

**FLOGAS RESPONSE TO UTILITY REGULATOR CONSULTATION ENTITLED**

**'CONSULTATION ON A NEW SUPPLIER CODE OF PRACTICE ON BILLS AND STATEMENTS'**

**10 AUGUST 2016**

**Response date: 7<sup>th</sup> October 2016**

**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?**

Yes the impact on the groups listed will be positive as it will generate equality and fairness to all.

**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.**

No we think that the equality provisions can be met currently.

**Q3. 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?**

Yes we agree with this approach.

**Q4. What is your view on the proposed arrangements for the monitoring of compliance within the code of practice on bills and statements?**

Yes we agree that compliance with the code should be reported and monitored through REMM.

**Q5. 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.**

We think four codes of practice is a bit much. We would suggest having two, so you should combine the bills and statements code together. So one Code of Practice on Bills and Statements for Domestic and one for non-domestic.

**Q6. 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 we think that the Code covers everything it needs to. If a customer has an issue or a complaint in relation to their bill/statement then this will be covered under the Code of Practice for complaints handling.

**Q7. 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)**

Yes we support this principle.

**Q8. 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.**

Yes we agree with this.

**Q9. 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 we agree that a customer is able to find and understand quickly the important information on a bill. We deem the following as the most important – Amount due, Payment date, kWh consumed and whether the meter read is actual or estimate.

**Q10. Do you support the principle that “a customer will know immediately what action is requirement from them 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 a customer will know what action is required from them as the bill or statement will show an amount due and date for when payment is to be made.

As stated in our answer to Q9, we deem the most important information to be – Amount due, Payment date, kWh consumed and whether the meter read is actual or estimate.

**Q11. 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 we believe that bills/statements should be based on actual meter readings where possible so that customers can budget their energy costs better and especially for larger non-domestic customers where the gas commodity price would be more expensive in winter months compared to Summer months. So for example, where estimate reads are done in the Summer months and actual reads are done in the Winter months, any material difference in the reads would be charged at the higher price during the Winter as opposed to a lower price during the Summer.

**Q12. 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 not, please explain why you do not support this principle.**

We agree in principle that customers should be made aware that they can compare their rates and shop around for energy savings but we don't agree with presenting the cheapest tariff option to a Domestic customer on the face of their bill.

For any new market entrants, this wouldn't be sustainable as initially they would be offering a highly discounted rate in order to gain some market share but this same rate would not be offered in year 2 or 3 to this same customer. If this tariff was offered year on year there would be no margin in it and a supplier would not survive operating in the market. So for that reason I think Option 3 is the best option “ the supplier will highlight to the customer that cheaper tariff options are available and direct the customer to the sources of this information e.g. the supplier's website or the customer service team (contact centre number) “

**Q13. 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.**

See answer Q12 above. We agree with directing customers to our website or our customer service team to enquire about cheaper tariff options available to them. Regarding the point made in 1.5.2 in Appendix 3 “If the customer is on the best available tariff the supplier must simply state this.” This will require a lot of programming on our billing system to link this wording to the pricing options because if they are not on the best tariff then the wording is to be different again. Again, for point 1.5.3 in relation to informing the customer if they are in a position to renegotiate the terms of their contract if they are not in a fixed term. This will require re-programming our billing system to link to a “contract end date” field on our system so that we can print on the bill if the customer can re-negotiate their terms.

There is also a point raised in section 3.2 that if a customer is in a fixed term contract that the supplier will inform them of the end date of the contract and the exit fee involved.

From an IT perspective, we would not support the points raised above as there is a lot of programming involved and we feel that the benefits wouldn't outweigh the costs. We think that the best option is simply to direct customers to our website or customer service team to enquire about their pricing should they wish to do so.

As well as the IT issues with this, we feel that to start informing non-domestic customers of a cheaper rate will not work for the commercial natural gas industry and will cause chaos. In light of the recent consults on “the review of the effectiveness of competition in the Northern Ireland Energy Market” we think this would have an adverse effect on the market and will thus reduce the number of suppliers and tariffs being offered to Natural Gas customers.

We would offer a range of tariffs to customers based on a number of factors like consumption, whether it's a group, the amount of administration and reporting required for the account.

Suppliers need flexibility in the non-domestic market to be able to price larger customers with lower prices due to the cost to serve being lower. This is the case with Distribution tariffs so this needs to be the case with gas commodity tariffs too.