



Action for Warm Homes

National Energy Action response to Ofgem consultation

Priority Services Register Review: Statutory Consultation

Response deadline: 15 July 2016

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National Energy Action (NEA) welcomes the opportunity to comment on the proposals and draft licence conditions for a revised Priority Services Register (PSR) set out in Ofgem's statutory consultation. NEA is a national charity working to protect low income and vulnerable households from fuel poverty and detriment in the energy market across the UK. We do this through operating at a strategic level to influence policy, delivering frontline training, facilitating energy efficiency projects and providing services such as fuel debt advice.

In September 2014, May 2015 and February 2016 NEA responded to Ofgem's three previous consultations on its proposed changes to the PSR. We refer the regulator to these responses, attached at Annex A, for a comprehensive overview of our position and recommendations on this matter. In this briefer response we draw Ofgem's attention to NEA's views on key challenges for the PSR moving forward:

1. NEA welcomes the broader eligibility criteria, flexible service model and emphasis on proactive supplier identification of vulnerable consumers embedded in the new PSR. We agree this should encourage suppliers to focus on improving outcomes for their most vulnerable customers, rather than 'ticking a box' to demonstrate compliance with licence conditions. However, the key issue facing the PSR is that the vast majority of consumers do not know it exists. Ofgem research finds less than a quarter of consumers are aware of the PSR and figures from NEA's own research show that only 23% of social housing tenants have heard of the PSR and 5% of vulnerable (and therefore potentially eligible) households were registered on the PSR.
2. There is a risk that very low awareness and uptake may be exacerbated by a flexible PSR model where consumers and consumer organisations alike do not have clarity about a.) who can register, b.) what services are on offer, and c.) if and how models differ across suppliers. Managing this risk by implementing proactive supplier identification of vulnerable households has its own challenges given the poor record of energy companies in signing their customers up to registers.
3. To address these risks and challenges NEA stresses that the new supplier requirement to take 'all reasonable steps' to identify vulnerability should be actioned by companies as part of their smart meter roll-out plans. In other words, PSR identification and registration needs to be combined with smart metering code of practice (SMICOP) compliance to drive updating of energy company vulnerability information. In addition, Ofgem should move companies to embed their enhanced identification procedures for the PSR into BAU activity with regard to installing and removing pre-payment meters – both under warrant and as part of Ofgem's reforms in this area.
4. Alongside identification, NEA underlines there is an immediate need to highlight to suppliers that flexible services under a new PSR should be partially delivered through extra help for vulnerable customers at point of smart meter installation. For example,

provision of tailored energy efficiency advice. Given Ofgem is responsible for monitoring supplier compliance with PSR, SMICOP and treatment of PPM charges they are in an ideal position to facilitate a joined-up approach.

5. Ofgem's emphasis on consumer groups and third party advisors leading on developing customer advice and information materials on the PSR needs to progress in the context of a PSR model that – at least initially – could seem opaque for third parties (eligible groups not defined, flexible services etc). To ensure advice and information is developed that accurately reflects supplier and network company obligations and offerings close cooperation is required between licensees and consumer groups. This will help translate the new licence provisions into clear messages about what the PSR is, who it is for and how it can help.
6. To ensure the new PSR is delivering for customers closely monitoring the practices and procedures energy companies put in place to drive PSR identification, registration and service delivery is critical. This is why NEA remains disappointed the initial proposal of audits has been removed and Ofgem will continue to rely on limited social obligations metrics to monitor supplier performance. Currently, the kind of information collected as part of this reporting– such as the number of customers on a PSR – will tell us nothing about supplier performance with regard to identifying vulnerability and offering flexible services. We look forward to Ofgem proposals to improve this reporting framework and thereby allow effective monitoring of company performance.
7. NEA welcomes the new licence condition for gas distribution networks (GDNs) to develop their own PSR register and emphasise this will create opportunities to identify and share vulnerabilities specific to gas safety. For example, distribution network operators are required to take steps to safeguard customers dependent on medical equipment from any interruption to electricity supply. By the same logic, GDNs should take steps under their new PSR to identify and address vulnerability for households impacted by disconnection from gas supply (due to an unsafe gas appliance being turned off). In particular, for vulnerable households with health conditions exacerbated by a lack of space heating. Linking this PSR information up with eligibility for and access to energy efficiency measures is an area of opportunity that requires further exploration.

As stated above, NEA's full views on the PSR proposals can be found at Annex A in previous responses. In closing, we remind Ofgem that NEA considers the PSR is best viewed in the context of wider consumer vulnerability in the energy market. That is, when personal characteristics, poor quality housing, energy company policies and energy (un)affordability combine to drive millions of households into fuel poverty. To address this multi-faceted problem a holistic approach to financial and non-financial services is required. The PSR is one piece of this puzzle but both Ofgem and energy companies should continue good practice efforts to address vulnerability through a streamlined and joined-up approach to policies and services.

Annex A. NEA Previous Responses to Ofgem PSR Review Consultation

National Energy Action's response to Ofgem's Consultation: Review of Priority Services Register

Response deadline: 22 September 2014

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Section 1: About National Energy Action (NEA)

NEA is a UK charity working to protect low income and vulnerable households from fuel poverty and exclusion in the energy market. We believe that radically improving the energy efficiency of fuel poor homes through heating and insulation measures represents the most cost-effective, long-term solution to the crisis caused by high energy bills and cold homes.

NEA estimates that the charity has helped over 7.5 million households in the UK gain access to energy advice and energy efficiency grants. In addition, energy efficiency improvements valued at over £110 million have been installed through NEA's subsidiary Community Interest Company, Warm Zones. The latter focuses on delivering a wide set of benefits to low income households in deprived areas. Through NEA's in-house training scheme around 20,000 people have obtained NEA/City and Guilds energy awareness qualifications.

NEA also identifies and shares best practice and has built capacity in communities to deliver energy efficiency and fuel poverty solutions for over 30 years. Through these and a range of other activities we have gained extensive policy and delivery experience in supporting and advocating for the vulnerable consumer base which is the focus of this consultation.

Section 2: Summary of recommendations

This section contains a summary of the principal recommendations contained in NEA's more detailed response to Ofgem's consultation questions, as outlined in Section 3, below.

Support model

- Licensees should be required to offer both non-financial and financial support and their extra help services (PSR and non-PSR) should be joined-up to offer an integrated and comprehensive extra help package.

Proposed minimum services

- Alternative heating and cooking facilities: can be expensive to run and Ofgem should monitor the types of emergency heating provided and action taken by licensees to mitigate associated risks. For example, providing emergency financial assistance to cover the additional cost of running expensive emergency heating units.
- Free gas safety checks: more action is urgently needed to address the concerning trend of a rise in admissions to hospital for symptoms of CO poisoning at the same time as a decline in the number of free gas safety checks. The consultation document makes no mention of this problem and we call on Ofgem to explain and take action on how they are going to address this year-on-year decline.
- Meter readings: where standard meters are replaced for PSR customers with smart meters Ofgem must ensure, through the Smart Meter Installation Code of Practice, that the customer experience for installation provides for extra time for vulnerable customers to help them understand their new meter and get the most out of it.

- Communication: Ofgem should use the PSR's approach to equalising communication outcomes for vulnerable consumers to drive smart meter benefits for certain disadvantaged customer groups, in particular text-to-speech output from IHDs.

Additional services

NEA recommends consideration of the following services beyond the proposed minimum list.

- Safety: courtesy calls and/or reminder texts to consumers for home visits.
- Safety: free, low-cost CO alarms for vulnerable households.
- Safety: Linking the PSR to Telecare arrangements via smart metering.
- Access: standardising supplier policies to replacing pre-payment meters (PPMs) with standard meters and requiring they do not charge vulnerable consumers an up-front fee for the switch.
- Access: special controls and adaptors for householders with mobility or dexterity issues.
- Communication: communications on audio CD for visually impaired customers.
- Communication: beyond current practice, communications tailored in content and format to address barriers for households with mental health issues, literacy and numeracy issues and English as a second language.
- Communication: dedicated extra help team with associated free customer service number providing access to a licensee's full range of financial and non-financial extra help.

Eligibility

- In moving from a category to a needs-based approach to eligibility Ofgem and licensees should recognise that certain groups of households display risk factors that predispose them to ongoing vulnerability in the energy market. These groups should be guaranteed a minimum level of protection with regard to PSR services.
- Ofgem should provide licensees, consumers and third party advocates with guidance on what sorts of households could most benefit from and should be targeted for PSR services. This will help with proactive identification and targeting and consistent service delivery across providers.

Wider register

- Ofgem should recognise the PSR is currently used to register consumers on it who are to receive extra protection against disconnection, for example in the winter months. A register of these consumers and others who have been 'flagged' as vulnerable, as well as current protections under existing licence conditions, especially against disconnection, *must not* be put at risk or eroded due to Ofgem's proposed PSR changes.
- Ofgem should clarify what it sees the purpose and benefit of its proposed wider register.

Data sharing

- NEA supports increased and improved data-sharing arrangements but emphasises the essential need for utility companies having robust consent and safeguarding protocols and mechanisms to facilitate the proper, transparent and proportionate use and transfer of vulnerable customer information between obligated parties.

- Data sharing with regard to PSR details should be aligned to data sharing initiatives around fuel poverty, for example building in needs codes to share information of customers in receipt of bill rebates (e.g. WHD).
- Ofgem should recognise and protect against the potential for unintended consequences of data-sharing when switching. In particular, 'blacklisting' customers with multiple and complex needs.
- The switching point should be used by suppliers to renew consent for data-sharing of customer data with other utility companies and up-date customer information.

Awareness-raising

Ofgem must require licensees to urgently improve the frequency and range of awareness-raising activities with regard to the PSR. Improvements should be made in three key areas:

1. Energy company communications

- Advertising the PSR through company communications people are most likely to read, in particular billing statements.
- Follow-up communications with those who have been signed up to the register to make sure they understand what the PSR is and what services it can offer (making use of Ofgem's proposed guidance document).
- Prominent and easy-to-access information on energy company websites.
- Tailoring messaging in content and format to appeal to and ensure relevance for different target groups. This includes communicating the utility of PSR services through 'success stories' involving peers, as well as 'scenario' marketing.
- Complementing targeted messaging with advertising aimed at consumers who are part of a vulnerable person's support network and could recognise the PSR as a useful service for their client/friend/family member.
- Adopting a holistic approach to extra help through cross-promotion of the PSR in communications about other forms of extra help.
- Proactive recruitment of customers onto the PSR by staff during phone calls and home visits. The latter should include making better use of gas safety and smart meter installation visits to provide check and referrals for extra help services.

2. Third party outreach and referrals

- Identification: companies should establish more proactive relationships with local authorities and their networks (Health and Wellbeing Boards, local advice bureaus, housing associations, energy advisory services etc.) in areas where they have customer density with a view to identifying and making contact with vulnerable cohorts.
- Dissemination and referrals: companies should improve and increase their contact with partner organisations to disseminate promotional material about PSR services.
- Dissemination and referrals: third party referral routes should be better used to reach and sign consumers up to the PSR. In particular, front-line advisors and health professionals.

3. Joined-up approach

Ofgem should align the PSR with the following policy areas:

- Fuel poverty strategy: action under the strategy should be used to promote PSR services. For example, mandated health referrals from GPs.

- NICE guidelines: Ofgem and the National Institute for Health and Care Excellence (NICE) should recognise the links between the PSR review and NICE's new public health guidelines for reducing excess winter deaths and illnesses. Coordinated discussions should take place between the two agencies to facilitate an integrated approach to support and advice.
- Smart meter roll-out: Ofgem should prioritise the contact opportunity presented by installation visits under the smart meter roll-out to reach vulnerable consumers and offer extra help, including PSR services.

4. Monitoring and reporting

Under revised social obligations reporting, licensees should be required to report to Ofgem on:

- What specific PSR services they offer;
- The number of unique customers receiving each service;
- The number of customers receiving a service by householder/vulnerability category (e.g. how many registered are pensioners, disabled etc.);
- The number of customers on the wider register;
- What services customers on the wider register receive (if any)

Auditing arrangements must require licenses to monitor and report on efforts to identify vulnerable customers and promote services to them. This could include:

- What third parties have they contacted and established relationships with (e.g. local authorities) and future activity in this area;
- What communications on the PSR they have produced;
- How many customers they have advertised the PSR to through billing statements etc.;
- Surveying PSR customers to monitor quality of service provision and assess what types of information/messaging householders respond well to;
- Random sampling across a supplier's customer base to check compliance with requirements to identify vulnerabilities and offer registration.

Section 3: Response to consultation questions

Question 1: *Do you agree that energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers?*

Response: Agree.

Comments: Energy is an essential service and, as the regulator, Ofgem has a duty to protect the interests of gas and electricity consumers. This includes requiring energy suppliers and distributors to provide support to consumers with vulnerabilities to ensure they are not disadvantaged in the energy market compared to other consumers. We believe this support should take the form of non-financial and financial services.

Furthermore, we would urge Ofgem to clarify within your response to this consultation what it means by 'non-financial' services. Does this refer to Priority Services Register (PSR) services only, for example, a password scheme? Or does it include non-PSR services provided by energy companies – for example income maximisation advice – but where the individual does not receive a grant, rebate or discount of monetary value?

NEA suggests a more useful distinction may be between consumers who face non-financial vulnerabilities, for example they are elderly and have trouble accessing their meter to take a read, and consumers who face financial vulnerabilities, for example they are on a low income and find themselves in fuel poverty. A consumer can clearly be vulnerable for both financial and non-financial reasons and we reiterate energy companies should continue to be required to provide both non-financial advice and support to equalise outcomes for consumers and financial support in the form of grants, discounts and rebates. The latter, which we appreciate is not the focus of this consultation, is nonetheless critical for those on low incomes and suffering in fuel poverty.

Question 2: *Do you agree that we should continue to prescribe a minimum set of services? Do you support the proposed list of services? What additional services, if any, do you think energy companies should be required to provide?*

Response: Agree.

Comments: NEA supports the proposal for Ofgem to continue to prescribe a minimum set of services. We believe this is essential to provide vulnerable consumers with a minimum level of protection that is consistent across all licensees. NEA considers this particularly important as we are not convinced companies will strive to do more for their customers than any prescribed minimum level of protection and nor does evidence suggest consumers expect or will proactively demand additional help.¹

We are also encouraged by Ofgem's stated intention to adopt an outcomes-based approach to the provision of services; recognising this encourages energy companies to shift their focus to the individual consumer and deliver services in accordance with need.

If the desired outcome, as Ofgem suggests, is a vulnerable consumer being in the same position as a typical consumer with regard to safety, supply, access and communication, consideration needs to be given to how this outcome is going to be encouraged, implemented and enforced beyond the minimum list. We recommend Ofgem and licensees, with input from stakeholders, agree a set of outcomes that are measurable using robust, consumer-focused indicators and with a suitable accountability framework, including appropriate incentives and penalties. Without such a clear and measurable approach we believe Ofgem's stated outcomes will remain aspirational and customers will continue to receive the minimum service level.

With regard to the minimum set of services, NEA supports the proposed list. We do however provide the following comments which we encourage Ofgem to act upon before a revised approach is introduced:

1. **Safety: alternative heating and cooking facilities.** While NEA recognises and supports the need for emergency heating and cooking provision in times of crisis, we wish to highlight certain hardships and risks that may inadvertently be induced. For example, electric heaters can be very expensive to run and householders could incur additional expense that cannot afford. Gas heaters can also bring their own health risks. NEA would therefore recommend Ofgem considers and monitors the types of emergency heating provided and action taken by Gas Distribution Networks (GDNs) to mitigate the risks. For example, providing emergency financial assistance to cover the additional cost of running expensive secondary or emergency heating units, especially for fuel poor households in crisis situations.

¹ BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

2. **Safety: free gas appliance safety check.** NEA suggests more action is needed to mitigate the serious, sometimes fatal, risks caused from faulty gas systems and carbon monoxide (CO) poisoning.² The Department of Health has recently revised estimates of incidents of CO poisoning. It now suggests there are approximately 4000 (up from 400) visits to Accident and Emergency Departments every year for symptoms of CO poisoning.³ At the same time, the number of free gas safety checks is declining: there were 45% less gas safety checks in 2012 than in 2009.⁴ A sharp decline in free gas safety checks is of major concern and could lead to an increase in injury or fatalities caused by CO poisoning amongst vulnerable owner occupiers. We note that in its social obligations reporting Ofgem stated: 'we intend to consider this issue as part of our PSR review'.⁵ However the consultation document makes no mention of this problem. NEA therefore calls on Ofgem to explain and take action on how they are going to address this year-on-year decline.⁶

3. **Access: meter readings.** NEA notes that if standard meters are to be replaced for PSR customers with smart meters (to facilitate easier access to quarterly meter reads) Ofgem should ensure, through the Smart Meter Installation Code of Practice, that the customer experience for installation provides for extra time for certain vulnerable customer groups to help them understand their new meter and get the most out of it. NEA's research in this area showed some customers did not always fully grasp how the in-home display (IHD) functioned, either because the demonstration was too quick or the information was overwhelming.⁷ As we move into a smart world NEA therefore suggests the PSR services should align with vulnerable customers' needs with regard to smart metering. This not only includes ensuring a premium installation experience but, if the PSR is to be truly innovative, the service could be linked to Telecare via smart metering. For example, if indoor temperatures dip below acceptable healthy home temperatures in colder weather a smart meter might alert the utility which then alerts a nominated contact or Telecare provider to check on vulnerable occupants.

4. **Communication:** NEA welcomes the requirement for licensees to provide accessible information to consumers and for consumers to have accessible means to contact their energy company. We are pleased Ofgem is proposing to include communication about near real-time usage information in this requirement and note this has implications for the design of IHDs. We believe Ofgem should use the PSR's approach to equalising outcomes for vulnerable consumers to drive smart meter benefits for certain disadvantaged customer groups, in particular text-to-speech output from IHDs for older people with severe sight loss who may have little to no access to web-based smart applications.⁸

More broadly, we note the proposed minimum set of services is essentially the same as what is currently required or what suppliers already provide, e.g. the addition of knock-and-wait. Many of these services are either essential (advance notice of power cuts for people

² NEA is currently developing a training module on CO awareness in the home to add to our existing 6281-01 City & Guilds Energy Awareness Course.

³ <https://www.gov.uk/government/news/carbon-monoxide-poisoning-sends-4-000-people-to-a-e-each-year>

⁴ Ofgem (2013). *Domestic Suppliers' Social Obligations: 2012 Annual Report*.

⁵ *Ibid.*, p. 40.

⁶ NEA also recommends improving the value of free gas safety checks for consumers (along with other PSR services: meter readings and meter re-sitings) through equipping engineers with the support and tools to allow them to refer vulnerable householders into other forms of financial and non-financial assistance. For details of this please see our response to question 13.

⁷ NEA for DECC and Consumer Focus (2012). *Smart for All: Understanding Consumer Vulnerability During the Experience of Smart Meter Installation*.

⁸ This was included as a recommendation in SQW, i2 media research and Astutim for DECC (2013). *Study on Access to Smart Meter Benefits for Blind and Partially Sighted Consumers*.

reliant on electricity for health reasons) or are more a matter of good customer service that arguably should be provided to all consumers who require/want them, for example the password scheme. We therefore strongly believe it is important to incentivise and share best practice in the provision of extra help services through the audit process (see Question 14). This should encourage energy companies to go above and beyond the current 'business-as-usual' list. With regard to additional services, NEA would welcome consideration of the following good practice examples:

1. **Safety:** Provide **courtesy calls and/or reminder texts** to consumers for home visits to complement the password scheme. This is now standard practice for all consumers for appointments across a range of service sectors, for example health and eye appointments
2. **Safety:** Alongside free gas safety checks the merits of providing **free, low-cost CO alarms** to vulnerable households should be considered. This service could be linked up with the roll-out of smart meters and incorporated into extra help for vulnerable customers that could be provided during meter installation visits.
3. **Safety:** As previously mentioned, **linking the PSR to Telecare arrangements** via smart metering.
4. **Access: Standardising supplier policies to replacing pre-payment meters** (PPMs) with standard meters and requiring they do not charge vulnerable consumers an up-front fee for the switch.
5. **Access: Special controls and adaptors for householders with mobility or dexterity issues.** Some suppliers already provide this service as part of their PSR and Ofgem should be careful to ensure the review does not nullify or inadvertently disincentivise current good practice.
6. **Communication: communications on audio CD for visually impaired customers.** This was a recommendation arising from Ofgem's own review of the PSR; where it was noted few visually impaired consumers were able to read Braille and large print is often not sufficient in terms of font size.⁹
7. **Communication:** we are pleased that Ofgem proposes to extend eligibility for communication services from those with hearing and visual impairments to a broader definition.¹⁰ We note at the moment however that suppliers are focused on servicing the former category, for example Textphone, large print formats etc. Ofgem therefore needs to be explicit that it expects licensees to **address communication issues for households with mental health issues, literacy and numeracy issues and English as a second language.** With these groups in mind, NEA suggests information should not only be accessible in format but tailored in content to meet need, for example plain English and alternative languages. This may be in the form of videos available on energy company websites. For example, with support from Npower's Health through Warmth Scheme, NEA has developed an energy efficiency and fuel poverty advice DVD available in 13 minority languages. Such resources can help equalise outcomes for ethnic minority communities which research shows are groups more likely to be disengaged from the energy market.¹¹

⁹ BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

¹⁰ Customers who may find it harder than the typical customer to communicate with the licensee or access the licensee services.

¹¹ Ofgem (2014). *State of the Market Assessment*.

8. **Communication: dedicated extra help team with associated customer service number.** We note that some suppliers already display good practice and provide their PSR services through a dedicated extra help unit for vulnerable consumers. We welcome such initiatives and would like to see them established across the industry as standard practice. Consumers surveyed in Ofgem's review of the PSR expressed support for this additional service.¹² The literature suggests and NEA would recommend that such a team is available on a free call number (including from mobiles) that avoids automated, lengthy, button menus and allows consumers to speak quickly and easily with a specially-trained customer service representative.¹³ A clear, easy and quick pathway for a vulnerable individual to access extra help is essential for many disadvantaged householders, including those with mental health conditions, older people with dementia, those with language difficulties etc. Good practice examples from outside the energy sector clearly evidence a consumer desire for this approach – for example the bank First Direct, which has a policy of 'real people' answering calls, consistently ranks highest for customer satisfaction in the area of telephone banking.¹⁴

Finally, NEA notes that many households in the most vulnerable positions in the energy market – in particular individuals and families in severe fuel poverty – have needs that are not met by the current or proposed set of PSR services. This point was made in Ofgem's review, where 31% of lower income households selected 'none of these' when asked about the most important PSR services of those currently offered.¹⁵ While we appreciate and understand the focus of this consultation is on non-financial services, NEA suggests that vulnerable individuals, including householders facing financial and non-financial barriers (or a combination of both) would be better served by both Ofgem and energy companies aligning and streamlining their approach to extra help. This ultimately means providing the customer with a single, joined-up pathway to access financial and non-financial services offered under licensees' social and environmental requirements and obligations.

In particular, NEA draw Ofgem's attention to the Warm Home Discount (WHD) Industry Initiatives funding stream. This policy mechanism, through which suppliers offer energy efficiency, income maximisation, fuel debt and best tariff advice services, is a critical source of (non-PSR) non-financial extra help. We note some, but not all, energy companies join up their PSR and WHD offerings through their dedicated extra help teams. We recommend Ofgem prescribe, encourage and incentivise this approach.

Where various policy acronyms may not resonate with a customer (PSR, WHD, ECO) what will benefit them is a single package of support that provides easy access to the full range of available financial and non-financial services from which they can be helped to select in accordance with eligibility and need. NEA has recently completed some work for Citizens Advice exploring the merits of providing such a joined-up extra help service in the context of

¹² See BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*; Ipsos MORI for Ofgem (2013). *Research into the Priority Services Register and Non-Financial Support for Vulnerable Energy Consumers*.

¹³ George, M., Graham C., & Lennard, L. (2011). *Too Many Hurdles: Information and Advice Barriers in the Energy Market*.

¹⁴ <http://www.which.co.uk/money/bank-accounts/reviews-ns/bank-accounts/best-banks-for-customer-satisfaction/>

¹⁵ Ipsos MORI for Ofgem (2013). *Research into the Priority Services Register and Non-Financial Support for Vulnerable Energy Consumers*.

the smart meter roll-out. As addressed in more detail at Question 13, we believe the consumer experience around smart meter installation is a critical contact point to identify, reach and support vulnerable consumers to provide a coordinated package of extra help, including PSR registration and services.

Question 3: *If applicable, what services do you currently provide and what are the current costs of providing services (please break down by service). What financial impact do you think widening eligibility in the way we have proposed will have? Please provide evidence to support your answer.*

Response: No comment.

Question 4: *Do you agree that we should move away from requiring energy companies to provide services to disabled, chronically sick and pensionable age customers to an approach which requires energy companies to take reasonable steps to identify and provide appropriate services to any customer with safety, access or communication needs?*

Response: Partly agree.

NEA has previously commended Ofgem's efforts in developing a Consumer Vulnerability Strategy and agrees that, as per the new strategy, vulnerability should be understood –*in some cases* – as transitory; a combination of individual characteristics and structural factors. We agree that Ofgem's review of the PSR should seek to align eligibility with the regulator's new definition of vulnerability and support an approach to PSR eligibility that is inclusive.

NEA acknowledges that current eligibility criteria for PSR services, i.e. disabled, chronically sick and pensionable age, will exclude some consumers who experience vulnerability around safety, supply, access and communication. In particular, consumers with mental health issues, literacy and numeracy barriers, technological, information and language barriers, and families with young children. In saying this however, and supporting Ofgem's broad approach, we wish to make some key qualifying points.

1. In moving from a category to a needs-based approach to eligibility Ofgem and licensees should recognise that certain groups of households display risk factors that predispose them to ongoing vulnerability in the energy market. These groups should be guaranteed a minimum level of protection with regard to PSR services. Research shows, that in the context of fuel poverty, these households can be characterised as being on a low income and containing a pensioner, a child, or someone who is long-term sick or disabled.¹⁶

While services to target fuel poverty will not always align with PSR assistance (e.g. a fuel poor family with children may not want password protection) NEA remains of the view that this broad group of households is likely to have higher-than-average needs around safety, supply access and communication. We call for focus in licensee identification and targeting efforts to be given to these groups, in addition to placing greater emphasis on the needs of householders with mental health issues, limiting illness (not necessary long-term), literacy and numeracy barriers and technological, information and language barriers.

2. In line with our above comments on key at-risk groups, NEA would like to see Ofgem provide licensees, consumers and third party advocates with guidance on what sorts of households could most benefit from and should be targeted for PSR services. That is, types of households which are more likely than the average household to require PSR services. We note that many stakeholders, including suppliers, called for this

¹⁶ DECC (2013). *Fuel Poverty: A Framework for Future Action*.

sort of eligibility guidance in response to Ofgem's proposals on the WHD Broader Group, which initially was very loosely defined. The purpose here in the context of PSR services is not to discourage flexibility with regard to eligibility or ring-fence funding for a core group (PSR services should be available to all who need them as a business-as-usual activity) but rather to: a.) help with proactive identification and targeting for both for licensees and third parties; b.) help consumers understand what extra help they are entitled to; and c.) ensure consistent access to services across licensees and prevent variations in practice amongst providers.

3. NEA believes that tracking categories of consumers which are receiving PSR services should be built into audit, monitoring and reporting mechanisms for the PSR (see Question 14). This will help to ensure a needs-based approach to eligibility is having its intended effect: that non-financial extra help is reaching the range of households that could most benefit from it.
4. Finally, we question whether, given the current list of minimum services proposed, a strict eligibility approach is necessary. There is evidence suppliers are already displaying flexibility around who they offer to register on their PSR and we note that equivalent special assistance registers in the water sector do not strictly police eligibility and are in fact open to anybody with specific needs. We would welcome a similar flexible approach combined with targeted promotion in the energy sector.

Question 5: *Do you agree that energy companies should be required to maintain a wider register of consumers that they have identified as being in a vulnerable situation?*

Response: Partly agree

Comments: NEA agrees with the requirement for energy companies to maintain a wider register of vulnerable consumers to the extent that the PSR is currently being used for non-PSR services. In particular, registering consumers on it who are to receive extra protection against disconnection, for example in the winter months.

We stress that a register of these consumers and others who have been 'flagged' as vulnerable, as well as current protections under existing licence conditions, especially against disconnection, *must not* be put at risk or eroded due to Ofgem's proposed PSR changes. If NEA does become aware of any instances in which changes to the PSR result in consumers losing some of their existing protections we will immediately alert Ofgem. Furthermore, we reiterate any such instances will seriously undermine the increased value in the register Ofgem is seeking through its proposed changes.

Beyond this issue of using the existing register to provide extra (non-PSR) protection we would welcome clarity on what Ofgem sees the purpose and benefit of its proposed wider register being. Especially if those on it who are not receiving PSR services are not made aware they are eligible to receive such services if they so wish. On this point, Ofgem's research into the PSR showed that one of the main issues with the existing register is that consumers are signed up to it without sufficient follow-up and explanation of what services they can access.¹⁷ Indeed, some consumers on the PSR are not even aware they are registered for the service. This passive, 'record-keeping' approach to consumer vulnerability is of little benefit to householders and we would not want to see this method adopted for the wider register. NEA therefore requests Ofgem clarify what the purpose of the wider register is, what households on it can expect to receive and whether it will be part of the proposed data-sharing arrangements. If there is no apparent financial, material or service benefit to consumers from being on the register it is arguable whether their data should be shared and, at the very least, consent should be sought and given.

¹⁷ BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

Question 6: *Do you agree that suppliers, DNOs and GDNs should share information about customers' needs with: a) each other? b) other utilities?*

Response: Agree.

Comments: NEA welcomes and supports the sharing of information about customers' needs across utility sectors and between energy companies. Increased and improved data sharing in the energy sector has long been recognised as having a key role to play in helping to effectively and efficiently identify and deliver support to vulnerable and fuel poor households.¹⁸

A consumer having to register separately with up to four different companies across the electricity and gas distribution, energy supply and water sectors presents a barrier to effective service delivery for all consumers, and particularly vulnerable ones. It is also an inefficient approach in terms of costs for industry.

Care does need to be taken however to ensure the data sharing process is completely transparent. Although Ofgem suggests their research indicates sharing PSR details is 'relatively uncontroversial' amongst most consumers, NEA notes that around a third of consumers surveyed for some of Ofgem's research into the PSR indicated they would be unhappy with their personal details being shared.¹⁹ The research also shows vulnerable and low income consumers can be extra wary about their personal information being misused, particularly given the trust deficit which exists between this consumer segment and the energy companies.²⁰

In this context, NEA particularly wishes to emphasise the essential need for utility companies having robust consent and safeguarding protocols and mechanisms to facilitate the proper, transparent and proportionate use and transfer of vulnerable customer information between obligated parties. Data should only be shared with providers of services required by consumers and not on a general basis. Furthermore, any changes to the PSR should be backed by an information campaign delivered through trusted third parties so vulnerable consumers understand the purpose and benefits of their data being shared. Independent complaint pathways should also be highlighted, e.g. The Energy Ombudsman.

Question 7: *Should energy companies be required to share information about customers' needs with other fuel providers such as LPG, heating oil distributors. How could the transfer of this information work? What are the benefits and risks of sharing the information?*

Response: The practical benefit to consumers from this type of data sharing should be made clear by Ofgem and prioritised accordingly. If a consumer has access needs with regard to fuel delivery, for example, it is not immediately clear that sharing PSR information will help to address this issue better than a consumer's direct engagement with the heating oil and/or LPG company. Having said that however, NEA has continually campaigned for improved service delivery to off-gas grid households; recognising they are one of the key at-risk groups with regard to fuel poverty. We therefore welcome any steps that help to equalise outcomes for off-gas households in the energy market. In particular, Ofgem, Government and suppliers should prioritise addressing the key barriers that face rural households being able to access existing energy programmes. There is now a critical opportunity to make further progress on this matter as part of a new and ambitious fuel poverty strategy.

¹⁸ E.g. Energy and Climate Change Committee (2013). *Fifth Report: Energy Prices, Profits and Poverty*.

¹⁹ Ipsos MORI for Ofgem (2013). *Research into the Priority Services Register and Non-Financial Support for Vulnerable Energy Consumers*.

²⁰ BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

However, it is evident that, instead of providing support, Government policy continues to disadvantage rural off-gas grid householders under programmes such as ECO. Pursuing a more deliberate and coordinated approach to reducing the 'energy divide' that exists between mains and off-gas households is the real issue that needs to be urgently addressed as a priority.

Question 8: *Do you agree that we should stipulate the minimum details that we expect energy companies to share, for example that names and phone numbers must be shared where they are available? Is there any other information that should be shared and for what purposes?*

Response: Agree.

Comments: NEA supports the proposed list of minimum customer details that energy companies must share (subject to informed consent). In addition, we wish to highlight the potential for data sharing with regard to PSR details to be aligned to data sharing initiatives around fuel poverty. Currently, energy suppliers have information on their customers in receipt of the WHD and NEA believes this information should also be shared between energy companies in addition to details of customers' PSR needs (again, subject to consent). Moving forward, the Government has indicated in its consultation on the fuel poverty strategy it will explore wider data sharing powers to further automate delivery of bill rebate schemes. The new fuel poverty strategy is also considering the potential of 'mandated health referrals' for energy efficiency interventions. If a referral due to ill-health is made for fuel poverty we believe a referral should also be automatically made for PSR registration and such a health referral and other relevant information with regard to fuel poverty (e.g. a WHD rebate) be shared between energy companies using needs codes proposed in this consultation. This will help create a complete customer record of need and facilitate the joined-up provision of services to address financial and non-financial vulnerability in the energy sector and across the spectrum of energy distribution and supply.

Question 9: *Do you agree that energy companies should agree common minimum 'needs codes' to facilitate the sharing of information? Should we require energy companies to agree these codes? How might this work and what mechanisms are already in place to facilitate this? What role would Ofgem need to have in this process?*

Response: Agree.

Comments: NEA supports the development and implementation of needs codes that are descriptive, accurate and consistent across licensees and, as stated previously, believes provision should be made for codes to indicate receipt of the WHD rebate and other fuel poverty information held by energy companies. In developing the codes consideration should therefore be given by licensees to the forthcoming fuel poverty strategy and data sharing arrangements in this area. We also support Ofgem's proposed role in agreeing the codes and recommend Ofgem set a date by when the codes must be in use. Finally, the codes should be subject to regular review and updated as needed.

Question 10: *Should information about a customers' needs be shared with their new supplier when they switch? What is the best way to facilitate the sharing of this information?*

Response: As outlined in our response to Question 6, NEA supports data sharing between energy companies, including when customers switch suppliers. Hassle-free switching, including the transfer of existing information a customer has already agreed to share with their energy company, is in line with Ofgem's Retail Market Review and reflects good practice in other industries, for example the Current Account Switch Guarantee in the banking sector.

We do however draw Ofgem's attention to the potential for unintended consequences from this proposal that could be disadvantageous for vulnerable consumers. In particular, a supplier being unwilling to take on a vulnerable consumer as a new customer if they learn as part of the switch process that the customer has multiple additional needs they must service. Ofgem should put in place protections against, and monitor the risk of, this kind of 'blacklisting'. One option is to implement a 'cooling off' period between when a customer switches and when the new supplier is made aware of a customer's registration on the PSR and what services that customer is in receipt of. This post-switching 'PSR check and transferral' could help avoid any potential for blacklisting, but should occur before the new supplier's first contact with that customer; thus ensuring they have full knowledge of a householder's needs to be able to service them appropriately.

The second issue NEA wishes to draw Ofgem's attention to with regard to data sharing and switching is renewal of information. A customer may have consented for their previous supplier to share their data with other companies in the energy and water sectors some time ago. The question therefore arises: is this information current and is that customer still happy for those companies to hold this information? NEA therefore suggests the switching point is an opportune time for the new supplier to seek renewed consent under opt-in data sharing arrangements for a customer's information to be shared with other utility companies. This would a.) help to ensure information is up-to-date, and b.) support Ofgem's broader approach to 'transient' vulnerability in which a customer – who may at one point in time have had additional needs – may no longer have the same requirements around extra help. At the very least however, we ask that Ofgem clarify how data-sharing arrangements are going to provide for a customer's information and consent with regard to PSR registration and services to be periodically renewed and updated.

Question 11: *Do you agree that a single cross-industry brand will raise awareness of priority services?*

Response: Agree.

Comments: NEA supports and welcomes this change to the PSR and notes it is in line with recommendations arising from Ofgem's review of the register. We believe careful consideration should be given to what common name is used across energy companies however; given Ofgem's research suggests the word 'priority' does not necessarily resonate with customers.²¹ Specifically, the name needs to be easily recognisable, descriptive, sensitive and considers indicating services are free. In particular, a careful balance needs to be struck between using a name that makes clear the service is for vulnerable consumers while not using a pejorative term that may be considered patronising. We therefore recommend vulnerable consumers, consumer groups and third party advocates are involved in the development of the brand and it is tested with the target audience before going 'live'.

NEA also support Ofgem setting a date by when licensees must be using the single brand name and recommend promotion and awareness-raising should take place by energy companies working with Ofgem and third parties in the lead up to this date.

Question 12: *Do you agree that a guidance document would help advice providers and raise awareness? Who should produce this document?*

Response: Agree.

²¹ E.g. BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

Comments: NEA agrees there is need for a clear, concise document that is consistent across industry with up-to-date information about the PSR, its services, how to register and what companies consumer data will be shared with. Currently, information about the PSR differs markedly across energy suppliers and it is not always made clear companies are obliged to provide these services under licence conditions. Having said that, Ofgem appears to be suggesting the document can service three audiences for awareness-raising purposes: consumers; third party advocates; and industry. This may confuse the tone and content of the document. NEA recommends the guidance is customer-facing, written in plain English and can be adapted for different needs (large print, audio CD, languages other than English etc.). Energy companies and third party advocates can then provide the document to their client base and use it to help them communicate about the availability of extra help in the energy sector.

On the matter of extra help, and bearing in mind good practice amongst energy suppliers who join up their PSR services with other non-financial and financial forms of assistance, we recommend the guidance document at least sign-post to other forms of extra help customers can access on energy (WHD, ECO etc.). Otherwise consumers may believe PSR services are the extent of support available to them and determine extra help on energy is not suitable to support their specific needs. We also wish to emphasise that a guidance document alone will not help raise awareness of the PSR. Instead, the document is a tool that should be utilised in what must be a concerted and greatly improved communication and outreach strategy around the PSR. Please see our response to Question 13 on awareness-raising for full details of our views in this area.

In terms of who produces the document, we believe Ofgem should develop and publish it with input from consumer advocates, third parties and energy companies. It should also be reviewed annually to up-date for any new or changed information.

Question 13: *What more can be done to raise awareness of priority services?*

Response: NEA emphasises significant improvements to the frequency and range of awareness-raising activities is one of the most important changes required to current PSR arrangements. The PSR to date has failed to have the impact and reach it should have because people on the whole do not have any idea these services are available. They are also not going to proactively seek them out because they have little to no expectations of energy companies with regard to extra help.

Ofgem's own research²² shows this and, in addition, NEA research conducted with older people supports Ofgem's findings. Among a sample of older people (aged 55+, sample size n236) 95% of those surveyed claimed to have no awareness of the PSR.²³ This may be an indictment on the substandard efforts of energy companies to make efforts to identify potential PSR beneficiaries and promote the service to them. It is for this reason we are concerned and disappointed that Ofgem's review does not explicitly require licensees to do more with regard to awareness-raising. Instead, requirements in this area remain essentially the same: that licensees prepare and publish a statement telling customers about their obligations in this area and take reasonable steps to inform their domestic customers about the PSR at least once a year. This is incongruous when Ofgem's own review points out that this approach has failed and much more needs to be done with regard to both identification and promotion.

Outlined below are NEA's recommendations for improving awareness-raising. Many of these recommendations are based on practical work NEA has undertaken to promote and improve

²² BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

²³ NEA (2014). *Warm Homes for Older People Phase 3*.

PSR registration. We emphasise that – where any of these kinds of initiatives are implemented – there is a critical need to share and enforce best practice across industry. While NEA attempts to do this in its campaigning and delivery programmes there is urgent need for the regulator’s active support in this area.

1. Energy company communications

Advertising a service once a year is not enough, particularly when good practice shows advice is successfully received when provided in small, regular amounts and through unsolicited direct contact. Energy company communications about the PSR should be improved using the following methods:

- Advertising the PSR through company communications people are most likely to read, in particular billing statements. Prominent messages about the register should be displayed on these types of communications using recognisable branding and messaging that is consistent across companies (as per Ofgem’s proposals identified in questions 12 and 13). Messaging should make clear the service is free.
- Follow-up communications with those who have been signed up to the register to make sure they understand what the PSR is and what services it can offer (making use of Ofgem’s proposed guidance document). This will not only help customers on the register to make more proactive use of the service but also encourage them to disseminate awareness of the PSR through their personal networks, e.g. tell an elderly friend or neighbour.
- Prominent and easy-to-access information on energy company websites, e.g. scrolling banners across the home page. Currently information about PSR services is often hidden away and can be extremely difficult to find on some companies’ websites without deliberate and extensive ‘digging’. This improved web communication should again make use of recognisable and consistent branding.
- Tailoring messaging in content and format to appeal to and ensure relevance for the target group. Messages are successful when they provide bespoke information and avoid generic tips and advice. We recognise that tailored messaging is not always possible for large eligible cohorts and will depend on energy companies having prior information about a customer’s needs. Nonetheless, there are clear opportunities to make better use of best practice approaches. This includes communicating the utility of PSR services through ‘success stories’ involving peers, as well as ‘scenario’ marketing. The former is used successfully in the energy efficiency sector, for example communicating smart meter data and incentivising appropriate behaviour change through ‘peer comparisons’ setting a customer’s energy use against a household with a similar structural and occupancy profile. The latter has been used successfully by Northumbrian Water to promote their register in their customer magazine, ‘The Source’. They do so by alerting householders to situations that may prompt them to consider their own vulnerabilities, e.g. ‘Would you know what to do if your water needed to be turned off?’²⁴
- Complementing targeted messaging with advertising aimed at consumers who are part of a vulnerable person’s support network and could recognise the PSR as a useful service for their client/friend/family member. This approach was used successfully for the Digital Switchover Extra Help Scheme, which ran a ‘Helping

²⁴ NEA for DECC (2012). *Green Deal and Energy Company Obligation: The Design and Delivery of Energy Efficiency and Fuel Poverty Advice Services to Vulnerable Citizens*.

Hand' campaign directly targeting friends, family and neighbours of eligible households.

- Adopting a holistic approach to extra help through cross-promotion of the PSR in communications about other forms of extra help (e.g. supplier trust funds). In addition, and as previously outlined at question 2, NEA believes Ofgem should prescribe, encourage and incentivise supplier good practice of using dedicated extra help teams (available from dedicated free-call numbers) to provide joined-up access to the full range of financial and non-financial assistance available in the energy sector.
- Proactive recruitment of customers onto the PSR by staff during phone calls and home visits. It is well recognised that service providers are most successful in engaging vulnerable households during direct contact situations.²⁵ Furthermore, extra help is most successful when it avoids customer-led steps and directly refers people into additional assistance schemes, rather than relying on mere signposting methods.²⁶

As such, energy companies' call centre staff should be trained to recognise signs of vulnerability, identify needs and actively promote the PSR to customers when they are in contact with them for other purposes, e.g. switching, billing enquiries, change of tariff etc. The opportunity of home visits should also be used, including where engineers gain access to vulnerable households for the purpose of gas safety checks, meter readings, re-siting a pre-payment meter or installing a smart meter. Whilst the primary focus of an engineer should always be on the principal task at hand, the impact of these in-home visits could be enhanced if engineers were provided with the support and practical tools to refer clients on for additional forms of (PSR and non-PSR) assistance.

NEA notes this recommendation is supported by the recent draft NICE guidelines for reducing excess winter deaths and illnesses. In making this recommendation, NEA does recognise that engineers (e.g. for gas safety checks, smart meter installations) are under significant pressure to undertake visits quickly, without delays. Gas safety engineers have also informed NEA they lack tools, expertise and guidance materials to offer clients additional assistance beyond the remits of their job. With this in mind, we believe advances in Information Communication Technologies (ICTs) could be applied to enable engineers to refer clients on for additional assistance quickly and easily. For example, an application could be designed to allow for real-time referrals. This will minimise engineers' workloads and prevent scheduling delays. Such provision would provide a sense of job satisfaction amongst engineers and add significant value to the current gas safety checks offered to vulnerable consumers.²⁷ We also believe such an application has considerable potential to be used for smart meter installations occurring during the roll-out.

2. Third party outreach and referrals

It is established fact that many of the most vulnerable people are not successfully reached through mainstream advertising and do not regularly access information through online

²⁵ Consumer Council for Water (2010). *Review of Companies Promotion of Special Assistance Services*; BritainThinks for Ofgem (2013). *Vulnerable Consumers and the Priority Services Register*.

²⁶ E.g. Databuild Research for DECC (2014). *Learnings from the DECC Community Energy Outreach Programme*.

²⁷ NEA is currently applying for funding to the Gas Safety Trust and Gas Safe Charity to undertake research to explore additional provisions to consumers as part of gas safety checks. If successful, NEA will liaise with Ofgem and share the key outcomes from this research.

channels. In addition, many low income and vulnerable consumers are not engaged in the energy market and are less likely to trust their energy supplier.²⁸ A partnership approach between licensees and third party advocates is therefore crucial to both identify and access vulnerable consumers to promote the PSR and increase uptake. Ofgem and energy companies need to identify and work with third parties which different vulnerable consumer segments use and trust. This includes national and community organisations, statutory authorities and social networks. These are the bodies that have established relationships with PSR target groups and best understand their needs.

Furthermore, going 'local' is often critical to engaging the most 'hard-to-reach' consumers for whom the PSR is meant to serve; individuals in the population who may not only be vulnerable but isolated from society and support networks. These kinds of people may only act on information received from a trusted contact, such as a health or care professional or local charity worker. Energy companies should therefore work with third parties on both identification and dissemination activities.

a.) Identification

NEA believes local authorities are particularly important with regard to helping to identify consumers to promote the PSR to. Councils are unique in their profound understanding of their local areas, their duty of care to *all* residents and the fact that many are already engaged in supporting households on energy and ancillary issues (e.g. affordable warmth strategies and benefit checks). They can therefore play a key role in improving licensees' understanding about who and how to target. They will also have knowledge about key actors across a range of vulnerability sectors in their area who could support awareness-raising in either a strategic or service delivery capacity. This includes Health and Wellbeing Boards, local advice bureaux, housing associations, energy advisory services etc. Companies should therefore seek to establish more proactive relationships with local authorities in areas where they have customer density with a view to identifying and making contact with vulnerable cohorts, e.g. using local authority tenancy lists.

b.) Dissemination and referrals

Companies should improve and increase their contact with partner organisations to disseminate promotional material about PSR services. Ofgem's proposed guidance document, along with other 'campaign' materials and messages, could be provided to third parties to distribute through their channels. In addition, many voluntary and statutory national and local organisations produce their own sources of information (factsheets, newsletters etc.) designed to advise on energy-related health and wellbeing issues. Licensees could support the production of these publications to ensure inclusion of appropriate information on PSR services. Finally, third party referral routes are an under-used pathway to reach and sign consumers up to the PSR. In particular, front-line advisors and health professionals should be engaged to a.) be made aware of and understand the PSR, and b.) refer their clients with identified needs into the service.

3. Joined-up approach

As previously stated, vulnerable consumers who are the target for PSR services can be hard to reach and may need a level of hand-holding to enable them to contact their energy company and sign up to the register. They could also potentially benefit from other forms of financial and non-financial assistance on offer. As such, NEA strongly encourages Ofgem and licensees to link the register up with other vulnerability initiatives. This will both maximise the utility of any single intervention and provide ready-made opportunities for PSR

²⁸ Ofgem (2014). *State of the Market Assessment*.

identification and awareness-raising. In particular, NEA encourages Ofgem to align the PSR with the following policy areas:

- Fuel poverty strategy: the new strategy on fuel poverty will seek to outline how Government will work with communities, the health sector and across Whitehall to identify and engage fuel poor homes. Action under the strategy should also be used to promote PSR services. For example, mandated health referrals from GPs are being considered for energy efficiency interventions. Such a referral could and should also trigger assessment for the PSR.
- NICE guidelines: the National Institute for Health and Care Excellence (NICE) has just consulted on new public health guidelines for reducing excess winter deaths and illnesses. Recommendations include providing a one-stop shop local health and housing referral service for vulnerable people living in cold homes and for health and social care professionals to identify people at risk of living in a cold home and take action. Clearly, there is significant cross over between Ofgem's review and NICE's consultation and NEA recommends coordinated discussions between these two agencies to facilitate an integrated approach to support and advice.
- Smart meter roll-out: the national roll-out of smart meters presents a unique and one-off opportunity for suppliers to visit every domestic property in the country. NEA believes this installation visit should be used to provide extra help to vulnerable and fuel poor consumers.²⁹ This includes joining up the installation visit with existing support services, such as the PSR. The phone-call and home visit that will take place around a smart meter installation is a key opportunity to identify needs that may be serviced through registration on the PSR. Ofgem should prioritise this opportunity when considering how licensees should reach vulnerable consumers and raise awareness of PSR services.

Question 14: *Do you agree that supplier independent audits are the best way of monitoring companies' compliance with our proposed obligations? Do you have views on the approach the audit should take and what it should cover?*

Response: Partly agree

Comments: NEA supports more rigorous monitoring and reporting arrangements for PSR services and agrees social obligations reporting is currently insufficient. Furthermore, if Ofgem is to move to an outcomes-based approach to service provision, they must, with input from stakeholders, agree a set of outcomes that are measurable using robust, consumer-focused indicators and with a suitable accountability framework, including appropriate incentives and penalties.

We believe, under revised social obligations reporting, licensees should be required to report to Ofgem on:

- What specific PSR services they offer;
- The number of unique customers receiving each service;
- The number of customers receiving a service by householder/vulnerability category (e.g. how many registered are pensioners, disabled etc.);

²⁹ NEA has recently conducted a piece of research for Citizens Advice on options for extra help around the smart meter roll-out. This includes identifying and analysing installation pathways that deliver support to vulnerable consumers through existing schemes provided under suppliers' social obligations. The research is expected to be published later this year.

- The number of customers on the wider register;
- What services customers on the wider register receive (if any).

Needs codes that are to be established can assist in this process.

With regard to audits, NEA strongly believes licensees should be required to monitor and report on efforts to identify vulnerable customers and promote services to them. This may include:

- What third parties have they contacted and established relationships with (e.g. local authorities) and future activity in this area;
- What communications on the PSR they have produced;
- How many customers they have advertised the PSR to through billing statements etc.;
- Surveying PSR customers to monitor quality of service provision and assess what types of information/messaging householders respond well to;
- Random sampling across a supplier's customer base to check compliance with requirements to identify vulnerabilities and offer registration.

With this kind of monitoring awareness-raising activities can be correlated with take-up figures to identify what methods work and what methods don't and subsequently share and implement good practice. As previously stated, to ensure the audits are of value, NEA recommends Ofgem clarify and consult on outcomes indicators. NEA also strongly supports a regular audit process and is concerned by the suggestion that audits may no longer be required after two years of the programme. We strongly disagree with this proposal and believe it will not lead to good practice being incentivised, identified and continually improved upon. Finally, there should be a process and framework for publicly reporting on the outcomes of the audits and ensuring practical reforms are implemented subject to findings.

National Energy Action response to Ofgem open letter:

Review of the Priority Services Register – Update and Next Steps

Response deadline: 14 May 2015

Contact at Ofgem: Bhavika Mithani, bhavika.mithani@ofgem.gov.uk

Contact at NEA: Juliette Burroughs, juliette.burroughs@nea.org.uk

About National Energy Action (NEA)

NEA is a UK charity working to protect low income and vulnerable households from fuel poverty and exclusion in the energy market. We believe that radically improving the energy efficiency of fuel poor homes through heating and insulation measures represents the most cost-effective, long-term solution to the crisis caused by high energy bills and cold homes.

The organisation focuses on policy, research and campaigning, along with delivering projects on the ground. We estimate that the charity has helped over 7.5 million households in the UK gain access to energy advice and energy efficiency grants. Through NEA's in-house training scheme around 20,000 people have obtained NEA/City and Guilds energy awareness qualifications. In addition, energy efficiency improvements valued at over £110 million have been installed through NEA's subsidiary Community Interest Company, Warm Zones. The latter focuses on delivering a wide set of benefits to low income households in deprived areas.

Response to open letter

NEA thanks Ofgem for the opportunity to comment on their review of the Priority Services Register (PSR). As stated previously, we support the move to a needs-based model for PSR eligibility with the following reservations:

- We are concerned that core groups who have previously been assured access to the PSR (disabled, chronically sick, older age) are to be retained for safety services only (with the positive addition of families with young children). As safety services (principally advice/information/support in the event of a supply interruption) fall within the remit of the network operators we note that suppliers will not be covered by this core group eligibility model. This means that customers within those core groups will have no guaranteed access to non-financial assistance from their energy supplier but will instead have to demonstrate need. The degree of supplier discretion here is concerning. In particular, if suppliers choose to interpret need narrowly (for example, for cost reasons) or in different ways. This could create confusion amongst advice providers and households about what services a household with identified vulnerabilities is entitled to.
- To avoid this confusion and ensure protection for households with risk factors that predispose them to ongoing vulnerability in the energy market (including older age, long-term illness and disability) NEA would like to see Ofgem's core group eligibility model widened to include *all* PSR services (and thereby all licensees). If Ofgem is not minded to make this change we stress that the needs codes being developed for data-sharing purposes (which will capture and identify the core groups, amongst other types of vulnerabilities) should be used as non-restrictive proxies for PSR eligibility across *all*

services and *all* licensees. In other words, if a customer has characteristics that match a needs code they should be considered eligible for PSR services.

- We call on Ofgem to issue guidance to clarify what types of households may benefit from PSR services and therefore what types of households suppliers should target and the needs codes should capture. This will provide clarity to licensees, energy customers and advice providers.
- NEA has concerns about legacy arrangements for companies' existing PSRs. Specifically, we seek assurance no licensee removes a customer from their PSR under new arrangements without the express consent of that customer. This is particularly important given many PSRs are used as proxy registers for customers suppliers have identified for safeguarding against disconnection under the Safety Net agreement. If, under the new eligibility model, licensees were to 'purge' customers from their existing PSRs, this could potentially increase cold-related risk for many vulnerable households.

In terms of Ofgem's proposals relating to issues other than eligibility NEA welcomes some of the regulator's suggestions. For example, the requirement for energy companies to signpost to relevant schemes in other sectors. We would however like to make the following points:

- What Ofgem considers reasonable efforts by companies to 'proactively identify' vulnerable customers needs to be clarified. This is particularly important when NEA understands that under licence conditions suppliers may continue to be required only to inform their customers about the PSR once a year. Unless licensees' approaches to proactive identification are closely monitored, good practice is shared and appropriate enforcement action is taken where necessary we fear identification of need will be reactive, not proactive, and a business-as-usual approach to PSR registration will prevail.
- We stress that where a supplier has knowledge of a customer's receipt of and/or eligibility for the Warm Home Discount (WHD) rebate and Energy Company Obligation (ECO) that this information should be shared with other licensees (based on informed customer consent) under the data sharing arrangements being developed for the PSR. Eligibility for WHD and ECO (Affordable Warmth Group) are proxies for a range of vulnerabilities which, if companies had knowledge of, could be used proactively to meet their social obligations and offer extra help to in-need households.
- NEA strongly supports energy companies innovating in the provision of PSR services beyond the minimum prescribed set. We believe a key opportunity to implement Ofgem's suggested 'proactive approach' to service provision resulting from 'closer customer interactions' is smart meter roll-out. Under the concept of 'making every contact count', the interaction with a vulnerable customer to install a smart meter (identified as vulnerable either before during or after smart meter installation) could be used to a.) offer PSR services and b.) integrate them, where a need is identified, with a range of other financial and non-financial services many suppliers currently provide. For example, energy efficiency advice, energy debt assistance etc. This approach is both 'reasonably practicable' and promotes a flexible, tailored response by suppliers to their customers. Network operators could implement a similar version of this 'every contact counts' model for in-home visits by engineers.
- NEA is disappointed Ofgem has removed a proposal for energy companies to independently audit their compliance with PSR obligations. Such audits would offer an independent viewpoint on the policies, processes and systems companies have in place

for PSR identification and registration. This is a fundamentally different approach to compliance than companies simply providing a range of metrics under social obligations reporting. While this approach may measure certain outcomes (for example the number of customers registered on a suppliers' PSR) it will not measure the activities and processes licensees have in place to comply with their obligations and indeed improve performance. We are not confident mystery shopping and standards of conduct panel reporting will measure this kind of performance in any systematic, rigorous way.

Response to questions

Q. Do stakeholders agree that 'families with children under 5' should be added as a specified eligible "core" group to receive additional help during interrupted supply and for the provision of free gas appliance safety checks?

Response: Agree

Comments: NEA strongly supports the addition of families with children under 5 as a core group for safety services. As noted in our introductory remarks however, we wish to see this core group eligibility extended to include access to all PSR services.

Q. Do stakeholders agree that the specified eligibility covering elderly people for the services related to safety should be changed from 'pensionable age' to '75 and over'?

Response: Agree with reservations

Comments: NEA accepts that changing the eligibility for safety services from pensionable age to 75 and over may enable better targeting of customers most vulnerable to supply interruption due to reasons of old age. However we call on industry and Ofgem to include two needs codes for PSR registration: 1. 75 and over; 2. Pensionable age under 75. This will help ensure a.) older age (under the age of 75) continues to be recognised as a risk factor with regard to access in the energy market, b.) vulnerability proxies which use pensionable age as a qualifying criteria (e.g. WHD and ECO) remain relevant in targeting customers for PSR services, and c.) older age customers on previous PSRs are not removed from registers because of changes to the eligibility criteria.

Q. Do stakeholders consider that pregnant women should be added as a specified eligible "core" group receiving free gas safety checks?

Response: Agree

Comments: NEA strongly supports the addition of pregnant women as a core group to receive free gas safety checks, noting the evidence previously submitted to Ofgem on the risk to unborn children from carbon monoxide poisoning. We also bring Ofgem's attention to some new research NEA will be undertaking to better understand the possible links between CO exposure and households qualifying for PSR assistance.³⁰

³⁰ This research is funded by the Gas Safety Trust and NEA will make sure to update Ofgem on its findings. More information available here: <http://www.gassafetytrust.org/news-and-press/2015/gas-safety-trust-announces-funding-for-national-energy-action%E2%80%99s-fuel-poverty-co-study>.

National Energy Action response to Ofgem consultation:

Priority Services Register Review – Final Proposals

Response deadline: 18 February 2016

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1. Introduction

1.1 NEA is an independent charity working to protect low income and vulnerable households from fuel poverty and exclusion in the energy market. NEA works to influence and increase strategic action against fuel poverty at a national level through its policy, research and campaigning functions. The charity also works with partners from industry, government and the third sector to deliver practical solutions to UK households – improving access to energy efficiency products and other fuel poverty related advice and services.

1.2 NEA thanks Ofgem for the opportunity to comment on its final proposals for the Priority Services Register (PSR). We have previously outlined our views on these proposals in response to Ofgem's two earlier consultations on this matter (in May 2015 and September 2014). We refer the regulator to these responses for a comprehensive overview of our position and recommendations. Responses to questions below are drawn largely from NEA's two previous responses.

2. Response to Question 1: Do you agree with our final proposals for enhancing eligibility and customer identification and the associated proposed licence conditions?

2.1 NEA agrees to the move to a needs-based model for PSR eligibility with reservations that core groups are to be retained for safety services only (noting the positive addition of families with young children). This change excludes suppliers from servicing core groups and NEA is concerned about the degree of supplier discretion under this model. In particular, if suppliers choose to interpret need in different ways; potentially creating confusion amongst advice providers and customers about who is eligible for the PSR. To mitigate this problem NEA recommends the needs codes being developed for data-sharing purposes should be used as non-restrictive proxies for PSR eligibility across all licensees. This list of customer characteristics will then help guide identification and promotion work.

2.2 NEA agrees with the proposal for licensees to identify customers for PSR services. Low customer awareness of the PSR highlights the importance of proactive identification on the part of energy companies. This may become even more important when eligibility moves from a category to a needs-based model and customers and/or service providers are potentially less aware of who qualifies for the PSR. We stress that identification should lead not only to registration but a meaningful service offer to a customer. Adding a customer's name to a register is not enough. A needs assessment should be undertaken with that customer to understand what services they require and thereafter deliver those services to the customer.

2.3 NEA notes that what constitutes 'reasonable steps' by energy companies to identify customers for PSR services is vague and open to interpretation. NEA urges Ofgem to closely monitor licensees' approaches in this area. Otherwise, we fear reasonable steps will constitute business-as-usual which, as evidenced by the poor levels of PSR awareness, is failing vulnerable customers.

2.4 Ofgem's consultation document suggests reasonable steps may include company-customer verbal interactions along with targeted promotion and awareness raising. NEA is strongly supportive of energy companies improving their use of such channels; noting there is great scope for suppliers in particular to be more proactive and offer PSR services to customers when they phone them for other matters. Essentially, implementing a 'make every contact count' approach. In addition, the installation of smart meters will be another point at which PSR identification and sign-up can take place. We also believe that under a proactive identification model licensees should make better use of work forces in direct contact with vulnerable households, for example social care professionals.

3. Response to Question 2: Do you agree with our final proposals for amending the PSR services and the associated proposed licence conditions?

3.1 NEA agrees with a minimum level of service provision as per the prescribed list. We believe this is essential to ensure vulnerable customers have a baseline level of protection that is consistent across all licensees.

3.2 NEA also agrees with a move towards an outcomes-based service model that promotes flexibility and innovation in service provision. In order for this to happen we would like to see good practice incentivised and shared across licensees. With regard to additional services, NEA highlights the following opportunities:

3.2.1 Smart meter rollout: The interaction with a vulnerable customer to install a smart meter should be used to offer an extra help 'package' to vulnerable customers that aligns with and integrates suppliers' obligations across schemes (ECO, WHD, PSR, SMICoP). Joining up financial and non-financial services in this way (e.g. providing energy efficiency advice with a benefits check) is an approach that promotes a flexible, tailored and holistic response by suppliers to their customers' needs. As such, it represents a key opportunity to operationalise an outcomes-based service model. Outside of smart meter roll-out, this approach could also be adopted through dedicated supplier extra help lines that link up their offerings for vulnerable customers (as is already happening in good practice examples across some larger suppliers). Network operators could implement a similar version of this 'every contact counts' model for in-home visits by engineers. Finally, NEA notes smart meters also present opportunities with regard to innovation in PSR services, for example linking the PSR to Telecare arrangements.

3.2.2 Carbon monoxide (CO) risk: Ofgem identifies in its consultation document an opportunity for suppliers to provide support to customers in vulnerable situations at risk of CO poisoning. NEA strongly supports the provision of improved PSR support in this area; noting that many householders eligible for PSR services are also at

increased risk of CO poisoning.³¹ Opportunities in this area include providing free, low-cost CO alarms to vulnerable households at the same time as Free Gas Safety Checks. CO alarms and advice could also be incorporated into extra help services for vulnerable customers during smart meter installation visits. In addition, suppliers should consider how PSR services align with support for vulnerable customers who have their gas appliances condemned during smart meter installation. As roll-out ramps up and more home visits are conducted this may become a more widespread problem amongst low income households with old heating systems. NEA is concerned there is a policy gap in this area and recommends industry and government develop a protocol to ensure vulnerable and financially deprived households are not left without the means to heat and/or cook because they cannot afford to upgrade condemned gas appliances and no subsidies/schemes are available to support with replacement.

3.3 NEA suggests additional services (such as CO support) could be funded from savings accrued through the removal of quarterly meter reads with the advent of smart metering. Ofgem's own impact assessment finds the quarterly meter read service accounts for nearly 30% or £1.5 million of larger suppliers' PSR costs.³² NEA notes this cost saving has been unquantified in Ofgem's impact assessment.

4. Response to 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?

4.1 NEA agrees with sharing information about vulnerable customers (using informed consent) across energy companies. We encourage industry to work on extending this approach across utility sectors to improve essential service delivery to vulnerable households.

4.2 With regard to the needs codes developed to facilitate this sharing (Appendix 4 of the consultation document) NEA is disappointed no codes have been developed to capture financial vulnerability. In particular, customer receipt of and/or eligibility for WHD and ECO. Sharing this information between a customer's supplier and networks could assist in the provision of services, for example with regard to gas safety. It could also help companies meet their social obligations, such as support for vulnerable customers required under the networks' Stakeholder Engagement Incentive scheme.

5. Response to 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?

³¹ Older people, children, pregnant women and their unborn children and those with breathing problems or cardiovascular disease are at increased risk of CO poisoning. See: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/260211/Carbon_Monoxide_Letter_2013_FinalforPub.pdf.

³² Appendix 2 – Draft Impact Assessment in Ofgem (2016). Priority Services Register Review – Final Proposals, p. 45.

5.1 NEA finds the proposals to raise awareness of PSR services to be unsatisfactorily non-prescriptive. Given the very poor effort of energy companies to date in this area NEA is not convinced licensees will 'look to develop more innovative ways' to promote PSR take-up unless they are required to do so. It is critical licensees consider who they marry a needs-and-outcomes-based model to the PSR with a clear customer offer that they can promote aggressively. We urge Ofgem to closely monitor take-up under a new PSR and consider how this reflects back on companies' awareness raising efforts.

5.2 NEA believes use of the term 'Priority Services' should be mandated, not 'encouraged', across companies. A singular brand is an important part in improving awareness of the PSR and is in line with recommendations arising from Ofgem's own review of the register.³³ We are therefore disappointed a single cross-industry brand has not been recommended in Ofgem's final proposals.

5.3 With regard to specific suggestions to improve awareness NEA has previously outlined suggestions in detail in its first response to Ofgem's PSR review (submitted in September 2014). In summary, these are: mainstreaming PSR advertising in all energy company communications (e.g. billing statements); prominent information on energy company websites; communicating PSR services using 'success stories' and 'scenario marketing'; targeting friends, family and neighbours of eligible households; cross promotion under other schemes and obligations (e.g. smart roll-out, WHD); third party outreach and referrals targeting and supporting organisations and front-line staff trusted by and accessing hard-to-reach customers.

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

6.1 As stated previously, NEA is disappointed Ofgem has removed a proposal for energy companies to independently audit their compliance with PSR obligations.

6.2 Reflecting on the final monitoring proposals, NEA encourages Ofgem to consider the following metrics in its social obligations reporting (SOR) for the PSR: the specific PSR services suppliers offer; the number of unique customers receiving each service; the number of customers receiving a service by needs code. In addition, we believe wider monitoring outside of SOR must assess the products, processes and systems companies have in place for PSR identification and awareness raising. For example, third parties suppliers are working with to encourage PSR up-take and how many customers they have advertised the PSR to through billing statements etc. Ofgem needs to share and incentivise any identified good practice.

³³ E.g. BritainThinks for Ofgem (2013). Vulnerable Consumers and the Priority Services Register.