

To all interested parties

Email: CDconsultations@ofgem.gov.uk

Date: 12 November 2018

Dear stakeholders,

Prepayment self-disconnection and self-rationing: a call for evidence

We want to see a retail market that works for all consumers, delivering a quality customer service and meeting the specific needs of people in vulnerable circumstances. Prepayment meter (PPM) customers continue to be a key area of focus for Ofgem. These customers are more likely to be vulnerable and fuel poor.

In our 2018 *Vulnerable consumers in the energy market* report we committed to further look into the issues faced by PPM customers who self-disconnect and those who self-ration their energy use to save money or limit spending in other essential areas.

We are now calling for evidence from all interested parties on the scale of PPM self-disconnection and self-rationing, the groups of consumers most at risk of experiencing detriment and the impact on these consumers.

We also seek views and evidence from stakeholders on quality of support and supplier practices in this area, including how self-disconnection and self-rationing is being monitored; and how suppliers and other organisations can work together to achieve good consumer outcomes.

While this call for evidence focuses on customers paying via prepayment, we note consumers on other payment methods will self-ration and experience detriment. We welcome stakeholders' views on this too.

Why we are seeking your views

Our data shows that one in ten PPM customers temporarily disconnected from their supply in 2017. We are concerned that this number has not decreased in recent years. This is in contrast to other positive trends in the market such as the significant decrease in disconnections due to debt for customers on credit meters. Data on PPM customers self-rationing is more limited as it is more challenging to identify and monitor.

While there are a number of reasons why PPM customers self-disconnect, we are concerned about the negative impact of self-disconnection and self-rationing on vulnerable consumers and the level of support provided to these consumers.

Suppliers are required to treat all domestic customers fairly and to make an extra effort to identify and respond to the needs of those in vulnerable circumstances. There are also

specific requirements aimed at protecting consumers on PPMs which can help reduce the risk of self-disconnection and self-rationing.

We realise that not all consumers who experience harm when self-disconnecting may be willing to self-identify or contact their supplier. We want to see a market where suppliers adopt a proactive approach to identifying consumers who may be at risk of self-disconnection and self-rationing, provide support to those in need, and work collaboratively with other stakeholders.

How to respond

We want to hear from all interested parties, including energy companies, consumer groups, charities, and government. **Annex 1** sets out specific questions we're seeking evidence and views on. Please send your response to CDconsultations@ofgem.gov.uk by **10 December 2018**. As part of this Call for Evidence we are also hosting workshops in London, Cardiff and Glasgow during November where we will seek further direct input from stakeholders.

Your responses and participation at our workshops will inform our programme of work in this area. We will consider all the evidence we receive and publish a summary of responses and our proposed next steps by Spring 2019.

We look forward to hearing from you.

Anthony Pygram
Director, Conduct and Enforcement

ANNEX 1: CALL FOR EVIDENCE

1. Introduction

- 1.1. Prepayment meter (PPM) customers continue to be a key area of focus for Ofgem. Self-disconnection occurs when PPM customers experience interruption to their electricity or gas supply due to a lack of credit on the account or meter.¹ Closely associated with self-disconnection is self-rationing for PPM customers. This is when PPM customers may deliberately limit their energy use to save money, or restrict spending in other essential areas in order to keep their meter topped up.²
- 1.2. We are concerned about the impact of self-disconnection and self-rationing on PPM customers, and how these situations may lead to, or cause, further harm. For example, self-disconnection and severe self-rationing can cause or exacerbate existing health problems where a customer has to choose between heating their home and eating. This is particularly concerning as customers who use PPMs are more likely to be vulnerable³ and fuel poor⁴ than customers on other payment methods.
- 1.3. **We seek views and evidence from stakeholders to help us gather evidence** on the scale of PPM self-disconnection and self-rationing, the groups of PPM customers most at risk of experiencing detriment and the impact on these customers.
- 1.4. Suppliers are required to treat all domestic customers fairly and to make an extra effort to identify and respond to the needs of those in vulnerable circumstances (as provided for by the Standards of Conduct of the gas and electricity supply licences).⁵ There are also specific requirements aimed at protecting PPM customers to ensure they have the information and infrastructure they need to stay on supply and, for those repaying debt via PPM, that this method remains safe and practicable and within a customer's ability to pay.
- 1.5. **We seek further views and evidence from stakeholders on quality of support and supplier practices in this area**, including how self-disconnection and self-rationing is being monitored for PPM customers; and how suppliers and other organisations can work together to achieve good consumer outcomes.
- 1.6. While this call for evidence focuses on customers paying via prepayment, we note customers on other payment methods will self-ration and welcome stakeholders' views on this too.

How to respond and next steps

- 1.7. We want to hear from anyone interested in providing views on the questions set out in this Call for Evidence. **Please send your response to CDconsultations@ofgem.gov.uk by 10 December 2018.**
- 1.8. As part of this Call for Evidence we are hosting **workshops in London, Cardiff and Glasgow during November** where we will seek further direct input from

¹ There is no statutory definition for self-disconnection or self-rationing. See Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who've self-disconnected](#) for most commonly used definitions

² Ibid.

³ Ibid. Citizens Advice survey found 41% of all PPM customers reported health issues, including 15% reporting mental health issues.

⁴ In England for both gas and electricity, a household is more likely to be fuel poor if paying via prepayment compared to direct debit or standard credit, with around 23% of households paying via PPM in fuel poverty in 2016. See BEIS (2018) [Annual Fuel Poverty Statistics Report](#).

⁵ SLC Condition 0 Achieving the Standards of Conduct: Treating Domestic Customers Fairly.

stakeholders. Separately we plan to write to suppliers to ask for more detailed information on these issues.

- 1.9. We will consider all the evidence we receive in writing and as part of our stakeholder engagement. We will publish the non-confidential responses received, a summary of responses and our proposed next steps on our website by Spring 2019.
- 1.10. If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response. We will respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose.
- 1.11. If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (GDPR) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice in Annex 2.
- 1.12. If you wish to respond confidentially, we will keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

2. Scoping the issue of PPM self-disconnection and self-rationing

Prepayment customers at risk of self-disconnection and self-rationing

- 2.1. There were around 4.5 million electricity and 3.5 million gas prepayment meter customers in 2017 - a slight increase since 2016, largely driven by the installation of smart meters in prepayment mode.⁶ A higher proportion of consumers are using PPMs in Scotland and Wales than in England for both fuel types.⁷
- 2.2. Prepayment meters hold an inherent risk of self-disconnection due to their set up. In addition, survey data from Christians Against Poverty shows that many PPM customers are self-rationing their energy usage (55% of PPM customers restricted their energy usage; it is also worth noting that 37% of non-PPM users restricted their energy usage).⁸
- 2.3. There are a number of reasons why PPM customers may self-disconnect and not all the instances of self-disconnection will pose the same degree of concern. For example, occasions when PPM customers forget to top up their meter or do not top up their meter because they are temporarily vacating supplied premises (eg on holiday) are less problematic than instances when consumers in vulnerable circumstances forget to top up a meter, have no physical or financial means to do it.
- 2.4. Most recent data from Citizens Advice shows that while the main reasons for not topping up were due to forgetfulness or lack of awareness that their PPM was low on credit, 21% of customers or c.140,000 households self-disconnected for affordability reasons in 2017.⁹ 88% of these households contained either a child or someone with

⁶ Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

⁷ Based on Ofgem 2017 social obligations reporting data.

⁸ Christians Against Poverty (2016) [The Poor Pay More Winter 2016/17 progress update](#)

⁹ Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who've self-disconnected](#)

long-term health issues, highlighting the prevalence of self-disconnection among vulnerable groups.

- 2.5. We are concerned about the level of support provided to these consumers and the impact of self-disconnection and self-rationing on PPM customers. Self-disconnection can have a variety of impacts on the consumer and the detriment experienced as a result is likely to vary depending on the individual circumstances. Around 50% of PPM customers surveyed by Citizens Advice in 2017 felt that self-disconnection brought with it a negative impact on their wellbeing, with significantly more negative impacts reported among consumers in vulnerable circumstances.¹⁰
- 2.6. Physical impacts of self-disconnection and self-rationing are most commonly reported, and include negative consequences such as living in a cold or dark home and being unable to wash.¹¹ There are also a number of associated emotional impacts that have been reported, the most common of these being increased financial stress and feelings of shame or embarrassment.¹² The stressful nature of self-disconnection and self-rationing can also play a role in consumers not feeling comfortable enough to self-identify, with many opting for short-term, unsustainable solutions such as borrowing money.
- 2.7. In some circumstances, in an attempt to avoid self-disconnection entirely, PPM customers are left with no option but to ration their energy usage, or face a decision to sacrifice other essential goods and services in order to afford their energy consumption. Data from Christians Against Poverty shows that of the 55% of PPM users limiting their energy usage each year, 30% of these are doing so severely – restricting their consumption to just a few hours a day, or just a few days within a month.¹³ More alarmingly, 8% of users have gone without using their heating for the entire duration of winter.¹⁴
- 2.8. Looking at the various causes for self-disconnection and based on the existing evidence available, we have identified groups of consumers who would be more likely to self-disconnect and at greater risk of detriment, as set out in Table 1 below. We welcome views on this. We note that PPM customers may experience a number of these situations at one point in time and categories identified in Table 1 below are not mutually exclusive.

Q1: Are there any categories that we have not captured in Table 1? We welcome views and evidence on the main causes of self-disconnection and groups of customers who are more likely to self-disconnect and experience detriment.

¹⁰ Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who've self-disconnected](#)

¹¹ Ibid. Based on 82% of those who said self-disconnection had negative physical impacts on them – 59% feel cold, 43% reported dark homes and 35% were unable to wash.

¹² Ibid. Based on half of all respondents reporting disconnecting had a negative impact on them. 82% reported physical impacts and 56% emotional impacts.

¹³ Based on total PPM population. See Christians Against Poverty (2016) [The Poor Pay More Winter 2016/17 progress update](#)

¹⁴ Ibid.

Table 1: Reasons for self-disconnection and PPM customers at risk

Reasons for self-disconnection*	PPM customers at risk of detriment
Affordability (Lack of funds to top up)	Customers on low income (eg insufficient funds to top up)
	Customers in temporary financial hardship (eg job loss; waiting for benefits)
	Customers repaying debt through PPM (eg customer on unsuitable debt repayment arrangements)
Operational (Operational issues or lack of facility to top up)	Customers not being able to physically top up due to permanent or temporary disability (eg customer unable to reach the vending points and/or meter; customer has no access to digital top-up methods)
	Customers not being able to top up due to replacement top-up device/options not being provided by the supplier
	Customers not being able to understand/use PPM functionalities, including top-up facilities (eg new tenants not aware of PPM functionalities)
	Customers in vulnerable circumstances accumulating standing charges outside periods of energy use (eg customer in hospital over period of time; customer not using gas during the summer months)
Forgetfulness (Forgetting or unaware that the meter credit is low/running out)	Customers with vulnerability related to their mental capacity (eg dementia) or psychological state (eg bereavements)
*Table focuses on on self-disconnection given various reasons, PPM customers who self-ration will fall under the affordability category.	

Scale of self-disconnection and self-rationing

- 2.9. We are concerned that the number of PPM customers self-disconnecting has not decreased in recent years. This is in contrast to other trends in the market such as the significant decrease in disconnections due to debt for customers on other payment methods, where only 17 disconnections were recorded in 2017.¹⁵
- 2.10. Our 2018 Consumer Engagement Survey found that one in ten of those with a prepayment meter temporarily disconnected from their energy supply in the last year, which equates to 350,000 gas and 450,000 electricity customers self-disconnecting.¹⁶ Similarly, consumer survey data from Citizens Advice’s 2018 report estimates that 16% of traditional PPM customers are running out of credit on their meter each year.¹⁷ This figure hasn’t changed since 2014.¹⁸
- 2.11. Of all PPMs installed in 2017, around 23% were smart.¹⁹ Smart PPM customers appear to face similar experiences and concerns to those on traditional PPMs, with 14% of smart PPM customers self-disconnecting in 2017.²⁰ Although the various consumer survey data are not directly comparable due to differences in methodology, the trends are similar and display stagnating levels of self-disconnection.
- 2.12. At this time, our main source of data comes from consumer surveys. Survey research has the capacity to monitor self-disconnection from a consumer perspective, including the reasons for the self-disconnection, as discussed above.

¹⁵ Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

¹⁶ Based on 556 responses on the question “How often, over the last year, would you say that you have been temporarily disconnected from your (gas / electric) supply because the meter ran out of credit before you topped it up?” Total survey of 4,064 interviews. See Ofgem (2018) [Consumer Engagement Survey](#)

¹⁷ Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who’ve self-disconnected](#)

¹⁸ Citizens Advice began collecting data on the number of customers who self-disconnect in 2014. See Citizens Advice (2014) [Topping-up or dropping out self-disconnection among prepayment users](#)

¹⁹ Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

²⁰ Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who’ve self-disconnected](#)

However, to further assess the scale of the problem, we also need more supplier-level data.

- 2.13. Smart meters allow suppliers to record accurate usage and top-up data and assess the risk of self-disconnection and self-rationing. In 2016, we started collecting information on smart prepayment functionalities that help consumers to manage their bills and protect against self-disconnection such as provision of emergency credit, friendly credit, low credit alerts and high consumption alerts as part of our Social Obligations Reporting (SOR).²¹ This is discussed in more detail in the next section on supplier practices.
- 2.14. As part of our upcoming consultation on revisions to Social Obligations Reporting, we will look to include new questions relating to smart meter self-disconnection. We believe smart meter data collection is an important and proportionate step as this will allow us to monitor suppliers' practices in this area going forward. We welcome views on this as part of the SOR consultation which will be published in due course.
- 2.15. However, we believe it is crucial to gather further insights as part of this Call for Evidence on traditional PPM customers who self-disconnect to gain a better understanding of supplier practices in this area whilst the smart meter rollout is ongoing and given the majority of PPM customers are currently on a traditional meter.
- 2.16. We consider that the length of each self-disconnection and the frequency at which customers self-disconnect will be two key indicators in determining the severity of the problem and subsequently the quality of service provided by suppliers. Our Consumer Engagement Survey found that 22% of recorded gas and 16% of recorded electricity self-disconnections lasted longer than three hours, which amounts to an estimated 77,000 gas and 72,000 electricity PPM customers with interrupted supply.²² Citizens Advice's 2018 research found that half of those who self-disconnected in the previous year did so only once or twice. There were instances of more frequent disconnections, with 3% of all participants self-disconnecting 2-3 times a month.²³
- 2.17. We note that in November 2013 the Parliamentary Energy and Climate Change Select Committee (ECCC) requested evidence from the six largest suppliers about their monitoring arrangements for self-disconnection among PPM users.²⁴ Consumer Futures (now Citizens Advice) followed with a further request for information and reported on its findings in 2014.²⁵ Overall, the evidence at the time showed significant disparity among supplier practices and that suppliers only collected limited information about the frequency of top-ups.²⁶ Best practice by some suppliers included monitoring of known vulnerable consumer accounts more closely.²⁷ We plan to write to suppliers separately to ask for more detailed information and update our evidence base in this area.
- 2.18. Data on self-rationing is more limited as it's more challenging to identify because it does not result in an actual interruption of supply for a PPM customer. As set out above, Christians Against Poverty estimates that 55% of PPM customers are limiting

²¹ Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

²² Based on 22% gas and 16% electricity disconnections from a survey of 56 responses. See Ofgem (2018) [Consumer Engagement Survey](#).

²³ Of the 3% of participants who self-disconnected 2-3 times a month, 10% of those were from a PPM which has been used to collect debt. See Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who've self-disconnected](#)

²⁴ ECCC (2013) [Reports and correspondence - Energy and Climate Change Committee](#)

²⁵ Citizens Advice (2014) [Topping-up or dropping out self-disconnection among prepayment users](#)

²⁶ Ibid.

²⁷ Ibid.

their energy usage, with some limiting their energy use to as little as two hours a day during the winter months.²⁸

- 2.19. We note that although self-rationing is interlinked with the concept of self-disconnection, it should be treated separately when it comes to monitoring and data collection purposes as it is not captured in any self-disconnection figures. If self-rationing figures are not recorded separately we could be missing a large proportion of customers suffering detriment by restricting their energy consumption to avoid self-disconnection.

Q2: We seek views and evidence on how self-disconnection and self-rationing is being monitored for customers on traditional PPMs. We welcome views on how effective current practices are.

3. Consumer outcomes and supplier practices

- 3.1. As highlighted in the previous section, PPM customers self-disconnect for a number of reasons, some of which pose a greater risk of consumer detriment. Self-rationing by customers paying via prepayment can also lead to severe consumer harm. A number of supply licence obligations and voluntary commitments at industry level help protect PPM customers at risk of self-disconnecting and self-rationing and get them back on supply.
- 3.2. We note there are different levels of protection on disconnection for PPM customers compared to those paying by direct debit and standard credit. For example, SLC 27 prohibits suppliers from disconnecting pensioners (including if they live with children under age 18) during the winter, and requires suppliers to take all reasonable steps to avoid disconnecting premises that include any pensioners, disabled or chronically sick customers in winter. Suppliers must not disconnect anyone whose debt they have not taken all reasonable steps to recover first by using a PPM (SLC 27.9). We are pleased to see a large decrease over the past years in the number of disconnections for customers on credit meters which are now extremely rare.²⁹

Preventing self-disconnection and self-rationing

- 3.3. We want to see a market where suppliers adopt a proactive approach to identifying PPM customers who may be at risk of self-disconnection and self-rationing and provide support to those in need. The Standards of Conduct (Standard Licence Condition or 'SLC' 0 of both the gas and electricity supply licences) require suppliers to treat all domestic customers fairly and to make an extra effort to identify and respond to the needs of those in vulnerable circumstances. In addition, suppliers must establish and maintain a Priority Services Register (SLC 26) of domestic customers and provide eligible consumers with certain free support services.
- 3.4. Self-disconnecting and self-rationing for affordability reasons is one of the most concerning issues identified with significant impacts for those at risk. For customers repaying a debt via PPM, setting debt repayment rates too high can leave customers struggling to repay their debts and result in self-rationing or self-disconnection. When agreeing the duration and value of a repayment plan, whether through direct debit or PPM, suppliers must take into account each individual customer's ability to pay (SLC 27.8). We expect suppliers to adhere to the 'ability to pay' principles we introduced in 2010³⁰, including establishing monitoring arrangements after repayment plans have been set up to protect against risk of self-disconnection and self-rationing.

²⁸ Based on total PPM population. See Christians Against Poverty (2016) [The Poor Pay More Winter 2016/17 progress update](#)

²⁹ There were only 14 disconnections for electricity and three disconnections for gas in 2017. See Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

³⁰ Ofgem (2010) [Review of suppliers' approaches to debt management and prevention](#)

- 3.5. Suppliers can only install PPMs for debt where it is safe and reasonably practicable to do so (SLC 27.6(a)(iii)). If they become aware that this is no longer the case, they must offer the customer ways to remedy the issue (SLC 28.1A and 28.1B). This protection helps reduce the risk of self-disconnection for example for PPM customers who may not be able to physically top up due to a permanent or temporary disability or for customers with a mental health condition where having a PPM may not be practicable.
- 3.6. Once a PPM has been installed for debt recovery or other purposes, we want suppliers to proactively monitor that a PPM continues to be safe and reasonably practicable. This can be achieved via monitoring whether or not a customer is topping up their meter and having clear policies setting out actions to improve quality of service to those that may be at risk of detriment. This is crucial as a consumer's circumstance can change over time. We expect suppliers to have a better insight into whether or not consumers are effectively using their PPMs, especially as more smart meters are being installed.
- 3.7. A number of operational causes have also been identified as leading to self-disconnection. We are concerned that suppliers may not be doing enough to avoid customers self-disconnecting for operational reasons. Suppliers must ensure that PPM customers have the information and infrastructure they need to access PPM credit, top up their meters and stay on supply at all times (SLC 28). If customers do not have this there is a clear risk of self-disconnection. For example, one of our compliance cases showed that when a supplier failed to ensure that some of its PPM customers had functioning top-up cards, a surge in customer self-disconnection over the Christmas holiday period occurred. Following urgent compliance engagement, the supplier improved its processes and practices, for example by requiring its engineers to provide a top-up card when installing the meter.³¹
- 3.8. Supporting these licence obligations are the Guaranteed Standards, which require suppliers to repair or replace a faulty prepayment meter within three hours, or four hours on a weekend or Bank Holiday.³² If they fail to do so, they must compensate the customer.
- 3.9. Smart meters offer additional functionalities which can prevent or reduce the risk of self-disconnection and self-rationing. Alerts can be sent in case of low credit or high consumption and a wider range of top-up channels are available, including mobile phone and online top-ups. Our 2017 data shows that most of the suppliers that offer prepayment in smart mode offer low credit alerts through the In Home Display Units (15 out of 17) but only 8 of 17 suppliers provide high consumption alerts.³³

Q3: We seek evidence of examples where PPM customers were at risk of self-disconnection or who self-disconnected for affordability and/or operational and/or forgetfulness reasons, the impact on these customers, and how the situation was resolved.

Getting consumers back on supply

- 3.10. Suppliers can offer a number of options to PPM customers who self-disconnect in order to get them back on supply, such as 'emergency' and 'friendly' credit built-in facilities on the meter. The emergency credit facility is available to a customer after they run out of credit. A customer will need to know how to access the emergency credit on the meter, information which is provided by the supplier. In addition, if a customer runs out of emergency credit, they can be automatically provided with

³¹ Ofgem (2018) [Spring/Summer Compliance and Enforcement Report](#)

³² These standards have been set to guarantee a level of service that is reasonable to expect companies to deliver in all cases. See [Guaranteed Standards](#) webpage

³³ Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

'friendly credit' which is available after certain hours in the evening, at weekends and on Bank Holidays.

- 3.11. Our internal review shows that the majority of suppliers who offer prepayment as a method of payment provide information on their website about the availability of emergency credit on traditional meters. Not all suppliers appear to be offering friendly credit or are providing information about its availability on their website, including some of the largest suppliers. Our SOR 2017 data shows that all suppliers that offer smart PPMs offer emergency credit and friendly credit.³⁴
- 3.12. The amount of credit offered can differ across suppliers (£5-£15) and is usually deducted the next time the customer is able to top up. In addition, when using emergency and friendly credit, the standing charge or the weekly collection charge (if the customer is paying back a debt) will not be collected and a customer can build up debt.
- 3.13. In some cases observed by Citizens Advice Extra Help Unit (which has a remit to support vulnerable consumers), some suppliers offer 'discretionary' credit, when credit is added to the meter at customers' direct request to the supplier. Suppliers offer customers the ability to repay such discretionary credit in instalments or may write off the discretionary credit as a goodwill gesture.³⁵
- 3.14. Citizens Advice's report shows that in 15% of the cases where PPM customers had requested multiple discretionary top-ups, nearly half of these were refused by suppliers who raised concerns about adding to existing debts.³⁶ Repeat requests may indicate ongoing financial hardship and can be an appropriate time to check a customer's ability to pay.

Q4: We seek views on what great support service looks like for customers at risk of self-disconnection or who self-disconnect. We welcome examples of supplier good practice in dealing with self-disconnection and self-rationing.

Q5: We welcome views from all stakeholders on the emergency, friendly, and discretionary credit functions. How well do you think these features work?

Providing sustainable support

- 3.15. We acknowledge the good work of some voluntary commitments in the market, such as Energy UK's PPM Principles developed together with Citizens Advice.³⁷ The ten PPM principles aim to provide improved safeguards for prepayment customers with specific reference to self-disconnection. As of August 2018, 15 suppliers have signed up to follow these principles and support PPM customers. The principles mirror some of the supply licence requirements and provide some additional elements to ensure positive consumer outcomes.³⁸
- 3.16. In addition, Energy UK plan to develop a new Vulnerability Charter to help build on existing voluntary commitments.³⁹ We believe that it is crucial these voluntary commitments are routinely monitored to understand what suppliers are doing to meet these pledges.
- 3.17. Citizens Advice's 2016 report highlights a number of examples where, after a customer had self-disconnected, suppliers took steps to reassess debt repayment rates and provide additional support such as financial assistance through grants or

³⁴ Ofgem (2018) [Vulnerable Customers in the Energy Market](#)

³⁵ Citizens Advice (2016) [Staying Connected](#)

³⁶ Ibid.

³⁷ [Energy UK PPM Principles](#)

³⁸ Energy UK (2018) [Prepayment meters](#) webpage

³⁹ Energy UK (2018) [Vulnerability Commission & Charter](#)

referrals to money advice services.⁴⁰ Providing suitable signposting to advice agencies where necessary is an important step in resolving any issues as quickly as possible as well as potentially lowering the risk of repeat self-disconnections.

3.18. We realise that not all customers who experience harm when self-disconnecting are willing to self-identify, or indeed may consider themselves to be in a vulnerable situation. Most recent data from Citizens Advice shows that only 22% of those who could not afford to top up contacted someone of authority, and just 9% of those contacted their supplier about the issue.⁴¹ This signals a lack of awareness of the support and advice available. We believe a multi-faceted approach through a collaboration of different stakeholders will be needed to achieve good consumer outcomes.

Q6: We welcome examples of any recent good practice examples on steps taken to provide sustainable support to PPM customers who self-disconnect and/or self-ration.

Q7: We welcome views on how you perceive the collaboration between stakeholders should operate and what type of organisations you believe will play a central role in this process.

3.19. Based on the existing evidence available the table below summarises current supplier practices discussed as well as concerns and issues in relation to self-disconnection and self-rationing.

Table 2 Summary of supplier practices and concerns identified

Reason	Risk group	Supplier practices, including voluntary commitments	Existing concerns/issues
Affordability (Lack of funds to top-up)	Consumers on low income	Emergency and friendly credit facilities offered by all suppliers providing smart PPMs and majority of suppliers providing traditional PPM. Suppliers signposting to welfare advice and support provided by third parties.	Consumers self-disconnecting due to persisting affordability issues. Cases when consumers face affordability issues after suppliers assessed practicability of PPM installation appear to be undetected by suppliers. Such cases include consumers inheriting PPMs on deemed contracts.
	Consumers in temporary financial hardship	Suppliers removing PPM free of charge if no longer reasonable and practicable using this method of payment.	Consumers self-disconnecting due to temporary affordability issues indicate lack of awareness about available support and welfare advice.
	Consumers repaying debt through PPM	Suppliers monitoring consumers payments on the debt repayment plans and re-assessing the level of instalments	Consumers self-disconnecting when no longer being able to afford debt repaying plan.

⁴⁰ Citizens Advice (2016) [Staying Connected](#)

⁴¹ Citizens Advice (2018) [Switched On – Improving support for prepayment consumers who’ve self-disconnected](#)

Reason	Risk group	Supplier practices, including voluntary commitments	Existing concerns/issues
Operational (Operational issues or lack of facility to top-up)	Vulnerable customers not being able physically to top up	Suppliers removing PPM free of charge if no longer reasonable and practicable using this method of payment.	Consumers self-disconnecting due to temporary inability to physically top up [various scenarios from inability to reach the vending points and/or meter to no access to individual digital top up methods, like websites] Emergency credit facility, including - during weather related events preventing access to vending points; - suppliers not providing top up cards/keys.
	Customers not being able to access/ use PPM functionalities, including top up	Suppliers monitoring the account post-PPM installation. Suppliers monitoring ongoing PPM customer vending and self-disconnection following the post-installation check.	Consumers self-disconnecting because they are not aware of PPM functionalities (eg new tenants).
	Vulnerable consumers accumulating standing charge debt outside periods of energy use	Suppliers informing PPM customers about the risk of accumulating debt by not covering standing charge. Suppliers identifying PPM customers non-vending over summer periods. Suppliers applying standing charge holiday Suppliers offering tariffs with no 'standing charge'.	Consumers unaware of standing charges building up outside energy use and self-disconnecting after not being able to cover accumulated debt.
Forgetfulness (Unaware that the meter is low/running out)	Consumers with vulnerability related to their mental capacity and/or psychological state		Consumers facing permanent or temporary vulnerability related to their mental capacity (eg. progressing mental illness) and/or psychological state (eg. bereavements) leading to self-disconnection due to lack of awareness regarding the level of meter credit.

ANNEX 2 : OFGEM CONSULTATION PRIVACY STATEMENT

Effective Date: November 2018

We take your privacy very seriously.

This privacy statement tells you what to expect when Ofgem collects personal information about you when you take part in one of our consultations. Ofgem is committed to protecting your personal information when you use our services. Whenever you provide such information we are legally obliged to use your information in line with all applicable laws concerning the protection of personal data, including the Data Protection Act 2018 and the General Data Protection Regulation 2016 (GDPR).

What information will we collect about you?

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

In general, we will collect the following information about you:

- Name,
- Last Name,
- Email Address,
- Postal Address.

Additional information may be requested depending on the specific requirements of the individual consultation.

How will Ofgem use the information it collects about me?

Ofgem will use your personal data for a number of purposes including the following:

- To record accurately and analyse any questions you raise during the consultation or feedback you have provided in response to a consultation;
- To report on our consultations, setting out what issues have been raised and how we responded to that feedback (identifiable personal data will not be used in such reports);
- To personalise communications with individuals we are required to contact to clarify their response (if necessary) or for future consultations or developments with a consultation.

The lawful justification for collecting and using your personal data is that it is in the public interest to ensure the consultation process, analysis and reporting are accurate and informative, and correctly reflects your views.

Depending on the individual consultation, your consent is either given when you opt-in to take part in a consultation exercise. You may withdraw your consent at any time before the publication date of the consultation findings, and we will remove your views and data collected about you from our report.

How long will Ofgem keep my information?

The duration your data will be retained for is specified within each Consultation Privacy Statement. In this consultation, we intend to hold your data for 1 year before it is reviewed.

Do I have to provide this information and what will happen if I don't?

Taking part in our consultation is completely voluntary, and this is made clear to consultees.

Who will my personal information be shared with?

Your personal information is never shared with anyone outside of Ofgem. Ofgem will only publish the results of the information you provide as part of the consultation exercise.

What rights do I have over my personal data?

Under the Data Protection Act 2018 and the General Data Protection Regulation 2016, you have the right to:

- Access your personal data collected by the consultation.
- Rectify, restrict or erase access to the information collected by the consultation.
- Object to the processing of your data by the consultation team.

To exercise your rights, please contact the Data Protection Officer at Ofgem at dpo@ofgem.gov.uk

Or alternatively write to the Data Protection Officer at:

Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

What if you find your response unsatisfactory?

Should you find our response unsatisfactory, you have the right to lodge a complaint with the Information Commissioner's Office (ICO) who are available at

<https://ico.org.uk/concerns>

Changes to this Consultation Privacy Statement?

We will keep this Statement under regular review. At the start of this Statement we will tell you when it was last updated.