

Consultation on the Utility Regulator's Consumer Protection Strategy 2015/16 – 2019/20

Response by Bryson Energy



Bryson Energy is a member of the

Bryson Energy is part of the Bryson Charitable Group and is the regional energy agency for Northern Ireland. It welcomes the opportunity to respond to Consultation on the Utility Regulator's Consumer Protection Strategy 2015/16 – 2019/20.

Informed by many years of developing and implementing fuel poverty initiatives Bryson Energy advocate a 'whole house' solution to tackle the high levels of fuel poverty in Northern Ireland (NI) and protect vulnerable consumers. This model includes: partnership working; trusted delivery; effective targeting; a one-stop-shop; energy payment awareness; switching information; debt management; accessing energy efficiency measures and income maximisation. We welcome that the issues of energy payment awareness, switching and debt management are included in the Consumer Protection Strategy (CPS).

The CPS is an opportunity for the Utility Regulator, Energy Suppliers, Consumer Council NI and stakeholders such as Bryson Energy to work together in partnerships that will protect vulnerable consumers in Northern Ireland.

Please find below our responses to the consultation questions:

1. **Do you agree with the four strategic objectives in the CPS?** Yes.
2. **Are there any additional objectives which should be included in the strategy?** No, we believe that the four areas are sufficient to cover the wide range of issues concerning vulnerable consumers.
3. **Do you agree that the activities and outputs identified under each of the objectives are the right ones?** We are aware that the activities and outputs have been identified through consultation with key stakeholders and we agree that these are the right ones to include. However there is a necessity to include a greater focus on impartial energy advice and provision of in-depth support for vulnerable customers as part of the Affordability and Empowerment objectives. This should be delivered outside of Government and Utilities by trusted organisations such as Bryson Energy.
4. **Are there any additional projects or areas of work which should be included in the Strategy?** Yes please see comments below:

Focus on Affordability

Bryson Energy welcomes the focus on Affordability in the CPS however, we believe more direct practical measures are needed to address energy affordability. Our experience in delivering our services to households in fuel poverty has identified the importance of in-depth energy saving advice and support for consumers incorporating energy payment awareness, energy budgeting advice and debt management linked with accessing energy efficiency schemes installing insulation and heating measures in the home and benefit maximization checks.

We believe activities to help consumers understand information on energy bills or statements is to be welcomed. At the end of 2014, 41% of domestic electricity consumers and 64% of domestic gas customers were using prepayment meters. Vulnerable customers and those in financial difficulties are more likely to use prepayment meters so it's also important that these customers receive the statements of usage afforded to other payment method customers.

Consumer Council NI (CCNI) research in 2014 showed that 45% of natural gas and 65% of electricity consumers were repaying debt to their energy supplier via a prepayment meter. These figures highlight the possibility that consumer's in debt are being placed on potentially more expensive tariffs with limited choice when it comes to switching. This research also highlighted that on average natural gas and electricity prepayment meter customers had 'self disconnected' 6 times in the past year as they could not afford to 'top up' the meter.

Ensure equal access to Utility Services

The CPS states that it will examine accessibility issues for customers. Bryson Energy would welcome this as many consumers and in particular those with specific needs such as older consumers and those with a disability have difficulty in accessing meters. Reducing estimated bills and accessing cheaper tariff requires conveniently accessing electricity and natural gas meters.

Bryson Charitable Group has a wider remit of working with vulnerable people through its delivery of care services and support for ethnic minorities. We welcome this action by the UR as many ethnic minorities, including Travellers often experience issues in connection to electricity and water services.

Empower customers through education and transparency

Bryson Energy welcomes the focus on Empowerment and agrees with set objectives however we strongly believe there should be a much greater focus on impartial advice and in-depth support for vulnerable customers. This should be delivered by trusted organizations who sit outside of government and utilities – such as Bryson Energy.

The rates of domestic consumers switching energy supplier in NI is low. In the latest Retail Market Monitoring Quarterly Transparency Report February 2015 the rate is recorded as 1.4%. The Utility Regulators own research highlights that the majority of customers understand they have a choice of energy supplier but the vast majority has never switched. As well as apathy amongst consumers we have also found a lack of understanding of the switching process and lack awareness of the different tariffs amongst consumers. Bryson Energy very much welcomes activities to improve switching awareness and information for consumers.

In 2014 Bryson Energy supported the CCNI in a campaign to raise awareness of competition in the domestic energy market highlighting cheaper tariffs and alternative suppliers. The CCNI is the main source of a price comparison table for NI energy tariffs. Bryson Energy use this comparison table to advise consumers however it is a PDF document and doesn't allow us or consumers to compare their energy use. We would encourage the development of an online comparison tool to compare energy use and tariffs. If consumers have no access to the internet they could be supported in accessing the tool in other ways such as through the Bryson Energy Advice Line.

No internet access is a significant barrier for consumers accessing cheaper energy tariffs. Many of the cheapest energy tariffs offered by suppliers require supplying meter readings and online billing together with direct debit payments. The Family Resource Survey carried out by the office of national statistics 2012-2013 showed that 20% of households do not have access to

the internet and the majority of these are in demographic groups already financially disadvantaged. This same survey highlighted that 10% of households do not have access to a bank account required for direct debit tariffs.

Fuel poverty levels are highest in the private rented sector. We agree that Information for private tenants on switching tariffs should be tailored so they are not disadvantaged.

5. What do you think should be the top three priority projects for the CPS?

(1) Affordability - Payment awareness campaign

There is a need to scale up payment awareness and fuel budgeting campaigns and the provision of support and handholding services for households. The example below highlights the success that can be achieved by partnership working. It highlights the success of a well planned, well targeted and well resourced campaign. Bryson energy believes there is an urgent need to replicate a similar campaign to assist the growing numbers of households living in fuel poverty and dealing with affordability issues.

In October 2008 the Home Energy Payment Awareness and Budgeting Campaign (HEP-ABC) commenced. This was a region-wide Northern Ireland campaign delivered in partnership by DSD, NEA, NIHE, Bryson Energy, Utilities and University of Ulster. It aimed to increase public awareness of cost-effective and practical options for managing domestic energy bills. In particular, it provided information on methods of payment and budgeting for electricity, oil, natural gas, solid fuel, LPG, and biomass through the Bryson Energy Advice Line. The project was part of a wider campaign, funded by the Department for Social Development Northern Ireland, that aimed to help householders manage their home energy costs in the context of burgeoning energy prices. The HEP-ABC campaign aimed to target Payment Awareness information to vulnerable households, particularly those living on low incomes, since these are households most at risk of fuel poverty. An evaluation of the campaign undertaken by University of Ulster showed that during the first 5 months of the campaign, more than 4500 clients were provided with payment awareness information. Recall of the information at follow up was excellent, and levels of compliance with the energy advice given were high. Results show that it targeted people who were least well-resourced, hard-to-reach groups such as rural householders, and it generated changes in people's domestic energy management. The Campaign was described as a coordinated and efficient community intervention, with a convincing evidence base indicating efficacy and impact.

(2) Empowerment - Switching support

Our experience shows that many consumers are unwilling to switch supplier. This is due to a number of factors including loyalty to existing supplier, apathy, lack of awareness of the savings that can be made, lack of awareness about the process and fear that the new supplier may increase prices. Despite this Bryson Energy strongly feels that we could better empower and support customers to switch if there were adequate tools and resources to deliver an

information and support campaign. This may form part of the Payment Awareness campaign suggested above.

Below we have included information from a literature review on Energy brokering that was produced by University of Ulster in partnership with Bryson Energy. This report is available on request.

Research conducted across NI shows that whilst the majority of consumers are aware that they can switch suppliers for gas (86%) and electricity (96%) but just 28% of consumers have actually switched electricity supplier, and even fewer consumers (20%) have switched natural gas supplier (The Consumer Council, 2013b). This compares to 38% of consumers in Great Britain who have switched gas and/or electricity supplier at least once (Ofgem, 2014). This demonstrates that there is not yet a widespread energy switching culture in NI.

The Consumer Council (2013b) found that the main reasons stated by NI consumers for not switching energy suppliers were:

- It is too much hassle (31%)
- They are content with their current supplier (29%)
- Mistrust of a new supplier putting prices up (18%)

Finding reliable, independent and easy to digest information can be difficult for consumers (Faulk, 2009), and acts as a barrier to engaging with energy purchasing and switching. However, the first hurdle for some consumers appears to be in understanding what their current situation is in terms of understanding their energy bills, knowing what price they are paying for each unit consumed and in how much energy they consume (George *et al.*, 2011; Faulk, 2009). Without this knowledge and understanding, it will be very difficult for consumers to make comparisons and to establish if they are getting a better deal.

Moving beyond this starting hurdle, Stearn argues that compared to purchasing essential commodities such as food and clothing, which usually occurs in a relatively easy single-purchase transaction, energy markets are complicated and can cause specific difficulties for consumers (Stearn, 2012). This is because finding the best gas and electricity prices involves interpreting complicated contracts and deals, comparing them across providers and over time, and understanding the implications of a long-term commitment to a contract (Stearn, 2012: 13).

Whilst online price comparison websites can be a useful source of information for people who are considering switching energy supplier (Barnes *et al.*, 2014), a participatory action study in London with vulnerable groups discovered that some participants found comparison website very confusing and hard to use (Lorenc *et al.*, 2013). Similarly, Barnes *et al.* (2014) found that older people are less comfortable using the internet and other digital media, instead favouring a more personal approach, or written media that is straightforward, non-technical and user friendly. However, this may be compounded by the fact some energy companies are difficult to contact due to their use of semi-automated telephone systems (George *et al.*, 2011; Faulk, 2009). Partially sighted and

blind people, older people, people whose first language is not English and those with learning difficulties, are more likely to find these systems difficult (George *et al.*, 2011).

Some people may struggle to engage with energy purchasing due to low levels of literacy, numeracy and problem solving using technology. As Faulk (2009) identifies, gas and electricity suppliers often request a meter reading before switching can occur, which may be difficult for people who have poor literacy and numeracy, as well as for people who are blind or partially sighted. The most recent assessment of core skills corroborates this, with the International Survey of Adults Skills (Wheater *et al.*, 2013) reporting that across the working age population of Northern Ireland:

- 18% were performing at the lowest levels of literacy
- 25% had low proficiency in numeracy
- 21% had the lowest levels of proficiency in problem solving using ICT.

With one-to-one personalised advice and follow up support in a trusted community setting, complicated issues such as terminology, tariffs and energy consumption can be demystified, helping people to understand and gain control over their energy purchasing. Face-to-face appointments and/or drop in sessions at community groups are considered the best method for providing advice and support (Faulk, 2009).

The final issue related to availability concerns internet access. It is estimated that 20% of households in NI lack access to the internet, and in rural areas, this rises to 25% (Ofcom, 2013). This means a significant proportion of households are unable to investigate energy purchasing options, and cannot benefit from price comparison websites for gas, electricity and oil, or from cheaper online tariffs for gas and electricity. However, of the households that do have access to the internet, 60% said they used it for purchasing goods and services (Ofcom, 2013), which may include domestic energy.

(3) Affordability - development of Charitable Trust / hardship fund

Bryson Energy welcomes the focus on affordability and objectives relating to the need for voluntary arrangements for consumers in crisis. As a result of our work supporting householders in fuel poverty, debt and family crisis situations we strongly feel that there is an urgent need to establish a hardship fund or Charitable Trust, similar to what exists in GB. This would provide utility companies with an opportunity to support consumers in crisis. As part of any voluntary arrangements utility companies could provide financial assistance to the fund / through the Trust. We believe that any hardship fund should be administered by trusted support organisations such as Bryson Energy.

Bryson Charitable Group has been offering financial assistance to families and individuals in need, hardship or other distress for 22 years. We have a hardship fund which is overseen by a Board of trustees and that accepts referrals from 3rd party health and social workers. Over recent years the majority of crisis grants paid out of the fund have been to help families who are without heat and electricity and those struggling to pay their energy bills.

Our initial approach to electricity companies reveals that they are not willing to contribute to such a fund and so we believe that the Utility Regulator should focus on this as part of the affordability objectives.

6. Is there anything you would like to add in relation to the CPS? No

7. Do you agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy and water customers? Yes

8. Do you consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? No comment

In conclusion Bryson Energy welcome the proposed actions and outcomes in this consultation document and feel that it will benefit consumers within NI. However we feel there should be a greater focus on the delivery of impartial advice and in-depth support. This should be delivered by trusted organisations who are not part of Government or Utilities.

We would like to support the Utility Regulator, Energy Suppliers and CCNI in delivering activities proposed in the CPS, particularly activities educating consumers on switching tariffs and suppliers. Our experience of delivering behavioural change projects regarding energy efficiency in the home and the independence of our advice when discussing supplier tariffs would be of great benefit to consumers.

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