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Ofgem
10 South Colonnade
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E14 4PU

Proposals to improve outcomes for consumers who experience self-disconnection and self-rationing
Response to the consultation from the Association of Local Energy Officers (ALEO)

Dear Arina,

The Association of Local Energy Officers (ALEO) is a Charitable Incorporated Organisation (CIO) supporting local authority officers and housing professionals with a remit for reducing the UK's domestic-sector carbon footprint, promoting domestic energy efficiency and tackling fuel poverty. Established in 1996, ALEO is a charity funded through sponsorship

Responses to questions

1. Do you agree with our proposal to require suppliers to identify prepayment self-disconnection and the associated proposed license conditions?

We agree with the proposal and associated license conditions however we are concerned about the pace of the smart meter rollout as smart meters would provide the most effective means of intervening on self-disconnection. We are concerned that the rollout is heavily delayed, running over budget, and that suppliers will not meet the 2020 deadline. With only just over one year to go, it is essential that BEIS, Ofgem and energy companies produce a credible plan which demonstrates how the rollout can overcome the technological, financial and social barriers hampering progress of the national Smart Metering Implementation Programme and ensure that benefits to consumers are maximized.

2. Do you agree with our proposal to require suppliers to identify self-rationing and the associated proposed license conditions?

We agree with the proposal and associated license conditions.

3. Do you agree with our proposal to require suppliers to offer emergency and friendly credit functions for all customers? Do you agree with our associated proposed license conditions?

We agree with the proposal and associated license conditions however we believe that Ofgem should set a minimum amount for emergency credit and friendly credit hours for all energy suppliers in order that these are not additional considerations for vulnerable consumers when switching supplier.

4. Do you agree with our proposal to require suppliers to offer discretionary credit for customers in vulnerable circumstances? Do you agree with our associated proposed license conditions?

We agree with the proposal and associated license conditions. Suppliers should have clear policies for circumstances in which they offer discretionary credit and these should be available to both consumers and third party advice providers.

5. Do you agree with our proposal to incorporate the Ability to Pay principles in the supply license?

We agree with the proposals.

6. Do you agree with our proposal to update the Ability to Pay principles to reflect changes in supplier debt recovery practices? Are there any other changes that we should implement?

We agree with the proposals as it is clear from Ofgem's own research into vulnerable customers and the experience of many local advice services is that many new entrants to the market are not abiding by the Ability to Pay principles and not intervening early enough with indebted consumers and not offering a enough repayment options at affordable rates. Fuel Direct has a role in addressing debt where prepayment meters are not appropriate however we have been told by some advice services that some suppliers are resistant to using Fuel Direct. Suppliers should be required to offer Fuel Direct as an alternative to prepayment meters.

The role of third-party advice providers should be formally recognised. In the consultation document Ofgem recognise that they have a role to play in supporting customers requiring support when self-disconnecting or self-rationing. Despite this advice provision is very inconsistent across the country and our advice services report that debt and billing cases are very labour-intensive. Suppliers and network operators should be required to fund fuel poverty advice and referral programmes in each English region and we would be happy to work with Ofgem and BEIS to establish these.

We would welcome further discussion with Ofgem on any of these points.

Yours sincerely,

John Kolm-Murray
National Chair
Association of Local Energy Officers