

The Electricity Act 1989 and Gas Act 1986

Notice of reasons pursuant to section 38A(1)(f) of the Gas Act and section 49A(1)(f) of the Electricity Act for the decision of the Authority to revoke provisions of a confirmed provisional order under Section 28(7)(c) of the Gas Act and Section 25(7)(c) of the Electricity Act

1. This document sets out the reasons why, on 3 June 2015, the Gas and Electricity Markets Authority ("the Authority") revoked the remaining provisions of the confirmed provisional order that had been put in place in respect of contraventions or likely contraventions by Economy Energy Trading Limited (company number 07513319), having its registered office at 164 Stoneleigh Park, Warwickshire CV8 2LG ("Economy Energy"), of its obligations under the Gas Act 1986 ("Gas Act") and the Electricity Act 1989 ("Electricity Act").
2. This document is issued pursuant to section 38A(1)(f) of the Gas Act and section 49A(1)(f) of the Electricity Act which provides that the Authority shall publish a notice stating the reasons for the decision to revoke provisions of any confirmed provisional order.
3. Economy Energy is the holder of licences granted under section 6(1)(d) of the Electricity Act and section 7A(1) of the Gas Act.

Background

4. In November 2013, Consumer Futures¹ alerted Ofgem that it had received a significant number of complaints from Economy Energy customers², 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.
5. 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

¹ 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.

² 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.

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 out clear steps Economy Energy needed to take within specified timescales to ensure compliance with its obligations³.

6. 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.
7. 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.
8. 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 the following provisions of the confirmed order, 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.

SLC 22.3, and Complaints Handling Regulations:

 - a. Paragraphs 1a(i), 1a(ii), 1b(i), 1b(ii), 1c, 1d, 1e(i), 1e(ii), 1f(i), 1f(ii), 1g(ii) and
 - b. Paragraph 2.
9. The remaining provisions of the confirmed order, as set out below, continued to have effect until such time as they were revoked by the Authority in accordance with section 26 (6) of the Electricity Act and section 29 (5) of the Gas Act.
 - a. SLC 22.3, and Complaints Handling Regulations: Paragraph 1g(i).
 - b. Transfer Blocking SLCs 14 and 14A: Paragraph 3
10. Economy Energy has now provided further information as evidence as to how it is now compliant with these remaining provisions.

The facts surrounding the Authority's decision to revoke the remaining provisions

11. 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 has therefore revoked the remaining provisions specified below.

³ 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>.

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

12. SLC 22.3⁴ requires a licensee to supply gas and/or electricity in accordance with the terms of the domestic supply contract offered.
13. 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.
14. Economy Energy has updated its complaints handling procedures and submitted a copy to Ofgem who considered it was sufficiently robust 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.
15. 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 complaints which were not resolved by the end of one working day after the complaint was received.
16. 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 SLCs 14 and 14A; paragraph 3 of the confirmed Order

17. SLC 14.1⁵ requires that Economy Energy must not prevent a proposed supplier transfer except in specific circumstances outlined in the condition.
18. SLC 14A⁶ places an obligation on licensees to complete a supplier transfer within three weeks.
19. 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 accordance with SLC 14.4 (c).
20. 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 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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Representations or Objections

21. On 30 April 2015, Ofgem published Notice of its Proposal to Revoke provisions of the confirmed provisional order of 13 May 2014, pursuant to section 26(6) of the Electricity Act 1989 and 29(5) of the Gas Act 1986. The Notice can be found here: <https://www.ofgem.gov.uk/ofgem-publications/94661/20140430noticetorevokereainingprovisionseepofinal-pdf>
22. Ofgem invited representations or objections to the Notice of Proposal to Revoke the remaining provisions of the confirmed provisional order of 13 May 2014; none were received.
23. Consequently all the remaining provisions have been revoked and the confirmed Provisional Order is no longer in place.

Content of the order

24. The revocation order is available on the Ofgem website at: <https://www.ofgem.gov.uk/publications-and-updates/economy-energy-provisional-order>

Anthony Pygram

Partner – Enforcement & Competition Policy

Duly authorised on behalf of the Gas and Electricity Markets Authority

Dated 3 June 2015

