

Prepayment meters installed under warrant: final proposals

Consultation

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Overview:

This policy consultation outlines our final proposals for measures to protect consumers in the process of installation of prepayment meters (PPMs) under warrant for non-payment of debt. We don't want any consumers to face disproportionate costs or actions throughout the debt recovery process, and believe that consumers in vulnerable situations should not face costs that result from their vulnerability or exacerbate it.

To achieve the intended outcomes we have considered three licence modifications: a prohibition, a cap on warrant costs and a debt principle of proportionality. These build on the options we outlined in our December 2015 consultation Proposals to improve outcomes for prepayment customers.

We want to know what you think about these issues and proposals along with relevant evidence and data. Please respond to prepayment@ofgem.gov.uk by **09 November 2016**.

Context

Our Consumer Vulnerability Strategy Report (2013), which sets out Ofgem's approach to identifying and tackling consumer vulnerability in the energy markets, set out prepayment meter (PPM) customers as a key area.

Ofgem's consultation in December 2015 on proposals to improve outcomes for prepayment customers looked at a number of options, and this was followed up with a request for information in May this year. This consultation builds on the results of this work and enhances broader work on PPM by Ofgem.

PPMs were also a focus for the Competition and Markets Authority's (CMA) recent review of energy markets. This found weaker competition in the PPM sector than the rest of the market and the CMA has concluded there should be a transitional safeguard tariff to protect inactive consumers, as well as remedies to promote competition in the sector.

Associated documents

Consumer Vulnerability Strategy (2013)

<https://www.ofgem.gov.uk/publications-and-updates/consumer-vulnerability-strategy>

Consumer Vulnerability Strategy Progress Report (September 2015)

<https://www.ofgem.gov.uk/publications-and-updates/consumer-vulnerability-strategy-progress-report>

Prepayment review: understanding supplier charging practices and barriers to Switching (June 2015)

<https://www.ofgem.gov.uk/publications-and-updates/prepayment-review-understanding-supplier-charging-practices-and-barriers-switching>

Initial policy consultation - Proposals to improve outcomes for prepayment customers (December 2015)

<https://www.ofgem.gov.uk/publications-and-updates/proposals-improve-outcomes-prepayment-customers>

Ofgem Corporate Strategy

<https://www.ofgem.gov.uk/publications-and-updates/corporate-strategy>

Impact Assessment Guidance

<https://www.ofgem.gov.uk/publications-and-updates/impact-assessment-guidance>

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Executive Summary

Protecting consumers in vulnerable circumstances is a key priority for Ofgem. Our consumer research shows that many consumers who have a PPM installed under warrant are in vulnerable situations. PPM customers are included as a focus area in our Consumer Vulnerability Strategy. The PPM sector has been a focus for the Competition and Market Authority (CMA), whose recent energy market investigation found competition in the PPM sector to be weaker. Our work on PPMs installed under warrant is part of our wider ambitious work plan for the PPM sector. This includes CMA remedies aimed at improving competition and consumer outcomes. Our work last year has resulted in the majority of suppliers removing charges for installation and removal of meters. This means that most consumers can change their payment method without incurring charges.

Our December 2015 consultation set out broad options to improve outcomes for PPM consumers and highlighted a number of problems that consumers face. Installing a PPM should be a last resort in the debt recovery process, to resolve situations where consumers can't or won't engage with suppliers to agree a resolution.

Whilst we note that smart meters will vastly improve the experience of PPM consumers, at the moment, consumers who have a PPM installed under warrant are doubly penalised. First, they incur costs for installing the PPM under warrant, which is then added to their original debt. Secondly, once they are on PPM they will pay more for their energy, which can exacerbate financial difficulties.


We are concerned that these costs can be high, and there is wide variance in the charges and processes across the market. These high costs can mean it takes longer to repay a debt, and will take longer for consumers to be able to switch to access more competitive tariffs. The process of warrant installation can at times worsen the vulnerable circumstances of the consumer.

This consultation presents final proposals for what suppliers should do when PPMs are installed under warrant, and the consumer detriment that can result, including for those in vulnerable situations.

Our proposals

We don't want any consumers to face disproportionate costs or actions throughout the debt recovery process, and believe that consumers in vulnerable situations should not face costs that result from their vulnerability or exacerbate it.

We are proposing three new licence conditions to address costs and actions:



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- A cap of £100 or £150 on the warrant costs (the charges associated with obtaining and exercising warrants which would authorise or facilitate the installation of one or more PPMs) that suppliers can charge to all consumers who go through the process.
- Prohibiting suppliers from charging the most vulnerable consumers (eg consumers with mental health issues and/or severe financial difficulty) warrant costs. In some cases the prohibition prevents suppliers from installing PPMs.

We have also considered a new debt principle of proportionality, covering costs and actions of suppliers when recovering a debt from any customer. We welcome views on this. We want to encourage suppliers to demonstrate sound judgement when deciding whether to charge for actions to recover debt from consumers. We think this would ensure that actions and charges are proportionate to the original debt.

Why we are proposing a warrant costs cap and prohibition

Ofgem is intending to move more towards regulating through principles rather than prescriptive rules. Principles give suppliers flexibility in how they achieve good consumer outcomes. However, there are some areas where we may be clear that the required outcomes for consumers should be achieved in a particular way, and in those areas it is appropriate that we have prescriptive rules so there is no uncertainty on the part of licencees as to what they should do. In the case of consumer vulnerability, we have previously mentioned that we would use prescriptive rules where necessary to ensure harm is avoided. Installing PPMs under warrant is an appropriate area of concern. We are recommending a cap on warrant costs and a prohibition for consumers in relevant vulnerable situations, because we believe they will provide the best protections for consumers. The cap will protect all such consumers from high charges, and clarify the costs they could incur.

We consider that the warrant process and charges are inconsistent and opaque, and are concerned about cases of high charges. We think the cap on warrant charges should apply to all consumers going through this process.

Setting the cap at £100 or £150 is also significant. As well as limiting costs to consumers, it provides an incentive for suppliers to pursue other ways to recover debt, and only look to install a PPM through warrant after exhausting all other options.

To further protect consumers in the most vulnerable situations, we are also including a prohibition which will remove any charge for them in the warrant process. They suffer most from the installation of a PPM under warrant and we consider the current process does not protect these consumers enough from the harm they could suffer.

Next steps

We would like to hear your views on our proposals including the draft licence conditions and impact assessment. Our consultation closes on **09 November 2016**. Subject to our consideration of responses, we intend to issue a statutory consultation with our final proposals.

1. Introduction

Chapter Summary

This chapter explains the link between prepayment (PPM) and warrants relationship with vulnerability. It has some background on installation of prepayment meters (PPMs) under warrant and a summary of key issues and the harm caused to consumers¹ who go through the process.

PPM and warrants relationship with vulnerability

- 1.1 PPM customers are one of the priority areas of Ofgem’s consumer vulnerability strategy². PPM is used by suppliers as a method of controlling customer debt (figure 1).



- 1.2 There is a relationship between PPM and vulnerability. Although not all PPM consumers are vulnerable, they are more likely to be, as there are higher numbers of PPMs in social rental properties, and in the homes of people on low incomes and who have a disability.
- 1.3 Our consumer vulnerability strategy defines vulnerability as when a consumer’s personal circumstances and characteristics combine with aspects of the market to create situations where he or she is:
- Significantly less able than a typical consumer to protect or represent his or her interests in the energy market; and/or
 - Significantly more likely than a typical consumer to suffer detriment, or that detriment is likely to be more substantial.
- 1.4 Struggling to afford bills and struggling to understand and act upon information or choices are cited as examples of detrimental situations and are key contributing factors to consumers falling into the warrant process. Consumers in the warrant

¹ The term ‘consumer’ in the context of our proposals is intended as a reference to a domestic customer. For the avoidance of doubt, our proposals would not apply to other occupants of premises who are not treated as a suppliers domestic customer on the basis of the contractual arrangements in place

² Ofgem Consumer Vulnerability Strategy: <https://www.ofgem.gov.uk/publications-and-updates/consumer-vulnerability-strategy>

process are likely to suffer substantial detriment and have demonstrated an inability to protect their interests in the energy market. As such we consider that there is a firm link between consumer vulnerability and the warrant process.

- 1.5 When we refer to “under warrant” or similar expressions in this document, we mean a warrant that would authorise the installation of a PPM.

What is installation of PPM under warrant?

- 1.6 When a customer falls into debt on their gas and/or electricity payments, suppliers will attempt to collect payment over several weeks. They do this in many ways, including e-mail, letters, telephone and house visits. If no payment is received or no other payment arrangement agreed, suppliers can apply for and execute a warrant to install a prepayment meter to end the accrual of debt, establish a debt repayment schedule and ensure payment for ongoing energy use. This is a last resort before they disconnect the customer.
- 1.7 To get a warrant, the supplier applies to the local magistrate. When the warrant is executed, the supplier attends the property and seeks to fit a prepayment meter with the help of meter engineers, locksmiths and dog handlers as required.
- 1.8 Suppliers can seek to recover any expenses incurred in the warrant process from the consumer³. These costs are typically added to the debt owed by the consumer and added to the prepayment meter to be repaid in weekly instalments of an amount that takes into account the customer’s ability to pay⁴. Warrant costs for a dual fuel consumer typically range from £200 to over £900 and are usually repaid along with energy debt over a period of several years. For example, a consumer with £1000 in combined energy debt and charges might repay £5 per week over a period of almost 4 years.

Issues with PPM as a consumer outcome

- 1.9 The installation of PPM under warrant results in consumers being forced onto PPM when it may not be their preferred way to pay for their energy. In our PPM review and consultation on improving outcomes for prepayment meter customers we detailed the issues that PPM consumers face. This includes higher bills, less choice and more problems with switching. Although some progress has been made with supplier agreements on installation and removal charges, CMA proposals and independent suppliers beginning to offer competitive tariffs, the fundamental issues of self-disconnection⁵, poor tariff choice and barriers to switching remain.

Self-disconnection is especially relevant for consumers who are forced onto PPM under warrant as they have additional debt repayments, and are likely to have additional non-energy debts, which could reduce their ability to top-up their meter.

³ See schedule 2B of the Gas Act 1986 (the Gas Code) and Schedule 6 of the Electricity Act 1989 (the Electricity Code)

⁴ Ability to Pay principles SLC 27

⁵ Self-disconnection happens when a prepayment meter consumer exhausts all available credit in their meter and is left without supply of energy.

Existing protections

- 1.10 The licence already contains a number of bespoke rules for actual or prospective PPM customers which provide a range of protections. These are important, but we do not think they go far enough to protect consumers going through the warrant process. They already prevent many consumers from going through the warrant process if having a PPM would not be safe and practical.
- 1.11 These protections include:
- requirements on suppliers to provide information about the advantages and disadvantages of a PPM
 - obligations to consider whether a PPM is safe and reasonably practical for the customer (and, if not, take certain steps to address this)
 - requirements on suppliers to offer a range of services for Domestic Customers which are having or will have difficulty paying charges, including repayment plans which do not involve offering the customer a PPM
 - requirements on the supplier to assess and take into account the customer's ability to pay when calculating a repayment plan for the debt
 - provisions which enable a PPM customer to switch to another supplier without facing an objection (with the new supplier's agreement) if the customer's debt is £500 or less.
- 1.12 The domestic standards of conduct also apply to PPM customers and require suppliers to treat customers fairly in how the suppliers behave, provide information and in their customer service processes.
- 1.13 Many suppliers also follow Energy UK's voluntary Safety Net scheme⁶ which aims to protect vulnerable consumers from disconnection and defines vulnerability, appropriate supplier actions and debt repayment timetables.

Policy background and process

Prepayment review: understanding supplier charging practices and barriers to switching – June 2015

- 1.14 We published a review of the PPM segment in June 2015⁷ in which we said we were concerned that prepayment customers can face particular barriers when trying to

⁶ Energy UK Safety Net http://www.energy-uk.org.uk/files/docs/Disconnection_policy/Sept15_EUK_Safety_Net.pdf

⁷ Ofgem Prepayment review: understanding supplier charging practices and barriers to switching: <https://www.ofgem.gov.uk/publications-and-updates/prepayment-review-understanding-supplier-charging-practices-and-barriers-switching>

access competitively-priced deals, have notably fewer tariff choices, charges for installing and removing a PPM, and upfront security deposits. We committed to following up on these issues and have since worked with industry to remove the majority of charges for non-warrant installation, and removal of PPM. But we haven't yet addressed the problems with installation of PPM under warrant.

Stakeholder roundtable - October 2015

- 1.15 We held a senior-level roundtable chaired by our CEO and attended by over 20 suppliers and consumer representatives. This looked at consumer outcomes arising from PPM installed under warrant and the use of security deposits. The group discussed ways to improve consumer outcomes, helping to shape the proposals in our December 2015 consultation.
- 1.16 Following the PPM review in June 2015, Dermot Nolan, Ofgem's CEO, also wrote to suppliers seeking an end to installation and removal charges. As a result very few consumers – around just 4% might have to pay these charges.
- 1.17 A full note of the roundtable can be found in the Appendix to our December 2015 consultation⁸.

Proposals to improve outcomes for prepayment customers – December 2015

- 1.18 We consulted on broad policy options for installation of PPM under warrant in December 2015 which highlighted the need for further detail in several areas of the policy proposals. The consultation presented policy options including:
 - ending warrant charges for consumers in relevant vulnerable situations
 - capping warrant charges for all consumers
 - setting out clear expectations of supplier behaviour.
- 1.19 Responses were received from 10 suppliers, Energy UK, and 15 consumer-facing groups. The consultation described current practice, outlined our concerns relating to installations under warrant and asked which of the policy options would be most effective in meeting our specified consumer outcomes.
- 1.20 The key themes highlighted by evidence from **consumer groups** were:
 - They are concerned that suppliers don't properly understand vulnerability.
 - They recognised that being financially vulnerable is often about more than just being able to pay energy bills. They advocated a broad definition to help more consumers and to avoid missing any consumers in vulnerable situations.
 - They typically supported intervention on warrant costs.
 - Generally supported removal of cost from consumers in the warrant process, as it would increase the incentive for suppliers to pursue alternative

⁸ Appendix 5, December 2015 consultation:
https://www.ofgem.gov.uk/sites/default/files/docs/final_consultation_ppm_0.pdf

resolutions such as repayment plans.

- Preferred specific criteria to ensure that compliance can be enforced.
- Highlighted opportunities for sharing learning and collaborating with suppliers to improve practice.

1.21 The key themes highlighted by evidence from **suppliers** were:

- They have policies and staff training to identify and record consumers in vulnerable situations. However, how well suppliers identify vulnerability varies between them.
- Most suppliers support a flexible principles-based approach although one large supplier advocated a more specific prescriptive approach.
- They referred to Ofgem's Consumer Vulnerability Strategy and Energy UK's Safety Net definitions and they use internal experts and external specialist agencies to guide their approach.
- They were concerned that a broad definition of vulnerability might result in high cost transfer to other customers and include customers who are able to engage or pay off debts.
- The main concern over incentives was that removing cost would reduce the incentive for consumers to engage with debt.
- A cap on warrant charges for all consumers would strengthen the incentive to keep costs efficient, protect consumers from high charges and increase the incentive to avoid the warrant process if possible.
- On the scope of warrant charges, suppliers noted that specific inclusion criteria would need to be clear to avoid inconsistency. Large suppliers also pointed out that including debt recovery charges in the scope of warrant charges could reduce the incentive for consumers to pay their bills and transfer additional cost to other consumers.

Request for information – May 2016

- 1.22 In May 2016 we issued a request for information (RFI) to domestic gas and electricity suppliers to gather data on warrant charges and the situations in which they are applied. The RFI data has contributed to the impact assessment and policy development process.
- 1.23 Data was collected for activities during 2015 and all suppliers who installed a PPM under warrant during that period responded. The primary data set requested was an itemised breakdown of charges, the costs of each charge and the levels of activity for all consumers and, as a sub set, consumers in vulnerable situations.
- 1.24 The RFI data showed some examples of good practice but also highlighted the inconsistency in costs and approach between suppliers. The key themes were:

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- Charges are typically either close to the cost of activities, or lower where suppliers have opted to absorb some cost in favour of a standard charge for warrant activities.
- The costs and charges for similar activities vary considerably between suppliers. The lowest cost for warrant execution was less than £100, and the highest close to £400.
- The application of charges showed that some suppliers waive charges in many cases, not just for consumers in vulnerable situations.
- There were significant differences in the proportion of customers identified as vulnerable in the warrant process. Some suppliers reported around one in four consumers as being vulnerable, whereas other suppliers reported around one in 20.
- In addition, suppliers achieve efficiencies for dual fuel customers by applying for a single warrant and executing a switch to PPM for both gas and electricity on the same visit, but other suppliers don't.

Our key concerns

1.25 We are concerned that:

- Installations under warrant do not appear to be used only as a last resort and supplier incentives are not aligned to achieve this
- The warrant process and charges imposed by suppliers are inconsistent and not transparent with some cases of extremely high charges, and
- Consumers in the most vulnerable situations are not protected from potential harm as a result of the warrant process. Consumers in relevant vulnerable situations can face severe detriment as a result of the warrant process or severe detriment, financial or otherwise, as a result of the warrant charges.

Issues with warrant process and charges

1.26 Installations of PPM under warrant are meant to be used as a last resort when consumers can't or won't engage with suppliers to resolve debt. But consumers groups have told us that PPMs are often pushed onto consumers too quickly. The numbers of consumers in the warrant process in 2015 was high and we are concerned that this indicates that it is not used as a last resort approach. In 2015, warrant applications were made for almost 250,000 accounts⁹ and 86,000 PPMs were installed under warrant¹⁰.

⁹ Data from May 2016 RFI

¹⁰ Data from Ofgem Social Obligations Report (SOR) 2015. The full findings will be published as part of the SOR in September.

- 1.27 We are concerned about the costs that consumers face when having a PPM installed under warrant, and about how customers in vulnerable circumstances bear these costs. Here, there are weaker market forces to ensure costs are competitive (once consumers are on the debt path it is harder to switch supplier). Warrant charges give consumers an incentive to engage to address their debt, however, since suppliers can charge consumers for their warrant-related costs suppliers have a limited incentive to avoid warrants or to be cost-effective.
- 1.28 At present suppliers' policies and costs are not transparent; few suppliers have details of these readily available and easily found on their websites. Suppliers also aren't being consistent in warrant charging, both in the level of charges and situations in which charges are waived. We are concerned about the impact of this on consumers in vulnerable situations. The circumstances of each installation under warrant can differ. In some cases the charges applied for the whole process can exceed £600 with extreme cases of charges over £1000.

Proposed CMA remedies for PPM

- 1.29 The CMA energy market investigation which concluded in June 2016 identified that the PPM market segment was causing an adverse effect on competition. It has remedies for enhancing competition in the PPM sector (reallocation of gas tariff code pages) and protecting inactive consumers (PPM tariff cap). These proposed remedies should give PPM consumers more choice of tariff and better access to competitively priced deals.
- 1.30 We recently published our implementation plan in response to the CMA's report¹¹.

Smart meters

- 1.31 Smart meters should fundamentally change both the physical infrastructure and the ways consumers can interact with PPM. PPM consumers should benefit from more convenient ways to monitor credit and add credit to their meter (such as either online or via an app¹²), more competitive tariffs and easier (remote) switching between payment methods. Smart meters will also allow suppliers to monitor self-disconnection when consumers run out of credit.
- 1.32 Smart meters are yet to make a significant impact on the PPM sector. We estimate that there are over 300,000 smart meters currently in prepayment mode. Several suppliers are promoting smart prepayment options. Some suppliers have already committed to offering better tariffs on smart prepay¹³.

¹¹ Ofgem response to CMA's final report:

https://www.ofgem.gov.uk/system/files/docs/2016/08/response_to_the_cmas_final_report.pdf

¹² CSE study on customer experiences - <https://www.cse.org.uk/downloads/file/smart-prepay-hh-experiences-report-march16.pdf>

¹³ Citizen Advice initiative – Fair play for Pre Pay - https://www.citizensadvice.org.uk/about-us/campaigns/current_campaigns/recent-campaigns/fair-play-for-prepay-campaign/

Next steps

- 1.33 This policy consultation outlines our final proposals for measures to protect consumers in the process of installation of PPM under warrant for non-payment of debt. We want to know what you think about these issues and proposals along with relevant evidence and data. Please respond to prepayment@ofgem.gov.uk by **09 November 2016**.

2. Final proposals to improve outcomes for consumers

Chapter Summary

This chapter outlines the final proposals we have put together to improve outcomes for consumers in the installation of prepayment meters under warrant for non-payment of debt. We want to know what you think are the implications of the preferred option, and whether this should include a new proportionality principle.

General Policy Questions

Question 1: Do you agree with the outcomes intended as a result of our policy detailed in paragraph 2.4?

Question 2: Do you agree with our preferred option as detailed in paragraphs 2.8 to 2.10?

Question 3: Do you have views on any further unintended outcomes which could be realised in addition to the risks outlined in paragraphs 2.47 to 2.50?

Question 4: Do you agree that the cap should be applied when the warrant process is not completed and that no further detail is necessary? (See paragraph 2.54)

Question 5: Do you agree with the proposal for a new debt proportionality principle (as detailed in paragraphs 2.59 to 2.66), in that this would not be limited to warrant activities and would require costs and actions relating to ALL debt recovery activities (including transfer objections) to be proportionate? Do you have any views on unintended consequences of this broad scope?

Question 6: Do you agree with our definition of “under warrant” to mean a warrant that would authorise the installation of a PPM. Do you have any views on unintended consequences of this narrow scope?

Our final proposals

Aims and objectives

- 2.1. Consumers who have a PPM installed under warrant are currently doubly penalised. Firstly, they face high charges for the installation under warrant and any associated costs (meter engineers, locksmith, dog handlers etc.). Secondly, they face high costs of PPM tariffs and barriers to switching. These costs can severely worsen the consumers’ financial situation and cause them mental stress. These high costs means that it takes longer to repay a debt, and will take longer for consumers to be able to switch to access more competitive tariffs.

- 2.2. PPM consumers can switch supplier between PPM tariffs if they have a debt of under £500 using the debt assignment protocol. However this means consumers may not be able to access the cheapest PPM tariffs if their debt is over £500. Consumers who have PPM installed face the prospect of higher energy costs. In June 2016 the difference between the cheapest PPM tariff and the cheapest direct debit tariff available nationwide was £272¹⁴.
- 2.3. We believe that consumers in debt should be able to engage with suppliers and resolve their issues considering various options without needing to install a PPM. We know that this is not possible in all circumstances, and although we think the number of PPMs installed under warrant is too high, we accept that it will need to happen in some cases.
- 2.4. Our policy goal is for customers not to face disproportionate costs or actions throughout the debt recovery process, and that PPM customers in the most vulnerable situations do not face costs that result from their vulnerability or exacerbate it. The outcomes we intend as a result of our policy are that:
- Installations of PPM under warrant are avoided wherever possible, and only used as a last resort. We want to increase the incentives on suppliers to engage with customers in debt to support them (eg putting them on debt repayment plans).
 - Suppliers do not impose high costs, and make their charges and process more consistent and transparent.
 - Consumers in the most vulnerable situations are protected, from both costs and process which would exacerbate harm.

Options considered

- 2.5. Ofgem is intending to move more towards regulating through principles rather than prescriptive rules¹⁵. Principles give suppliers flexibility in how they achieve good consumer outcomes. However, there are some areas where we may be clear that the required outcomes for consumers should be achieved in a particular way, and in those areas it is appropriate that we have prescriptive rules so there is no uncertainty on the part of licencees as to what they should do. In the case of consumer vulnerability, we have previously mentioned that we would use prescriptive rules where necessary to ensure harm is avoided. Installing PPMs under warrant is an appropriate area of concern. We are recommending a cap on warrant costs and a prohibition for consumers in relevant vulnerable situations, because we believe they will provide the best protections for consumers. The cap will protect all such consumers from high charges, and clarify the costs they could incur.

¹⁴ <https://www.ofgem.gov.uk/data-portal/retail-market-indicators>

¹⁵ Future of retail regulation: Working paper on broad principles: <https://www.ofgem.gov.uk/publications-and-updates/future-retail-market-regulation-working-paper-broad-principles>

- 2.6. To achieve the intended outcomes we have considered three licence modifications. These build on the options we outlined in our December 2015 consultation.
- A **prohibition** protecting consumers in relevant vulnerable situations preventing suppliers from charging them warrant costs. In some cases the prohibition prevents suppliers from installing a PPM.
 - A **cap** on warrant costs (the cost of applying for and executing a warrant to force fit a PPM) that suppliers can charge to consumers who go through the process.
 - A **debt principle of proportionality**, covering costs and actions of suppliers, for all customers in the debt recovery path.
- 2.7. For each option we have considered the scope of actions and charges which should be included and the specifics of which consumers should be protected. These details are later in this chapter.

Preferred option – cap and prohibition with possible additional principle of proportionality

- 2.8. Our preferred option is for the cap set at £100 or £150 and applicable to all charges for the application, execution, and installation of a PPM under warrant. This would be accompanied by prohibiting PPMs being installed under warrant to consumers in the most vulnerable situations (eg consumers with mental health issues and/or severe financial difficulty) and the prohibition of warrant charges to consumers in other relevant vulnerable situations¹⁶.
- 2.9. This combination would meet the policy aims of reducing high costs and protecting the most vulnerable consumers. The cap offers clarity on costs for energy suppliers and consumers, while also ensuring that those who are most vulnerable will be protected from costs which are a burden to them.
- 2.10. In addition, we welcome stakeholders' views on whether a new proportionality principle, aimed at ensuring proportionate action and cost in the whole debt path is needed alongside the cap and the prohibition proposals.

Prohibition to protect those in the most vulnerable situations

- 2.11. We have identified that the consumers who are in the most vulnerable situations suffer most from the installation of a PPM under warrant, either because of the cost or the installation process¹⁷ itself. We propose that suppliers be prohibited from charging these consumers for the cost of installation under warrant, and in some cases prohibited from installing a PPM at all.

¹⁶ This is detailed in the draft licence conditions in Appendix 1.

¹⁷ A person coming into the consumer's property to fit the meter.

- 2.12. We propose that the prohibition takes the form of a licence condition. Proposed licence drafting is in **Appendix 1 – Draft Licence Conditions**. The prohibition is intended to protect vulnerable consumers by prohibiting both:
- the installation of a PPM under warrant where the process would be particularly traumatic due to a consumer’s vulnerability
 - charges associated with installation under warrant where either the consumer’s vulnerability has impaired their engagement with the supplier or where the charges would exacerbate financial vulnerability.
- 2.13. Smart meters should transform the experience of PPM consumers, and in particular remove the need to enter a property to fit a PPM. For this reason we propose that the prohibition licence condition has a sunset clause to broadly coincide with the completion of smart meter roll out. However, we are also proposing that the Authority would have the power to repeatedly extend the sunset date if it was considered necessary to protect the interests of consumers, e.g. if the process of switching consumer to prepayment under smart meters does not adequately protect consumer interests.

Intended outcomes

- 2.14. This prohibition is important because it encourages suppliers to consider customers’ situations before pursuing a warrant as well as providing protection from both the warrant process and warrant charges for consumers in relevant vulnerable situations.
- 2.15. The intended outcomes of the prohibition are that:
- Warrants are not exercised in relation to consumers in relevant vulnerable situations (ie where experience would be particularly traumatic due to existing vulnerabilities).
 - Consumers in relevant vulnerable situations are not charged for warrant installations if their vulnerability has driven the lack of engagement.
 - Consumers are not charged if the cost greatly exacerbates existing financial vulnerability (eg in severe financial situation and pushed into crisis).
 - Those in relevant vulnerable situations are more able to switch PPM supplier following installation under warrant, and more quickly pay off their debts to access more competitive credit tariffs.
 - The increase in costs to suppliers of the prohibition should further discourage suppliers from installing PPM too quickly. PPM installation should be seen as a last resort after other methods have been exhausted.
- 2.16. The prohibition uses principles to outline the broad features of vulnerability which are within scope. We intend to interpret these broad features in line with Ofgem’s Consumer Vulnerability Strategy. We think this will serve as reasonable guide for suppliers, while encouraging them to treat each case on its individual merits with a higher probability of the right outcome for consumers. In contrast, prescriptive

guidelines can often lead to a tick-box approach from suppliers and lead to unintended consumer outcomes.

Scope of charges

- 2.17. The scope of charges covered by the prohibition is limited to charges associated with the application and execution of the warrant. It does not include charges for pre-warrant debt collection activities. This is to avoid expanding the scope to effectively rule out debt collection charges to all customers in vulnerable situations. Charges for debt collection are typically much lower in value (average of less than £40¹⁸) than warrant charges and are therefore considered far less detrimental to vulnerable consumers. It is also possible that consumer interests around debt collection charges could be protected by our proposed principle of proportionality.

Current supplier practice

- 2.18. Suppliers are currently inconsistent in how they identify and tackle vulnerability. There is some good practice, where some suppliers proactively identify vulnerability (although we think most suppliers can go further) and tend to waive charges for these consumers.
- 2.19. But other suppliers' interpretation of vulnerability is limited and inconsistent. It also appears that some suppliers do not waive charges for the most vulnerable, meaning that these consumers suffer detriment from the warrant process.

Scope of vulnerability under the prohibition

- 2.20. The prohibition is intended to protect consumers who are in relevant vulnerable circumstances. We have not defined this in a prescriptive way to recognise that the circumstances and situations are complex and may often need to be assessed case by case. We have described the broad types of situations that are covered and some examples of specific situations which would be included.
- 2.21. There are three broad areas which we think are important.

a) Vulnerable situations that impair engagement

- 2.22. There are consumers who don't engage with the debt process because their vulnerability acts as a barrier to effective engagement. We are proposing that these consumers are prohibited from being charged for the installation of a PPM under warrant. Consumer groups gave us examples of how consumers may not engage in these with their suppliers:
- A consumer group gave a case study of a client they had helped in her forties who had learning difficulties and was unable to read or write. She had built up debt when her mother passed away and she had to set up home in a new flat and start to manage her own finances. She did not have the skills or

¹⁸ Volume weighted average of pre-warrant debt collection charges as reported in response to our April 2016 information request to suppliers

confidence to engage with her energy supplier. Furthermore, the fear and shame she was experiencing meant she did not feel comfortable disclosing her vulnerability to her creditors and she tried to hide her illiteracy and other risk factors.

- Another case study was of a consumer off work receiving statutory sick pay due to multiple health problems including depression, vertigo and a heart condition. The supplier had obtained a warrant but she had only found a letter advising of the court hearing after it had taken place.
- A charity explained that their clients are often unable to manage their debts themselves, for some their ability to cope is further constrained by other factors, such as mental health conditions.
- A debt charity, said that supplier engagement around debt repayment often comes across as aggressive and accusatory. They said that many of their clients are put off from contacting their supplier due to the negative and angry tone of their correspondence.
- Another debt charity said that people in debt on their energy account often have wider debt problems or mental health issues and do not open letters for some time, if at all. They said it may take texts, emails or phone calls for them to realise that they are in arrears with their gas or electricity supply.

2.23. The relevant vulnerable situations covered by the prohibition are likely to be complex, and likely to need considering on a case-by-case basis. People with issues such as these are more likely to be in a relevant vulnerable situation:

- Mental health (dementia, depression, schizophrenia, bipolar)
- Life crises (divorce, job loss) causing stress, anxiety or a feeling of being overwhelmed
- Poor health that impairs engagement (eg in hospital)
- Learning difficulties

2.24. Consumers could have many of these issues at once. But the crucial thing for our proposals is whether their situation is preventing them from engaging.

b) Financially vulnerable situations

2.25. We propose that the prohibition on costs covers consumers who are already in a vulnerable situation, and who would be severely adversely impacted by the costs of PPM installation under warrant.

2.26. In response to our consultation debt charities illustrated the impact of charges on financially vulnerable consumers. Consumers with fuel debts will have around six

creditors on average, additional charges for collection and enforcement activity can quickly cause problem debts to mount up.

- 2.27. Research by StepChange Debt Charity¹⁹ showed that:
- Six in ten of the people that did not get the support they needed from their creditors went on to take out more credit to try to cope with their debt problems.
 - More than one in four said that actions by a creditor had prompted them to pay that bill by falling behind with other bills.
 - 47% of StepChange clients polled said they had visited their GP as a result of mental or physical health problems caused by their debts.
- 2.28. The prohibition is proposed for financially vulnerable consumers and recognises that some consumers who have an energy debt they are unable to repay also have other debts they are struggling with. These consumers can be severely impacted by the additional debt imposed by warrant costs, even where these are capped at £100 or £150. An example would be financial vulnerability where warrant costs tip consumers over the edge into crisis.

c) Process driven vulnerability

- 2.29. We propose a prohibition on the installation of a PPM where the process of the installation itself (ie a person coming into the consumer's property to fit the meter) would cause harm by being particularly traumatic to consumers with a relevant vulnerability.
- 2.30. We think in general that these are likely to be exceptional cases, for example someone with extreme anxiety, or someone who had experienced domestic violence.

Challenges identifying vulnerability

- 2.31. We recognise that identifying vulnerability can be challenging. In our discussions with industry, and through our participation in the UK Regulators Network and the Essential Services Action Network we have seen examples of good supplier practice.
- 2.32. Some suppliers do this well, but in line with our approach to vulnerability more broadly we think suppliers can go further. We think that industry sharing good practice can go a long way to producing more consistent and improved outcomes for consumers. We will hold a workshop to look at how suppliers can identify vulnerability in the debt path which may result in installation of PPM under warrant.
- 2.33. Vulnerability can be identified better using data. A recent publication from Citizens Advice²⁰ indicated learnings from other sectors and how data sources such as credit

¹⁹ Evidence from Stepchange consultation response.

²⁰ Citizens Advice: <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/on-supply-in-control-using-data-to-identify-and-support-energy-consumers-in-financial-difficulty/>

agencies are becoming richer and more sophisticated. We also want to build on the work that Citizens Advice and others have done to learn from other sectors, such as financial services.

- 2.34. Several respondents to our December 2015 consultation said that identifying vulnerability can be improved by involving third parties, advocates or charities. This is because some consumers will not want to or feel able to contact their energy company. A third party can often have more success in mediating or representing consumers. They can also verify consumers' particular circumstances.

Draft Licence condition to remove warrant costs from consumers in relevant vulnerable situations provided in Appendix 1 – Draft Licence Conditions

A cap on warrant charges

- 2.35. We propose that the most effective way to protect all consumers from high costs of installation under warrant is to limit the costs that suppliers can charge to consumers who go through the process. A warrant charge cap would be a limit on the costs that suppliers could charge for activities relating to the application and execution of a warrant at a property.
- 2.36. We propose that the cap take the form of a licence condition. Proposed licence drafting is in **Appendix 1 – Draft Licence Conditions**.
- 2.37. Although Ofgem is moving towards regulating through principles rather than prescriptive rules, in the case of consumer vulnerability, we have previously mentioned that we would use prescriptive rules where necessary to ensure harm is avoided.
- 2.38. We think the cap is consistent with the CMA's remedy for a price cap for PPM tariffs. The CMA has identified the PPM sector as having weaker competition than the rest of the market. This cap mirrors the CMA's conclusion that a short term intervention is justified to protect consumers in this area until smart meter roll-out is completed.

Current supplier practice

- 2.39. Suppliers have the power to seek recovery of costs incurred for installation of PPM under warrant. From our Request for Information in May 2016 we have seen a range of reported costs and prices charged by different companies. For example, the charges applied for the whole process range from zero to in excess of £600 with extreme cases of charges over £1000.
- 2.40. Suppliers have an inconsistent approach to waiving charges. Some are waived in certain circumstances while other suppliers regularly waive charges in a variety of circumstances. These are not confined to just cases where consumer vulnerability has been identified and could be a result of supplier error, negotiation with the consumer or other situations in which a charge is not considered reasonable.
- 2.41. In total, around £30 million in warrant costs were charged in 2015 at an average of over £400 for a dual fuel customer (where charges are applied for a completed warrant application and execution process). Most of the warrant costs charged to consumers were for cases where a PPM was not ultimately fitted on a warrant visit.

In these cases the consumer may have agreed an alternative debt repayment arrangement. This could be done at some point between the warrant application being made and the fitting of a PPM under warrant. This halts the process but in some cases suppliers still apply a charge to the consumer.

- 2.42. For consumers, the lack of consistency across the market means they don't know what they may be charged. The simplest way to improve consistency, and control the maximum cost they are allowed to charge for the installation of a PPM under warrant, is through a cap.
- 2.43. Some suppliers waive fees for part or all of the process to encourage consumers to resolve debt issues earlier and avoid the need for the execution of a warrant. We encourage energy suppliers to consider waiving fees that are under the warrant cap (eg for application for a warrant which is not executed if a consumer agrees a repayment plan) where this will encourage consumers to engage, or for any other reason at a supplier's discretion.

Intended outcomes

- 2.44. The cap is a way to control costs to consumers. It provides a simple framework for energy suppliers to work within, clarity for consumers and a simple option for monitoring and enforcement.
- 2.45. The cap will also provide a clear incentive for suppliers to control costs and take steps to avoid warrants as far as possible. The cap will also help eliminate all high charges including any borne by consumers in vulnerable situations who are not identified by suppliers.

Risks

- 2.46. There are risks associated with the cap and ensuring it has the desired effect for consumers and on the market. The impact will directly relate to the level the cap is set at. We have explored this in the draft Impact Assessment. We think that the benefits of the proposed cap outweigh the potential risks of setting the cap at the level we have.
- 2.47. The cap is likely to redistribute some additional cost from consumers in the warrant process to the larger group of consumers as a whole. Sixty two per cent of the costs of the warrant process are already socialised due to a combination of supplier policies of not charging for all of the costs incurred and incomplete recovery of debt applied to PPMs. The costs which suppliers can no longer recover via charges could be socialised to their wider consumer base and ultimately paid in part by consumers in vulnerable situations. At the proposed level of cap, the additional socialisation has been estimated at £4.5-8.9m.
- 2.48. The cap could increase incentives for suppliers to charge up to the cap, in particular for the small number of suppliers who do not currently charge in any circumstances.
- 2.49. Suppliers who currently waive charges in some situations could end this as a result of the cap. In order to mitigate this risk the cap needs to be set at a level low enough to ensure that the possible increase in charges is outweighed by the general decrease in high charges.

- 2.50. We welcome views on any further unintended outcomes which could be realised in addition to the risks outlined above.

Proposals for setting the cap

- 2.51. We propose to set the level of the cap at £100 or £150. This figure is set at a level that gives the best balanced solution to:
- Protect consumers from high charges for installation of PPM under warrant
 - Reduce incentives for suppliers to pursue warrant
 - Keep socialisation of cost at an acceptable level
 - Increase consistency of charges between suppliers
 - Retain incentives for consumers to engage with suppliers to find a better solution (eg agree a repayment plan, or voluntarily accept installation of a PPM).
- 2.52. The proposed level of the cap is discussed in further detail in the attached draft Impact Assessment, including analysis of what suppliers currently charge. Setting the cap at £100 would weight the solution towards protecting consumers and incentivising suppliers to control warrant costs and avoid warrants if possible. On the other hand, setting the cap at £150 would mean that less cost would be socialised and the incentive for consumers to engage with suppliers would be slightly increased.
- 2.53. For dual fuel consumers where a warrant is being executed for both fuels, we consider that the cap covers both fuels. Also, the cap should apply such that no consumer is charged more than the level of the cap for activities relating to the application and installation of a warrant within a 12-month period.
- 2.54. We propose that the cap should be applied in all cases with no exceptions. However, we want to know whether it is appropriate to define any exceptional circumstances in which the cap should not apply.
- 2.55. We also welcome views on whether any additional detail is required to specify how charges should be applied when the warrant process is not completed (eg the customer agrees a repayment package before a warrant is executed) yet costs have been incurred by the supplier. We propose that the cap should still apply in these cases but that no further detail is necessary and that suppliers be encouraged to use their discretion and apply charges up to the cap as appropriate to encourage consumers to engage with alternative debt repayment arrangements if possible.

Sunset clause

- 2.56. Smart meters should transform the experience of PPM consumers, and in particular remove the need to enter a property to fit a PPM. PPM consumers should benefit from more convenient ways to monitor credit and add credit to their meter (such as either online or via an app), more competitive tariffs and easier (remote) switching

between payment methods. Smart meters will also allow suppliers to monitor self-disconnection when consumers run out of credit.

- 2.57. For this reason we propose that the prohibition licence condition has a sunset clause intended to coincide with the end of mass smart meter roll out. We envisage a sunset clause to broadly coincide with the completion of smart meter roll out. However, we are also proposing that the Authority would have the power to repeatedly extend the sunset date if it was considered necessary to protect the interests of consumers due to the market conditions at the time.


Unintended consequences

- 2.58. The licence drafting will have an option to increase the level of the cap to ensure that it reflects both the needs of consumers and that the level of the cap does not have unintended consequences.

Debt principle of proportionality

- 2.59. This principle would cover all consumers in debt. The intention is that suppliers will have relevant processes in place to ensure charges and actions are proportionate in the debt recovery path. This would include cost of process, ability to pay and in particular level of the original debt (ie the costs being recovered should not be higher than the amount of the original debt).
- 2.60. This new principle is intended to make the debt collection process fairer by ensuring charges and actions are proportionate to the original amount of the debt. In our Decision on review of domestic objections²¹ we said that we are not making any changes at this stage to the existing transfer objections provisions in the gas or electricity supply licences. We are, however, in the context of this consultation, considering our approach to charges for debt recovery.
- 2.61. This refers to all action relating to recovery of charges or debt. This should result in:
- Reduced harm by ensuring that debt collection is proportionate to the debt owed, so the action is not disproportionately severe (for example for low debts). This should further reinforce that installation of PPM is a last resort.
 - Warrant costs passed to consumer should not be more than the original debt (relevant for debts under the warrant cost cap).
 - Suppliers should consider the proportionality of their approach to collections (eg they could adopt a stepped collections process). Suppliers will have to consider the proportionality of their approach individually (eg not going too quickly to the warrant stage).

²¹ Ofgem Decision on review of domestic and non-domestic objections:
<https://www.ofgem.gov.uk/publications-and-updates/decision-review-domestic-and-non-domestic-objections>



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- Cost of collections activity not exceeding debt – so consumers don't face high warrant costs for small debts, instead suppliers should pursue other routes.
- Suppliers should attempt to install smart PPM wherever possible as this is likely to be more proportionate in the long term to lessen future costs (eg switch back to credit)

Current supplier practice

2.62. This proposal is intended to make outcomes more consistent for consumers. Current supplier practice is inconsistent. There is some good practice in the market, but there are also examples of poor practice. The examples below illustrate some of the complexity in this area:

- Some suppliers follow a stepped approach with threshold levels of debt and time for each escalation of action.
- Other suppliers escalate the debt and warrant process quickly to ensure debt build up is minimised. This is not always in the best interests of the consumer due to the charges incurred.
- Consumer groups report examples of warrant charges in excess of the energy debt which indicates a disproportionate approach.
- Also, there are some examples of customers being charged for multiple warrant applications.

Scope of the debt proportionality principle

- 2.63. The scope of this principle extends across all action relating to recovery of charges for all debt collection activities. This means that unlike the cap and the prohibition it would also cover the part of the debt path (eg phone calls and letters) ahead of, and after, the application for a warrant and its execution. Our June 2015 PPM review found evidence of high costs in some cases for these parts of the debt path.
- 2.64. The main intent with this broad scope is to mitigate against suppliers increasing other debt charges or actions as a means of recovering prohibited warrant costs or pressurising consumers to accept PPMs.
- 2.65. We intend this to specifically act on warrant costs but it would also apply to any other action by suppliers relating to debt. So it would also apply to debt objections.
- 2.66. Apart from the recovery of unpaid charges, it is not our intention that the proportionality principle would apply to actions taken by suppliers to stop or otherwise tackle energy theft (eg where suppliers obtain warrants on meter tampering or meter damage grounds for the purpose of entering premises to disconnect the supply). In such situations suppliers (and their agents) are already covered by existing licence conditions (such as the standards of conduct, standard

condition 12A and standard condition 13). This means that suppliers will still need to consider customer vulnerability in the context of such licence conditions. For example, in Ofgem's decision²² to implement the standards of conduct we made clear that, where a supplier has a legal right to do something (e.g. a statutory power of disconnection), "*...the SOC will capture whether the process for exercising the right and the manner in which it is exercised is fair and that a supplier should employ its discretion before exercising a legal right.*" We would therefore expect suppliers to take customer vulnerabilities into account as part of employing their discretion. **Draft licence condition for the debt proportionality principle provided in Appendix 1 – Draft Licence Conditions**

Monitoring of final proposals

- 2.67. As we develop our policy thinking we will also develop our proposals for appropriate monitoring of the chosen approach. We welcome suggestions from suppliers for the most appropriate methods of doing so.

²² <https://www.ofgem.gov.uk/ofgem-publications/84946/implementation-domestic-standards-conduct-decision-make-licence-modifications.pdf>

Appendices

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Please note: The Impact Assessment is provided in a separate document available at www.ofgem.gov.uk

Appendix 1 – Draft Licence Conditions

Condition 28A. Warrants relating to Pre-payment Meters [and other supplier actions to recover debts]

A. Draft prohibition

28A.1 The licensee must not exercise a Relevant Warrant in respect of a Domestic Customer's premises where such action would be severely traumatic to that Domestic Customer due to a vulnerability which would be made significantly worse by the experience.

28A.2 The licensee must not charge a Domestic Customer in respect of any costs associated with a Relevant Warrant where:

- 1.1. that Domestic Customer has a vulnerability which has significantly impaired their ability to engage with the licensee or a Representative in relation to the recovery of a Relevant Payment; or
- 1.2. that Domestic Customer has a severe financial vulnerability which would be made worse by charging them any costs associated with a Relevant Warrant.

B. Draft price cap

28A.3 Where the Licensee or any Affiliated Licensee obtains and/or exercises one or more Relevant Warrants (including in relation to premises of Domestic Customers subject to Tariffs which use the brand name of a person that does not hold a Gas Supply Licence and/or Electricity Supply Licence), the total amount of charges they recover (or seek to recover) from the same Domestic Customer in relation to any costs associated with those Relevant Warrants must not exceed the Specified Amount in any twelve month period.

C. Draft proportionality principle

28A.4 In relation to the recovery of Outstanding Charges, Other Outstanding Charges or any other debt ('the charges') from a Domestic Customer, the licensee must ensure that:

- (a) any action it or a Representative takes (including, but not limited to, the exercise of statutory powers and the use of a Transfer Objection); and
- (b) the costs which they seek to recover from that Domestic Customer as a result, are proportionate in the context of the original amount of the charges.

D. Sunset provision

28A.5 Paragraphs 28A.1 to 28A.3 will cease to have effect on 31 December 2020 unless the Authority specifies a later date by publishing a statement in Writing.

28A.6 The power to specify a later date in paragraph 28A.5 may be exercised by the Authority on more than one occasion (before, on, or after the expiry of any later date specified by the Authority).

E. Definitions for condition

28A.7 For the purposes of this condition:

“Relevant Warrant” means, a warrant pursuant to paragraph 23(2)(c) of Schedule 2B to the Gas Act 1986 and paragraph 7(4) of Schedule 6 to the Electricity Act 1989.

“Specified Amount” means £100 or £150 or such higher amount as may be designated by the Authority from time to time by publishing a statement in Writing.

“Transfer Objection” means to prevent a Proposed Supplier Transfer on grounds permitted by standard condition 14.

“Relevant Payment” has the meaning given in paragraph 7(1A) of Schedule 2B to the Gas Act 1986 and paragraph 2(1A) of Schedule 6 to the Electricity Act 1989.

Appendix 2 - Consultation Response and Questions

We want to hear the views of anyone interested in our proposals in this document. We ask for your feedback on each of the questions throughout it.

We will publish all responses on our website unless you have marked it confidential. If you want your response to be confidential, you should clearly mark your response to that effect and include the reasons for confidentiality. We will respect this unless we are required to disclose the information, for example under the freedom of Information Act 2000 or the Environmental Information Regulations 2004.

If you are including any confidential material in your response, please put it in the appendices. Respond by 09 November 2016 and send it to:

- Steve Osmani-Edwards
- Consumer Vulnerability Strategy Team
- Ofgem, 9 Millbank, London SW1P 3GE
- 0207 901 7000
- prepayment@ofgem.gov.uk

Next steps: Subject to our consideration of responses, Ofgem intends to publish a statutory consultation on changes to the licence conditions. Any questions on this document should, in the first instance, be directed to Steve Osmani-Edwards using the above contact details.

CHAPTER: Two


Question 1: Do you agree with the outcomes intended as a result of our policy detailed in paragraph 2.4?

Question 2: Do you agree with our preferred option as detailed in paragraphs 2.8 to 2.11?

Question 3: Do you have views on any further unintended outcomes which could be realised in addition to the risks outlined in paragraphs 2.47-2.50?

Question 4: Do you agree that the cap should be applied when the warrant process is not completed and that no further detail is necessary? (See paragraph 2.55)

Question 5: Do you agree with the proposal for a new debt path proportionality principle (as detailed in paragraphs 2.59 to 2.66), in that this would not be limited to warrant activities and would require costs and actions relating to ALL debt recovery activities (including transfer objections) to be proportionate? Do you have any views on unintended consequences of this broad scope?



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Question 6: Do you agree with our definition of “under warrant” to mean a warrant that would authorise the installation of a PPM. Do you have any views on unintended consequences of this narrow scope?