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Dear Bhavika

Priority Services Register Review – Final Proposals

British Gas welcomes the opportunity to respond to Ofgem on its final proposals for the Priority Services Register (PSR).

We see these final proposals as a positive development of (and improvement to) the current PSR, not only for consumers, but also for energy suppliers and distribution networks. It is encouraging to note that many of our previous comments and concerns around Ofgem potentially over-prescribing and complicating the Supply Licence Conditions for PSR (by introducing additional consumer categories and onerous consumer identification) have now been addressed.

We will continue to work with both Ofgem and the industry to achieve a new and successful approach to data sharing; we believe that this will offer better protection for customers who we have been identified as being in a vulnerable situation. Indeed, we support extending data sharing beyond the proposed consumer level to sharing data at household level.

Ofgem's consultation paper didn't seek specific comments about proposals for funding the network operators. As such, we wish to register upfront our belief that no additional funding is required for the networks for PSR-related activity, including via any network incentive schemes. Customers have already funded revenue allowances that allow network operators to meet their licence obligations. All elements of network incentive schemes, including performance assessments, should be allowed to operate as intended when the price control settlements were agreed. Should the new PSR Licence Conditions require changes to outputs (i.e. that the network operators are expected to deliver), this can only be done during the mid-period review.

Within the attached appendices, we have responded to Ofgem's specific questions. For ease of reference, we have followed the same order as the consultation paper.

I trust that you will find this information helpful. If you have any questions on the information provided, please feel free to contact me.

Yours sincerely



Nigel Howard
Head of Consumer Regulation
British Gas

APPENDIX 1

Question 1: Do you agree with our final proposals for enhancing eligibility and customer identification and the associated proposed licence conditions?

We are pleased that, within its final proposals, Ofgem has addressed most of our previous comments. Specifically, about:

- (i) the introduction of additional categories of consumers which risked over-prescribing the Supply Licence Conditions (SLCs) for PSR, and
- (ii) the onerous identification of consumers.

On a general note, Ofgem seems to be proposing SLC drafting which is a hybrid between both a prescriptive and a principles based model of regulation. We understand the history behind this position and the current transitional timing of Ofgem's move to a principle based approach to regulation. But we believe that Ofgem must make clear in its final decision paper the way in which it intends to monitor (and ultimately enforce) against the revised licence condition.

We reference this point again further below (under 'all reasonable steps'), where we note that it would be inappropriate for Ofgem to allow suppliers to determine vulnerability themselves (which will lead to different supplier practices) only for Ofgem to later and retrospectively determine its own view of vulnerability. Ofgem should either enable suppliers to adopt their own approach to vulnerability through principles or provide a prescriptive view. Ofgem should consider whether the risks associated with vulnerability and the PSR are better dealt with through prescription or principles. If Ofgem intends for there to be minimum standards – it should be clear about this upfront.

We have set out below our comments relating to each of the three final proposals for enhancing eligibility:

i. Amend the current eligibility criteria for PSR services to bring more in line with our CVS definition of vulnerability with suppliers offering services to customers in vulnerable situations based on their needs.

We support widening the PSR eligibility criteria to customers in vulnerable situations, as this will ensure that basic protection is provided to those customers who require additional support.

We would support Ofgem if it were to seek an extension to cover 'households' rather than just customers for the provision of data to the DNOs. We note that the final proposals document refers to the "customer" rather than the "household". We would support widening the definition further – i.e. from customer to household, especially if there is a vulnerability identified for someone else in the household and for whom the DNO may be able to provide a service. For example, if there is a household member reliant on medical equipment, we would want to record this to ensure we are correctly safeguarding people in vulnerable situations rather than just the customer/named account holder.

ii. Retain core eligible groups for services related to safety needs (offered by distribution networks). Services must be offered to these customers as a minimum level of protection. The core groups are: of pensionable age, disabled, chronically sick and families with children aged five years and under (the latter group is an additional group as evidence shows that they are vulnerable during supply outages).

We welcome the retention of a core group related to services for safety needs and are pleased to see the addition of families with children aged five years and under now being included here for the networks.

We do, however, continue to support the replacement of “pensionable age” with “75 and over” as a core category, as initially proposed. We do not understand why Ofgem is proposing to continue with ‘pensionable age’ if no vulnerability is present within the household. The current Government’s planned phasing / implementation of pensionable age (i.e. for women at 65 by 2018 and for both men and women at 66 by October 2020) in itself adds unnecessary complexity to determining who would meet the criteria for pensionable age.

In addition to our own analysis, the work we have undertaken with the Customer Safeguarding Working Group, finds that customers who have a “pensionable age” indicator are not vulnerable due to their age, but rather due to another health category such as “sight impairment”. Pensionable age on its own (which could currently be as low as 60 or 61 years of age) does not always equate to vulnerability. We would therefore encourage Ofgem to consider “75 and over” as a core category rather than “pensionable age”.

We further urge Ofgem to reconsider this point, especially as there are many precedents for the use of “75 and over” in other public and private sectors – such as television licensing and insurance.

iii. Energy companies will be expected to identify such customers and offer them appropriate services.

We are pleased to see that the mechanism for identifying eligible customers has moved away from the “pro-active identification” of customers. As we have outlined in previous responses, such an approach would have required intrusive and at times highly personal questioning.

By using “all reasonable steps”, Ofgem will inevitably see different policies and practices from different suppliers. These different practices should see outcomes where all vulnerable customers are safeguarded. If Ofgem wishes to see a minimum standard, this should be visible and made clear to all suppliers as part of the licence consultation and change process. It would be inappropriate for Ofgem to provide its views on minimum standards retrospectively later down the line.

Whilst we support the proposed licence condition SLC 26.1 “Duty to establish a Priority Services Register”, there is a discrepancy between this change and the SLC as currently drafted. Families with children aged under five are not included in the definition of “Personal Characteristics” in draft SLC 26.6. This is despite the inclusion of customers being chronically sick, or having an impairment, disability, or long term medical condition (including but not limited to a visual, auditory or mobility impairment).

Question 2: Do you agree with our final proposals for amending the PSR services and the associated proposed licence conditions?

In general, we agree with the final proposals for the PSR services and the proposed licence conditions SLC 26.4 and SLC 26.5 “Duty to offer services”. These are energy supplier services that we already offer to our PSR customers. (See Appendix 2 – Extract of Standard Licence Condition 26, for the services which we offer.)

We believe the wording of SLC 26 should reflect that there is a judgement for the supplier in determining the services. Therefore, we would suggest that the wording is more aligned to “that the supplier believes or considers that the customer may reasonably require”.

The wording of SLC 26.5 (c), “The reading (and provision of that reading to the Domestic Customer) of the customer’s {Electricity/Gas} Meter at appropriate intervals, if the Domestic Customer is unable to do so,” includes no reference to if anyone else in the household is able to read the meter as per the existing licence condition. This anomaly must be corrected before the final licence conditions are issued.

At the meeting between Ofgem and suppliers on 4 December 2015, Ofgem agreed to look at how this clause could be amended to include any other members of the household. We would therefore ask that this particular SLC is reworded to “if the Domestic Customer or anyone else in the household is unable to do so”.

Question 3: Do you agree with our final proposals for recording and sharing information about customers in vulnerable situations and the associated proposed licence conditions?

We agree with Ofgem’s proposal that better data sharing needs to take place to ensure households are appropriately protected and that suppliers and the networks have the information needed to provide the most appropriate services.

However, the proposed SLC 26.2 should refer back to SLC 26.1 to make clear that the sharing of information relates to customers in vulnerable situations who have been placed on the PSR.

In the proposed SLC 26.3, Ofgem reserves its right for the Authority to designate by notice in writing such details for ‘Relevant Industry Mechanisms’ and ‘Minimum Details’. We would flag that the ability to share data is dependent on a number of industry processes being put in place – which we refer to below. Ofgem must have regard to this before issuing any Directions (including consulting where appropriate) that suppliers cannot comply with, for various reasons fully outside of their control.

We have set out below our general comments relating to each of the final proposals for recording and sharing information.

- i. All companies should record relevant information about customers in vulnerable situations, with informed consent, to allow them to better respond to their customers’ needs. These should be reviewed and maintained periodically.**

We support this and as part of our planned wider system changes, we will include date stamping to enable improved insight around maintaining records on vulnerability.

- ii. All companies should, with informed consent of the customer, share relevant information with other companies in line with the new set of vulnerability categories and associated ‘needs codes’ to allow them to capture and share data consistently and provide the appropriate services to customers to address their vulnerability needs.**

Ofgem must be clear on what it envisages by the term “informed consent”. As such, we would like to see this defined more precisely, i.e. that the customer has explicitly agreed to

the sharing of their data. In addition, further clarity is required from Ofgem as to what “other companies” means; it is not currently clear from Ofgem’s proposals.

Notwithstanding the above point, and subject to Ofgem giving full clarification, we support cross industry sharing of data where we have the “informed consent” of the customer. We are happy to support and to continue working with the CSWG in order to agree and finalise the exact data and processes for this.

It is, however, important that Ofgem allows sufficient time for suppliers and networks to complete system developments to implement the new needs codes and categories. For example, there will be significant development requirements for all parties to ensure that the new codes can be recorded and fed into each party’s outcomes for the customer. This will require IT development and staff training. Data sharing and privacy implications will also need to be agreed. Due to the MRA timescales and Project Nexus industry implementation, this will not be possible before June 2017.

iii. Companies should share the information recorded about their vulnerable customers with each other in a two-way process. Suppliers should share information they identify about their customers’ needs with DNOs and GDNs, and DNOs and GDNs should share information they identify about their customers’ needs with suppliers. The two-way process should only occur with the customer’s informed consent. This will need to be a phased process, with electricity changes to take place from 2016 and gas changes to take place from 2017.

We support a two-way process with DNOs and GDNs to share information.

However, it is unlikely that the industry will be able to implement the phased approach mentioned above for the introduction of the new needs codes by the originally anticipated dates (2016 for electricity and 2017 for gas). As noted at CSWG on 3 February 2016, the proposed date for the changes to the electricity and gas codes is now June 2017.

In the interim, we are piloting data sharing by alternative means. We hope all industry participants will support this pilot, to ensure consistent safeguarding for customers across suppliers, GDNs and DNOs.

To help our readiness for these changes, we have started to scope out the changes required for the needs codes on our systems to help us better identify where specific support may be needed for a customer in a vulnerable situation.

We suggest that more emphasis is placed on two-way data sharing between DNOs and suppliers. Given that DNOs are under an obligation to establish and maintain a priority services register, we would like to see more sharing of cleansed data, so that suppliers have the most up to date information available on vulnerable households.

iv. Energy companies should develop the appropriate mechanisms to share this data through changes to relevant industry codes

We will continue to work closely with and support the work that the CSWG is progressing around the process for data sharing against the new needs codes.

However, we would welcome clearer guidance on gathering correct and appropriate consent through the work which the CSWG started. Following initial engagement with the Information

Commissioner's Office, through the CSWG, we would welcome (and indeed expect) further involvement and support from Ofgem on this specific point.

Any regulation and guidance on sharing data will need to be future proofed should additional agencies be added at a later date (and, also to provide for the introduction of the General Data Protection Regulation).

To support the preparation of Privacy Impact Assessments, guidance and instruction relating to existing and proposed needs codes and their inclusion in a priority services register, need to be clear and explicit.

- v. We expect to look at the potential to include supplier to supplier data sharing as part of developments in Ofgem's project on reliable next-day switching. In the absence of an industry mechanism to allow data about customers to be shared between suppliers in an instance of change of supplier, we expect suppliers to consider appropriate communication approaches with customers to help move a PSR customer from an old to a new supplier.**

We are working with the CSWG to explore appropriate communication approaches. Preliminary thoughts so far have been around using a standard message and format to capture the information to move a PSR customer from an old to a new supplier. This work has been identified as one of the next activities for either the Best Practice or Communications sub groups of the CSWG.

Ofgem has suggested that switching and sharing 'supplier to supplier' data could fall under the CSWG at a later phase, as this requires the new needs codes to be in place and an agreed mechanism for flows to also be in place, especially for gas customers.

We will continue to work with the CSWG to help reach a positive outcome, and in fact, early consideration of flows is already being discussed and assessed.

Question 4: Do you agree with our final proposals for raising awareness of the priority services, including any specific suggestions for energy companies to improve awareness?

- i. Companies are encouraged to use the term 'Priority Services' consistently when promoting information about the PSR provisions and services available**

We are keen to see further awareness of the PSR being raised and are happy to work with Ofgem to help achieve this across the industry. We also agree that the term "Priority Services" should be universally used across the industry, to prevent customer confusion.

- ii. Third party advice providers to use materials developed jointly with Ofgem to provide information to customers on PSR provisions**

We welcome the opportunity to help with the development of additional material for third party advice providers.

Creating platforms and channels for robust referrals from third parties could better help suppliers and DNOs reach the customers who would benefit most from Priority Services. Using the CSWG Best Practice sub group to support this would be of value, although appropriate timescales would need to be considered for implementation.

iii. Companies to consider customer needs and circumstances and look to develop more innovative ways to increase customer awareness and promote take-up of PSR services.

We are constantly looking for ways to help raise the awareness of the PSR. Some suggested areas to consider are:

- Clearer information on websites. This is something we are currently reviewing.
- A bespoke training programme on vulnerability. Throughout 2015, we introduced and rolled out our own training programme to frontline agents. From this, we have seen an increase in the recognition and recording of vulnerability and then the subsequent referral of the customer to any extra support required. We encourage other suppliers and DNOs to assess their own training material for contact centre agents, frontline engineers and other field representatives.
- Internal communications to agents to better promote Priority Services. We have introduced “vulnerability roadshows” to our contact centres, where we have hosted drop in sessions and awareness raising competitions to engage agents and gather feedback. We also use internal channels to prompt awareness, including videos to raise awareness of different types of vulnerability.

iv. Networks should continue to prepare and set out statements on their obligations under the PSR, in plain and intelligible language. Statements should be made readily available on their website where applicable, and companies should take all reasonable steps to inform their Domestic Customers of the statement and how to find it at least once a year. Companies should also still be required to give a copy of the statement free of charge to any customer on request. In line with standards of conduct we also expect suppliers to continue to provide this information.

We will continue to provide details of the services we offer to customers who may be eligible for the PSR in line with our current processes and obligations.

We do not agree that suppliers must include information on compliance with the SLC in their Treating Customers Fairly (TCF) Statement under SLC 25C.7. Nor do we believe that Ofgem has made clear why such information is relevant or appropriate within the existing TCF Statement. It is for suppliers to determine how best to communicate with their customers. Ofgem’s prescriptive approach is inconsistent with the preference expressed in the Future of Retail Regulation consultation for a greater reliance on principles.

For SLC 26.6 - we are happy to give a statement attesting to how we have interpreted and implemented the obligation, but the current wording should not be linked to the Standards of Conduct (SoC) in SLC 25C. This is because the SoC are not designed to enable particular obligations to be set for specific customer groups. The SoC are rather a set of overarching principles governing how suppliers approach interactions with all of their customers.

We would therefore propose that the provision simply refers to an annual statement or report, which suppliers may publish on their websites. It should not be directly linked to the TCF Annual Statement. This point was explicitly raised and acknowledged by Ofgem at the PSR supplier session on 4 December 2015.

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Question 5: Do you agree with our final proposals for the approach to monitoring energy company performance in this area?

In principle, we support the final proposals for monitoring performance. Although, Ofgem will need to have regard to the 'principles based' element of the current SLC drafting, which will require Ofgem taking a more flexible approach to monitoring.

We would, however, welcome more detail on the proposals and methods for monitoring and assessing suppliers' customer service performance.

Ofgem's approach to monitoring should be well-targeted, risk-based and proportionate. Ofgem should assess whether the risks posed by how suppliers approach the PSR justify additional monitoring. With this in mind, we seek clarification on the proposals for a panel to assess SoC performance. As we have noted above, SoC covers all consumers, not just vulnerable ones. It would therefore be inappropriate for Ofgem to use the SoC to monitor performance in this specific area (i.e. by singling out just one group of consumer).

Appendix 2 – Extract of Condition 26. Services for specific Domestic Customer groups

Customers who are of Pensionable Age, disabled or chronically sick

26.1 If a Domestic Customer who is of Pensionable Age, disabled or chronically sick requests it and it is appropriate and reasonably practicable for the licensee to do so, the licensee must, free of charge:

- (a) agree a password with the customer that can be used by any person acting on the licensee's behalf or on behalf of the Relevant Gas Transporter to enable that customer to identify that person;

We offer this to all customers, not just vulnerable customers

- (b) send each Bill or statement of account in relation to the supply of gas to the customer's premises to any other person that the customer nominates, if that person agrees to receive them;

We offer this to all customers, not just vulnerable customers

- (c) if the customer informs the licensee that no person occupying his premises is able to read the Gas Meter there, arrange to read that meter at least once each quarter and inform the customer of that reading; and

We offer this to vulnerable customers

- (d) if Charges for the Supply of Gas are recovered through a Prepayment Meter and the customer cannot readily make payments through that meter because of infirmity, arrange to move that meter so that the customer can access it.

We offer this to vulnerable customers

Blind, partially sighted, deaf or hearing-impaired customers

26.2 When asked to do so by, or by someone acting on behalf of, a blind or partially sighted Domestic Customer, the licensee must, by means that are readily accessible to such customers, provide information free of charge about any Bill or statement of account relating to the supply of gas or any other service provided to the customer by the licensee.

We offer this to vulnerable customers

26.3 The licensee must provide facilities, free of charge, which enable any Domestic Customer who:

- (a) is blind or partially sighted; or
- (b) is deaf or hearing-impaired and in possession of appropriate equipment, to ask or complain about any Bill or statement of account relating to the supply of gas or any other service provided to that customer by the licensee.

We offer this to vulnerable customers