



Repowering London
Blue Star House
234-234 Stockwell Road
London
SW9 9SP
www.repowering.org.uk

To: Arina Cosac, Senior Manager
Vulnerability and Consumer Policy, Future Retail Markets
Ofgem

Dear Arina,

We are writing on behalf of Repowering London to provide feedback on final proposals as part of the statutory consultation covering consumers who self-disconnect, self-ration and struggle to pay their energy bills. This submission is non-confidential and may be published on your website.

Repowering London specialises in working with community groups and local authorities to: reduce CO₂ emissions by generating decentralised low carbon energy; reduce fuel poverty; promote local leadership through co-operative community engagement; and, provide opportunities for local and responsible financial investment. Focusing on fuel poverty, we ensure that low-income communities benefit from transitioning to a low carbon economy, and advocate for policies at local and national levels to make this happen, as well as providing in-depth energy advice and support to individual customers.

Below we address some areas of the final proposals specifically. More generally, we support Ofgem's call for better development and sharing of best practice with regards to all areas of implementation. We encourage suppliers to partner with trusted organisations that can facilitate the meaningful involvement of customers in the development of effective solutions. In our experience of working with local communities, there are still significant barriers to customers trusting suppliers, and without their participation, we expect that their needs cannot be fully understood and met.

We also note, with interest, an extract from a paragraph published in August 2019 at the previous stage of this consultation. *At this stage, we are not proposing to introduce a prohibition on all disconnections, similar to one in the water sector, but we will consider this as one option in the future should this be required.*¹ We would like to understand the circumstances under which Ofgem would consider this measure to be proposed, given that we are now in the midst of a wider, ongoing public health and economic crisis which is sure to impact heavily on energy consumers in vulnerable situations. We recommend that Ofgem commences stakeholder consultation on this issue.

Self-disconnection identification and support

We welcome Ofgem's proposal to require suppliers to take all reasonable steps to identify prepayment self-disconnection. We also support the proposed requirement for suppliers to proactively monitor all PPM accounts, rather than focusing on accounts where there is known customer vulnerability. Simply using a PPM, even if it is a customer's chosen and preferred method, generally places the customer at a higher risk of becoming vulnerable if their circumstances suddenly change or there are technical issues with the PPM.

An obligation on suppliers to take all reasonable steps to continuously identify self-disconnection will improve outcomes for some customers some of the time. However, as Ofgem and previous stakeholders have highlighted, there are significant barriers to implementation. Without technical standardisations, and given the delay in smart meter roll-out, suppliers' efforts to identify self-disconnection via monitoring will have uneven results.

We strongly encourage the sharing of best practice in the identified areas of concern, particularly regarding monitoring of traditional PPM accounts. We wish to emphasise the importance of effective customer engagement with regards to self-disconnection, as raised in the consultation by Ofgem and other stakeholders.

Self-rationing identification

We recognise the difficulties in identifying self-rationing by suppliers, and similarly encourage an industry-led approach to finding solutions to monitoring. We have noted the BEIS 2019 model for determining the gap between theoretical and actual consumption and suggest that this is considered, along with working with other organisations, such as local advice organisations.²

Credit functions to reduce temporary self-disconnection and self-rationing: emergency and friendly-hours credit

We welcome proposed changes to the working draft licence conditions 27A.2, 27A.3 & 27A.4 - in particular the requirement that the customers' ability to pay (where difficulty is observed or anticipated) should be taken into consideration when calculating repayment instalments for emergency and friendly hours credit. We support measures designed to protect customers from going off supply for operational/organisational reasons so long as financially vulnerable customers are able to resume supply after emergency and/or friendly hours credit are exhausted, benefitting from manageable repayment arrangements or provision of additional support credit, as required.

We are concerned that the substantial disparities of emergency and friendly hours credit provision between different meter types and fuels, across suppliers, leads to confusion for customers when they switch or move into a new property and inherit a 'new' supplier and meter type. Repowering investigated customer support levels during the Covid-19 crisis in May 2020 and found details of friendly-hours credit were often hard to find, unspecified or absent on supplier websites. Several customer service agents were unsure about friendly hours coverage. We found that suppliers offering smart prepayment provided up to 20 friendly credit hours for both fuels, while our understanding is that suppliers providing traditional gas meters are unable to provide this at all for technical reasons.

We recommend that details about emergency and friendly credit should not only be provided and thoroughly explained at installation but prominently detailed on websites and updated accordingly. Call centre staff should have this information to hand.

As raised in the consultation by other stakeholders, we also recommend that comparison websites and customer service league tables incorporate information about emergency credit and friendly hours credit provision to enable customers to make informed choices when switching. This is also vitally important information for frontline advisors in support organisations.

Credit functions to reduce temporary self-disconnection and self-rationing: additional support credit

We welcome the updating of the term 'discretionary credit' to 'additional support credit' and the proposed obligation for suppliers to provide this to customers in crisis.

We are also supportive of proposals that additional support credit should be proactively promoted and offered to customers in vulnerable situations. This would be a welcome and marked contrast to some of our findings following research conducted in May. For example, we discovered one big six supplier had a voice activated IVR designed to identify PPM customers off supply due to lack of funds (rather than due to a faulty meter). These customers were diverted from speaking to a live customer service agent, with the automated instruction to seek help from alternative sources such as a local authority. We note this supplier has since changed its approach but are concerned about other suppliers and future action.

We are supportive of draft licence conditions 27A.5 & 27A.6 but find the draft for 27A.7 problematic. We agree that it is never in the customer's best interest to accrue unsustainable levels of debt. However, it is also not in the customer's best interests to be off supply and this could have a greater detrimental impact on them than further debt. As highlighted by other stakeholders, many customers cannot afford their energy consumption and affordability issues are severe and ongoing. We remain concerned that *it is not clear when suppliers can and should refuse to provide immediate assistance*.

The proposal recommends that suppliers should direct these customers to debt-clearing trust funds, The Warm Homes Discount, debt and income maximisation advice, and access to energy efficiency schemes, which we support. However, relief provided from these schemes takes weeks and months to take effect, if successful. If a supplier refuses to give the customer further assistance, they would be off supply for a significant period.

Without further clarification, supplier call-centre staff could be placed in a welfare support role and asked to make decisions to refuse emergency support to customers who are off supply due to lack of funds. We question whether it is possible for staff representing private companies to really understand and promote the best interests of such vulnerable customers, and if they could, what training, protocols and supervision there would be in place to make those decisions. We are also concerned for the wellbeing of call-centre staff themselves – as we regularly provide fuel poverty advice to customers, we are aware of the emotional strain involved. It is particularly important that these issues are addressed as soon as possible, given the severe impact that the current health and economic crisis is having on mental health.

We strongly recommend that best practice protocols are put in place so that customers are assisted, as required, in making applications to the above debt clearing and energy efficiency schemes and that *additional support credit should continue to be provided, as required, while applications as outlined above are in process*.

It is also unclear how a supplier can fulfil the above obligations without a telephone-based customer support option. Suppliers who offer prepayment should, we think, be compelled to provide this.

A few suppliers issue non-repayable crisis support credit in the form of fuel support vouchers; we would welcome more suppliers offering these crisis credit life-lines. We noted that some suppliers eschew credit checking customers on their PSR when considering replacing their PPM with a credit meter. We also noted that two medium sized suppliers routinely, and as preferred policy, replaced

faulty PPMs with credit meters (regardless of the customers' credit file) with credit meters as the most sound method of ensuring continuous supply for customers in vulnerable situations.

We also recommend that Ofgem take steps to understand the role that other stakeholders are playing in providing energy vouchers and other forms of financial support, to get a better picture of the extent to which customers are reliant on such schemes.

Ability to Pay

We are wholly supportive of the proposal to incorporate updated ability to pay principles into licence conditions. We are also similarly supportive of the new proposed draft licence conditions.

We appreciate suggestions made to adopt the Standard Financial Sheet (SFS)³ into supplier debt management and customer support practice, and plan to investigate making the SFS a key tool within our organisation.

We ask for more clarity regarding third party debt collection. Repowering recently sought advice from several expert bodies (eventually the FCA) regarding consumer debt accrued with energy suppliers that is subsequently sold to (rather than account managed by) third party debt collectors. Our questions on this topic include:

- Which body or bodies are tasked with regulating consumer rights and the conduct of debt collectors who own energy debts outright?
- Does Ofgem have powers to regulate in this scenario?
- Would consumers still be covered by ATP Principles if their debt has been sold?

Summary of recommendations:

- Better development and sharing of best practice with regards to all areas of implementation by supplier
- Suppliers to partner with trusted organisations that can facilitate the meaningful involvement of customers in the development of effective solutions
- Ofgem to commence stakeholder engagement on prohibiting disconnection.
- Continued development of effective customer engagement with regards to self-disconnection
- Consideration of BEIS 2019 model for determining gap between theoretical and actual consumption when developing approaches to self-rationing identification
- Details of emergency and friendly credit to be prominently detailed on websites and updated accordingly. Call centre staff should have this information to hand.
- Comparison websites and customer service league tables to incorporate information about emergency credit and friendly hours credit provision
- Ofgem to provide greater clarity on relationship between Ability to Pay principles and consumer rights if debt is sold to a third-party debt collector

Yours sincerely,

Afsheen Rashid (Co-founder Director and CEO), Frances Lobel (Community Champion) and Charlotte Lawes (Fuel Poverty Manager)