



Arina Cosac,
Senior Manager,
Vulnerability & Consumer Policy Team,
Ofgem,
10 South Colonnade,
London,
E14 4PU

24th September 2019

Dear Arina,

Consultation on improving outcomes for consumers who experience self-disconnection and self-rationing

Thank you for the invitation to respond to the above consultation. Bristol Energy is a national gas and electricity supplier that is making a positive difference by building a sustainable energy company that has social value at its heart. Bristol Energy has delivered over £12m in social value, since launch, and is committed to working with city partners to help Bristol hit ambitious social and environmental goals as set out in the Council's One City Plan.

Executive Summary

Bristol Energy is working with its shareholder to fight fuel poverty and welcomes Ofgem's review of this important area. We support unequivocally the consumer outcomes Ofgem lists in Para. 2.48 of its consultation document but we are not convinced the proposals put forward will achieve these outcomes and may in fact make them harder to achieve.

We are concerned that in many cases Ofgem cites as evidence for change, area of existing regulation that suppliers are not complying with. If suppliers are not complying with existing regulations, then adding further regulation will not improve compliance by those companies but will add costs on suppliers who do comply with regulations and would comply with further regulation at additional cost to themselves and their customer base. Ofgem should consider enforcing current regulations before seeking to increase the regulatory burden on all suppliers.

We do not support the proposals on self-rationing as we believe the definition of self-rationing is too broad and is an intrusive use of data for a purpose it was not shared with us by the consumer. We strongly urge Ofgem to conduct a data protection impact assessment (DPIA), as required by data protection law (Article 84 of General Data Protection Regulations), primarily as suppliers would be profiling customers to make decisions about their welfare. We would support, subject to DPIA, monitoring self-rationing if the definition was tightened to be defined as "a reduction in consumption to a level that would seem to be insufficient to heat a home".

Finally, we believe that the current regulations on ability to pay are sufficient when combined with Ofgem's principles as guidance and do not need to be added into the licence. We do support the proposal to review the principles to ensure they remain fit for purpose, but urge Ofgem to share its proposed revisions with industry before re-issuing.

We have answered your specific the questions below, expanding our response where necessary.

Q1. Do you agree with our proposal to require suppliers to identify prepayment self-disconnection



and the associated proposed licence conditions?

Identifying customers who are self-disconnecting using traditional prepayment meters is difficult, although we would always encourage customers to contact us if they are struggling to pay. We do give consideration for customers paying a debt, or who are listed as vulnerable, but to monitor all prepayment customers, many of whom use Pay as You Go (PaYG) for life style choices seems to be both draconian and intrusive.

We note that in the consultation document Ofgem themselves identify numerous reasons why customers may not vend for extended periods, and these proposals could lead to accusations of suppliers taking on a “Big Brother” monitoring by customers who have not vended for a period for reasons other than debt or vulnerability.

If Ofgem does want self-disconnection monitoring to take place routinely, then it should be limited to vulnerable customers including those paying a debt. We would also amend the proposed licence condition to require suppliers to assess whether a customer deemed to be self-disconnecting is suited to a prepayment meter. We are concerned that Ofgem lists as evidence customers who in our view should not have a PPM in the first place, and more action to ensure suitability for PPM should be done by suppliers as they are already required to do by licence.

As a point of good regulation, enforcing current regulations should be considered before adding further rules, which may be equally ignored by suppliers not compliant with existing ones and thus not deliver the desired outcomes.

Q2. Do you agree with our proposal to require suppliers to identify self-rationing and associated proposed licence conditions?

We do not agree with this proposal as we believe it to be unworkable without creating in many customers minds a gross invasion of their privacy and challenges to the ICO which suppliers will have to respond to. To this end we are disappointed that no Data Privacy Impact Assessment (DPIA) has been done to accompany this proposal as required under Article 84 of the general data protection legislation. The reason for this is that Ofgem is proposing suppliers use customer data to profile them and make decisions about their welfare.

Customer consumption patterns vary for many reasons, as Ofgem admits, and until smart meters are the norm, access to actual readings also hinder accurate assessments as estimated reads are often not reflective of usage.

We also believe, contrary to what Ofgem implies, that it is sensible for customers faced with an income shortfall to seek to reasonably reduce their consumption as maintaining their current level of consumption of energy should not be encouraged if they cannot afford it.

We could consider supporting this proposal, subject to a satisfactory DPIA being carried out, if self-rationing was more tightly defined as “a reduction in consumption to a level that would seem to be insufficient to heat a home.” This would make monitoring simpler and more targeted. It would also compliment suppliers’ obligations to monitor for potential theft which can sometimes be identified by a significant drop in recorded consumption.

Ofgem should however bear in mind that cold calling, outward bound calls to discuss a person’s financial status or their wider vulnerability requires a different skill set than receiving inbound calls, where the conversation is initiated by the customer. Such conversations will need to be tactful and empathetic with the customer, but they will invariably meet with hostility in some cases. For smaller suppliers recruiting and retaining these skill sets may be difficult to meet as just cross-training existing customer contact staff may not be appropriate.



Q3a. Do you agree with our proposal to require suppliers to offer emergency and friendly credit functions for all customers?

Q3b. Do you agree with our associated proposed licence conditions?

We would support a requirement to offer emergency and friendly credit to vulnerable customers only. If a customer is not vulnerable then the requirement should be to give consideration to offering emergency or friendly credit, but not to be obliged to do so.

Even for customers in vulnerable situation suppliers must be able to refuse such credit if it is not in the customer's interest or they have strong reason to believe the claim of vulnerability is false.

The wording in the licence condition proposed is too explicit in that suppliers "must" provide credit without consideration for the circumstances. We believe there should be some ability for suppliers to refuse, although the default position should be to provide the credit. Ofgem could monitor this by requiring suppliers in the Social Obligation reporting to record the number of incidents where emergency or friendly credit was refused.

Q4a. Do you agree with our proposal to require suppliers to offer discretionary credit for customers in vulnerable circumstances?

Q4b. Do you agree with our associated proposed licence condition?

By definition, mandating discretionary credit is an oxymoron. Either it is discretionary, or it is mandatory. Whilst we would always look to support vulnerable customers, we would prefer, before offering any credit to take into account a customer's ability to repay the loan, and the circumstances that led to the requirement for additional credit above and beyond that offered under emergency and friendly credit.

We would support a requirement to consider offering discretionary credit dependent on the customers circumstances, and Bristol Energy would continue to do so where the circumstances leading up to the need are temporary, and there is reasonable prospect of repayment without significant detriment to the customer.

With regards to the wording we believe it cannot stand as it is, as it implies a vulnerable customer can routinely demand further credit from their supplier ad infinitum, and a supplier is obligated by licence to provide it.

Q5. Do you agree with our outline proposal to incorporate the Ability to Pay principles in the supply licence?

Given Licensees are obligated by SLC27.8 to take into account a customer's ability to pay and Ofgem has issued the principles as guidance as to what it expects suppliers to do to meet this condition, then we do not see the need to bring the principles into licence.

If some suppliers are not considering a customer's ability to pay in line with SLC27.8 then Ofgem should engage with those licensees first. If Ofgem, after engaging with those licensees believes SLC 27.8 is not sufficiently clear for them to take compliance or enforcement action, only then should it consider further regulation as adding additional regulations will not bring erring parties into check on their own.

Q6. 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?

It would be eminently sensible for Ofgem to review their Ability to Pay principles to ensure they remain fit for



purpose especially given the major changes to the industry since their inception. However, it is important that Ofgem consult with industry on any proposed changes to ensure the principles remain sensible and cost effective to deliver.

I hope you find this response useful. If you have any queries, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink that reads "Chris Welby".

Chris Welby
Head of Regulation