

Ofgem Consultation on proposals to improve outcomes for consumers who experience self-disconnection and self-rationing

CONSULTATION RESPONSE FROM AGILITY ECO SERVICES LIMITED, 20th September 2019

AgilityEco is delighted to have the opportunity to respond and provide input to the Ofgem Consultation on its proposals to improve outcomes for consumers who experience self-disconnection and self-rationing. Each year at AgilityEco we help tens of thousands of fuel poor and vulnerable households to reduce their energy bills and stay warm and well. We work with a huge network of partners in the public, private and third sectors and together we have achieved much success.

We set out our responses to the Consultation questions below and present [our three proposals](#) to help the vulnerable and end fuel poverty by 2030.

Responses to the Questions asked

Question 1: Do you agree with our proposal to require suppliers to identify prepayment self-disconnection and the associated proposed licence conditions?

Yes, we agree that it is important for suppliers to take all reasonable steps to identify and support customers who are in vulnerable situations and who have self-disconnected or are at risk of doing so. Suppliers should have systems and processes in place to identify and support vulnerable customers that can be upgraded to provide this function. If a supplier's systems and processes are not fit for purpose in this regard then the obligation will encourage them to act promptly to make the necessary investment.

Question 2: Do you agree with our proposal to require suppliers to identify self-rationing and the associated proposed licence conditions?

As per Question 1 above, we agree that it is important for suppliers to identify and support customers who are self-rationing. Suppliers should have systems and processes in place to identify and support vulnerable customers that can be upgraded to provide this function. If a supplier's systems and processes are not fit for purpose in this regard then the obligation will encourage them to act promptly to make the necessary investment.

Question 3a: Do you agree with our proposal to require suppliers to offer emergency and friendly credit functions for all customers?

We support in principle the proposals for suppliers to offer emergency and friendly credit, as it will help some vulnerable consumers temporarily avoid self-disconnection and the negative impact on their circumstances that it will cause.

However, the provision of credit by itself is unlikely to help a vulnerable household address the root cause of their rationing or disconnection problems. In some cases it may even make it worse by delaying the action on the part of the consumer to seek a sustainable solution to their situation.

As you outline in Section 5 of the consultation, alongside the provision of credit it is vital that suppliers are required to offer better signposting and funding of services that can support vulnerable consumers to reduce their energy use, improve the energy efficiency of their properties, deal with any issues around the location or condition of their meter, and to better manage their finances.

Question 3b: Do you agree with our associated proposed licence conditions?

We agree with these conditions.

Question 4a: Do you agree with our proposal to require suppliers to offer discretionary credit for customers in vulnerable circumstances?

As per question 3a above, we offer qualified support to the requirement to offer discretionary credit, on the basis that it will help certain vulnerable customers in the short term. However, in order to ensure that it benefits all vulnerable customers and does not lead to a worsening of their long term situation we would like to see additional requirements placed on suppliers to ensure a full range of advice and support is provided at the same time.

Question 4b: Do you agree with our associated proposed licence conditions? Please refer to Appendix 1 for the draft licence conditions.

We agree with these conditions.

Question 5: Do you agree with our proposal to incorporate the Ability to Pay principles in the supply licence?

We agree that this is important to include these principles

Question 6: Do you agree with our proposal to update the Ability to Pay principles to reflect changes in supplier debt recovery practices? Are there other changes that we should implement?

We agree with the proposal to update the Ability to Pay principles.

In addition, reflecting our response to Question 3a above, we believe there should be a requirement for suppliers to identify signs of vulnerability when dealing with customers (including when offering credit) and for there to be firm obligations to provide additional help and support.

In Section 5.16 you make reference to the referral of vulnerable consumers to charities and other agencies for appropriate support. Most consumers have energy suppliers obligated under ECO3 and the Warm Home Discount Industry Initiatives (WHDII) and these funds offer the route for suppliers to either provide or fund these services, which would help ensure that consumers have access to this support wherever they live, and do not suffer from a 'postcode lottery' caused by the variation of services across the country.

We deliver a number of services that tackle fuel poverty and vulnerability that are funded by WHDII, such as the [Local Energy Advice Partnership \(LEAP\)](#), and are actively working with our supplier partners to develop accessible routes for their vulnerable customers to be referred in to these schemes. We note in your Case Study 3 how the consumer was offered interventions from multiple agencies to deliver a holistic outcome. We support that approach and through LEAP we offer small energy efficiency measures, debt advice and onwards referral for larger heating and insulation measures.

In addition for this particular consumer we would have sought to offer income maximisation support to ensure the consumer was receiving all the benefits to which they were entitled, undertaken a check of their energy tariff, and replaced any old and inefficient white goods – all of which would have helped to lower their energy bill even further and reduced the changes of self-rationing and self-disconnection in the future.

Unfortunately the current statutory Warm Home Discount framework ends in 2021 and no extension has yet been put in place. In order for WHDII to succeed as a long-term solution for self-rationing and self-disconnection the Warm Home Discount regulations must be confirmed beyond March 2021 with a continued and increased Industry Initiatives element.

AgilityEco proposals to end fuel poverty by 2030

This week we have published three proposals to support vulnerable consumers, based on our own positive experiences of combining energy efficiency retrofit support with practical help and advice. These proposals are relevant to the support of households self-rationing or at risk of self-disconnection. We believe there are huge benefits in bringing energy efficiency and vulnerability support together, including:

- Better use of ECO “lead generation” spend on support
- More customers receiving help
- Customers receiving packages of support most suited to their needs
- Re-engagement of local authorities in the sector

Our three proposals are:

1. **“More money, better spent”**: recognition on the need for more funding, including a new “worst first” spending pot, as well as better use of funds through data sharing, to meet the 2030 fuel poverty target
2. **“Smarter Local Partnering”**: leveraging the unique strengths of local authorities to build long-term local partnerships
3. **“Help for All Vulnerable Customers”**: combining ECO with vulnerable customer support to ensure customers get the help they need most

More detail is available [here](#)

Thank you once again for the opportunity to comment to this important consultation.

Yours sincerely,

Gearoid Lane (CEO)