

Ursula O’Kane
Utility Regulator
Queen Street
Belfast
BT1 6ED

firmus energy
A4-A5 Fergusons Way
14 Kilbegs Road
Antrim
BT41 4LZ

28th April 2017

Dear Ursula,

**RE: IMPLEMENTATION OF A NEW SUPPLIER CODE OF PRACTICE ON ENERGY BILLS AND STATEMENTS
– SECOND CONSULTATION**

Firmus energy welcomes the opportunity to respond to the Utility Regulator’s (UR) second consultation on the new Supplier Code of Practice on Bills and Statements.

Gas Supply Licence modifications borne from the Energy Efficiency Regulations (Northern Ireland) 2014 and the Energy Efficiency Directive issued by the European Union (EU) in 2012, have resulted in the need for firmus energy (Supply) Ltd and all other gas and electricity suppliers to update their billing format and internal processes to ensure regulatory compliance.

Over the past number of months firmus energy has worked alongside the UR, other energy suppliers and industry stakeholders on the relevant billing and statement compliance matters. We would note the success of this engagement between parties and welcome the adoption of many of firmus energy’s proposals during the UR’s drafting process.

As part of our response to the first consultation on billing and statements we provided a number of key principles and over-arching objectives to be considered as part of the Code of Practice’s implementation. These underpinned our response and were as follows:

- Information to be included on the new bills and statements should not result in potential for misinterpretation or confusion for customers.
- The Code of Practice should not be unduly prescriptive. The information to be provided on the bills and statements should be simplified and minimised to enable ease of compliance. Additional information on bills or statements can be included at the discretion of the energy supplier.
- The information to be included on the new bills and statements should be proportionate and reflective of the effort required to collate it.
- The financial cost and system development investment that may be required to achieve Licence compliance should be considered by the UR when evaluating billing requirements.

Our response to this second consultation (aside from the first 2 questions) is a review of the individual changes made to the Code of Practice. At the UR's request we have restricted our comments to only reflect the recent code amendments as all other observations are available within firmus energy's first consultation response.

Q1. 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?

and

Q2. 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.

Firmus energy anticipates no issues relating to Section 75 of the Northern Ireland Act 1998 arising from implementing these Codes of Practice. All firmus energy's bills and statements will continue to be available in other appropriate formats to assist disabled and vulnerable customers.

Proposed Code of Practice on Domestic Bills and Statements

We note that the new amalgamated code now provides arrangements for both bills and statements. Resultantly, the requirements and provisions drafted in the code must apply adequately to both domestic bills and annual PAYG statements, which require no payment.

To ensure clarity, we suggest the UR provides defined terms within the Code of Practice that detail the difference between bills, invoices, statements and PAYG statements.

Additionally, supplier obligations relating to the provision of information, and the documents to which those obligations relate, must be clearly defined to avoid confusion. This is discussed further throughout this document where applicable.

Para 1.5 Customers will be made aware that there may be cheaper tariffs available to them

We welcome the decision of the UR to significantly revise the Code to account for the feedback we provided in our first consultation response.

The code now requires the following statement, drafted by CCNI, to be included on all bills and statements:

"Thank you for choosing <supplier name>. We offer a range of tariff options so please check our website <website details> or speak to one of our advisors <customer number> to find out if you are on the best deal for you. You may also change your <electricity/gas> supplier. Impartial advice and information about tariffs and switching can be found at www.consumercouncil.org.uk"

Although we are broadly supportive of the narrative's intentions, we believe the current drafting could result in the provision of misleading information to customers and thereby an inadvertent breach of the code as not all natural gas customers in Northern Ireland are currently able to avail of a range of tariff options.

Para 2.1.3 All significant changes to the content and/or format of all electricity and gas bills and statements must be carried out in consultation with the General Consumer Council and notified to the Authority.

For the avoidance of doubt UR should advise suppliers what is considered a significant change.

2.3 Frequency of Bills

This section should be clear in its references to bills, statements and PAYG annual statements. We suggest an additional section regarding Frequency of PAYG annual statements could also be included. The obligations on the supplier to providing bills and supply statements are mutually exclusive and the UR's decision to group bills and statements together in this section of the code is inappropriate, as explained below.

Paras 2.3.1 The supplier will send a bill or statement once a quarter to any customer that has requested to receive bills or statements electronically.

The obligation to provide one annual statement for PAYG customers should be considered as part of this section. Paragraph 2.3.1, as written, implies that a supplier should provide four PAYG statements, on the basis that the customer has requested an electronic statement. This goes beyond the licence requirements that stipulate one annual PAYG statement.

This confusion could be resolved by the inclusion of a term separately defining 'statements' and 'PAYG annual statements'.

We note also that paragraph 2.3.1 – 2.3.3 directly reflects Supply licence conditions 2.19.5(a) and (b), yet there is no provision in the code for 2.19.5(c) which details the obligation to provide an annual PAYG statement.

We request that Section 2.3 is reviewed and re-drafted to avoid confusion and ensure clarity for customers and suppliers.

Para 2.6 Provision of consumption information to electricity and gas suppliers.

This section is relates to the provision of consumption (volume) information between suppliers. Footnote 6 explains that the provision of billing information includes any information provided on a previous bill or statement. However, we note the bill information may not solely consist of 'consumption information' but could also include sensitive customer data such as debt and repayments information. . Therefore the UR should consider whether the draft conditions of this section should be specific to volume and AQ, rather than any other elements of bills and statements.

Para 3.2.1 Inclusion of the high level Principle 4 statement – as drafted by CCNI.

As discussed previously (para 1.5) we note the implications in the narrative for PAYG customers who have only one tariff option.

Para 3.3.3 Conditions surrounding making customers aware on their bill that they have 'No Action' to take

This section regarding instances of 'No Action' within para 3.3.3 is repeated in footnote 9, and as such the footnote could be removed.

Para 4.1.3 The supplier will use a minimum font size of 8 for those items of information not covered in 4.1.1 or 4.1.2.

This new paragraph is included in the tracked changes Annex 3, however it is not included in the clean version (Annex 2). The wording and meaning is also unclear as paragraphs 4.1.1 and 4.1.2 do not reference specific items of information.

Proposed Code of Practice on Non-Domestic Bills and Statements

Para 1.3.1 The code references annual statements for prepayment customers.

Non-domestic customers do not use prepayment meters (in the gas or electricity sectors) and as a result the reference to annual prepayment statements is not relevant. We propose that references to prepayment meters are removed to avoid confusion.

Para 1.4.2 The supplier will inform the customer if the customer is in a position to renegotiate the terms of the contract

The code does not stipulate how a client is to be made aware of the renegotiation period, however any definition should permit direct contact by Key Account Manager.

Para 2.3 Frequency of Bills

Para 2.3.1 The supplier will send a bill or statement once a quarter to any customer that has requested to receive bills or statements electronically.

This requirement does not align with the practice of monthly billing for commercial customers and has the potential to create confusion. This requirement should be revisited to take account of mutually exclusive billing/statement obligations.

Para 3.3.1. Bullet point 5.

Error in draft wording.

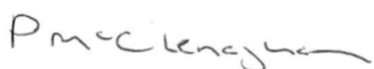
Para 3.3.2 The code references annual statements for prepayment customers.

As discussed previously, there are no commercial prepayment meters in the gas or electricity markets and reference to prepayment meters could be removed to avoid confusion.

* * *

Firmus energy supports the UR's objective to provide clear and simple information to customers. We look forward to further engagement with the UR and other stakeholders to ensure this objective is met.

Yours sincerely,



Peter McClenaghan
Regulatory Affairs Manager