

Code of Practice on Bills and Statements

Utility Regulator Second Consultation

Power NI Response

28 April 2017

1. Introduction

Power NI welcomes the opportunity to respond to the Utility Regulator's (UR) second Consultation Paper regarding a Code of Practice on bills and statements.

As explained in Power NI's response to the first Consultation Paper, bills and statements are a sensitive issue for suppliers who will be naturally nervous of any undue regulatory intervention in this important area of branding and product differentiation. Bills and statements are the primary interaction with a customer and the physical representation of the company to the end user. As in all supplier activities, service delivery is critically important. Poor communication, complex bills or poor billing practices will drive up levels of customer dissatisfaction, complaints and ultimately losses in a competitive market.

To mitigate against this risk, all suppliers conduct extensive customer research and seek to make their billing and general information as customer friendly and informative as possible. Focus groups, market testing, benchmarking and research all form part of this exhaustive process. Changes are subject to extensive testing and follow a rigorous approval process.

2. General Comments

In the first consultation response Power NI highlighted three fundamental issues of concern. The issues were - the level of prescriptive requirements, the identification of harm and the lack of customer research.

Power NI welcomes the steps which the UR has taken to reduce the prescriptive nature of the earlier draft Codes. Mandating uniformity and eroding competitive service advantage (which a supplier has worked to achieve) would not be in the interests of consumers, the marketplace or be consistent with the UR's statutory obligations.

The identification of harm and customer research are issues which are linked. Power NI welcomes the UR planning to engage with customers in relation to billing. As the UR is aware, historically there have been a low level of consumer complaints and high levels of trust in the Northern Ireland electricity market. It is not in anyone's interests for this to change. By undertaking substantive customer research the UR will be able to definitively know if an issue exists and what remedies would be best to address any potential issue. Failing to do this, risks creating a problem where one did not exist and is counterproductive. Power NI would welcome further input into the UR's plans as substantial quantitative and qualitative research across a wide spectrum of customers and their representatives is vital.

While the scheduling of research after the implementation of the code is far from ideal, the acknowledgement and planning for such engagement is a welcome step, providing the foundation for evidence based decision making and good regulatory practice.

Such research may also highlight areas such as long term consumption adjustments and back billing. Power NI has long advocated a change to how the common

services provider deals with such issues. It is Power NI's view that the current process leads to inequitable outcomes for suppliers and customers alike. Power NI believes that by resolving market issues such as these the UR would enhance customer protection.

3. Specific revised Code requirements

While the revised draft of the domestic and non-domestic Codes represent a significant improvement on earlier versions there remain a number of areas which Power NI would encourage the UR to revisit:

- The operation of Direct Debit tariff offers

A direct debit product offer is a mainstay of any supplier's portfolio. Customer demand for such a tariff offer is high and its operation is well understood by customers. The UR appears to be mandating a number of requirements which are at odds with the normal operation of a 12 month Direct Debit tariff offer. As the UR is aware the 12 monthly payments are calculated to smooth out natural seasonal variations in consumption and therefore cost. This means that by design there will be times in the year the customer is either in debit (due to winter consumption) or credit (due to summer consumption) dependent upon when the contract was started. The product offer is designed to smooth payments over the year targeting a zero annual balance. Reviews both interim and annual are designed to ensure that the monthly payments are calculated as accurately as possible. Power NI does not believe that additional bill messages are helpful in the operation of such a tariff.

Additionally, printing the exact date that a Direct Debit is to be lifted will prove problematic for suppliers. In agreeing a Direct Debit monthly arrangement the customer is offered a date which is convenient for them for the payment to be lifted. In normal operations the payment is lifted on the nearest banking working day to the agreed date. This is understood by customers and bill messages usually refer to "as agreed". Mandating dates will require more complex functionality and reflection of banking days into bills and statements. Power NI is unaware of any customer driven issue requiring this complexity and therefore considers the requirement (included in Section 1.3.1 and 3.3.3) as a "nice to have" rather than a consumer protection necessity.

- Customer reads

Power NI has long understood that actual meter readings improve the billing processes and customer experience. To assist with this goal, Power NI would welcome the UR restoring the obligations placed on the Common Services Provider in relation to meter reading standards.

While the UR has included an obligation for suppliers to reflect a customer's own read in billing it is important to include a validation exercise. Just as Meter Readers can on occasion misread a meter so can a customer. It is therefore incumbent upon a supplier to validate all reads received for tolerance accuracy to ensure that a misread is not used as its correction may result in a larger future bill. Power NI would welcome the UR including the proviso of validation in the requirement outlined in Section 2.4.5.

- Bill frequency

In relation to non-domestic customers with interval meters, given the volume of data and the high levels of consumption usually associated with such arrangements it would not be practical (due to the volume of data) or equitable (due to the value) to mandate a possibility of only billing those customers quarterly (which could be an interpretation of Section 2.3 of the Non-Domestic Code). Power NI assumes that this section of the Non Domestic Code is a copy of the Domestic Code intended to be in relation to smaller SMEs. A clarification however would be helpful to avoid any future misinterpretations.

- Drafting anomaly

Power NI notes an anomaly between the text on Page 44 in relation to additional information in relation to the Code of Practice not being required however the drafting on page 92 still includes such text.

4. Conclusion

As stated at the outset, bills and statements are a sensitive issue for suppliers. They are the primary interaction with a customer and are the physical representation of the company to the end user. As in all supplier activities, service delivery is critically important. Poor communication, complex bills or poor billing practices will drive up levels of customer dissatisfaction, complaints and ultimately losses in a competitive market.

Power NI welcomes the removal of many of the prescriptive requirements which were a feature of the first Consultation Paper. The issues of customer harm and research remain outstanding and Power NI would encourage the UR to ensure that the research outlined in the paper is substantive.

There do remain a number of issues which Power NI have identified as worthy of further consideration. Power NI would welcome further engagement with the UR on these issues.