

Bhavika Mithani  
Consumers and Competition  
Ofgem  
9 Millbank  
London  
SW1P 3GE

22 February 2016

Dear Bhavika,

### **PRIORITY SERVICES REGISTER REVIEW – FINAL PROPOSALS**

Thank you for the opportunity to respond to the above consultation, which sought views on Ofgem's final proposals for amending the Priority Services Register (PSR) provisions. This response is focused on the matters that affect supply licensees. Our networks business, ScottishPower Energy Networks, is responding separately on those issues that are specific to DNO interests.

We support the work undertaken by Ofgem to date in reviewing its Consumer Vulnerability Strategy and agree that it is appropriate for energy companies to provide additional support to customers with specific needs, where it is cost effective and practicable for them to do so. The costs of additional services provided free of charge by suppliers must be borne by other customers, and therefore it is important that the costs of identifying relevant customers and delivering the services are proportionate.

Our responses to the consultation questions are in the annex to this letter. We would highlight the following points:

- We are generally in agreement with the proposed wider but less prescriptive customer eligibility for PSR services and we believe the revised approach will ensure that services are delivered to those customers who are in most need of additional support. We agree that the requirement to take all reasonable steps to identify relevant customers should be qualified by *having regard to the interests of the customer* – which recognises that a step may be reasonable for one customer but not for another customer, depending on their circumstances.
- We welcome Ofgem's approach to the provision of (core and additional) services to customers that makes this obligation subject to a 'may reasonably require' test. This will help ensure that the costs of providing services to PSR customers (which will be borne by the overall customer base) are not undue.
- With regard to the proposed core services set out in the draft licence conditions:
  - o The drafting of SLC 26.5 (b) could be read to imply that the supplier must obtain consent from the person nominated by the customer. We do not think that this is necessary or appropriate; it should be sufficient for supplier to obtain and record the consent of the customer to share their information with the nominated person.

- The drafting of SLC 26.5 (c) appears to broaden the current obligation by requiring that this service is offered to any customer who cannot read their meter, rather than where there is no one "occupying the premises" that can read the meter. We believe the current obligation remains appropriate and request that Ofgem either confirm that it would not normally be reasonable for the customer to require this service if someone else living in the premises can read the meter, or amend the wording to reflect the current obligation.
- The obligations set out in draft SLC 26.5 (d) are already covered by the obligation on suppliers in SLC 28.1A which requires suppliers to take action where it is not safe and reasonably practicable for the customer to use a prepayment meter. Therefore we do not see a need for the introduction of an equivalent obligation in SLC 26, unless the intention is to remove the obligations in SLC 28.1A. The duplication of obligations within two separate parts of the licence would seem at odds with Ofgem's plans to reduce and streamline the current licence conditions.
- We consider that the draft SLC 26.5 (f) obligation to provide a service "formulating communications with the customer in an accessible format" covers such matters as talking bills, Braille and large print as appropriate, but does not imply an obligation to provide communications in a language other than English. We think this is right in policy terms. Recent guidance from the Department of Communities and Local Government<sup>1</sup> recommends "stopping the automatic use of translation and interpretation services into foreign languages" by local authorities so as to reduce costs while supporting the learning of English<sup>2</sup>. Matters to do with Welsh are addressed separately by the Welsh Language Commissioner.
- The revised requirements represent a significant change to the current obligations, in terms of a widening of customer eligibility, the extension of the core services in some areas, and the new obligation to provide additional services based on customer needs. It will take time for suppliers to make changes to their core services and implement new services and new processes for identifying relevant customers. We therefore ask Ofgem to take this into account in the final decision. In particular, we estimate that changes to existing services where IT changes are required could take up to 6 months to implement. Any implementation date should therefore be no less than 6 months from the final decision date. We would also note that any changes to electricity industry flows could take a minimum of 6 months to implement from the date the change is agreed and ask that Ofgem also factor this into the implementation timescales.
- While we are supportive of the proposals in relation to recording and sharing of information about customers in vulnerable situations set out in the consultation document, we believe significant work is still required to fully understand how such processes will work. In particular, while we continue to support the development of consistent 'needs codes' for sharing vulnerable customer information, we note that there is still no agreement on a consistent set of "needs codes" for sharing vulnerable customer information between suppliers and DNOs and GDNs.

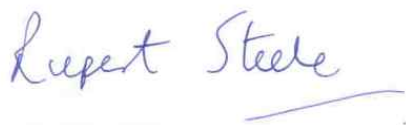
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<sup>1</sup> <http://www.parliament.uk/documents/commons-vote-office/March-2013/12-3-13/2.DCLG-guidance-on-Translation.pdf>

<sup>2</sup> We do provide some foreign language support within our call centres, and we will continue to encourage agents to make use of the Language Line service to support customers where it is not practicable to communicate in English.

We would be pleased to discuss our response further with you, if that would be helpful. If you would like to do this or have any questions, please contact me or Rhona Peat ([rhona.peat@scottishpower.com](mailto:rhona.peat@scottishpower.com)).

Yours sincerely,

A handwritten signature in blue ink that reads "Rupert Steele". The signature is written in a cursive style and is positioned above a horizontal line that serves as a separator.

**Rupert Steele**  
Director of Regulation

**PRIORITY SERVICES REGISTER REVIEW – FINAL PROPOSALS  
SCOTTISHPOWER RESPONSE**

**Final proposals for enhancing eligibility and customer identification**

**Question 1: Do you agree with our final proposals for enhancing eligibility and customer identification and the associated proposed Licence Conditions?**

We are generally in agreement with the proposed widening of customer eligibility for the PSR services as we believe this revised approach will better meet the needs of customers by ensuring services are delivered to those customers who are in most need of additional support.

We believe the new licence conditions may lead to a situation where increasing numbers of customers are placed on supplier PSRs, but without the take-up of services increasing to the same extent. Specifically, SLC26.1(a) requires suppliers to identify any customer in a vulnerable situation that “may require Priority Services”, and we believe this will lead to a significant increase in the number of customers being included in supplier PSRs. The transient nature of vulnerability is likely to mean that some customers will remain on a supplier’s PSR past the point that a Priority Service is required, at least until further contact identifies the Service is no longer required. Equally, within SLC 26.4 and 26.5 the obligation is to provide services that eligible customers “may reasonably require” and that are “reasonably practicable” for the supplier to provide; therefore there will be cases where customers will be on a supplier PSR, but where it is not reasonable for a supplier to provide a Priority Service specifically for that customer.

We would also note that the obligation in SLC 26.1 (b) that suppliers take “all reasonable steps” to identify eligible customers, places a significant burden on suppliers in their interactions with customers. We welcome the additional drafting within the Licence Conditions that recognises that these steps must take regard of the interests of the customer, and we believe this allows for the individual needs of different customers to be taken into account as we interact with our customers. It needs to be recognised that a step may be “reasonable” to take in interactions with one customer, but not with another.

Finally we are also supportive of the amendment that requires suppliers to offer to put customers onto the PSR rather than the customer having to request this.

**Final proposals for improving priority services**

**Question 2: Do you agree with our final proposals for amending the PSR services and the associated proposed Licence Conditions?**

We are supportive of Ofgem’s proposal to move to an outcomes-based approach to PSR services which better recognises the needs of customers and provides flexibility to meet the changing needs of customers without the need to amend licence conditions in future.

The revised requirements represent a significant change to the current obligations, both in terms of a widening of customer eligibility, but also the extension of the core services in some areas, as well as the new obligation to provide additional services based on customer needs. It will take time for suppliers to make changes to existing core services and to implement appropriate processes for identification and implementation of new services and

therefore we ask Ofgem to take this into account in the final decision. In particular, we estimate that changes to existing services where IT changes are required could take up to 6 months to implement therefore believe any implementation date should be no less than 6 months from the final decision date.

We welcome Ofgem's approach within paragraphs 26.4, and 26.5 (e) and (f) that we believe provides for flexibility in how and whether specific (core or additional) services are delivered to eligible customers. We had previously had concerns that suppliers may be required to tailor their approaches to individual customers rather than at a more aggregate level, but believe that the addition of "may reasonably require" in paragraph 26.4, and "so far as is reasonably practicable" allows for situations where as long as a suitable option is available to the customer, this does not necessarily have to be the customer's preferred option.

We agree that Ofgem should continue to prescribe a minimum set of services for customers as this will serve the key purpose of the PSR, which is to ensure cost-effectively that customers with certain limitations will be able to access a reasonable standard of supply and service across any supplier. We are generally supportive of the revised set of core services proposed by Ofgem, subject to the following points:

- The drafting in SLC 26.5 (b) could be read to imply that consent should be sought by the supplier from the person that the communications will be sent to. We do not agree that such an obligation should be placed on suppliers; we think it should be sufficient for the supplier to obtain and record the consent of the customer to share their information with the nominated person, and for the supplier to send the relevant communications to that person unless informed by them that they no longer wish to receive the communications. From an operational perspective, requiring the consent of both parties could be challenging, and we believe the proposed change is a more proportionate obligation which will ensure that the Domestic Customer receives the support required. We therefore suggest that the Licence Condition is revised along the following lines:
  - SLC 26.5 (b) A person nominated ~~(with their consent)~~ by the Domestic Customer being able to receive communications relating to ~~their~~ Domestic Customer's account ~~(unless the nominated person has asked the supplier not to send such communications)~~
- The drafting of SLC 26.5 (c) appears to broaden the current obligation significantly by requiring that this service is offered to any customer who cannot read their meter, rather than where there is no one "occupying the premises" that can read the meter. We believe the current obligation remains appropriate and request that Ofgem either confirm that it would not normally be reasonable for the customer to require this service if someone else living in the premises can read the meter, or amend the licence condition as follows:
  - SLC 26.5 (c) The reading (and provision of that reading to the Domestic Customer) of the customer's [Electricity/Gas] Meter at appropriate intervals, if the Domestic Customer ~~informs the licensee that no person occupying his premises is able to read the [Electricity/Gas] Meter~~
- The obligations set out under SLC 25.5 (d) are already covered by the obligations on suppliers in SLC 28.1A which requires suppliers to take action where it is not safe and reasonably practicable for the customer to use a prepayment meter. Therefore we do not see a need for the introduction of an equivalent obligation within SLC 26, unless the intention is to remove the obligations under SLC 28.1A. The duplication of existing obligations within two separate parts of the Licence would seem at odds with both Better Regulation aims and Ofgem's ambitions set out in the recently published Future of Retail Regulation to reduce and streamline the current Licence Conditions.

- We consider that the draft SLC 26.5 (f) obligation to provide a service “formulating communications with the customer in an accessible format” covers such matters as talking bills, Braille and large print as appropriate, but does not imply an obligation to provide communications in a language other than English. We agree with this. Recent guidance from the Department of Communities and Local Government<sup>3</sup> recommends “stopping the automatic use of translation and interpretation services into foreign languages” by local authorities so as to reduce costs while supporting the learning of English<sup>4</sup>. Matters to do with Welsh are addressed separately by the Welsh Language Commissioner. For clarity, we suggest the following amendment to the draft Licence Condition:
  - SLC 26.5 (f) Formulating communications with the Domestic Customer in an accessible format that is, so far as is reasonably practicable, appropriate to the customer’s needs and Personal Characteristics (for the avoidance of doubt this would not extend to the provision of communications in a language other than English)

### **Final proposals for recording and sharing information**

#### **Question 3: Do you agree with our final proposals for recording and sharing information about customers in vulnerable situations and the associated proposed Licence Conditions?**

While we are supportive of the proposals in relation to recording and sharing of information about customers in vulnerable situations set out in the consultation document, we believe significant work is still required in this area to fully understand how such processes will work.

We continue to support the development of consistent ‘needs codes’ for sharing vulnerable customer information through the Customer Safeguarding Working Group (CSWG) however there is still no agreement on a consistent set of “needs codes” for sharing vulnerable customer information between suppliers and DNOs and GDNs. We note that the most recent set of proposed codes was not agreed through the MRA Development Board due to concerns over the number of categories and whether the descriptive wording used for categories would ensure appropriate support for customers. This is particularly important within an outcomes based obligation where wider categories of vulnerability may become subject to diverse interpretation across energy companies depending on the approach taken to the needs based obligations within different companies. We will continue to participate in the CSWG on these points.

We note that Ofgem is yet to define within the supplier Licence Conditions the “Minimum Details” that should be shared between relevant parties and the “Relevant Industry Mechanisms” through which the data should be shared. We ask that Ofgem provide early sight of the drafting of these requirements to all relevant industry participants, and opportunity to provide feedback, prior to insertion in the Licence Conditions.

We welcome Ofgem’s approach to phasing of the data sharing obligations, and in particular recognition that gas industry changes cannot be implemented until circa 6 months after the implementation of Nexus. We would also note that changes to electricity industry flows are

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<sup>3</sup> <http://www.parliament.uk/documents/commons-vote-office/March-2013/12-3-13/2.DCLG-guidance-on-Translation.pdf>

<sup>4</sup> We do provide some foreign language support within our call centres, and we will continue to encourage agents to make use of the Language Line service to support customers where it is not practicable to communicate in English.

likely to require a minimum of 6 months for implementation from the date the changes are agreed. We are also supportive of assessing the potential for sharing of vulnerable customer information between suppliers as part of Ofgem's project on reliable next day switching. Prior to this we would be happy to take part in industry discussions on options for better communication of customer needs through the change of supply process. We believe that this would be best managed under the Code Administrators Code of Practice (CACOP). This would ensure all relevant Codes are included in the proposals, and also support the development of the enduring solution via industry flows.

Finally, in relation to the interaction with other sectors, we have communicated separately with Ofgem on our voluntary actions to signpost the similar priority service schemes of water companies. However, we think that there are a number of areas where much more detail needs to be worked out before any form of data sharing with other utilities can be considered. This would include identifying the relevant data items for sharing between different sectors to ensure only relevant customer information is shared, as well as developing suitable secure processes for the sharing of this data between sectors where no similar industry process exist as we have within the energy sector.

### **Final proposals for improving awareness of the priority services**

**Question 4: Do you agree with our final proposals for raising awareness of the priority services, including any specific suggestions for energy companies to improve awareness?**

We agree that the term Priority Services remains the appropriate term to use for the services offered to customers on the PSR. We believe that this strikes the balance between using a name that will aid customers in recognising (and accessing) the additional help that may be available to them and the sensitivities that some customers may have in being called vulnerable.

With regards improving consumer awareness of the PSR and encouraging take-up of services, we are happy to consider options to raise awareness within our interactions with own customers and through other communication options, for example our websites. We also believe that third parties have a role to play in raising awareness of the PSR with customers more generally, and welcome Ofgem's proposals to work with third party advice providers to ensure consistent information is provided to all relevant customers. As set out in our response to Ofgem's Open Letter in March 2015, we can see some challenges in this, including the need for customers to understand the different nature of services offered by different energy companies, specifically suppliers, DNOs and GDNs, and ensuring that customers understand the different nature of each type of energy company and who to contact in different circumstances. In addition, the revised proposals for the provision of services mean that we may see a divergence of the services offered by suppliers which could present a greater challenge to communicate consistently than the current defined set of services. We are happy to support this work through engagement with the relevant parties.

### **Final proposals for improving compliance and performance monitoring**

**Question 5: Do you agree with our final proposals for the approach to monitoring company performance in this area?**

We are supportive Ofgem's proposals on monitoring and compliance of the new PSR obligations.

We are keen to understand the proposed changes to the Social Obligations Reporting, and look forward to seeing the consultation noted within this consultation document on these proposed changes. Any changes to reporting requirements are likely to need IT and code changes each of which will take time to implement, so we ask for early sight of Ofgem's proposals in this area.

We agree that a challenge panel on vulnerable consumers may be beneficial in sharing of good practice in this area, and would be happy to participate in this. We are also happy to engage with Ofgem bilaterally to share our approach to meeting the needs of vulnerable customers, and our PSR activities.

**ScottishPower**  
**February 2016**