



## *Action for Warm Homes*

**National Energy Action Northern Ireland's  
response to the Utility Regulator's New  
Supplier Code of Practice on Bills and  
Statements Consultation**

**October 2016**



## **About NEA**

NEA is the national charity working to ensure affordable warmth for disadvantaged energy consumers. NEA's strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government and develops practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth. Our educational and training initiatives have recently won the National Ashden Award which recognised the importance of improved knowledge and understanding of domestic energy efficiency among consumers and communities and their work to up skill the workforce across the energy industry.

## **Fuel Poverty in Northern Ireland**

The latest Northern Ireland House Condition Survey, while carried out in 2011, indicated that 42% of all households in Northern Ireland were in fuel poverty. This by far outstrips the rest of the UK and the size and scale of the problem here makes it one of the biggest issues facing our society today. We therefore welcome the opportunity to respond to this consultation and highlight the issues we feel need consideration and focus in order assist all consumers in Northern Ireland and in particular those who are vulnerable and experiencing fuel poverty.

## List of consultation questions

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?**

We believe that in the main these impacts are likely to be positive. Systems and processes should be established to ensure that this is and remains to be the case.

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.**

We do not believe we have the necessary information to answer this but feel that the Utility Regulator (UR) should engage directly with individuals and groups who can advise on this issue.

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?**

NEA believe that bills and statements are the most important means of communication between a supplier and its customers. Therefore clear and easy to understand bills are crucial. It also seems sensible to provide a Code of Practice (CoP) which sets out principles and rules and puts them in one place. This should aid accessibility of information and provide clear guidelines for suppliers.

We also need to ensure that there is increased awareness of the CoP amongst advice giving organisations like NEA and others and indeed that individuals are made aware of the existence of the CoP. Improved access to information can lead to better informed and better engaged consumers.

We also agree with the theory of a principle based approach (PBA) which can create better outcomes however we need to ensure that the practice of the PBA approach does not cause confusion. We therefore agree that there is still a clear need to set minimum standards and ensure that there is a high level of monitoring through the Retail Energy Market Monitoring (REMM). We believe that to get this right, there is a need to ensure that consumers are involved throughout this process.

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

We agree that the CoP should be mandatory and while we note that suppliers will be required to keep a record of their compliance we need to be assured that the UR has robust and systems and processes established for monitoring. Something impacting on a consumer should be picked up quickly and not a few months down the line therefore these systems need to be timely. We also believe that the Consumer Council should continue to play an upfront and central role in the design of these processes to ensure that the consumers experience and impact of the CoP is realised in a timely and meaningful way.

The CoP including the Energy Consumer Checklist should also help to provide the relevant information to help gain trust among stakeholders.

A crucial aspect of CoP is that individuals and organisation know that it exists and as such knowledge and information of same should be widely advertised and disseminated to training and advice organisations. Education and training is key to understanding bills and energy use. NEA Northern Ireland (NEA NI) has trained circa 600 individuals including energy suppliers, advice organisations, frontline workers and community and voluntary groups. Our training includes a range of bespoke training and the NEA /City and Guilds 6281-01 Energy Awareness training and qualification. This qualification ensures that participants have an understanding of Energy in the Home and specifically in relation to this consultation it includes proficiency in the understanding of energy bills and statements, reading energy meters and how energy bills and statements are calculated. The energy suppliers we have trained include firmus energy, an exemplar of a supplier committed to energy awareness training, having trained **all** their staff including the CEO, they continue with this commitment today. We believe that this

qualification should be the standard used for all energy advisors and we call on the UR to direct suppliers to this best practice.

- 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.**

Yes, this seems to be a sensible approach.

- 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?**

We note comment on page 31 which states that the code of practice *does not apply to follow up communications e.g letters regarding non-payment of bills or debt.* We believe that this is a weakness in the CoP in that so much of consumer difficulties occur at this stage. This is a very important aspect of billing and one which we believe should be part of the process. We therefore require further clarification as to what actually does take place at this stage before we could make a meaningful comment.

- 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).**

We believe that bills and statements should be clear and easily understandable. A key question for NEA is How will we know that that is the case? Who will evaluate this? At present there does not seem to be any direct research with customers to look at a benchmarking process of pre and post this CoP. Our experience to date is that much of our interaction with students and consumers around bills indicates that the complex nature of bills and statements results in what can only be described as overwhelming despair and disengagement. How does the UR plan to overcome and measure the impact of the CoP?

- 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.**

While we agree with the use of the definition of an average consumer, we still believe that there should be specific arrangements for vulnerable consumers.

- 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. We deem that the important information should include:

- What has been spent (based on usage)
- Total amount due in the billing period
- Due by date to be paid

Additionally, we agree that it is useful to have information on the bill or statement that will enable consumers to keep track of their energy use, comparing their current usage with previous usage. This will help the consumer see the benefits of any energy efficiency improvements and reduction in energy use.

- 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 as above. It is also crucial that the consumer should know and be able to contact their supplier.

- 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.

- 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.**

Yes we agree that this should be the case and would opt for the first option that is the *supplier will determine the best tariff for the customer and present this to them on the bill or statement*. Clear statements will be required for example: You could you pay less . You could save up to £xxx by moving to our cheapest tariff. Save £xxx by changing your payment method to yyy (eg direct debit).

Much is needed to help and support households to understand tariff options. Indeed the term tariff would be an unfamiliar phrase for many Northern Ireland consumers, perhaps unit price would be a much better way of communicating the price per kWh. Again this highlights the clear need for improved training and education around the area of bills, statements and energy use.

- 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.**

N/A

## **Conclusion**

As outlined in the consultation we have considered the suggested SSE bill design which aims to end bill confusion. We like the look and feel of much of the design and would welcome the opportunity to engage with the UR around further discussion and integration of these features into Northern Ireland domestic energy bills and statements. We note that a range of partnerships, with consumers leading the process, brought about this new design and as such would recommend a similar engagement process for Northern Ireland.



Additionally we believe that work still needs to be done to tackle our use of language for example, switching and changing unit price/tariff within an existing supplier can be commonly misconstrued as one and the same thing. With a relatively new competitive market in Northern Ireland, now is a good opportunity for all stakeholders to start using words and common language to communicate effectively and succinctly with Northern Ireland consumers.

**Response submitted on behalf of NEA NI by:**

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