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Dear Meghna

Draft Consumer Vulnerability Strategy 2025

Thank you for the opportunity to take part in this important national debate about how to do the best for vulnerable consumers. Whilst we recognise Ofgem's necessary and appropriate focus on the energy consumer and the need for the energy market to effectively engage with and support those who are vulnerable, we believe it is necessary for the challenge to be addressed in a holistic manner across multiple markets. Evidence of vulnerability in the energy market is often a manifestation of deeper seated social and economic issues that cut across multiple market boundaries. Adopting the recommendations of the Energy Data Taskforce, particularly the 'presumed open' approach to energy systems data, will be key to developing truly effective cross-market products and services for vulnerable consumers.

Our business strategy seeks to ensure that the benefits of maximising value from industry assets are shared with the whole market. This has very real and practical application in the delivery of services to vulnerable consumers, finding ways and means for them to no longer be disadvantaged but to benefit as much as the well-engaged consumer from the rapid growth in digital and data rich products and services.

The primary responsibilities for identifying, supporting and delivering services to vulnerable consumers in the gas market are positioned with our Gas Transporter and Shipper / Supplier customers. These same parties exercise collective governance over the services that we provide, and as such we are particularly well placed to work in close conjunction with them and to support them in the discharge of their obligations.

Whilst we welcome the formulation of a medium to longer term strategy for tackling consumer vulnerability and the articulation of Year 1 proposals, we would like to see a much greater rigour in the setting of target outcomes, as these are currently expressed in largely aspirational terms and are therefore lacking the means for measuring delivery and achievement. In addition, there is a need for a governance framework to oversee the execution of the strategy to ensure that it is delivering target

outcomes and highlighting early where remedial action may be required. Outputs and outcomes should be communicated through an ongoing stakeholder engagement programme, and we are supportive of proposals to include a focus on vulnerability in Ofgem's annual Consumer Impact Report. We also think that the Year 1 proposals could be strengthened to ensure that there is a near term planned progression against all of the priority themes.

Annex 1 contains our responses to the consultation questions, where we focus on priority themes and outcomes (Question 1) and the Year 1 proposals (Question 4). We agree that affordability (Question 2) is best addressed holistically, taking into consideration the full spectrum of essential household services. As regards energy regulation reform to provide greater assistance to vulnerable consumers (Question 3), we think that the first step is to decide whether the required support is about the ability to pay or about the services provided to the vulnerable, or indeed a combination of the two. A focus on the former might point to the introduction of special tariffs for those struggling to pay their bills, whilst consideration of the latter might lead to the introduction of a suite of 'essential services' that are 'free at the point of delivery' to all energy consumers, supplemented by 'value add' services paid for by consumers who elect to use them.

Consumer vulnerability is a cross-sector issue that is not limited to any particular market or single industry, and it needs a dynamic range of industry specific and cross-sector interventions, products and services to ensure that the vulnerable are protected and can benefit from market innovation. We are keen to partner with Ofgem, energy market players and others, potentially including the external agencies that have helped to inform the consultation proposals, to explore how an 'open data' approach, data analytics and machine learning techniques can be used to tackle the vulnerability challenge.

In the meantime, if you wish to discuss further any aspect of our response, please do not hesitate to contact me.

We are happy for you to publish this response in full on Ofgem's website.

Yours sincerely

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Head of Strategy

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Annex 1 – Responses to Consultation Questions

Q1: Do you agree with the five priority themes and the outcomes we will aim for?

We agree broadly with the five priority themes and outcomes; however, we would like to see a much greater rigour in the setting of target outcomes, as these are currently expressed in largely aspirational terms and are therefore lacking the means for measuring delivery and achievement.

We believe that by making our assets and our capabilities available to the market, including to third parties, we can make a positive contribution to the delivery of the strategy against the majority of the priority themes.

Priority Theme 1 - Improving identification of vulnerability and smart use of data

Priority Theme 5 - Working with others to solve issue that cut across multiple sectors

We have considered these priority themes together, as we see a strong correlation between the target outcomes. There are two common strands running through these themes; harnessing the power of data from multiple sources, and identifying the vulnerable consumer.

Harnessing the power of data from multiple sources

We fully support the ambition for “better use of data across regulated sectors to enable more holistic and targeted support for consumers in vulnerable situations”. The ambition could be made even more expansive by not limiting it to regulated sectors; this would be consistent with the messages in the consultation and the supporting research that energy vulnerability should not be considered in isolation from other manifestations of much wider social issues.

Practical application of the recommendations of the Energy Data Taskforce, particularly those concerned with maximising the value of data (where energy system data is ‘presumed open’ and the visibility of data), will be key to realising the ambition. We also think that the work of the ‘Midata in energy’ project is relevant, giving consumers more control over energy supply information that they share with accredited third parties, in turn allowing those third parties to develop product and service recommendations.

By way of example of what can be achieved for vulnerable consumers through cross-sector working, we will shortly be developing a service in collaboration with Gemserv for all of the UK’s 16,000+ Housing Associations, whose tenants are more likely to be vulnerable consumers, which will allow them to ensure that their property portfolios have the correct safety information for gas and electricity meters. Without ready access to this information, there is a risk to consumers that safety management standards may be compromised.

We are very keen to work with Ofgem, the energy industry and other markets to develop further data driven use cases that will deliver improved levels of support for vulnerable consumers.

Identifying the vulnerable consumer

Our service portfolio currently has a limited but growing number of consumer facing services, including the Consumer Enquiry Service (recently transitioned from Cadent) and our web-based 'Find My Supplier' service. We think that consumer use of these services creates an opportunity to signpost to the consumer the availability of priority services and how to access them.

Priority Theme 3 - Driving significant improvements in customer service for vulnerable groups

We agree that the targeting and tailoring of services to meet specific customer needs is important in improving the quality of both the individual customer experience and that experienced by the vulnerable community as a whole.

Market wide sharing of good practices and of example vulnerable consumer situations, including Network and Supplier responses to those situations, would help to drive up service standards. To the extent that a central information repository could make it easier for Networks and Suppliers to access the intelligence and insights gained by others, this is something that in our capacity as a central service provider we would be happy to explore with Ofgem and the wider market.

We are already actively involved in onboarding processes for new Shipper / Supplier businesses entering the gas market. Whilst we would expect responsibility for the monitoring of new entrants' performance and compliance with regulatory obligations to remain with Ofgem, we think that there could be value in modifying our onboarding procedures to signpost to new entrants both their obligations and the industry arrangements that are in place for identifying and managing vulnerable consumers.

Priority Theme 4 – Encouraging positive and inclusive innovation

We are keen to support our Gas Transporter and Shipper / Supplier customers in the development of innovative products and services that will better meet the needs of vulnerable consumers. We operate an 'open door' philosophy where anyone is welcome to approach us for help and advice with developing new ideas and translating these into tangible products and services. We do not have our own 'innovation fund' so have to rely on customers to cover development costs; having the ability to draw on the Network Innovation Fund in such circumstances could be a means to accessing the required investment funding.

Q2: Do you agree with our approach on affordability?

We agree that the affordability question is not exclusive to the energy industry and is best addressed holistically, taking into consideration the full spectrum of essential household services provided by multiple markets.

Q3: What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term? How should any such further measures be funded?

We think that the first step is to decide whether the required support is about the ability to pay or about the services provided to the vulnerable, or indeed a combination of the two. A focus on the former might point to the introduction of special tariffs for those struggling to pay their bills, whilst consideration of the latter might lead to the introduction of a suite of 'essential services' that are 'free at the point of delivery' to all energy consumers, supplemented by 'value add' services paid for by those consumers who elect to use them.

Q4: Do you agree with our proposals for the first year of the strategy?

We have considered the Year 1 proposals against the five priority themes, and would question whether these give sufficient momentum to all aspects of the strategy.

We agree that the creation of an analytical framework for assessing policy impacts is an important foundational step in the identification of vulnerability (Theme 1). We can also see that the strengthening of protections to protect consumers from self-disconnecting and the formalisation of 'Ability To Pay' both help to move things forward on the affordability question (Theme 2). Additionally, we think that the proposal to require gas networks to adhere to a vulnerability principle should contribute to improvements in customer service (Theme 3).

There do not, however, appear to be Year 1 proposals that take forward the ambitions for product and service innovation (Theme 4) and for cross-sector working with other essential service markets (Theme 5).

Analytical framework

With regard to the creation of the analytical framework, we would be very happy to offer up our data analytics capabilities to contribute to its specification and design. The proposed identification and targeting of 'at risk' consumer groups and development of customised risk mitigation strategies resonates well with our recent experiences in using machine based learning to identify and analyse the root causes of volatility in the levels of Unidentified Gas (UIG) that present risk to Shipper / Supplier businesses, and working with the market to develop remedies that reduce the level of volatility and risk. We are happy to meet with Ofgem to share our UIG experiences in more depth and

to explore how these could translate into techniques for vulnerable consumer identification and classification.

Gas Networks' adherence to a vulnerability principle

We have noted that the proposal to place a Licence obligation on each of the Gas Distribution Networks to adhere to a vulnerability principle does not include a specific requirement to establish a Priority Services Register (PSR). To the extent that a PSR is part of the practical means by which the obligation is discharged, we think that there would be value in exploring a central services solution as an integral part of our CDSP function.