

## **Ofgem consultation: proposals to improve outcomes for prepayment customers**

### **Response from Coventry City Council**

#### **Chapter 2) Prepayment meter (PPM) installations carried out under warrant**

##### **Consultation question 1: do you agree with the scope of the warrant charges?**

Warrant charges should be kept to the absolute minimum to limit the debt burden faced by consumers who are required to have a PPM installed. It is a concern that substantial variations between the charges made by suppliers have been reported, and that some of this is attributable to the costs of third party services. It is also of concern that some suppliers have been found to have charged consumers for costs unnecessarily incurred during the process of installing a PPM.

Ofgem should introduce controls that limit the scope of warrant charges, and consumers should be empowered to challenge charges made and to be reimbursed for unreasonable costs. Because of the vulnerability of many PPM customers local authorities and third sector organisations have a valuable advocacy role to play in dealing with suppliers. The Government should consider additional funding for these organisations so that they can help to support vulnerable PPM customers.

##### **Consultation question 2: do you agree with the desired consumer outcomes?**

The consumer outcomes proposed are considered to be reasonable. Elsewhere in the document it's proposed that clear expectations will be set out for supplier behaviour and there is a passing reference to the possible use of a code of practice for suppliers. It's disappointing that Ofgem hasn't clearly stated how the new arrangements will be policed and how robust action will be taken where suppliers are found to be at fault. This only serves to perpetuate the view held by some that Ofgem is 'soft' on suppliers.

The document talks about some of the existing protections that govern the process for installing PPMs under warrant. The Standards of Conduct (SLC 25C) (SLC 27.8) (SLC 27.8b) are referred to, together with the 'Ability to Pay' principles and Energy UK's Safety Net. All of these ought to already provide the means by which supplier behaviour can be controlled and there appears to have been no analysis of why they haven't worked. The fact that new proposals are now being suggested indicates that the existing protections have been ineffective or have not been robustly enforced.

Ofgem needs to say how the new proposals will be enforced in the future so as to make a real difference for consumers.

**Consultation question 3: which option set (A, B or C) do you think will be most effective in meeting our consumer outcomes?**

Option Set B offers the best prospects of meeting the proposed customer outcomes. As far as charges are concerned, non-vulnerable customers will be helped by the imposition of the cap, and vulnerable customers will be relieved of them altogether. Additionally, all customers whether vulnerable or not would be able to benefit from a change in supplier behaviour.

How effective this set of measures is in practice will depend on whether suppliers wholeheartedly embrace them, and on the sanctions that Ofgem is prepared to apply. Details of the suggested code of practice for suppliers should have been provided in the consultation document to allow readers to decide how robustly the supplier behaviours would be controlled. At this stage it's not even been stated whether the code of practice will be voluntary or mandatory.

The definition of vulnerable customers will need to be carefully prescribed by Ofgem to ensure that the Option Set is effective. The definition should be clear and unambiguous, and a broad range of individuals and circumstances should be prescribed.

**Consultation question 4: should cases of energy theft or wilful damage to meters be exempt from our proposals?**

Cases where there has been theft or damage to a meter should not be totally exempted from the proposals. Suppliers should still be expected to conduct themselves in a fair and transparent way when responding to this situation. They should also still be required to consider carefully whether the customer concerned is vulnerable or not. For some vulnerable customers, for instance those with a mental illness, there may be compelling circumstances that require suppliers to act sensitively.

**Consultation question 5: for licensees: please explain how you identify vulnerable consumers and provide details of how any such policy or procedure is monitored and reviewed?**

No response from the City Council.

### **Chapter 3) PPM installation (non-warrant related) and removal charges**

**Consultation question 6: do you have any views on our approach or better alternatives to achieve the outcomes we have identified?**

The steps taken by suppliers to cease installation and removal charges in non-warrant situations are encouraging. Wider ranging changes are still required though to address other problems with the way that PPM customers are treated. It's hoped that the Competition and Markets Authority remedies will bring about a lasting improvement.