



Action for Warm Homes

National Energy Action response to Ofgem open letter:

Review of the Priority Services Register – Update and Next Steps

Response deadline: 14 May 2015

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About National Energy Action (NEA)

NEA is a UK charity working to protect low income and vulnerable households from fuel poverty and exclusion in the energy market. We believe that radically improving the energy efficiency of fuel poor homes through heating and insulation measures represents the most cost-effective, long-term solution to the crisis caused by high energy bills and cold homes.

The organisation focuses on policy, research and campaigning, along with delivering projects on the ground. We estimate that the charity has helped over 7.5 million households in the UK gain access to energy advice and energy efficiency grants. Through NEA's in-house training scheme around 20,000 people have obtained NEA/City and Guilds energy awareness qualifications. In addition, energy efficiency improvements valued at over £110 million have been installed through NEA's subsidiary Community Interest Company, Warm Zones. The latter focuses on delivering a wide set of benefits to low income households in deprived areas.

Response to open letter

NEA thanks Ofgem for the opportunity to comment on their review of the Priority Services Register (PSR). As stated previously, we support the move to a needs-based model for PSR eligibility with the following reservations:

- We are concerned that core groups who have previously been assured access to the PSR (disabled, chronically sick, older age) are to be retained for safety services only (with the positive addition of families with young children). As safety services (principally advice/information/support in the event of a supply interruption) fall within the remit of the network operators we note that suppliers will not be covered by this core group eligibility model. This means that customers within those core groups will have no guaranteed access to non-financial assistance from their energy supplier but will instead have to demonstrate need. The degree of supplier discretion here is concerning. In particular, if suppliers choose to interpret need narrowly (for example, for cost reasons) or in different ways. This could create confusion amongst advice providers and households about what services a household with identified vulnerabilities is entitled to.
- To avoid this confusion and ensure protection for households with risk factors that predispose them to ongoing vulnerability in the energy market (including older age, long-

term illness and disability) NEA would like to see Ofgem's core group eligibility model widened to include *all* PSR services (and thereby all licensees). If Ofgem is not minded to make this change we stress that the needs codes being developed for data-sharing purposes (which will capture and identify the core groups, amongst other types of vulnerabilities) should be used as non-restrictive proxies for PSR eligibility across *all* services and *all* licensees. In other words, if a customer has characteristics that match a needs code they should be considered eligible for PSR services.

- We call on Ofgem to issue guidance to clarify what types of households may benefit from PSR services and therefore what types of households suppliers should target and the needs codes should capture. This will provide clarity to licensees, energy customers and advice providers.
- NEA has concerns about legacy arrangements for companies' existing PSRs. Specifically, we seek assurance no licensee removes a customer from their PSR under new arrangements without the express consent of that customer. This is particularly important given many PSRs are used as proxy registers for customers suppliers have identified for safeguarding against disconnection under the Safety Net agreement. If, under the new eligibility model, licensees were to 'purge' customers from their existing PSRs, this could potentially increase cold-related risk for many vulnerable households.

In terms of Ofgem's proposals relating to issues other than eligibility NEA welcomes some of the regulator's suggestions. For example, the requirement for energy companies to signpost to relevant schemes in other sectors. We would however like to make the following points:

- What Ofgem considers reasonable efforts by companies to 'proactively identify' vulnerable customers needs to be clarified. This is particularly important when NEA understands that under licence conditions suppliers may continue to be required only to inform their customers about the PSR once a year. Unless licensees' approaches to proactive identification are closely monitored, good practice is shared and appropriate enforcement action is taken where necessary we fear identification of need will be reactive, not proactive, and a business-as-usual approach to PSR registration will prevail.
- We stress that where a supplier has knowledge of a customer's receipt of and/or eligibility for the Warm Home Discount (WHD) rebate and Energy Company Obligation (ECO) that this information should be shared with other licensees (based on informed customer consent) under the data sharing arrangements being developed for the PSR. Eligibility for WHD and ECO (Affordable Warmth Group) are proxies for a range of vulnerabilities which, if companies had knowledge of, could be used proactively to meet their social obligations and offer extra help to in-need households.
- NEA strongly supports energy companies innovating in the provision of PSR services beyond the minimum prescribed set. We believe a key opportunity to implement Ofgem's suggested 'proactive approach' to service provision resulting from 'closer customer interactions' is smart meter roll-out. Under the concept of 'making every contact count', the interaction with a vulnerable customer to install a smart meter (identified as vulnerable either before during or after smart meter installation) could be used to a.) offer PSR services and b.) integrate them, where a need is identified, with a range of other financial and non-financial services many suppliers currently provide. For example, energy efficiency advice, energy debt assistance etc. This approach is both 'reasonably practicable' and promotes a flexible, tailored response by suppliers to their customers.

Network operators could implement a similar version of this 'every contact counts' model for in-home visits by engineers.

- NEA is disappointed Ofgem has removed a proposal for energy companies to independently audit their compliance with PSR obligations. Such audits would offer an independent viewpoint on the policies, processes and systems companies have in place for PSR identification and registration. This is a fundamentally different approach to compliance than companies simply providing a range of metrics under social obligations reporting. While this approach may measure certain outcomes (for example the number of customers registered on a suppliers' PSR) it will not measure the activities and processes licensees have in place to comply with their obligations and indeed improve performance. We are not confident mystery shopping and standards of conduct panel reporting will measure this kind of performance in any systematic, rigorous way.

Response to 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?

Response: Agree

Comments: NEA strongly supports the addition of families with children under 5 as a core group for safety services. As noted in our introductory remarks however, we wish to see this core group eligibility extended to include access to all PSR services.

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'?

Response: Agree with reservations

Comments: NEA accepts that changing the eligibility for safety services from pensionable age to 75 and over may enable better targeting of customers most vulnerable to supply interruption due to reasons of old age. However we call on industry and Ofgem to include two needs codes for PSR registration: 1. 75 and over; 2. Pensionable age under 75. This will help ensure a.) older age (under the age of 75) continues to be recognised as a risk factor with regard to access in the energy market, b.) vulnerability proxies which use pensionable age as a qualifying criteria (e.g. WHD and ECO) remain relevant in targeting customers for PSR services, and c.) older age customers on previous PSRs are not removed from registers because of changes to the eligibility criteria.

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

Response: Agree

Comments: NEA strongly supports the addition of pregnant women as a core group to receive free gas safety checks, noting the evidence previously submitted to Ofgem on the risk to unborn children from carbon monoxide poisoning. We also bring Ofgem's attention to

some new research NEA will be undertaking to better understand the possible links between CO exposure and households qualifying for PSR assistance.¹

¹ This research is funded by the Gas Safety Trust and NEA will make sure to update Ofgem on its findings. More information available here: <http://www.gassafetytrust.org/news-and-press/2015/gas-safety-trust-announces-funding-for-national-energy-action%E2%80%99s-fuel-poverty-co-study>.