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The Renewable Energy Company Ltd (Ecotricity)
Feedback on Improving Outcomes For Prepayment Customers

Dear Adhir,

Ecotricity is an independent renewable energy generator and supplier, with around 170,000 gas and electricity customers. We consistently have the lowest rate of complaints in the industry and pride ourselves on our customer service. At Ecotricity, we have three principal attractions: the greenest energy, the best customer service, and an ethical pricing policy that means every customer gets our best price. Our own prepayment customers are not penalised by their chosen payment method. All our customers, regardless of payment type, are offered the same tariff. It is this focus on ethics and principles of excellent customer service that's key to our growth.

We offer our responses to the questions below:

It is worth noting that number of these issues will be addressed by smart meters in terms of customer profile, costs and service quality. The ability to remotely switch a customer to prepayment will eliminate significant costs.

Question 1: Do you agree with the scope of warrant charges?

Our concern is not with the scope of the charges, but the scope and application of 'vulnerability'. Ofgem must recognise the distinction between can't-payers and won't-payers. It is perfectly feasible that a customer may be defined as vulnerable yet be capable of paying their bills. It should be the case that if a customer's vulnerability directly impacts their ability to pay, that they are offered further protection. Given the infinite number of unique circumstances under the umbrella term 'vulnerable', a one size fits all solution is not viable.

Question 2: Do you agree with the desired consumer outcomes?

We support the overarching ethical principles put forward by Ofgem. Our debt management and credit teams work hard to protect those in difficult situations, often bespoke assistance and this includes considerable (attempted) engagement before any attempt to recoup debt is made. We must reiterate that there is a distinction between can't & won't payers. Vulnerability doesn't automatically mean a customer is unable to engage, we're concerned the scope for vulnerability is too wide. This width of vulnerability can result in those who are legitimately vulnerable not receiving due care as others simply fall into the right category. We are also concerned that, with public awareness, these measures could be exploited by those claim to be vulnerable.

With regards to reducing impact on the most vulnerable, we try and adopt best practice where best practice is available, therefore we operate according to Energy UK's safety net principles. We never proceed with a warrant where we are aware of vulnerability and/or a PPM installation is not suitable. However it is worth noting that although charges may be incurred through installing a PPM via warrant, if action isn't taken then debt would continue to accrue which could be in excess of the charges.

Question 3: Which option set (A, B or C) do you think will be most effective at meeting our consumer outcomes?

Set A:

- i. End warrant charges for consumers in vulnerable situations, and**
- ii. Set out clear expectations of supplier behaviour i.e. a code of practice.**

Set B:

- i. End warrant charges for consumers in vulnerable situations.**
- ii. Cap charges for all consumers (one level cap), and**
- iii. Set out clear expectations of supplier behaviour**

Set C:

- i. Cap charges for all consumers (two level cap, so that consumers in vulnerable situations face lower charges), and**
- ii. Set out clear expectations of supplier behaviour**

The scope of vulnerability is too wide to end warrant charges for all vulnerable customers. If it were to be pursued, there should be a burden of proof upon customers to validate their vulnerability i.e. letters from doctors, social workers etc. Again, we believe it should be where their ability to pay is directly affected that these rules should apply.

Whilst we do our utmost to support those in vulnerable situations, we are concerned Ofgem are placing a disproportionate responsibility on suppliers. We do not have the resource or expertise to operate as a pseudo social worker. If a customer is unable to pay for their energy, they are in need of support. However the entirety of this support shouldn't come from their energy supplier.

Larger suppliers are able to utilise economies of scale with regards to warrant costs. As an independent, we contract this service as we don't have our own engineers. Larger suppliers have engineers who are trained as locksmiths to save on costs, we are in no position to do the same.

Question 4: Should cases of energy theft or wilful damage to the meter be exempt from our proposals?

Yes, energy theft or wilful damage of the meter should be exempt from Ofgem's proposals. They are criminal activities and damaging to market efficiency and competition. We make all reasonable attempts to address vulnerability and support customers as human beings, before looking at debt repayment. There is no justification for protecting those who commit criminal offence.

Question 5: For licensees: please explain how you identify vulnerable consumers and provide details of how any such policy or procedure is monitored and reviewed?

The Money Advice Trust have provided us with training in order to identify and treat vulnerable consumers. We are looking to provide more in depth training to front line staff.

Our customer journey includes regular prompts and informs customers of the Priority Services Register. Once identified, our IT systems contains data fields that are used to identify vulnerability. Whenever a customer subsequently contacts us, they are identified as vulnerable. We also have specialised credit management teams, who are experienced in dealing with customers in vulnerable situations. Our procedures are monitored with call coaching and regular reviews.

Question 6: Do you have any views on our approach or better alternatives to achieve the outcomes we have identified?

Initiating and maintaining communication with vulnerable consumers can be a challenge. Despite numerous phone calls, visits and letters, these lines of communication are often ignored. We believe offering a wide array of communication methods is key. Interactive methods such as web chat and text facilities may result in improved engagement rates.

As mentioned above, the responsibility given to suppliers is akin to a social worker. Other organisations, such as Citizens Advice should be given greater powers to support those in need of help.

It would be beneficial for Ofgem to see the rationale for installing meters via warrant. This information could be gained via extending the social obligations reporting requirements. This would explain every step that a supplier took prior to executing a warrant.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this submission. Please contact Ryan Wilkins on 01453 769 392 or ryan.wilkins@ecotricity.co.uk

Yours sincerely,

EC


Emma Cook
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