



Advice NI's response to the Utility Regulator's consultation on Improving the Non-domestic Consumer Experience

Deadline: 12 December 2024

Advice NI welcomes the opportunity to respond to the Utility Regulator's consultation on Improving the Non-domestic Consumer Experience.

Advice NI is a membership organisation that exists to provide leadership, representation, and support for independent advice organisations to facilitate the delivery of high quality, sustainable advice services. We provide our members with the capacity and tools to ensure effective advice services delivery. This includes advice and information management systems, funding and planning, quality assurance support, delivery of accredited and non-accredited training, social policy co-ordination and ICT development.

Membership of Advice NI is normally for organisations that provide significant advice and information services to the public. Advice NI has 65 member organisations operating throughout NI that provide information and advocacy services to over 110,000 people each year and deal with 260,474 enquiries on an extensive range of matters including: social security, housing, debt, consumer, and employment issues. Since 2019, Advice NI and our members have advised over 21,000 people deal with over £223million in debt.

For further information, please visit www.adviceni.net

Question 1. What are your views on the suitability of the scope of coverage for these measures applying to small business defined as annual consumption of 0-50MWh for small Industrial and Commercial (I&C) electricity customers and 0-73.2MWh for small I&C gas customers?

Advice NI believes this is complex and confusing, as it is not a language that many people understand. However, we recommend the Utility Regulator (UR) consider the definition as outlined by the HMRC, as this is more tangible

“A micro business has less than 10 employees and a turnover of less than £2m. A small business has less than 50 employees and a turnover of less than £10m. A medium business has less than 250 employees and turnover under £50m.”

[2023]

We suggest that the UR scope a more tangible definition for the consumer rather than energy provider. This includes considering the size, profit, and energy use of the business.

Question 2a. Should suppliers be mandated to provide transparent price information for small businesses on their website? If so, please describe what format should this take? Please provide a clear rationale to support your answer.

Yes, we believe that suppliers should be mandated to provide fair, reasonable, and transparent information to small businesses on tariffs, so they can make informed decisions. Other markets such as financial services, insurances, telecoms, travel all provide simple clear information on tariffs and costs. Energy suppliers for domestic consumer also provide this tariff information, therefore we do not consider this being an issue for non-domestic suppliers to provide. Currently, non-domestic consumers are being disadvantaged by energy providers by not complying to provide transparency on tariffs. Sole traders and small businesses do not have the time to spend or the money to ringing around to get the best deals.

Also, we believe this will help support healthy competition between suppliers and for business consumers, to ensure they are getting the best deals available for them and their businesses.

We advocate that suppliers should have tariffs advertised clearly on their own websites and include details on the Consumer Council NI's (CCNI) website comparison tool, as this is the only comparison tool available in NI for this type of information. Suppliers should clearly include details on the CCNI tool on their website and via any correspondence with the business consumer. GB has already something similar in place, therefore NI citizens should not be disadvantaged by not have easily accessible information to compare across all energy suppliers.

2b. If yes, how do you suggest that this measure should be implemented? (For example, licence requirement / Code of Practice / guidance document).

UR has clearly indicated that suppliers have failed to comply with previous guidance on providing clear tariff information, therefore we believe that this should be mandatory through license requirements rather than a code of practice. Information should be accessible in clear, easy to understand language with an overview of the contract and the terms so there is no hidden charges and fees.

2c. Do you think that this required pricing information should include standing charges, unit rates and all other associated charges per electricity meter and gas meter, which is available for a Small Business Customer to enter into a supply contract?

Information on tariffs should be as clear and transparent as possible. The suppliers should provide an overview of the total costs and then a breakdown of how the figure was calculated. A full breakdown should be provided in the main terms but should not be used to confuse a consumer.

Question 3a. Should energy suppliers be required to publish information on their websites sign-posting non-domestic consumers to relevant support and advice services? Please provide reasoning to support your answer.

Signposting other sources of help on a website is the absolute minimum that should be required from suppliers for their consumers. We suggest that the UR takes this measurement further to include referrals to organisations like Advice NI, which can properly support those consumers in need. We believe that for those vulnerable

consumers a proper hand over of referrals should be established with relevant advice-giving bodies. It has been proven that people who have sought debt advice, tend to have higher levels of debt repayment, improved productivity, improved mental health and reduced likelihood of getting into repetitive debt cycles¹.

Advice NI welcome the opportunity to establish proper referral partnerships with for businesses that require debt advice with suppliers, with the caveat that it is mutually beneficial to both parties. In the past Advice NI's name and details have been used as a carrot by energy suppliers, to merely tick a box for the benefit of the UR. Often resulting in our name being used inappropriately in suppliers' letters, causing unprecedented demand on our services for general supplier queries. This only distracts us from being able to provide our debt advice services to those who most need it. It is important that both organisations understand each other and the power that proper referrals can be for consumers.

3b. If yes, how do you suggest that this measure should be implemented? (For example, licence requirement/ Code of Practice/ guidance document).

We believe this should be a licence condition, as it should be the minimum requirement a supplier could do.

Question 4a. Should non-domestic consumer bills include a standard, mandatory statement stating that the consumer may not be on the cheapest tariff and information on how to switch? Please provide a clear rationale to support your answer.

Yes, we believe that this should be a mandatory statement included in all bills for those not on fixed contracts and should be included in correspondence at the end of a fixed contract. This behaviour will help promote healthy competition between suppliers, as promoting better consumer protections, experience, and choice. Like the banking sector years ago, consumers found it hard to switch due to the lack of awareness of better products and services, and the process was overly complicated. Now there are

¹ <https://www.fincap.org.uk/en/insights/the-economic-impact-of-debt-advice>

record numbers of consumer switching easily and banks have had to improve their offerings to attract people. The process of switching should be simple and supportive for the consumer, and suppliers should not hinder this process by adding complicated steps to leaving.

Many consumers on deemed contracts will not be aware cheaper rates may be available; they are reliant on their supplier communicating this to them and it is imperative that suppliers are upfront that they have better contract rates on offer. We believe in these circumstances, suppliers should be more proactive in contacting the client to discuss better options with them.

Suppliers should be able to identify how and when to appropriately apply this information to consumers' correspondence using the data they hold. Providing a mandatory statement helps to nudge the consumer to take action to improve their circumstances and help them make better informed decisions. The information should include details of CCNI and their comparison tool.

We recommend that the UR mandates a similar statement signposting to Advice NI when the supplier identifies a consumer getting into financial difficulties. This paragraph and positioning in the correspondence should be done in partnership with us.

4b. If yes, how do you suggest that this measure should be implemented? (For example, licence requirement/ Code of Practice/ guidance document).

We believe this should be a licence requirement so that the approach is consistent across the market.

4c. Are there any other publications that you would suggest this statement be included in? Please provide a clear rationale to support your answer.

This should be included in all relevant correspondence with consumers including the last 3 months at the end of a fixed contract, any bills for variable tariffs, if someone is in financial difficulty, and when someone has been identified as being vulnerable.

Suppliers should work with CCNI to ensure the comparison tool is up to date.

Suppliers should work with Advice NI business debt advisers by providing key contact details, helping consumers in debt switch across to better tariff deals, and agreeing more affordable debt repayment schedules.

Suppliers should provide timely information to any organisations that assist customers with any aspect of business e.g. Go Success, Social Enterprise, Federation of Small Business, and Invest NI.

Question 5a. Should there be a requirement for suppliers to provide non domestic consumers with clear information around when the security deposit will be paid back to them, and require the supplier to confirm if there are alternative measures or options available other than the deposit? Please provide a clear rationale to support your answer.

Yes, we believe that consumers should be provided with clear, transparent, and relevant information regarding any security deposits being asked for. This should include why they are asking for this, how the consumer's creditworthiness is being assessed, the calculation used for the amount requested and when and how the consumer will get this back. Suppliers should also detail any alternatives to requesting a security deposit, which should be discussed with the consumer as soon as possible.

Accessing energy should not be overly burdensome nor should it be a barrier for businesses, especial new to market businesses that have no previous credit history. Suppliers need to be upfront about how they manage security deposits, as will improve consumer confidence, choice, and relations. Security deposits should not be the norm for a consumer and should only be request where a credit risk has been identified. Deposit amounts need be relative to the size of business and should only be held for 12 months. Suppliers should automatically refund within one month of that date. Security deposits should only be retained where the consumer has not met their contractual obligations.

5b. If yes, how do you suggest that this measure should be implemented? (For example, licence requirement/ Code of Practice/ guidance document).

This would be a licence requirement to be fair and transparent.

Question 6a. Should notice periods under deemed contracts be prohibited?

Please provide reasoning to support your answer.

Supplier and consumer communication is key. We believe that when a consumer is near the end of their fixed contract, the onus should be on the supplier to provide warnings and information on new tariffs and the CCNI comparison tool. Suppliers should make every effort to speak to the consumer to ensure that they understand they will be entering into a deemed contract. We believe that there should be no notice period for a consumer who is in a deemed contract and wants to switch contractors or suppliers. However, if the supplier wants to terminate the contract, we believe they should give the consumer at least one month's notice. This enhances consumer protection and gives them enough time to source another supplier.

6b. If yes, how do you suggest that this measure should be implemented? (For example, licence requirement/ Code of Practice/ guidance document).

This should be a licence condition.

Question 7. Should the feasibility of an electricity prepayment meter solution for non-domestics be further explored? Please provide reasoning to support your answer.

Yes, we believe that this option should be explored. It would be good to understand from the small businesses that have installed these meters what the advantages and disadvantages are, and if they can assist in lowering costs. It is important business consumers to be consulted and engaged with before any prepayment is installed, so they understand the pros and cons of any switch on their business provision. Whilst prepayment meters help to avoid arrears and indebtedness, it may leave the consumer unable to maintain supply at certain times, and that could have serious implications for maintaining or delivering their business.

Question 8a. Are there any other additional measures to enhance the operation of the non-domestic retail energy market which respondents think should be considered as part of this consultation process?

We believe that business consumers vulnerability needs and issues should be explored and treated similarly as domestic consumers. Also, it would be important to consider further support on energy efficiency and green energy scheme for businesses, especially micro and small businesses.

We also believe that exploration should be given to introducing an energy ombudsman for NI.

8b. If so, please describe the measure and how it could be implemented (for example CoP/ licence modification/ guidance document).

We believe this could be done via a code of practice, initially and then reviewed to consider if it is being implemented fairly.

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