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## **Citizens Advice response to the Ofgem consultation: Review of the Priority Services Register – Update and Next Steps**

Citizens Advice welcomes this opportunity to respond to Ofgem’s consultation on the next steps for the Priority service Register (PSR). This response is not confidential and can be published on your website.

This submission was prepared by the Energy team within Citizens Advice. It has statutory responsibilities to represent the interests of energy consumers across Great Britain.

Statutory obligations to protect vulnerable consumers are crucial, and this consultation is timely: the review of the PSR must ensure that it is fit for the future. As set out in our response to the initial consultation in September 2014, Citizens Advice particularly welcomes the increased emphasis on flexibility and the recognition that vulnerability is not a static state.

### **Response to consultation questions**

Ofgem is seeking views on three specific questions:

*Q. Do stakeholders agree that ‘families with children under 5’ should be added as a specified eligible “core” group to receive additional help during interrupted supply and for the provision of free gas appliance safety checks?*

Our predecessor bodies, Consumer Focus and Consumer Futures, had significant interaction with Ofgem and energy suppliers about the definition of vulnerable, and the age of a child. These discussions were primarily in relation to the Energy UK Safety Net definition, and also the definitions that energy suppliers used operationally.

It is our view that families with children, particularly young children, are indeed at greater risk during periods of interrupted supply. We welcome the proposal to specify that families with children under five are added as a specified eligible “core” group to receive additional help during interrupted supply and for the provision of free gas appliance safety checks.

The Energy UK supplier Safety Net represents a minimum standard for non-disconnection of households with children, and we know that some individual suppliers go beyond it. We would also urge Distribution Network Operators (DNOs) to consider whether they can go beyond this tight definition - there are many circumstances in which households with children would be at greater risk during periods of interrupted supply and would benefit from additional support.

*Q. Do stakeholders agree that the specified eligibility covering elderly people for the services related to safety should be changed from 'pensionable age' to '75 and over'?*

Citizens Advice understands that this proposal has been discussed with Age UK: we have no specific comment to make. We urge DNOs and Gas Distribution Networks (GDNs) to follow the lead of the suppliers in using multiple vulnerability flags to record consumer circumstances beyond that of the PSR in order to properly target resources and support.

*Q. Do stakeholders consider that pregnant women should be added as a specified eligible "core" group receiving free gas safety checks?*

Citizens Advice supports this suggestion.

### **Further comments**

In addition to our response to the specific questions and following discussions both internally and with the regulator about the revised PSR, Citizens Advice has a number of further comments to support the next steps and process in taking this work forward.

#### *Customer identification and 'needs monitoring'*

In our original consultation response, Citizens Advice strongly recommended that the regulator consider a more formalised twofold approach to consumer vulnerability – the maintenance of a very clear PSR register for a narrow, prescribed group of consumers which goes deeply into providing a prescribed range of services and support, as well as a wider, broad and flexible approach which recognises and encompasses consumers in vulnerable circumstances, including financially vulnerable consumers. This approach would require energy companies to take a more holistic view of consumer circumstances, whilst retaining statutory obligations which require energy companies to maintain a list and provide services to a core group of consumers.

We strongly support Ofgem's proposed requirement for all energy companies to proactively identify vulnerable customers, and move towards a needs-based model of eligibility, with "core" eligible groups specified for safety services. The Extra Help Unit (EHU) was established in 2008, and has a statutory remit to support vulnerable consumers that have a complaint with their energy supplier. The definition of 'vulnerable' used operationally by the EHU since 2008 explicitly acknowledges that vulnerability is not a static state and that some consumers who have elements of vulnerability or may need additional support in particular situations or at particular times. The precedent set by this way of working can be learnt from and built upon: it is essential that there is some guidance for this new approach so that companies are aware of what the expectations are. This guidance should include examples of potential needs, whether temporary, enduring or varying on a day to day basis and suggested approaches as to how they might be met, whilst making clear it is not an exhaustive list.

Citizens Advice will participate in and support the work of the Energy Networks Association's Consumer Service Working Group to take the role in developing "needs" codes and the industry mechanisms for data sharing.

We are also interested to understand if the regulator has considered the specific inclusion of housing tenure and quality of housing as a factor for energy companies to be mindful of when identifying customer circumstances, particularly in relation to the ability of a consumer to resolve an issue, control their bills or access support to install energy efficiency measures. In the EU, only Danish and Czech households spend proportionately more of their income on energy than UK households. The driver of these high bills is the quality of the UK housing stock: a combination of old construction methods, such as solid walls (with no cavities) and maintenance issues such as leaking roofs, damp walls, floors or foundation, or rot in window frames or floors.

Energy suppliers' responses to our recent information request (*Vulnerable consumers and the smart meter rollout*, issued February 2015, unpublished) show through their business process planning that they are limiting their application of vulnerability definitions to the abilities of the individuals not the homes they live in. This is a significant gap in understanding what causes vulnerability in our view, and limits the potential of the smart meter rollout to benefit vulnerable consumers.

In our response to the initial consultation on the PSR review, Citizens Advice suggested that the smart meter rollout will provide a unique opportunity to identify and offer support to consumers in vulnerable circumstances during installation, as it will involve visiting consumers' homes and changing the way in which consumers have access to information about consumption. Where appropriate, this should include identifying consumers who are eligible for the PSR. It would be desirable for data captured during the smart meter rollout to also inform future energy efficiency programmes. Attached at **annex A** is an outline proposal for this, of which the PSR only forms a part. Citizens Advice wants the development of ECO, the smart meter rollout and the PSR to pull together to address the issues facing vulnerable consumers.

### *Compliance and monitoring*

Citizens Advice supports the proposals made by Ofgem to adopt a principles-based approach to regulation of energy companies' compliance to the PSR, replace supplier independent audits with Standards of Conduct (SOC) panel reporting and mystery shopping together with revised SOR and to use RIIO stakeholder engagement incentives to monitor networks performance. However it is essential that the regulator is mindful that the changing shape of the market, with numerous smaller, independent suppliers entering the market has meant that there is significant disparity between companies with regard to experience, expertise, physical and technical ability to properly understand, record and support consumers in vulnerable circumstances. Our experience as the statutory watchdog for energy consumers has found that there is a significant need for support and guidance to ensure that new suppliers are aware of their supply licence obligations, monitoring and enforcement regime. Guidance for the industry will be crucial to ensure that there is a clear understanding of what is expected from suppliers. As Ofgem will be aware, Citizens Advice has urged the regulator to devote more resources to compliance work to ensure that suppliers are aware of and able to fulfill their licence obligations as this will help reduce the consumer detriment caused by poorly prepared suppliers.

**Ends**

**14 May 2015**