

## **“Extending protections for non E-7 restricted meter customers” – HIHAAW’s response to the Statutory Consultation by Ofgem, September 2020.**

The Highlands & Islands Housing Associations Affordable Warmth (HIHAAW) group welcomes the opportunity to respond to this consultation and believes that it is well placed to do so informatively: HIHAAW’s knowledge is drawn from the frontline operational experience of advising and helping hard-pressed consumers living in the most rural and remote parts of the North of Scotland who, as Ofgem’s own evidence shows, are (proportionately) much more heavily dependent on using electricity in general - and Total heating Total Control (THTC) tariffs in particular to - try and keep their homes warm than in any other electricity ‘region’ of the UK. This dependence should be viewed within the interlinked context of the Highlands & Islands experiencing by far the highest levels (a third of all households) of ‘extreme’ fuel poverty anywhere in Scotland.

HIHAAW has consistently made the case – not least in its detailed response to the CMA’s 2015 Energy Market consultation – that THTC consumers have been (and remain) particularly badly failed by a ‘regional’ electricity market which has been dominated by a monopoly supplier, SSE. However, despite CMA’s public recognition of this particular supplier’s market predominance and the subsequent introduction of their well-intended and welcome Restricted Meter Remedy, it self-evidently hasn’t worked properly and the situation has been getting significantly worse because of:

1. **Consumer ignorance of the Remedy.** Many consumers are simply unaware of the Remedy because not only have the suppliers failed to publicise and promote it properly but Ofgem also hasn’t regulated, enforced or publicised its effective delivery nearly well enough to get it into consumer consciousness
2. **Supplier ignorance of the Remedy and knock on effect for consumers.** Even those credit consumers who do find out about it then struggle to switch because there is no easily accessible list of those suppliers to whom the Remedy applies. In any case, so few of the relevant potential suppliers actually offer THTC tariffs that their advice staff rarely understand them and often don’t realise that they are, in fact, duty bound to make their cheapest tariffs available without enforcing a meter

change or charging any additional costs – causing frustration all round, delays, sometimes added standing charge costs and, not infrequently, making it all just too off-putting for the consumer

3. **The totally uncompetitive THTC tariff prices on offer.** Compounding this market failure has been the lack of any apparent regulatory interest in or action on the ever-rising and now totally non-competitive tariff price charged when no competitive THTC tariff market exists any more. With the sad demise of Our Power, who for an all too brief period did make competitive tariffs available for restricted meters, SSE's THTC tariff prices have now been increased to 15.83p per unit for the heat rate and 19.65p for the standard rate. These rates compare very unfavourably with the cheapest currently available single meter switching rate (eg Symbio's 12.325p per unit) or the best E7 rates (eg Nabuh Lizzy's 8.925p per night rate coupled with 15.843 day rate).
4. **The smart meter rollout aspect to the Remedy** has fallen a long way short of delivering its 31<sup>st</sup> December 2020 delivery date promises for most H&I customers and, in any event, installation is not mandatory. Moreover, it depends for its effectiveness on the smart meter receiving a mobile phone signal which cannot be guaranteed in a significant number of remote H&I households.
5. **The Remedy's inability to now protect prepayment consumers.** Finally and perhaps most shockingly in terms of both this consultation exercise as well as the perpetuation of apparent regulatory failure, is the lack of interest in ongoing protection for pre-payment (p-p) consumers of the THTC tariff. Though p-p consumers were originally protected by the Prepayment Charge Restriction Order, this has since been whittled away by default to the same level as credit protection but whereas THTC credit customers can, at least theoretically, access cheap single rates, THTC *prepayment* customers (who are widely acknowledged as being amongst the poorest and most vulnerable of all electricity consumers) cannot. They should, therefore, be protected by Ofgem but instead are left stranded and stuck on a tariff which means they are having to pay far more per unit for their electricity for heating than they should and far more than any other type of consumer. But why should they ?

In HIHAAW's view, the pricing discrimination and inequity now experienced by prepayment household represents a major policy failure and should be rectified as a matter of regulatory urgency.

**It is for these reasons that HIHAW recommends that the following actions are taken to extend and reinforce the Remedy.**

- **Ensure, by whatever regulatory means necessary, that the Restricted Meter Remedy requires electricity suppliers to make all their single-rate electricity tariffs equally available to and readily accessible by all customers on restricted meters**
- **Extend the Remedy until 2025, subject to annual monitoring, review and publication by Ofgem of their findings; reinforced, as and when required, by the timeous design and implementation of further remedial measures if suppliers do not co-operate fully with it**
- **Ofgem to require all suppliers to keep and share accurate records of all switches made and not made by their customers on restricted tariffs**
- **Ofgem to make direct contact with all consumers on restricted non E7 meters to make them aware of their rights under the Remedy and advise them what to do if these rights are not treated seriously enough by suppliers**
- **CAS to be supported by Ofgem to investigate and gather evidence from restricted meter consumers who are effectively prevented from switching to the cheapest available tariff(s) of their choice**
- **Ofgem and CAS to maintain and publish a regularly updated list of all the suppliers to whom the Remedy applies**

