NEA response to Ofgem consultation:

Proposals to improve outcomes for prepayment customers

Response deadline: 25th February 2016
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1. INTRODUCTION

1.1 NEA is an independent charity working to protect low income and vulnerable households from fuel poverty and exclusion in the energy market. NEA works to influence and increase strategic action against fuel poverty at a national level through its policy, research and campaigning functions. The charity also works with partners from industry, government and the third sector to deliver practical solutions to UK households – improving access to energy efficiency products and other fuel poverty related advice and services.

1.2 NEA thanks Ofgem for the opportunity to comment on its final proposals to improve outcomes for prepayment customers. In particular, NEA is supportive of Ofgem's aims to:

a) Help prepayment customers to access more competitive tariffs
b) Ensure that costs faced by consumers do not fall disproportionately on those least able to afford them;
c) Ensure that prepayment customers are treated fairly by their energy provider

1.3 Responses to the questions below are largely based on NEA's broad experience, both from a policy and practice based perspective, but also draws on direct experience with vulnerable consumers and that of our members who work to support vulnerable consumers.

2. CONSULTATION QUESTIONS AND RESPONSES

2.1 Installations carried out under warrant

2.1.1 ***Question 1: Do you agree with the scope of warrant charges?***

Response: NEA accepts there are some narrow instances where energy suppliers should be able to recoup costs through the warrant process. However, NEA welcomes Ofgem's recognition that in the case of customers in vulnerable situations there is often the need for a supplier to make a distinction and we share Ofgem's concern that consumers in acute vulnerable situations who go through the warrant process are very likely to face particular harm from additional costs added to their existing debt.

NEA understands that identifying these types of customer has historically been challenging for suppliers. This was highlighted by a survey of NEA members regarding prepayment (see Annexe 1). Many respondents felt that energy suppliers did not always fully comprehend the difficult and vulnerable situation of many of their prepayment customers and that more action is needed by suppliers to take proactive steps to identify vulnerability amongst their consumers and more generally raise awareness of the Priority Services Register. In this context, NEA highlights our recent response to the Ofgem's final proposals for the Priority Services Register Review and we hope taking the actions outlined within our response (and Ofgem's final proposals) will help address vulnerable consumers' needs.

The need to take account of vulnerability before initiating the warrant process is underlined by the experience of NEA staff and members of NEA's Fuel Debt Networks (England and Wales) which have expressed concerns similar to those specified in the consultation document (2.21). In particular, there is concern that prepayment meters appear to be the preferred method of debt collection/repayment regardless of the full circumstances of the consumer being investigated. Taking account of vulnerability before initiating the warrant process would therefore better inform a decision on ability to pay and ensure that *all* alternative options are discussed with the customer, e.g. Fuel Direct, repayment via instalments and not solely relying on prepayment debt collection methods. In addition, NEA notes that Ofgem states that suppliers typically add warrant charges to the prepayment meter and set a default repayment rate when it is installed. This is of particular concern given the increased rate of warranted installations in the last six years.

2.1.2 ***Question 2: Do you agree with the desired customer outcomes?***

Response: NEA agrees and supports the four outcomes defined by Ofgem in the consultation document in regard to warrant charges. Given that Ofgem acknowledges the impact of warrant charges on the amount of debt owed by consumers, in some cases the charges exceeding the level of debt for which the warranted installation was made in the first place.

NEA also highlights another associated customer outcome. By reviewing and improving the warrant process and how charges are applied and to whom in what circumstances, Ofgem's aim to encourage and open up access to the competitive energy market and to improve choice could also be supported. That is, vulnerable consumers with levels of debt under the limit specified in the debt assignment protocol could be prevented from switching if warrant fees are applied to their account. By ensuring warrant charges are only applied in appropriate circumstances and not to consumers in acute vulnerable situations access and choice would be enhanced.

NEA further supports the outcome relating to transparent and fair warrant practices. To support meeting this outcome, NEA would encourage greater publicity of the warrant process and code of practice in relation to how consumers can expect to be treated, their rights and the responsibilities of suppliers. Marketing and dissemination of this information should not be limited to consumers but extended to those who offer advice to consumers.

2.1.3 ***Question 3: Which option set (A, B or C) do you think will be most effective at meeting our customer outcomes?***

Response: After considering the options presented NEA believes that proposal set B would be the most effectives in meeting Ofgem's outcomes for customers, ensure that costs do not fall disproportionately on those least able to afford them, ensure customers can access the best energy deals and that they are treated fairly. However, under option 3 'End warrant charges for consumers in vulnerable situations' (page 24) , NEA also stresses provision could be made to consider how individuals' circumstances could be such that excessive warrant charges may lead to a customer becoming vulnerable through indebtedness. NEA would therefore continue to stress the importance of developing a 'needs code' to capture financial vulnerability. This could, for example, include customers in receipt of and/or eligibility for Warm Home Discount and the Affordable Warmth elements of the Energy Company Obligation (ECO).

2.1.4 ***Question 4: Should cases of energy theft or wilful damage to the meter be exempt from our proposals?***

Response: NEA accepts that in these instances energy suppliers should be able to recoup costs through the warrant process but that it would still be good practice and necessary for suppliers to assess the vulnerability of these consumers if warrant charges are to be applied. This would help uncover whether damage or unlawful acts have been committed by someone other than the bill payer.

2.1.5 ***Questions 5: <u>For licensees</u>: please explain how you identify vulnerable consumers and provide details of how nay such policy or procedure is monitored and reviewed?***

Response: Not applicable.

2.2 Installation (non-warrant related) and removal charges

2.2.1 ***Question 6: Do you have any views on our approach or better alternatives to achieve the outcome identified?***

Response: NEA welcomed Ofgem's request to energy suppliers to end charges for the non-warranted installation of a prepayment meter and removal when a customer wishes to move to a credit meter. NEA also acknowledges and commends the good practice and changes to business practices that now mean around 96% of prepayment customers would not have to pay to have a meter installed and removed. However, NEA would call on Ofgem to act to ensure that the changes are made permanent in order to secure the benefits and protections afforded by them in the long-term.

Evidence based on the experience of NEA staff and members (see Annexe 1) reveals the range of challenges that can be faced by consumers using prepayment. More specifically, these challenges are often financial and can exacerbate already difficult financial circumstances. As such, NEA encourages Ofgem and the energy supply industry to act to ensure that in future any costs associated with prepayment meters do not a) worsen or place further financial pressure on consumers and b) prevent prepayment consumers from switching to a more competitive deal. NEA believes that to secure these outcomes, and Ofgem's intended outcomes of treating customers fairly and opening up access to more competitive energy deals, that the removal of charges associated with installation and removal charges are made permanent by all suppliers. Where this cannot be secured through dialogue and negotiation with suppliers then Ofgem should make this a requirement of the supply licence condition.

2.3 Other comments

2.3.1 **Security deposits**

Under section 1.29 in the consultation, 'current practice relating to security deposits for switches to credit meters', it states that one supplier 'generally' does not request security deposits where a prepayment meter is no longer safe and reasonably practicable. NEA asserts that this situation is not acceptable where safety and practicality cannot be assured rather than 'generally'. Evidence from NEA staff and members that engage with or support vulnerable energy consumers make it clear that those wishing to switch to credit meters may not always have the available funds to pay a security deposit. This effectively becomes a barrier to them switching away from prepayment to credit forms of payment that could save them over a £100 a year. For those in fuel poverty and on the lowest incomes it is essential that extra costs are minimised and their ability to switch to a better deal maximised.

2.3.2 Installation carried out under warrant – current practice

NEA supports Ofgem's position on the effective engagement by suppliers with consumers as being essential. This can help avoid warrant charges where a suitable repayment plan is identified, or the customer volunteers to have a prepayment meter. NEA would however like to see more clarity on what is considered 'volunteering'. NEA would accept that if after discussing all the alternatives the consumer then chooses prepayment that they have then volunteered. However, there is concern that in reality prepayment is often perceived by the consumer as the only choice.

More broadly, NEA notes this is an issue of making sure that energy suppliers treat their customers fairly, live up to the Code of Practice on prepayment meters and licence conditions that require suppliers to inform consumers of all the options and account for their ability to pay. NEA feels that this protection for consumers is missing from the consultation. While customer protection is discussed in reference to standards of conduct relating to communicating charges associated with prepayment (see page 18) and supply licence conditions (page 19) in relation to ability to pay – the requirement to discuss and offer a range of payment options appears to be lacking emphasis. While how much consumers are required to pay is important, their method of payment can be equally so.

2.3.3 Treating customers fairly when switching to credit meters

Given the low rate of switching from prepayment to credit (3%) barriers to switching should be minimised wherever possible. This however can be jeopardised by poor practices, such as when customers making the switch lose credit already applied to their prepayment meter. NEA was recently made aware of a consumer who was upset to find that upon switching from a prepayment meter to a credit meter, they were not made aware that any sum under £10 remaining on the meter would be lost. The customer had expected that the remaining amount would be credited to their new account and was upset to learn it would not be. Not having been pre-warned meant they were unable to choose not to top-up so much or otherwise use the remaining credit.

2.3.4 The consultations links to CMA remedies

NEA notes the Competition Markets Authority (CMA) will shortly set out their final remedies. It is hoped that the CMA will confirm they intend to recommend prepayment customers should be compensated for their inability to access cheaper payment types or tariffs (and/or those on the PSR). NEA agrees that this more targeted backstop tariff is needed and highlights the opportunity for customers to choose if they want this compensation to be linked to a tariff or a fixed loyalty payment. As a result, NEA hopes that Ofgem will move quickly to implement both the proposals in this consultation as well as the CMA proposal.

ANNEXE 1

Pre-payment meters and vulnerable energy consumers.

Summary report prepared by NEA, 2014.

Pre-payment meters (PPM) are preferred and used many consumers who enjoy the increased ability to budget, flexibility and greater sense of control over energy expenditure that they can provide. Despite this, and as detailed in this report, PPMs can also impede competition and choice in this part of the energy market, and induce or add to existing hardship among already disadvantaged and vulnerable energy consumers; many of whom are on low incomes, in debt, or have physical and mental illnesses or disabilities. Factors such as these and others, including: age, the presence of children, poor numeracy, literacy or language skills and special educational needs combine to increase risk and vulnerability in the context of energy.

NEA, a national fuel poverty charity carried out a survey of its members and wider fuel poverty stakeholder-network in June 2014. The survey was to garner the views of professionals working in fields related to fuel poverty, domestic energy and consumer representation on the advantages and disadvantages of PPMs for vulnerable energy consumers and how government and the energy industry might respond in order to enhance and protect the rights of PPM users and strengthen existing consumer protection and choice.

This report provides a summary of the survey results and is based on 260 responses from individuals that work to support vulnerable and low-income energy consumers, or work for organisations that provide services to this group. The vast majority of respondents were drawn from local government, the charity or not-for-profit sector or social housing providers (see Fig. 1) with direct experience of providing advice to consumers on domestic energy issues (see Fig. 2). Eight responses (3.5%) were received from the private sector, including two from the energy sector and one from the private housing sector.

Figure 1

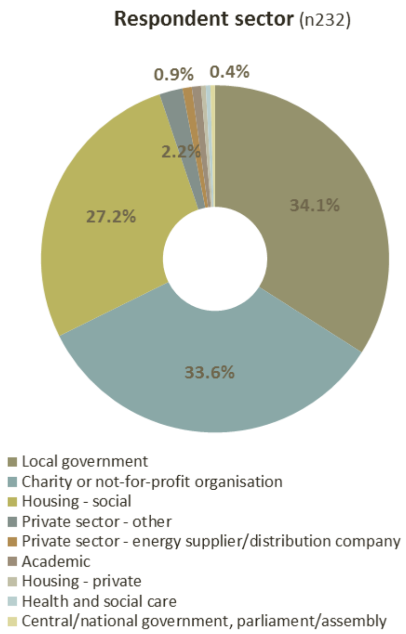
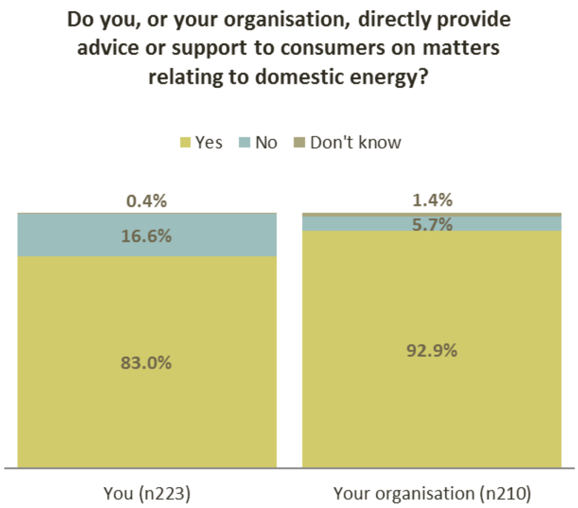


Figure 2

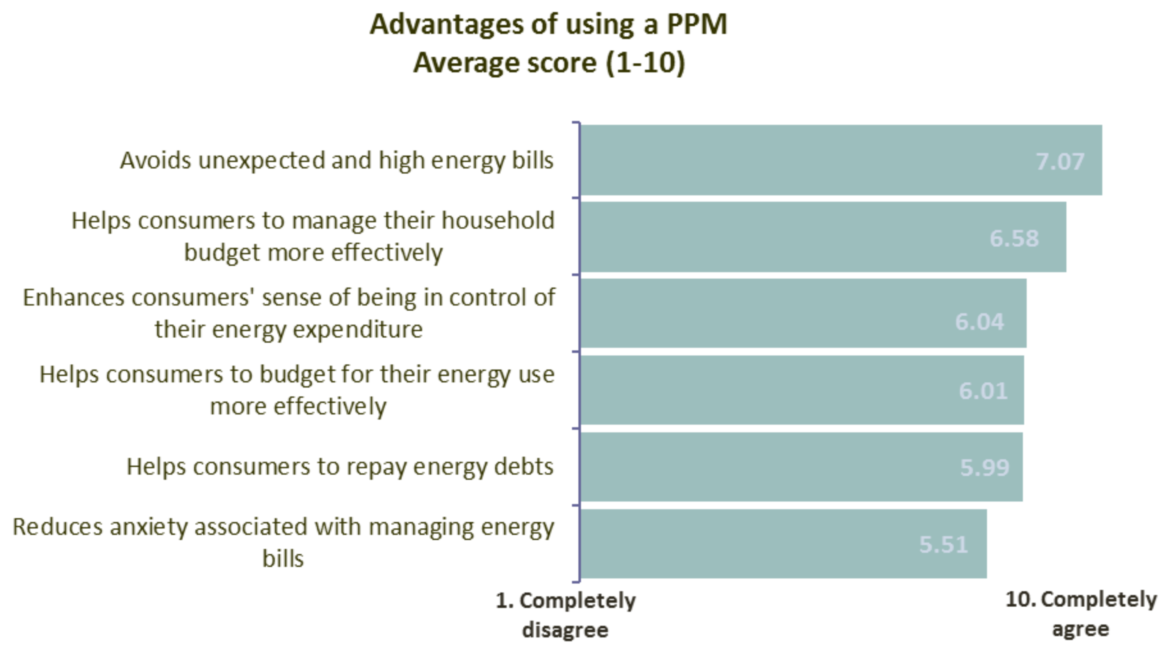


1. Advantages and disadvantages of pre-payment meters

Where 1 was 'completely disagree' and 10 was 'completely agree', respondents were asked to rate the extent to which they agreed that a series of statements were advantages of PPMs.

Fig. 3 below shows the average score achieved for each statement. On average, the statement most thought of as an advantage was the avoidance of unexpected and high energy bills; achieving an average score of 7.07.

Figure 3



While on average each statement was seen as an advantage to some extent, the ability of PPMs to reduce anxiety associated with managing energy bills achieved the lowest average score (5.51). This was seen very marginally to be an advantage of PPMs and also had the greatest proportion (13%) of respondents who completely disagreed that it was an advantage at all. Similarly, agreement was generally low for PPMs helping consumers to repay debt. The reasons behind these views are elucidated by the comments provided by respondents, a summary of which is provided below alongside some selected quotes:

> *"Unexpected bills are a real worry for those on a low income. This is the case more so for those with numeracy issues. They like to have 'pots' of money for different things…I do not encourage people to come off PPMs unless I feel they have a good grasp of finance."*

Summary of comments on the advantages of PPMs:

- Not all PPM users are vulnerable, some prefer PPMs as they help them to budget and manage their money.
- Enables consumers with an irregular income, the unbanked or those with a poor credit rating to access energy services.
- Prevents overpayments to energy companies and accrual of credit.
- Help consumers to better understand their energy use and how much appliances cost to run. Establishes a clear link between usage and cost.
- Allows greater flexibility.
- Helps prevent energy debt or further energy debt.

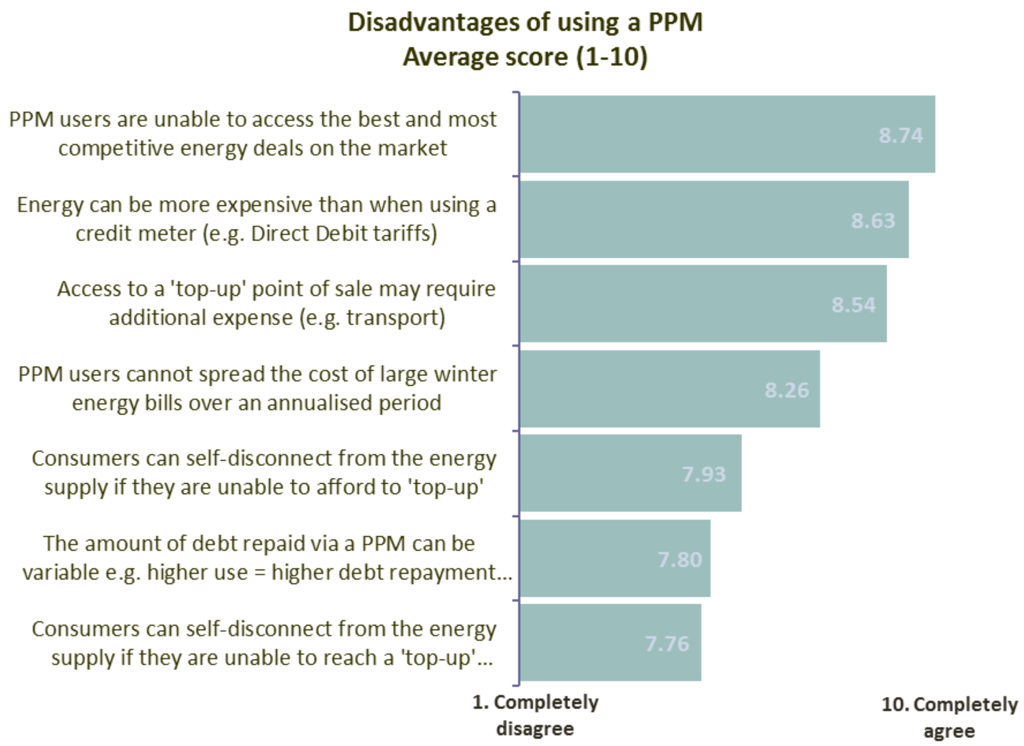
- Can be good for shared or transient households.
- Emergency and crisis services such as food banks and local authority crisis support schemes can issue Pay Point vouchers to assist those in need.
- Can be beneficial for those with a reduced level of understanding, for example, those with English language difficulties, poor literacy and numeracy skills or special educational needs who may struggle with other payment types.
- Can allow lower weekly repayment of arrears, thus increasing flexibility.
- Demonstrates to Trust Funds that consumers are making efforts to repay arrears.
- Provides information to consumers about charges and consequences of running out of credit (e.g. no supply, freezer will defrost).

"Real-time understanding of energy consumption and a clearer idea, compared to credit meters, of which appliances use the most energy since users can see a reduction in credit and the flashing red LED light."

Using the same scoring system as for the advantages of PPMs, respondents were asked to rate the extent to which they agreed or disagreed that a series of statements were a disadvantage of using a PPM.

On average, respondents thought the greatest disadvantage of PPMs was the effective prevention of users from accessing the best and most competitive energy deals. This scored an average rating of 8.74 and the reasoning behind this is illuminated by respondents' comments which refer to reduced choice among PPM users who would like to switch to credit meters in order to access alternative tariffs, but are prevented from doing so by the charges applied for the removal of PPMs and installation of credit meters. This cost is seen as being prohibitively expensive for vulnerable consumers, often on low incomes, and thus restricts choice and participation in the competitive energy market.

Figure 4



There was also a high level of agreement among respondents that the higher cost of energy for those using a PPM was also a disadvantage; achieving an average score of 8.63. While energy suppliers have generally equalised their tariffs for PPM with standard credit, PPM users still pay almost £100 a year more than the average Direct Debit user, despite their often vulnerable and low income status. In March 2014 the average annual dual fuel bill (across the 'Big Six' suppliers) for a PPM customer was £1261, compared to £1264 for the average standard credit user. However, the average annual bill for dual fuel Direct Debit users was £1186 - £75 cheaper than PPM[1].

Drawing on the comments of respondents, many of their concerns about cost extends beyond the cost per unit of energy. There is significant concern among respondents that standing charges are poorly understood and the apportioning of credit for ongoing consumption, any debt repayments and standing charges not only causes confusion, but additional hardship too. For example, some households are reported as being unaware that standing charges are applied and accrue even when they are not consuming, e.g. outside the heating season (for gas) or if they have self-disconnected (not topped-up because they cannot afford to). Further to this, it is also felt that the level at which debt recovery is set and is deducted from credit added to the meter can leave vulnerable households in difficult situations. For example, where households are left unable to use adequate energy supplies because the proportion of credit added to the PPM and assigned to debt repayment has been set unaffordably high when considering the amount they need to top-up for ongoing consumption balanced against what they can afford. This concern, as articulated by respondents is shown in the selection of quotes below.

"Debt repayment level is often set at too high a level, beyond what is affordable for a person who is in receipt of DWP benefits. Usage + high debt repayment = not affordable so self-disconnects."

"High claw back rates for debt - even when customer self-disconnects standing charges convert to accrued debt. It is too easy for those already in debt to sink deeper."

"Consumers often unaware of gas standing charges which may build up during summer when no top-ups occurring. This leads to further self-disconnecting and increased standing charge debt."

There are also concerns about PPM users' ability to access a top-up point of sale because of reasons relating to the additional expense required to do so (e.g. travel) or their ability reach a point of sale at a convenient time (e.g. late evenings or early mornings) as well as failure to top-up because of a lack of funds – all of which can result in self-disconnection leaving households without access to essential services (e.g. light, cooking/washing and warmth). NEA acknowledges some of these challenges may be overcome with the introduction of smart meters.

Summary of comments on the disadvantages of PPMs:

- Costs associated with removal can prevent users switching to a cheaper and more competitive means of payment; this reduces consumer choice.
- Many users of PPMs have no choice as the PPM is already in situ in many rented properties.

[1] Source: Consumer Futures 2014. Based on an average gas consumption of 13,500kWh and an average electricity consumption of 3,200kWh per annum. Big Six energy suppliers are as follows: Scottish Power (SP), SSE, British Gas (BG), Npower, E.ON and EDF Energy. Inclusive of VAT at 5% and dual fuel discount.

- Extra charges associated with PPMs, such as installation and standing charges increase the financial burden on users. In addition, poor understanding of standing charges can lead to arrears accumulating, even after self-disconnection or low use.
- Accessing fuel grants can be difficult for PPM users.
- Users are unable to benefit from collective purchase schemes.
- Communication and dialogue is reduced and it is more difficult to establish a rapport between energy suppliers and PPM users compared to those on other payment methods that receive bills. Bills are often used to communicate other types of information, such as ongoing consumption levels and alternative tariffs or the benefits of switching and other assistance that might be available to them e.g. Warm Homes Discount; PPM users are reported as missing out on this information.
- Users can be unaware or have a poor understanding of standing charges and how to use and manage PPMs properly and efficiently and make best use of the information provided on PPMs via menu screens. Information on these screens, such as details about standing charges, credit levels and debt repayment, it is felt, is not displayed in an easy to read and understand format. This can, for example, lead PPM users to repaying a previous occupant's debt or self-disconnecting because standing charges have depleted credit.
- While PPMs can increase users' awareness of how much energy they've used in terms of £, they do not enhance understanding of how much energy (kWh) has been used.
- PPMs have a social stigma attached to them.
- No discounts are available to PPM users despite them paying upfront for the energy they consume.
- Top-ups can be difficult because points of sale sometimes have limited opening times (e.g. Mon-Fri or not open late/early) putting some at a disadvantage e.g. shift workers, those is rural area etc.
- The siting of PPMs can make it difficult for those with disabilities, visual impairments or mobility problems to access and use their PPM.
- Some respondents noted health and safety risks associated with self-disconnection (e.g. trips and falls in the dark).

Some key points:

- While PPMs do have value and can be preferred by some consumers because of the flexibility they allow with regard to managing energy use and expenditure, as well as their role in helping low income and vulnerable consumers to budget, they can also limit choice and competition in the energy market. Drawing on the experience of respondents to this survey, most of whom are frontline professionals working with energy consumers, this stifling of competition and choice appears to be associated most strongly with the costs associated with installing or removing PPMs and the limited knowledge and awareness among users of their rights to switch.

- There was a general feeling among respondents that more could be done to enable PPM users to better access the competitive energy market through greater innovation and choice. Suggestions included support for vulnerable PPM users wishing to move to credit meters (where suitable), such as waiving the fee for removing a PPM and improved access to basic bank accounts and transactional services to allow access to Direct Debit style facilities.

- PPMs can also place additional financial burdens on consumers, many of whom are vulnerable or already financially disadvantaged resulting in the rationing of energy or other essentials, i.e. 'heat or eat' or choices over which bills to pay. Some feel that they do not encourage financial education, or financial inclusion, and can reinforce the 'poverty trap'.

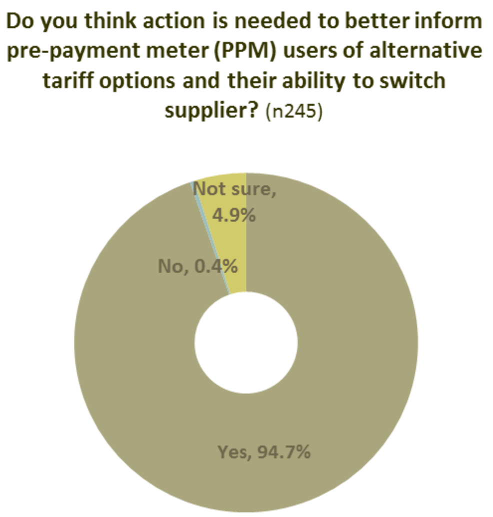
- Action is needed to increase and improve communication to PPM users and to raise awareness of standing charges, debt repayment levels, how credit is allocated and improved instructions on PPM management to reduce disadvantage. In addition, for some consumers Fuel Direct may be a more suitable alternative and better meet the needs of PPM users, but awareness and promotion of this appears to be low. Increased communication and awareness is especially important among this cohort given that many vulnerable consumers may have additional needs or problems such as low numeracy or literacy, English not a first language, health problems or poor mobility or special educational needs.

- More flexible opportunities to top-up are required and should be made available for those who cannot reach a point of sale, for example, those who are ill or unable to leave the house, have run out of credit when points of sale are closed (e.g. Sundays, late at night etc.), or those who live in rural or remote locations with limited access to services (transport, nearby points of sale). More innovative alternatives should be considered and could include email, phone, SMS (or mobile payments) and smart phone apps as well as raising awareness of existing means.

2. Strengthening support and the rights of pre-payment meters users.

An overwhelming majority (94.7%) of survey respondents thought action was needed to better inform PPM users of alternative tariff and payment options and their ability to switch supplier (see Fig. 4).

Figure 5



It was in this regard that it was felt by many that improved direct communications from suppliers and national publicity campaigns, particularly via TV, but also via government, statutory and voluntary sectors and in community venues (e.g. GP surgeries, libraries etc.) about how meters work, how credit is apportioned and users' rights to switch (tariff and supplier) are required. As stated previously, it was also felt that more frequent communications from suppliers to PPM users on their usage and details of assistance that is available (e.g. energy efficiency measures, Warm Homes Discount, Trust Funds, tariff comparisons and how to switch) would also deliver benefits and aid understanding of usage, the cost of energy and encourage switching. Such action could potentially boost competition among PPM users. Developments in national energy policy were recognised as an opportunity to improve consumers' experiences of PPMs and specifically, a key role for smart meters in enhancing choice and switching was acknowledged by several respondents.

Respondents suggested that greater communication and awareness is needed among frontline advice agencies, not just the large national agencies, but small community agencies too so that they are aware of the rights of PPM users and the responsibilities of suppliers to consumers. This should include knowledge of rights around switching supplier, alternative payment types and how PPMs work (i.e. credit top-up and apportioning). This type of knowledge would strengthen existing outreach services.

Many respondents also felt that energy suppliers did not always fully comprehend and appreciate the difficult and vulnerable situation of many of their PPM customers and that more action is needed to raise awareness among suppliers of their PPM customers' circumstances. This would help to ensure that their policies and practices are designed so that they do not induce further hardship and enhance their customer services, enabling them to better understand and respond to vulnerable consumers' needs.

Strengthening existing pre-payment meter practices

The 'Big Six' energy suppliers in Great Britain currently have five key principles to guide their practices in relation to PPMs and to ensure users are treated fairly. However, over a third of (35.5%) respondents were unaware of this. This is surprising and perhaps worrying given that the vast majority of respondents worked directly themselves, or for an organisation that provided advice on matters relating to domestic energy.

Figure 6

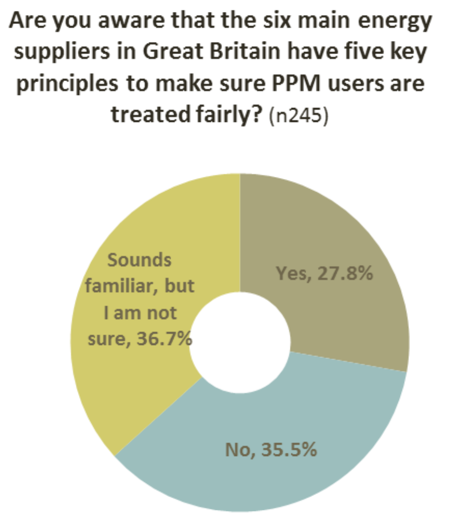


Figure 7

Suppliers' five key principles

1. Check vulnerability status before PPM installations: to check whether a consumer is vulnerable before forcing them to have a PPM and to offer an alternative payment method if appropriate.
2. Check ongoing suitability: to consider changes to PPM users' circumstances, which may mean exchanging the meter if it's no longer safe or practical for them to have one?
3. Extend emergency credit: to extend the emergency credit if a user runs out over night or at Christmas, New Year or public holidays.
4. Provide additional support and advice to vulnerable PPM users: if a PPM user is vulnerable but it is still deemed safe for them to have a PPM, offer more support including advice on tariffs and benefits checks, or a referral to another organisation offering benefit checks.
5. Communication: To improve communication with PPM users.

After reflecting on these principles respondents were asked to consider up to three ways they thought they could be strengthened, or added to, in order to enhance the protection and rights of PPM users. A summary of the responses and a selection of illustrative quotes are provided below:

How suppliers' five principles could be strengthened:

- Costs associated with PPMs could be reduced, including the unit cost of energy, the cost of emergency credit, standing charges and the charges for switching to a credit meter (particularly for those vulnerable consumers for whom PPMs are not suitable and risk putting them at a greater disadvantage). Suggestions included a cheaper unit price at night and weekends, simplification or removal of standing charges and a reappraisal of how debt repayment rates are set. Currently, debt repayment levels are not always suitable for the most disadvantaged, but they have no choice but to pay them.
- A common and agreed definition (between energy industry

"I have a fundamental disagreement with the use of standing charges as they are a penalty to ALL low users who tend to be the elderly or financially disadvantaged. Reforms went very badly wrong when standing charges were introduced as a separate charge rather than being integral to the unit cost of energy."

and consumer representatives) of what it is to be vulnerable is required. For example, it could be aligned to the new fuel poverty definition and/or Ofgem's (2013) vulnerability strategy. Checks for vulnerability should include an agreed checklist prior to PPM installation and regular assessments (at least annually) to capture changes in circumstances.

"Debt repayments need to be lowered for most vulnerable/poorest customers. Energy providers have the privilege of guaranteed debt repayment via PPM which other creditors don't have, but must remember that customers have no choice but to pay for on-going usage as well as arrears. They should set repayments as low as possible"

- Ensure alternative payment methods are investigated regularly (e.g. annual assessment) and ensure consumers are aware of their rights in this regard and their right to switch. More needs to be done to ensure vulnerable consumers are on the lowest tariff available.
- Improved customer services, communication including a Freephone (including from mobiles) helpline for PPM users and option of in-home visits for those that require one.
- Checks and reporting should be introduced to ensure suppliers adhere to these principles.
- Emergency credit periods could be extended to include very cold periods and children's birthdays, or for those in rural and remote locations.
- More needs to be done to ensure that when a PPM energy account is taken over by a new tenant or occupier that no existing debt exists on the PPM that could end up being paid by the new account holder.

"Work with local financial inclusion agencies and partners to ensure that communications reach users e.g. citizens advice."

Some key points:

- Increase choice and improve competition for PPM users by removing the charge to switch to a credit meter for vulnerable and low income consumers who are discouraged from switching by the charge to do so. Make greater efforts to raise awareness of alternatives to PPMs (where suitable), particularly Fuel Direct and cash payment plans.

- Ensure consumers are fully informed of the advantages and disadvantages of PPMs before their installation to allow those choosing to receive a PPM to make a more informed decision.

- More coordinated action is required from the energy sector, statutory sector, housing providers and community/charity sectors to identify vulnerable consumers using a common and independently composed definition of 'vulnerable' and cross-referral network. Such a network could be used to help with the identification of consumers in need of support and to ensure services are linked-up and enable energy suppliers to refer to financial exclusion, energy advice, welfare rights and debt advice services and for consumer advocacy services to flag cases of concern to energy suppliers.

- More action and greater publicity is needed to inform vulnerable consumers and their representatives of their rights as set out in the five principles. Respondents suggested that consideration could be given to strengthening these principles through licence agreements or legislation/regulation.

- Respondents recommended that there should be more innovative ways of communicating with vulnerable energy consumers with varying needs and capabilities. For example, these could include DVDs, social media, mobile SMS and smart phone apps, email, personal customer liaison and home visits.

Prepared by Helen Stockton, Senior Research and Policy Officer
NEA, June 2014.