



Sarah Brooks  
Head of Consumer Policy  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Email to: bhavika.mithani@ofgem.gov.uk

14 May 2015

## Review of the Priority Services Register – Update and Next Steps

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy supports Ofgem's continued review of Priority Services Register (PSR) and welcomes the opportunity to provide comments on the updated proposals.

We believe that maintaining a narrow and tightly defined set of services, available to a core group of the most vulnerable customers, will provide the strongest platform for suppliers to continue to effectively support those who could benefit from access to specific services based on their needs.

We remain concerned that Ofgem's PSR proposals around eligibility and services would add a high degree of subjectivity to both identifying and maintaining the support offered to customers. For example, using terms such as 'need' or 'proactive' without adequately defining and limiting the requirement of these. Without this suppliers will not be able to make certain they can comply at an appropriate cost.

Therefore, EDF Energy recommends that Ofgem consider adopting the approach taken by the Financial Conduct Authority (FCA) in the financial sector and require energy companies to "*create and put into practice appropriate strategies to identify and address the needs of customers in vulnerable situations*". We believe this would allow for the effective management of compliance and support Ofgem's principles based approach to consumer vulnerability.

EDF Energy shares Ofgem's objective of protecting and supporting vulnerable consumers. However, this will not be helped by putting in place licence requirements which lead to compliance risks. Competition between suppliers in who can best service their customers, including those who could be vulnerable, is the approach which will be most consumer friendly and would drive suppliers to develop innovative solutions.

Our preferred approach of requiring vulnerability strategies which could then be published would promote best practice, thereby, encouraging such competition and incentivising suppliers to innovate and differentiate in this area.

---

<sup>1</sup> FCA (2015) 'Consumer Vulnerability', Occasional Paper No.8

EDF Energy has already begun work on offering further support for the most vulnerable customers and feels that our Personalised Support Service (PSS) is commensurate with Ofgem's core objective in ensuring that suppliers actively try to assist vulnerable customers and their priority needs.

In 2014, we launched PSS and upgraded our website to make it easier for customers to find out what support we can offer them. As the Feel Better Energy Company, we wanted to do even more to make it as simple as possible for our vulnerable customers to access support. We developed a digital tool for our PSS, which, after answering some simple questions, informs the customer what services they are eligible for.

The PSS digital tool was successfully launched in January 2015; vulnerable customers are offered information and advice through PSS using the following five areas of support:

1. Help finding a better tariff and way to pay (plus Warm Home Discount rebates)
2. Help reducing energy use (energy efficiency through ECO)
3. Help with specific needs so customers can engage with us (Priority Services Register)
4. Help beyond energy (Benefit Entitlement Checks)
5. Help with debt (CAB Debt Helpline and EDF Energy Trust Fund)

We value Ofgem's continued engagement during the ongoing review and welcome the opportunity to work with Ofgem as the review progresses.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Denise Willis on 0191 512 5442, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink that reads "Paul Delamare".

**Paul Delamare**  
**Head of Customer Policy and Regulation**

## **Attachment**

### **Detailed Response**

#### **Eligibility**

EDF Energy welcomes Ofgem's proposal to retain core eligible groups and agrees that suppliers have crucial role to play in ensuring that customers 'needs' are correctly identified and appropriately catered for.

However, EDF Energy firmly believes that the revised requirements should be consistent, avoid ambiguity and above all else be achievable. To this end, we believe it is fundamental that suppliers are clear on how compliance with these proposals can be achieved.

To avoid uncertainty, EDF Energy would urge Ofgem to consider more tightly defining keys terms within the proposals. In particular, we would seek further guidance on the expectations of the term 'proactive'. In the strictest sense being truly 'proactive' could be costly and lead to suppliers taking an intrusive approach. This is one example of where detailed guidance from Ofgem will be required to ensure there is a common understanding across the energy industry of their regulatory responsibilities.

A high level of subjectivity in this area could unintentionally drive suppliers into adopting a risk averse approach to identification. EDF Energy is concerned that without clear guidance, suppliers may choose to place increasingly large numbers of customers on the register, diluting the positive support that this brings. This would also add to suppliers' costs which would ultimately be borne by all customers.

Ofgem needs to consider that the introduction of data sharing means that suppliers are dependant on accurate and appropriate identification of vulnerable customers if they are to have confidence in the data shared.

We agree with Ofgem that a consequence of the updated proposals may be that more customers are registered on supplier's PSRs, but would urge Ofgem to consider the potential wider implications of this.

Currently, customers may be defined as vulnerable and yet not qualify for PSR services (pensionable age, disabled, chronically sick). Therefore, if widening this definition outside of that criterion, we would have particular concern around our ability to continue to effectively and efficiently operate a dedicated line for PSR customers, providing immediate assistance to those who need it most.

EDF Energy offers our existing PSR customers support through a dedicated team where they can quickly and easily access specialist support. The ability to offer this service effectively is largely dependant on being able to plan and resource appropriately.

Extending this service more broadly could dilute the level of service offered to those most in need.

In considering the most appropriate approach to identifying vulnerability, Ofgem should acknowledge the inherent difficulty suppliers face when trying to engage with some customers.

Suppliers can provide training and facilities in this area, but cannot force customers to engage. In outlining the steps, suppliers should take to identify vulnerable customers Ofgem needs to be considerate of what is reasonable and practical. Ofgem should recognise that energy suppliers do not, and will not be in a position, to have full knowledge about all aspects of their customers' circumstances (in large part because customers will not want to share these and do not consider themselves to be vulnerable). In addition, vulnerability may only occur when several individual circumstances are present together, e.g. child on site and low income.

EDF Energy acknowledges the benefits of using customer interactions to identify triggers of vulnerability, but maintain that these interactions should not become intrusive for customers. Additionally we would be concerned about the probable cost implications, across all customers, of potentially elongating the time taken to interact with suppliers.

We would urge Ofgem to be mindful that identifying new cases of vulnerability and taking the needs of known vulnerable customers into consideration forms a key part of the Smart Metering Installation Code of Practice. The rollout of smart meters presents suppliers with a 'once in a lifetime' opportunity to visit each and every customer's premises and SMICoP clearly sets out the expectations upon suppliers around those customers who are vulnerable or have specific needs.

We believe these clauses should be taken into consideration when Ofgem determines what additional obligations should be placed upon suppliers as part of this PSR review. Furthermore, we believe it is important that Ofgem considers more widely whether other industry codes, obligations or voluntary commitments need to be brought in line with the revised eligibility requirements and associated need to identify vulnerability.

## **Services**

EDF Energy shares Ofgem's view that a set of prescribed services should be offered to customers who need them, with certain safety services mandated to the 'core' group to ensure a minimum protection to those who are most vulnerable. We firmly believe that these core services should be prescribed within the revised drafting of the supply licence.

Furthermore, in this drafting, Ofgem should consider any changes required to the existing licence requirements for Gas Safety and resiting of prepayment meters. We do not believe these requirements need to be replicated in the final drafting of the PSR services unless the established licence requirements are revised or removed.

EDF Energy broadly agrees with the intention to offer other services to customers where a need is identified, but strongly questions whether introducing such a highly subjective requirement in licence is the most appropriate way to deliver this.

We are, as detailed earlier, committed to identifying the needs of our customers through our Personalised Support Service and already provide additional services to those customers who could benefit from them. This is done on a case by case basis to evaluate where there is genuine need and Ofgem must ensure any changes made retain this approach.

We would encourage Ofgem to consider whether its policy intent is already covered through the Standards of Conduct (SOC) requirements. Ofgem is proposing to take a principles based approach to monitoring and enforcement of the PSR. We would therefore, consider that these principles are embedded within the SOC requirements and Ofgem has suitable tools at its disposal to monitor compliance in this area.

EDF Energy welcomes Ofgem's plan to comprehensively evaluate the cost impact of delivering these proposals. We will fully support Ofgem in this evaluation and believe it is important to understand the impact of any proposed changes which could drive increased costs to suppliers and ultimately all customers.

## **Data Sharing**

EDF Energy supports Ofgem's updated proposals regarding data sharing, and welcomes the decision to focus on sharing between energy companies in the first instance.

We agree that the Energy Networks Association (ENA) Customer Safeguarding Working Group (CSWG) is best placed to lead on the work to develop consistent industry wide 'needs' codes and the mechanism for communication of these. As such, EDF Energy is fully engaged in the ongoing work of the CSWG.

EDF Energy supports the sharing of data associated with 'core' groups, as well as the sharing of a broad assessment of vulnerability.

Notwithstanding this, we feel that sharing the granular details of vulnerability may act as a deterrent for suppliers to innovate in this area. Therefore, details over and above a broad assessment of vulnerability should be an area where suppliers can differentiate commercially through innovation and developing bespoke products and services for certain vulnerable groups.

EDF Energy considers that the need to maintain customer information, in particular that considered 'sensitive personal information', is already covered under the Data Protection Act. We believe that careful consideration is needed, by all parties, to understand the extent to which suppliers are required to gain informed consent from existing customers.

We acknowledge that Ofgem indicated during a recent meeting that information could be provided through existing regulatory communications. However, we feel it important to seek the views of the Information Commissioner in regard to this. We believe clear guidance is needed to prevent subjectivity and inconsistencies in the level of informed consent which is gained, and in what timeframe, by suppliers.

EDF Energy supports providing additional signposting to customers regarding PSR related services which may be available in other sectors. However, we believe such signposting should be done at a high level. We are concerned that providing detailed signposting to customers around the available services places an additional requirement on suppliers to continually validate and maintain this information for accuracy.

### **Improving take up of Services**

EDF Energy supports the proposal to keep 'Priority Services Register' as the joint brand name and is committed to participating in any work which is intended to further increase the take up of services.

EDF Energy agrees with Ofgem that further work could be done to improve the information provided to customers. However, we understand the concerns raised by Energy UK as to whether their membership allows them to effectively engage all participants, as Energy UK only represents a proportion of the supplier community.

We believe it is more appropriate to commence this work collaboratively, potentially with Ofgem, Citizens Advice and Energy Networks Association (ENA) all having an initial input.

In addition to the above, Citizens Advice could include details of the PSR services available to customers within the annual Consumer Checklist which is provided to domestic customers.

EDF Energy has strong partner relationships with organisations such as Citizens Advice. We are committed to supporting advice providers in being able to provide the most accurate and appropriate advice to all customers. As such, we would welcome the opportunity to work with Ofgem and advice providers in further developing materials which allow them to interact with PSR customers.

### **Compliance and Monitoring**

EDF Energy supports Ofgem's revised proposal to adopt a principles based approach to compliance. However, we believe that a level of prescriptive regulation is still required to support the consistent delivery of the proposed core 'safety related' services.

As outlined previously, EDF Energy would support an approach that requires suppliers to set out appropriate strategies and practices to demonstrate the principles have been effectively embedded.

We consider that Ofgem could then make use of existing tools like SOC Panel reporting, mystery shopping and revised Social Obligations Reporting (SOR) to monitor compliance in this area.

Additionally, as discussed during our recent bilateral meeting, one potential area which Ofgem could look to explore is to engage with Energy UK to make changes to the existing Safety Net, which is audited annually.

## **Review of the Priority Services Register – Update and Next Steps**

### **EDF Energy's response to your questions**

#### **Q1. 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?**

Yes, we agree with adding these customers to the core group who, based on means testing, can access safety related support. This should align the obligations regarding gas safety between suppliers and network companies.

#### **Q2. 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'?**

EDF Energy broadly agrees with the research demonstrating the need to change the eligibility from 'pensionable age' to '75 or over'. However, we are keen to understand whether there is indeed a material difference in the way in which these sub-sets of customers would be treated by network companies.

Furthermore, we support Ofgem's intention to simplify the provision of services in this area and want to guard against unnecessary segmentation of customer groups.

Segmenting in such a fashion could lead to complications when targeting communications to these specific customers. Additionally, our understanding is that Ofgem does not expect customers who are currently accessing services having such services removed. It is possible that such a change could bring additional complexity with little benefit to suppliers or customers.

EDF Energy would also be concerned by the potential wider, unintended, implications of such a change. Will the new proposals mean that other industry areas need to be brought in line, for example; Energy UK Safety Net and winter moratorium?

#### **Q3. Do stakeholders consider that pregnant women should be added as a specified eligible "core" group receiving free gas safety checks?**

EDF Energy agrees that pregnant women in receipt of the relevant means tested benefits, should be added to the core groups eligible to receive gas safety checks.

Whilst we support this in principle, we believe it is important to note the limited ability of suppliers to identify pregnant women. Questioning customers along such emotive lines could be considered intrusive. Furthermore, identification and subsequent confirming of a pregnancy whilst on site, once again is immeasurably difficult without potentially causing offence.

EDF Energy would urge Ofgem to consider these difficulties when drafting, particularly in respect of 'proactive' identification and maintenance of vulnerability.

In regard to maintaining records of vulnerability, EDF Energy would like Ofgem to consider how flags for 'pregnancy' are monitored and maintained. We feel it is important that identification of pregnant women is not then assumed to lead into identification of a child under five.

**EDF Energy**  
**May 2015**