desire for data to be shared between suppliers, network providers, other energy providers and possibly water companies, then it is necessary for there to be a standard, consistent, objective and transferrable register of vulnerabilities.

Ofgem is therefore promulgating two different approaches to defining vulnerable customers' needs: on the one hand, it is asking suppliers to try and capture needs based on safety, communication and access; whereas for data sharing, it is proposing changes that will require specific needs headings. This dichotomy, compounded by the other definitions of vulnerability promulgated for specific purposes (government initiatives; self-regulation) all adds to the difficulty in delivering a good customer experience as well as ensuring compliance with these differing requirements.

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

**We agree in principle**

Ofgem's view is that data sharing is "...relatively uncontroversial,..." However its research also found that only 40% of customers were happy for their data to be shared with distribution networks and 43% were so disposed for their data to be shared with other suppliers. With these points in mind, the industry need to be careful that enhanced data sharing does not have the opposite effect that's intended and making customers less inclined to sign up to the PSR

With this in mind, we comment accordingly, below

**a) with suppliers, and network providers. We agree in principle.**

We believe there is logic in sharing information between suppliers as it will provide a seamless continuity of service upon change of supplier. This, along with a

standardised PSR will result in a minimum level of service being offered, irrespective of supplier, and will give a degree of certainty to vulnerable customers, while not restricting the ability of suppliers to innovate and offer services over and above this. This will also add to raising the profile of any common-named or branded PSR.

We agree that data should be shared on a consistent basis with DNOs and GDNs, because of these organisations' responsibility for the continuity of the physical supply of energy. It is important, however, that any data shared are relevant and can provide a benefit for the customer.

In electricity, presently, the special needs flow between suppliers and DNOs is being revised. This has taken a considerable amount of time, so Ofgem should be under no illusion that more significant changes can be done quickly. The analogue of introducing the Theft Risk Assessment Scheme exemplifies this.

#### **b) other utilities. We agree in principle and subject to further work**

Again, greater data sharing has its attractions, perhaps and for example, with water companies, where water, like energy, is an essential service and where, intuitively, there is likely to be a degree of common experience between vulnerable customers. However, this does need further work to establish what, if any, benefits energy customers will receive (the benefits to water companies would likewise need to be assessed) along with what data can be shared and how this could be operationalised.

Sharing data with other widely-used utilities, for example, telecommunications providers would need to be assessed on a case-by-case basis as it is not obvious that the degree of overlap for exchanged data would realise tangible benefits for energy customers.

In sharing data with non-energy organisations, suppliers must not be expected to act in areas where they have no locus, and Ofgem should not impose any obligations on suppliers to fund services for which they have no responsibility.

Enhanced data sharing is likely to have Data Protection Act implications and is also likely to require changes to customers' contractual terms and conditions. It will incumbent on Ofgem to ensure that the Information Commissioner's Office (ICO) is fully apprised and content that any changes comply with the relevant legislative requirements..

Finally, in amending and introducing new data flows between suppliers, DNOs, GDNs and possibly other service providers, Ofgem must appreciate that these are normally complex, time consuming and costly (cf the Debt Assignment Protocol changes),

**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?**

#### **Further work is needed**

As before, what are the benefits that data sharing will bring LPG and heating oil customers? Given the way these fuels are delivered to customers' homes, there is possibly more contact between these respective companies and their customers than electricity suppliers (it's assumed that most LPG and heating oil customers are off-gas grid). What data will be exchanged and what will it be used for – and how could/

would Ofgem ensure that the data was acted upon, given it does not have any responsibility for or authority over alternative fuel providers?

Again, as before, electricity suppliers should not have obligations placed on them that are for other non-regulated industries to deliver.

As above, any enhanced data sharing will involve considerable resource in time and systems development and complexity.

**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?**

**We agree**

There should be a minimum set of data. However, this should be agreed by affected and participating parties as they are best placed to assess the data required data practicability of obtaining it and keeping it up to date.

**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?**

**We agree.**

MRASCo, SPAA and, potentially, Smart Energy Code Administration Company will all be involved in data sharing with industry participants. For water companies, LPG and heating oil companies, data sharing will require a new set of arrangements and frameworks. Our comments are made on this basis.

As mentioned before it is crucial that a common agreed set of vulnerability or needs codes is developed for the reasons given. Work is already underway through the Energy Networks Association to take this forward. Ofgem should take a watching brief in this regard.

Again this will not be an overnight exercise and will take time both to develop and adopt, and then to implement the necessary system changes. Alongside these, it must also be recognised that there are likely to be cost implications for suppliers in order to align the data; for example there are likely to be instances of mismatches in data that will require operational resource to resolve

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

**We agree in principle.**

The timing of any changes here alongside Quicker Switching could cause complications and impact on the latter. We are agnostic about whether the facilitation of enhanced data sharing is on a supplier-to-supplier basis, should go through network providers or should depend on the bodies between which the data are being shared. Further work is required



As can be seen with the Debt Assignment Protocol arrangements, it is important that data protection issues are resolved during any development work and that data sharing is mandated by Ofgem to address any objections being raised by the ICO, particularly as the current change of supplier process involves data flows primarily of a technical nature (metering details, meter reads etc), rather than customers' personal details.

Ofgem's Change of Supplier Expert Group should be tasked with looking at this aspect of switching as it can contextualise the impact this may have on the general switching process.

In addition, the timing of the introduction of any changes will, in all likelihood, correspond with smart meter roll-out; again this is a major project that will have an impact on the suppliers' finite resources available for other smaller but no less important projects, like this.

Other points to note:

There are complications around having to go back to current customers on the PSR to get permission to allow data sharing. Related to this, there are concerns around how long any permission the customer gives to share data would last, particularly if they do not switch for a considerable period of time.

Customers' contractual terms and conditions would, in all likelihood, need to be amended to facilitate enhanced data sharing.

Finally, with all aspects of data sharing, it is vital that the data be current, accurate and kept up to date. It is not clear whose responsibility it will be to ensure this occurs.

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

**We agree in principle**

Although we believe a single brand PSR would be helpful, it is not clear from Ofgem's research that a common brand would of itself raise awareness. Raising awareness is about getting something in front of people and engaging their interest. In order to raise awareness in a brand this is likely to require investment. Who will fund this? Also, brand and raising awareness will only go so far if the PSR does not provide something customers ultimately want.

There is also potential for confusion if suppliers are required to provide a PSR and associated services, but that this is centrally branded, with no recognition that their supplier is involved. If customers do not trust and engage with their supplier (and do not associate a common-branded PSR with it even though it is delivering the services), then it may be difficult to build awareness and engagement.

There is also difference between a common name and common branding. Customers must know that, regardless of which supplier supplies them with energy (indeed, they may be supplied by different suppliers for gas and electricity), they can have confidence that the services they receive if they join the PSR will be the same. Saying that, we believe a single-named (and probably) common-branded PSR used by suppliers will raise awareness. In order to do so, however, this reinforces the view that a consistent, tightly-defined and easy-to-comprehend PSR is necessary, and that customers who can benefit are also consistently and easily identifiable. This supports the contention of the need for a defined-groups-targeted PSR.

A common-branded PSR should contain a minimum set of services and should not prevent suppliers from developing additional ones to assist PSR-eligible customers who may benefit from these.

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

**We agree**

If there is a common-branded PSR, the natural corollary would be for a common-branded and centrally-produced guidance document. Ofgem would seem to best placed to produce this.

In so doing, Ofgem might wish to consider whether the statement under SLC 26.8 is still necessary, as the information in the guidance document envisaged here would replicate what is contained in that licence condition's document's requirements.

More generally there should be consideration of how such a guidance document sits with the statements required by the other adjacent consumer protection licence conditions and the consumer checklist

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

We advertise our PSR on our website and in requisite literature. First of all, if there is a common-named PSR, it is likely (subject to the points in response to question 12, above) that this will more readily facilitate a greater awareness of its services. Linked to any centrally-produced guidance document, a natural step would be for Ofgem to co-ordinate matters in seeking to raise a revised PSR's awareness

Suppliers can more prominently advertise a commonly-branded PSR on their websites and literature. However, we believe that using a joined-up, multi-channel/network/agency approach is the best way to publicise information about the PSR. Using third parties to advertise and promote its services may be more effective than a solely supplier-led or Ofgem-only promotion.

Examples of other organisations that could be used to promote the PSR are the Home Heat Helpline; Energy Best Deal the Better Energy Network (possibly also ESAS?).

In addition, using existing community-based and local neighbourhood networks to promote the PSR's benefits should be explored. Presently, consumers are, perhaps, more likely to trust and engage with this type of body than with their supplier. This would seem to accord with the element of Ofgem's CVS dealing with outreach.

**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?**

**We do not agree.**

We believe that Ofgem should use its existing formal powers to request information and informally through meetings to assess compliance with any new proposals. In seeking to rely on outside audits to assess licence compliance, should something adverse be found, it is unclear how this would then be prosecuted: would Ofgem rely

solely on the auditor's findings? In which case, the role of Ofgem as an enforcement authority could be called into question. If not and Ofgem then undertakes its own investigation, this questions the need for an audit in the first place. Also, in using an independent supplier-funded auditor, suppliers are paying twice: once for Ofgem; once for the auditor. Taken together, then, this proposal appears to be an abdication of Ofgem's responsibility.

Also, at a time when the industry is trying to keep costs down for consumers, if, Ofgem believes that independent audits are necessary, then as with those undertaken to assess compliance with the Warm Home Discount and Energy Companies Obligation, it should pay for them.

As an alternative, as with the Warm Home Discount, suppliers have to provide information that has been assessed and signed off by their internal auditors. These are independent and thus avoid any conflict of interest. That process could be followed in this instance.

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