



Budget Energy Ltd response to

Consultation on the Implementation of Energy Supplier Codes of Practice

28th July 2014

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Dear Sinead,

Thank you for giving Budget Energy Ltd the opportunity to comment on the Utility Regulator's proposed minimum standards for Energy Suppliers Codes of Practice.

Budget Energy Ltd is a utility with supply interests in Northern Ireland and we currently supply over 57,000 electricity customers in Northern Ireland

Our response provides our answers to the questions asked in the April 2014 Consultation and we look forward to seeing the final decisions on the minimum standards proposals. We hope that you find our comments helpful and if you need any further clarity on the points raised in this response, please do not hesitate to contact me at Robert.Thompson@Budgetenergy.co.uk

Yours sincerely,

Robert Thompson

Legal Assistant, Budget Energy Ltd

Introduction

Q.1 Do respondents agree that customers and suppliers will benefit from a consistent approach to interpretation of the licence conditions?

Budget Energy believes that a consistent approach to the interpretation of the licence conditions will benefit all suppliers. It will enable us to better understand our obligations and commitments under our own electricity licence and this in turn will have a direct benefit to all customers throughout N. Ireland. Clear interpretation prevents confusion, stops time wasting and avoids any potential non-compliance issues.

Q.2 Do respondents believe that the minimum standards guidance for Codes of Practice is the right approach? Please provide supporting information and evidence for your response.

Budget Energy believes that minimum standards guidance for Codes of Practice will create a better retail market for consumers. It will allow suppliers who manage their codes well to compare against the others and by allowing suppliers to increase consumer protection beyond these minimum standards allows flexibility for each supplier to show the own unique benefits and strengths in the retail market.

Equality Obligation

Q.3 Do respondents agree that where this consultation has an impact on the groups listed in s.75 of the Northern Ireland Act (1998), those impacts are likely to be positive in relation to equality of opportunity for energy consumers?

Budget Energy can see no likely reason why the new minimum standards would result in a negative effect on a person's religious beliefs, political opinion, racial group, age, marital status, sexual orientation or gender. These groups should be effected in a positive way through the increased protection from the minimum standards and consistent approaches to licence conditions.

Q.4 Do respondents consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.

Budget Energy do not believe that the proposals need to be refined to meet equality obligations.

Monitoring and Enforcement of Codes of Practice

Q.5 Do respondents agree that the effective monitoring of Codes of Practice is essential? Are there any additional areas that should be covered in relation to monitoring, reporting and compliance?

Effective monitoring will help the energy market to become increasingly transparent to all interested groups and consumers. Whilst we support the need for this monitoring we note that there are 21 indicators for electricity suppliers through annual submissions. We would hope that these would be spread evenly throughout the year so it prevents a rush of information requests to suppliers at a year's end/beginning.

Q.6 Respondents are asked their opinion on the proposed banding for Indicator 11 and 12, Customer Debt. Some price controlled suppliers already collect and submit information at this level of detail. Respondents are asked if it is appropriate for non-price controlled suppliers to also provide information at this level of detail. We would ask respondents to provide supporting information and alternative suggestions.

Budget Energy would argue that it would not be appropriate for non-price control suppliers to provide this information at this level as it would create an administrative burden on suppliers and it may include commercially sensitive data which we would not be willing to share in the public domain.

Q.7 Respondents are asked their opinion on what monitoring information should be published. We would ask respondents to provide supporting information on their proposal and be mindful of customer transparency as part of their response.

Budget Energy would be happy for all the monitoring information to be sent to the Authority however we would have strong reservations about the following indicators being in the public domain as we believe they may include commercial sensitive data: Indicators 11, 12, 13, 14, 15, 16, and 18.

Q.8 Respondents are asked to provide information in relation to changes in practice which may be required. In particular we will take into consideration appropriate evidence in relation to costs and benefits. It will be most beneficial if responses regarding changes in practices and associated costs and benefits first state the individual Code and particular requirement in question, secondly set out why the change in practice is required, and thirdly set out any evidence regarding costs and benefits linked to the change in practice.

The following changes may be required by Budget Energy to meet the minimum standards:

Annex 1: Code on Payment of Bills

Identifying customers in difficulty. Budget Energy intend leveraging advice and charitable organisations. The costs to this change will depend on how easy or difficult it is to set up these new relations and will of course involve additional administration and training costs for our staff. This would allow customers to benefit by having an independent third party they can speak to about their debts in general and hopefully it will benefit Budget Energy by allowing the customer to clear any debt on their account.

Code on Payment of Bills - Payment arrangements and monitoring. Budget Energy will, as stated above, intend leveraging our communication with advice agencies. With regards to the appeal procedure for repayment amounts, we will need to build a process to set up this mechanism. The costs for it are yet unknown and may vary depending on the type of system build and additional training for specific staff. This should benefit customers by giving them more satisfaction about their repayment amounts and Budget Energy would be hopeful that this would lead to manageable repayment plans.

Budget Energy will need to sign up to the Fuel Direct Scheme which has obvious benefits to both parties involved. The costs from this will presumably be from linking up information with the Jobs and Benefits Office and the Department for Employment and Learning.

Budget Energy will need to set up a procedure to take into consideration paying debt over a period similar to how long it took to accrue the debt, and may involve some internal procedure changes and staff training costs.

Budget Energy intend to develop a procedure for contacting a customer during the repayment period to request information on the ability to cope. The change should have little cost implications, mainly in relation to administration, and the benefits would be to prevent higher arrears developing by keeping a close check on a customer's ability to pay.

Code on Payment of Bills - Providing accurate and timely bills. Budget Energy will have to set up a procedure for dealing with incorrectly under-billed customers as a result of errors by the Supplier. This issue is addressed further below at Q.15. The change would allow customers to benefit from fair billing where it is not their fault and suppliers could benefit from not losing out either on unbilled units.

Annex 3: Code of Complaints Handling Procedure

Definition of Complaint. Budget Energy would need to incorporate this definition into our systems when recording a complaint. The costs to this would include updating our systems to take in this wide interpretation, extra staff training to ensure they can deal with the large volume of administrative work resulting from this definition and possibly more resources to deal with the higher volume of work. We do however believe this definition of a complaint is much too wide, and we elaborated further in question 25.

Annex 4: Code on Services for Prepayment Meter Customers – Payments for Prepayment Customer.

Budget Energy intend to develop a procedure to consider a greater level of emergency credit for those customer on the register who may have period of incapacitating illness. The costs and work involved in this would be around the consideration of extending the credit, calibrating the meter and avoiding the customer being lead into debt they cannot handle. The benefit to this change would be to help prevent vulnerable customers from self-disconnecting, however we would have concerns that there may be an inability to repay the emergency credit after it has been used.

Code of Practice on Payment of Bills

Q.10 Do respondents think that the section of the Code in Annex 1 relating to identifying customers in difficulty covers all relevant areas? Are there any further comments that respondents have with relation to identifying customers in difficulty?

Budget Energy considers that the section covers all the relevant areas. Whilst we appreciate that this is a 'priority area for a Code of Practice', we also believe that a customer must take some responsibility for their own actions. Given that a customer will know what they can reasonably afford, before we might detect any difficulty in paying their bill, suppliers shouldn't be solely

responsible for those customers who fall into difficulty and those who possibly might self-disconnect. This may be an area where government agencies could help and report on.

Budget Energy will nonetheless try to highlight to all its customers the options they have available and encourage them to come forward to seek help through ourselves or advice agencies. By improving our working relationship with these organisations, we hope the numbers of those at risk of accruing debt will decrease and the risk of passing on bad debt to our other customers can be minimized.

Q.11 Do respondents think that the section of the Code Annex 1 relating to payment arrangements and monitoring covers all relevant areas? Are there any further comments that respondents have with relation to payment arrangement and monitoring?

Budget Energy considers the section on 'payment arrangements and monitoring' to cover all the relevant areas. By ensuring that all suppliers make 'reasonable endeavours to ensure that repayments are appropriate' should reduce the risk of customers' debt hopping to avoid debt. Furthermore the option of third party deductions from benefits as a last resort to cover a debt should help customers as it ultimately prevents a disconnection.

In allowing independent advice agencies to carry out the financial assessment, Budget Energy agrees this is a fair way, however there may not be enough detail for an informed decision. Would these agencies be picked by the Authority and if so will the suppliers have a say in the assessment process criteria? We are unsure as to the trustworthiness of the information that may be given to the agencies from customers in debt.

In terms of the customer repayment appeal procedure and the CCNI's role if the customer is unhappy with it the level of repayment, Budget Energy would be concerned that a customer may make a complaint simply because they are feel we are unreasonable in negotiating a repayment amount when in fact we are objectively using all the information available to us.

Q.14 Do respondents think that the section of the Code in Annex 1 relating to methods and procedures to avoid disconnection covers all relevant areas? Are there any further comments that respondents have with relation to identifying customers in difficulty?

Budget Energy believes that this section covers most of the relevant areas. The only area that may need more guidance would be on detecting self-disconnection, as this is almost impossible for a supplier to track, unless a customer advises us of same.

Q.15 Do respondents think that the section of the Code in Annex 1 relating to providing accurate and timely bills covers all relevant areas? Are there any further comments that respondents have with relation to providing accurate and timely bills?

Budget Energy believes that this section covers all the relevant areas. In relation to meter reading attempts or inaccurate meter reading data, Budget Energy asks every customer on their bill to contact us if they have been billed using an estimated read, in order to obtain an up-to-date actual reading.

On the issue of under-billing customers, Budget Energy believes there should be some provision on the distribution company that protects any supplier if the fault is with the distribution of the electricity, or reading errors supplied by NIE T&D. Where applicable, the distribution companies should take responsibility and any resulting compensation should be recovered from them. It could possibly be necessary for the distribution company to reimburse a supplier for the under-billing rather than a customer being caught in the middle, depending on the source of the error. For example if there is a faulty meter the Supplier should not have to pay for the unbilled units unless it can be re-couped from the customer.

Q.17 Do respondents agree that a consistent definition of debt across suppliers, for the purpose of the Code of Practice on the Payment of Bills, should be established?

Budget Energy agrees that a consistent definition should be established from all the suppliers. The consistent definition may lead to a better informed public on the issues of debt in energy supply and perhaps even reduce the overall levels with customers taking a proactive approach to ensure they do not fall into debt.

Q.18 Respondents are asked their opinion on the proposed definition of debt with regards to the Code of Practice on Payment of Bills or suggest an alternative definition which may be used across all suppliers. We would ask respondents to provide supporting information as to why a specific definition would be appropriate and be mindful of monitoring procedures as part of their response.

While Budget Energy would be happy for the proposed definition for those customers who have had a change of circumstances, such as being made redundant, or those who are having genuine financial difficulties, we would not be happy with the definition being used for a customer who has bypassed/tampered with their meter.

Code of Practice on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick

Q.23 Do respondents think that the section of the Code in Annex 2 relating to raising awareness of services provided covers all relevant areas? Are there any further comments that respondents have with relation to awareness raising?

Budget Energy believes the section covers all relevant areas and also agrees that there is a need for those who are eligible to get promotion of the services. In terms of promoting the register, government agencies such as health care, social services or benefits offices could also promote it through leaflets or posters, etc. in their premises. This may work better as a customer who is pensionable, disabled or sick might have more regular face-to-face or other types of contact with these organisations in their everyday routines.

Code of Practice on Complaints Handling Procedure

Q.25 Do respondents agree that a consistent definition of a complaint for all suppliers, for the purpose of the Code of Practice on Complaints Handling Procedure, should be established?

Budget Energy believes that a consistent definition should be adopted to ensure that all Suppliers take a uniform approach, however the broad definition of debt which is being proposed would need to be tightened in our opinion, as it is much too broad.

Q.26 Respondents are asked their opinion on the proposed definition of a complaint with regards to the Code of Practice on the Complaints Handling Procedure or suggest an alternative definition which may be used across all suppliers. We would ask respondents to provide supporting information as to why a specific definition would be the most appropriate and be mindful of monitoring procedures as part of their response.

The proposed definition is very vague and may lead to a more administrative role of an agent rather than allowing the agent to simply help with an issue. Budget Energy believes a complaint should be recorded when it is expressly requested by the customer that they would like to make a formal complaint. This would allow simple issues to be addressed quickly rather than taking more time than is necessary.

An example of this may be where a customer's top up card is not working and they would like a new one. While a customer may express dissatisfaction at the inconvenience, they might not want to lodge a complaint about the issue but rather just have it sorted at first point resolution. This situation would fit into the above definition and may even lead to customers being reluctant to contact a supplier in future for simple issues. Complaints should be recorded if a customer is very dissatisfied.

Q.27 Do respondents think that the section of the Code in Annex 3 relating to the accessibility of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to accessibility?

Budget Energy believes that this section covers all the relevant areas. Budget Energy believes that all our customer have the right to complain if they wish to do so, and as such we already cover the majority of the minimum standards in our Codes of Practice.

Any question not expressly answered in this response is either due to Budget Energy not having any other comments to add or where we believe that the relevant section have been covered in the Annexes.