

Electric Ireland's response to consultation on a new supplier code of practice for bills and statements

List of consultation questions and responses

1. Do you agree that where this consultation has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?

Electric Ireland welcomes this consultation and believes that the impacts arising from the final decisions are likely to be positive in relation to equality of opportunity for energy consumers.

2. Do you consider that the proposals for the development of the code of practice on bills and statements need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.

Yes, as you will see from our comments below Electric Ireland believes that some refinements are required and we assume that these, if agreed, may contribute to better meeting the equality provisions. For clarity in this respect we are referring specifically to the potential for overloading bills and statements with information which might be challenging

3. Do you support the development of a code of practice on bills and statements that is based on high level principles and includes specific rules where required? If not, what approach do you suggest the UR takes in order to develop a code of practice on bills and statements?

Electric Ireland supports a Code of Practice on Bills and Statements based on high level principles but has reservations in relation to obligations that additional prescriptive rules might place on suppliers, unless where set out in legislation. We feel broadly that as bills and statements are an essential component of a supplier's offering to customers that competition and commercial necessity will be the optimum drivers of best customer outcomes in this area. In particular we strongly advocate that the specifics of the presentation of bills and statements should be informed by customer engagement and research by all stakeholders. We further believe that monitoring of supplier's performance in this area should also be delivered through customer engagement and robust research based on actual customer experience. Please note that our suggestions above

would place particular emphasis on the needs of vulnerable customers where engagement could be expanded to include representative organisations.

In relation to establishment of high level principles Electric Ireland would welcome and support a mechanism which provides suppliers with direction and guidance on key regulatory outcomes for each principle, leaving the precise methods of implementation to the supplier.

4. What is your view on the proposed arrangements for the monitoring of compliance with the code of practice on bills and statements?

Consistent with our response to question three above Electric Ireland believe that the monitoring of the delivery of compliance should be based on customer experience and evidence aligned with desired outcomes as set in the high level principles. This could be delivered independently through ongoing measurement using a variety of well established research instruments including e.g. targeted customer research, customer focus groups etc. Price Comparison Websites also provide independent presentation of related information which can be used by customers in monitoring supplier offerings and making choices. It would then remain for the regulator to determine whether additional monitoring through REMM adds value. Where or if it is decided to include additional monitoring through REMM the nature of reported compliance should be subject to whatever industry benchmarks can be established in this area.

5. Do you support the breakdown of the code of practice on bills and statements into the categories as detailed above? If not, please explain why and provide an alternative breakdown.

Electric Ireland support this approach which we believe will provide more precise direction for each of the categories. We have reservations in relation to whether in fact a code of practice for non-domestic customers is required at all – our rationale is outlined in our response to question 13.

6. Are there any other aspects related to bills and statements or to the billing processes which you think should be covered under the code of practice which are not mentioned above?

No.

7. Do you support the overarching principle that “all bills and statements are clear and easily understandable”? If not, please explain why and provide an/some alternative overarching principle(s).

Electric Ireland supports this principle and again would stress that determination of the best outcomes for customers is best supported by robust customer research rather than imposition of rules which can have unintended consequences where for example we try to accommodate every perceived need of all customers but end up creating confusion and complexity for the average customer. We acknowledge that there are sometimes conflicting and competing requirements for clarity and understanding as against customer need.

Our own targeted customer research has previously indicated for example that residential customers when asked have prioritised around six pieces of key information (name/address, account number/MPRN, previous balance, payments, amount due and date due) which they say they actually read or need; that these pieces of information should be on the front of the bill; and that supporting detail can be provided either on the back of the bill or on request or online if needed. In other words less is more. We do not serve customers well if we disregard their stated requirements for clearer and more easily understood bills/statements.

8. With regard to domestic customers, do you agree with the use of the definition of an “average consumer” taken from the Consumer Protection from Unfair Trading Regulations 2008? If not, please explain why and provide an alternative definition.

Insofar as we understand the provisions of the Trading Regulations 2008 relating to the definition of the average consumer, a discretionary view remains with the arbiter (in this case the Utility Regulator and/or the courts) as to the precise meaning and application of the term. That being the case, Electric Ireland would encourage continued reasonable interpretation which does not conflate protection of the most vulnerable with the concept of an average customer whom we believe to be a consumer who has a personal vested interest in ensuring that they are getting value for their spend whatever the service or product being purchased. In this respect we consider that a ‘reasonable prudent purchaser’ who can be expected to generally exercise a certain degree of care and caution, which is appropriate in relation to the goods and/or services being purchased or being considered for purchase, and the behaviour of the marketplace, is an appropriate benchmark for an average customer. For the avoidance of doubt we strongly support continued separate special protection for vulnerable customers.

9. Do you support the principle that “a customer is able to find quickly and understand important information on the bill or statement”? If yes, please indicate what you deem to be the most important information on a bill or statement. If no, please explain why you do not support this principle.

Yes, as stated above our own targeted customer research has previously indicated that residential customers when asked have prioritised around six pieces of key information (name/address, account number/MPRN, previous balance, payments, amount due and date due) which they say they actually read or need; that these pieces of information should be on the front of the bill; and that supporting detail can be provided either on the back of the bill or on request or online if needed.

Simple graphics or directions (e.g. arrows) to where a customer can locate more information either on the bill, online or on request could be considered for use. It is important to emphasise that in engagement with customers their strong preference has always been for less information where they know they can easily find more information if needed.

It should be noted that as the bill/statement grows in size (e.g. additional information, increased font size etc.) as well as potentially adding confusion for customers there can be consideration of cost in the areas of for example postage (due to additional weight where extra pages have to be printed) and any related marketing, operational and IT costs

10. Do you support the principle that “a customer will know immediately what action is required from them when reading a bill or statement”? If yes, please indicate what you deem to be the most important information on a bill or statement. If no, please explain why you do not support this principle.

Yes, Electric Ireland supports this principle. The most important information for a customer reading a bill/statement will be “how much”, and “When do I need to pay by”. Additionally, where arrears exist, and may indicate where potential corrective action is required e.g. installation of a keypad meter, this should also be clearly highlighted with simple guidance available as to what the customer needs to do.

11. Do you support the principle that “bills and statements are based on accurate information and up-to-date meter reads where possible”? If not, please explain why you do not support this principle.

Yes, Electric Ireland supports this principle.

12. Do you support the principle that “domestic customers will be made aware if there are cheaper tariffs available to them”? If yes, please indicate which of the three options presented above for domestic customers is the most appropriate way of making this information available to customers (and explain the rationale for your choice)? If no, please explain why you do not support this principle.

The issue of tariffs goes to the heart of competition between suppliers who have a clear vested interest in making the best offers to attract and retain their customers. This drives constant innovation within and between suppliers to gain and retain market share. To this extent suppliers will always wish to make their best offers known.

The average consumer also has a clear vested interest in getting the best deal for themselves based on the offers made available by suppliers. Customers must be assumed normally to be rational actors who will seek to maximise value for themselves. It has to be acknowledged however that there are many consumers who pay little attention to their energy bill (as against their many other daily expense items) and who are content to remain passive in this regard. There is always a balance to be struck between the intent to raise awareness and inform customers and information overload (which coincidentally may just be adding already cluttered bills, confuse customers and impose unnecessary additional costs)

In a competitive market, the natural interplay between suppliers and customers then drives for the most part optimum outcomes for both parties. We again acknowledge that there are particular vulnerable segments requiring special attention and where effort could be concentrated.

Finally, there are clear differences between a tariff and a proposition where the tariff refers to unit rates, charges and possibly discounts but where the overall proposition might refer to additional elements such as cash-back, loyalty bonuses, energy product offers (e.g. Nest). It is unclear whether references to tariffs e.g. on Page 38/39 variously refers to tariffs as encompassing or not the entire proposition.

We note that principle 4 may in fact conflict in part with Principle 1 and 2. Therefore, of the three options presented, Electric Ireland's preference is for the third option where the supplier will highlight to the customer that cheaper tariff options are available and direct the customer to sources of this information e.g. the supplier's website or the customer service team (contact centre number).

13. Do you support the principle that “non-domestic customers will be made aware if there are cheaper tariffs available to them”? If yes, please indicate how you think this information should be presented to non-domestic customers. If no, please indicate why you do not support this principle.

It has always been generally accepted that non domestic customers can be expected to be more acutely interested in business input costs and as such take greater responsibility for informing themselves on best offers available from suppliers. Notwithstanding that there are existing license obligations to alert non-domestic customers in advance of fixed term contracts expiring and we feel this is adequate. It is arguable in this context whether in fact a code of practice for non-domestic customers is required at all. We therefore do not see the merit of providing alerts to non-domestic customers on the bill, as suggested in the consultation whether they are on a fixed term deal or not. We also refer to points previously made in relation to information overload on the bill and related costs etc. to deliver such change.

It should be noted that on the more general point of estimating costs that the range of possible changes that might result from implementation of the final decision in this consultation could cover a wide spectrum and is in itself a significant challenge in areas where resource demands are always tight. Electric Ireland would request that possibly following a workshop on the challenges presented in this important consultation that suppliers would be offered further opportunity to assess cost implications, where more certainty might exist on the precise requirements.