

## **The Electricity Act 1989 and Gas Act 1986**

### **Notice of proposal to revoke provisions of confirmed Order**

#### **Proposal of the Gas and Electricity Markets Authority ("the Authority") to revoke provisions of a confirmed order pursuant to section 26(6) of the Electricity Act 1989 ("Electricity Act") and section 29(5) of the Gas Act 1986 ("Gas Act")**

**30 April 2015**

#### **1 Summary**

1.1 The Authority issued a provisional order on 14 February 2014 to Economy Energy Trading Limited (company number 07513319) having its registered office at 164 Stoneleigh Park, Warwickshire CV8 2LG ("Economy Energy"), the holder of a licence granted under section 6(1)(d) of the Electricity Act and a licence granted under section 7A(1) of the Gas Act and under section 25(2) of the Electricity Act and section 28(2) of the Gas Act in respect of contraventions or likely contraventions of:

- (a) standard conditions 14, 14A, and 22 of the gas and electricity supply licences (collectively referred to as "SLC"); and
- (b) regulations 3, 4, 5, and 7 of the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 ("Complaints Handling Regulations").

1.2 On 25 March 2014, the Authority issued a notice of proposal to confirm the provisional order. The Authority subsequently confirmed the provisional order imposed on Economy Energy, with modifications, on 13 May 2014.

1.3 On 12 November 2014, the Authority issued a notice of proposal to revoke the following provisions of the confirmed provisional order and subsequently revoked those provisions on 12 December 2014:

- (i) Paragraphs 1a(i), 1a(ii), 1b(i), 1b(ii), 1c, 1d, 1e(i), 1e(ii), 1f(i), 1f(ii), 1g(ii) and;
- (ii) Paragraph 2.

A copy of all of the documents referred to above can be found at:

<https://www.ofgem.gov.uk/publications-and-updates/economy-energy-provisional-order>

1.4 The Authority now proposes to revoke the following remaining provisions of the confirmed order:

- (i) Regulations 4 and 5 of the Complaints Handling Regulations and SLC 22.3: Paragraph 1g (i).
- (ii) Transfer Blocking SLCs 14 and 14A: Paragraph 3

1.5 Pursuant to sections 26(6) Electricity Act and section 29(5) Gas Act, the Authority is satisfied that Economy Energy has secured compliance with the provisions specified above and consequently those provisions are no longer requisite to secure compliance with Economy Energy's licence obligations and the relevant provisions of the Complaints Handling Regulations. The provisions that the Authority proposes to revoke are set out

in the Annex to this notice. These are the remaining provisions and all provisions of the confirmed Order will therefore be revoked.

1.6 Pursuant to section 26(6) of the Electricity Act and section 29(5) of the Gas Act, before revoking a provisional order which has been confirmed, the Authority shall give notice:

- (a) stating that the Authority proposes to revoke the order and setting out its effect; and
- (b) specifying the period (not being less than 28 days) from the date of publication of the notice within which representations or objections to the proposed revocation may be made.

1.7 Prior to revoking the provisions specified in paragraph 1.4 of this notice, and in accordance with section 26(6) of the Electricity Act and section 29(5) of the Gas Act, the Authority hereby gives notice that:

- (a) The acts which, in the Authority's opinion, constitute or would constitute compliance with those conditions and requirements, and other factors which in the Authority's opinion justify the revocation of the confirmed order as issued on 12 December 2014, are those set out at paragraph 3 below.
- (b) Any representations or objections with respect to the proposed revocation may be made to the Authority by 29 May 2015 (see paragraph 4 below).

## **2 Background**

2.1 In November 2013, Consumer Futures<sup>1</sup> alerted Ofgem that it had received a significant number of complaints from Economy Energy customers<sup>2</sup>, a large proportion of which were prepayment customers. The nature of the complaints received included that some customers had difficulty contacting Economy Energy to resolve issues, including how to get back on supply when there were issues with their keys or meter. There were also reports of customers having difficulty switching away from Economy Energy when they made a request to do so.

2.2 Ofgem engaged in preliminary discussions with Economy Energy to try and assist Economy Energy's compliance with certain obligations imposed by its licence conditions and relevant requirements of the Gas Act and Electricity Act. Following this intervention, Economy Energy took steps towards improving its services; however, Ofgem continued to have concerns over the potential harm to consumers due to Economy Energy's contravention and likely contravention of certain obligations. As a result, Ofgem took the step of issuing a provisional order to Economy Energy on 14 February 2014 which set

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<sup>1</sup> Consumer Futures was a Non-Departmental Public Body. Within the legal framework of the National Consumer Council, it fulfilled its responsibilities of the statutory consumer body in energy and postal services in Great Britain, water services in Scotland and postal services in Northern Ireland; it also had a wider role in applying learning and insight across other regulated markets. On 1 April 2014, the functions of Consumer Futures transferred to Citizens Advice, Citizens Advice Scotland and the Consumer Council for Northern Ireland.

<sup>2</sup> Consumer Futures had a duty under Section 13 of the Consumers, Estate Agents and Redress (CEAR) Act 2007 to deal with cases where the consumer had been disconnected or had been threatened with disconnection, including prepayment off-supply cases. Consumer Futures also had powers under section 12 of CEAR to deal with energy cases received from vulnerable consumers. The CEAR Act defines a vulnerable consumer as being someone that it is not reasonable to expect to pursue the complaint themselves.

out clear steps Economy Energy needed to take within specified timescales to ensure compliance with its obligations<sup>3</sup>.

2.3 Economy Energy failed to demonstrate that it had discharged its obligations to the Authority's satisfaction and based on the information received from Economy Energy and Consumer Futures, the Authority was satisfied that Economy Energy was contravening or was likely to contravene the relevant conditions and requirements set out below:

- (a) SLCs 14, 14A and 22.3 and
- (b) Regulations 3, 4, 5, and 7 of the Complaints Handling Regulations.

2.4 The Authority therefore confirmed the provisional order imposed on Economy Energy with modifications on 13 May 2014 for the purpose of securing compliance with the said relevant conditions and requirements.

2.5 Following confirmation of the provisional order the Authority received information and evidence submitted by Economy Energy and was satisfied that it had taken sufficient steps to achieve compliance with those provisions of the confirmed order, as set out in paragraph 1.5 above, such that it was no longer requisite to have those provisions in effect. The Authority issued a notice of proposal to revoke those provisions and subsequently revoked them on 12 December 2014.

2.6 The remaining provisions of the confirmed order, as set out in paragraph 1.4 above, continue to have effect until such time as they are revoked by the Authority in accordance with section 26 (6) of the Electricity Act and section 29 (5) of the Gas Act.

### **3 The facts surrounding the Authority's proposed decision to revoke the remaining provisions**

3.1 The Authority has considered the further information and evidence submitted by Economy Energy and is satisfied that Economy Energy has demonstrated compliance with the following SLCs and Complaint Handling Regulations. The Authority therefore proposes to revoke the remaining provisions specified below.

#### ***Complaints Handling Regulations and SLC 22.3; paragraph 1g (i) of the confirmed Order***

3.2 SLC 22.3<sup>4</sup> requires a licensee to supply gas and/or electricity in accordance with the terms of the domestic supply contract offered.

3.3 Regulation 4 of the Complaints Handling Regulations specifies the information that regulated providers must record upon receipt of a consumer complaint. Regulation 5 requires that regulated providers also record information about consumer complaints that are not resolved by the end of one working day after the complaint is received.

3.4 Economy Energy has been recording all complaints it received in accordance with the requirements of regulations 4 and 5 of the Complaints Handling Regulations since August 2014, ensuring that all expressions of dissatisfaction are recorded as complaints. Economy Energy has submitted copies of its complaints data to Ofgem on a monthly basis, which has outlined the steps taken to resolve each complaint including those

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<sup>3</sup> Original Provisional Order is available at <https://www.ofgem.gov.uk/ofgem-publications/86089/economyenergyprovisionalorder14february2014.pdf> and reasons document available at <https://www.ofgem.gov.uk/ofgem-publications/86208/provisionalorderreasonsdocument21february2014.pdf>.

<sup>4</sup> A copy of the relevant condition can be found on the Ofgem website at <https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions>.

complaints which were not resolved by the end of one working day after the complaint was received.

3.5 Economy Energy updated its complaint handling procedures and submitted a copy to Ofgem who considered it was sufficiently detailed and noted that corrections had been made to ensure it contained accurate information. The Authority is therefore satisfied that complaints have been recorded as required by regulations 4 and 5 of the Complaints Handling Regulations.

3.6 The Authority considers that Economy Energy has complied with provision 1g (i) of the confirmed order such that it is no longer requisite to have this provision in effect.

### ***Transfer blocking; paragraph 3 of the confirmed Order***

3.7 SLC 14.1<sup>5</sup> requires that Economy Energy must not prevent a proposed supplier transfer except in specific circumstances outlined in the condition.

3.8 SLC 14A<sup>6</sup> places an obligation on licensees to complete a supplier transfer within three weeks.

3.9 Economy Energy has provided copies of all objection letters sent to customers since September 2014, which confirm why those customers' transfers have been objected to. The reasons for blocking those customers were in compliance with SLC 14.4. In all of those cases, Economy Energy only objected to a customer transfer if the customer asked Economy Energy to prevent the transfer from taking place, in compliance with SLC 14.4 (c).

3.10 The Authority considers that Economy Energy has complied with provision 3 of the confirmed order such that it is no longer requisite to have this provision in effect.

## **4 Representations or Objections**

4.1 Any representations or objections in respect of this notice to revoke the specified remaining provisions of the confirmed order dated 12 December 2014 must be made in writing on or before 29 May 2015 (being not less than 28 days from the date of the publication of this notice) and sent to, Andrea Gregory, Senior Manager, Ofgem 9 Millbank London SW1P 3GE or by email to [andrea.gregory@ofgem.gov.uk](mailto:andrea.gregory@ofgem.gov.uk).

All responses will be published on the Ofgem website and retained in the Ofgem Research and Information Centre. Should you wish your response or part of your response to be confidential please indicate this clearly with the text "not for publication" and give reasons for your request. Any such requests will be considered by Ofgem on a case by case basis.

4.2 Any representations or objections which are duly made within the timeframe specified above and not withdrawn will be considered accordingly by the Authority.

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<sup>5</sup> A copy of the relevant condition can be found on the Ofgem website at <https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions>.

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**Dated: 30 April 2015**

Signed

**Rachel Fletcher**  
**Senior Partner**

Duly authorised on behalf of the Gas and Electricity Markets Authority

## **Annex 1:**

### **Proposed revocation of the remaining provisions of the Confirmed Order dated 12 December 2014.**

The Authority, pursuant to sections 26 (6) of the Electricity Act and 29 (5) of the Gas Act, hereby gives notice of its proposal to revoke the following remaining provisions of the confirmed Order dated 12 December 2014.

#### **Complaints Handling and SLC 22.3**

**1.** For the purpose of ensuring that Economy Energy can adequately receive, handle and process any expression of dissatisfaction, including, but not limited to, customers being off-supply, comply with regulations 4 and 5 of the Complaints Handling Regulations, and comply and continue to comply with its obligations in relation to SLC 22.3 (Duty to offer and supply under Domestic Supply Contract). This is to be achieved by ensuring that the following steps are taken:

g. Maintain robust policies, procedures and systems as are necessary to ensure that Economy Energy:

(i) records all expressions of dissatisfaction and resolution.

#### **Transfer blocking**

**3.** Economy Energy shall comply and continue to comply with its obligations in relation to SLC 14 (Customer transfer blocking) and SLC 14A (Customer transfer) by ensuring that it does not prevent a Proposed Supplier Transfer<sup>7</sup> except in accordance with the provisions of SLC 14.

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<sup>7</sup> As defined by SLCs meaning 'in relation to any premises at which an Electricity and/or Gas Supplier is supplying electricity and/or gas, means the proposed transfer of responsibility for that supply from that Electricity and/or Gas Supplier to any other Electricity and/or Gas Supplier'.