

## **Prepayment – Self Disconnection and Self Rationing**

**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.**

npower has reviewed the categories captured in table 1 and have added some additional categories: - non-payment of debt and lifestyle/choice.

npower continues to re-assess policies and processes in place for assessing customers' ability to pay and whether a prepayment meter is safe and reasonably practicable, in particular, for customers who are or may find themselves in circumstances that may prevent them from being able to manage their payments or their account as well as they could.

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

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

In addition to the above categories suggested by Ofgem, npower suggests the following categories be considered. Additional examples have been provided for question 3 that support their inclusion:

<p><b>Non-payment of debt</b></p>	<p>Customers with a credit meter debt who then have a prepayment meter installed, following which the customer switches energy use to the other fuel, thus avoiding repayment of charges (through their prepayment meter) for the first fuel (more frequently associated with gas prepayment).</p>
<p><b>Lifestyle / Choice</b></p>	<p>Customers who choose to reduce consumption because of changes in household fuel/heating. Examples include renovations, improving the way in which the house is heated, or lighting.</p> <p>Customers who use a property as a holiday home where it is not their permanent residence.</p> <p>Customers who choose to use the emergency credit functionality or self-disconnect until the next convenient time to visit a top-up location.</p>

**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.**

npower has a prepayment non-vend process in place to recognise whether a customer has stopped topping up which may identify customers that are self-disconnecting or self-rationing. The process comprises up to 3 stages including written communications, outbound calls, and visits. Our non-vend process results in 80% of customers re-starting their top ups within 90 days of our first attempt to contact the customer.

In addition to this process, our customer-facing advisors are trained to recognise customers who are or may be experiencing financial issues or may be at risk of self-disconnecting, throughout their contact with customers. Identification of this will prompt a review of a customer's ability to pay, and/or assessing the suitability of prepayment as appropriate to their circumstances.

In addition, npower carries out an outbound contact campaign for all existing prepayment customers where they are identified as vulnerable and have not vended for 30 days with the aim of re-assessing whether prepayment is still safe and reasonably practicable for them. For those who cannot be successfully contacted by phone, they are sent a letter offering our help and support to re-assess their circumstances for prepayment. npower aims to provide this service to all new prepayment meter customers within 30 days of the meter being installed. This activity has resulted in an increase of prepayment to credit meter exchanges, a reduction in debt recovery rates in line with changes to customers' ability to pay, and an increase in free prepayment meter moves.

We are continually looking for new insight so that we can improve our processes. For example, we carried out a trial using information from our Prepayment Meter Infrastructure providers (Siemens and Itron) showing customers who appeared to be using or exhausting Emergency Credit on a regular basis. This resulted in a targeted campaign to contact these customers, offering solutions such as a review of whether their meter was still safe and reasonably practicable and, where necessary, fuel vouchers to provide support with their ongoing consumption. 50% of the customers who received a fuel voucher have not self-disconnected in the period following the trial.

**Q4: We seek views on what great support service looks like for customers at risk of self-disconnection or who self-disconnect.**

npower continue to review its processes and seek opportunities to identify and support prepayment customers who are at risk of self-disconnection or who have self-disconnected. While we can recognise obvious signs of altered or unusual fuel use by observing top ups from customers, we have to rely on customer contact to understand if they are self-rationing in order to help and support in the most appropriate way.

Specifically for customers at risk of self-disconnection or who have self-disconnected, npower developed Fuel Banks. This provides support in the form of a fuel voucher they can use to top up their prepayment meter, discuss underlying issues and offer the right help, providing both short-term immediate help and longer term practical support, including advice offered through a home visit. The individual does not have to be an npower customer.

As npower is continually reviewing what insight can be used to understand more about customers' circumstances, we have carried out a trial to understand their appetite for support when they have exhausted emergency credit. The trial and results are still under review.

npower has documented processes and training to identify and support customers who may be at risk of self-disconnection or who already have self-disconnected. npower recognise that not all customers need the same support or treatment and as such offer a wide range of measures. The support we can offer includes (but is not limited to):

- Macmillan referral
- Energy fund – debt relief route to sustainability
- StepChange/Citizens Advice – 3<sup>rd</sup> party referrals to enable wider financial support
- Health through Warmth scheme – helping people with long-term illness who are struggling to heat and insulate their homes (including more general energy efficiency support)
- Safe and Reasonably Practicable review – opportunity to review debt and consumption, location, ease of use, location of meter and lifestyle
- Free prepayment meter move (following a safe and reasonably practicable check)
- Free meter exchange to credit meter
- Fuel voucher referral scheme (eligibility criteria applies)
- Review of standing charge debt build up / write off (eligibility criteria applies)

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

npower's practice is to provide customers who pay via prepayment meter (ppm) access to support, enabling the customer to remain on supply, top up when they need to, or provide support where their circumstances have changed.

**Emergency Credit:** npower's practice is to give all prepayment customers access to the emergency credit function on the meter. Customers receive information on how this function works through prepayment leaflets issued with their payment device, online advice and throughout interactions with npower where appropriate. npower's insight into the use of Emergency Credit demonstrates that it is being used, but is difficult to understand without customer interaction the reasons for continued use of the function.

We have however gained insights from a Customer Closeness event where we discussed and captured the ideas of approximately 100 ppm customers. This event focussed on how to improve the prepayment experience. For example, it showed that of those customers who used the emergency credit frequently they confirmed that it was a useful add-on until their next top-up and for others that it was just a habit or lifestyle choice to exhaust emergency credit before topping up again.

**Friendly Credit:** npower refers to 'friendly credit' as the protected supply offered on electricity prepayment meters during certain times of the day or on particular days for example Bank Holidays. The protected supply functionality is built in to the settings of most electricity prepayment meters meaning the meter will not disconnect during the times of 6pm to 9am Monday-Saturday and anytime on Sunday.

**Discretionary Credit:** Where customers are faced with a loss of supply or a shortage of ppm credit and are unable to top up their ppm npower can provide emergency credit support. npower can arrange for a credit which can be applied to the meter to restore supply. This credit can be repaid by the customer once their issues have been resolved. In situations where the customer cannot get the credit sent to their top-up location, an emergency appointment can be arranged for an npower agent to visit the customer to apply the credit directly to their meter.

Where customers are identified as having difficulty in paying for their energy usage, where they have self-disconnected or are at risk of self-disconnection we seek to support customers. This includes a review of all support available and schemes, a debt repayment review, and in some cases they can be referred to our Fuel Support Scheme to see if they are eligible for a fuel voucher. In addition, to support these customers further, npower will issue them with special transaction code or RTI (Remote Token Issue) that will remove the build-up of standing charge so that any credit the customer has received is maximised on their prepayment meter.

**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.**

npower is keen to learn and adapt from insight and the existing collaboration between stakeholders and organisations that are already playing a central role in delivering support to customers in fuel crisis and fuel poverty.

It is npower's understanding and experience in supporting prepayment customers that the root cause of self-disconnection is rarely a single issue and customers may not always alert npower first if they are in a crisis (less than 1 in 10 families will contact their energy supplier), which has an impact on their ability to pay for their energy supply. npower believes that by working with partners we can shape the services offered and provide sustainable support, which is key.

Types of organisations that can contribute depend on the issue, but essential are money and advice charities, organisations with close links to particular issues or the community as well as policy makers such as BEIS and Ofgem.

Especially valuable are the relationships that exist between suppliers and organisations such as Citizens Advice, Macmillan and debt charities such as Money Advice Trust, Step Change and Christians Against Poverty. npower places great importance on referrals made to these types of organisations and the response received. We see it as vital to being able to identify and provide immediate support, for signposting/referring to additional services, as well as helping to identify underlying causes.

For example, through the npower Foundation we have created an independent charity to enable the support to directly address fuel crisis to be expanded, working with other suppliers and wider community groups. This collaborative approach could be supported by policy changes, such as the Warm Home Discount Industry Initiative to incorporate holistic fuel support.

As a specific example, through our work with the Fuel Bank and the collaboration with the Trussell Trust, this demonstrates multiple direct and indirect benefits for customers including:

- The avoidance of or reduced likelihood of self-disconnection and use of emergency credit for those at risk of or who are in a self-disconnection state
- Reduced debt on the meter and avoid accruing new debt on the meter
- Reduced stress and anxiety, and worry associated with money in general through advice offered and support
- Their being more able to cope with household bills as a result of advice and reduction in energy worries
- Improved physical and/or mental health
- Crisis relief provided conditions to access help and follow up advice/signposting was welcomed and widely acted upon.