



Action for Warm Homes

**National Energy Action Northern Ireland
response to the Northern Ireland Utility
Regulator consultation on the
Implementation of Energy Supplier Codes of
Practice**

July 2014

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

We agree that consistency across all utilities in relation to licence conditions will be beneficial to consumers. As the energy market becomes more complex and confusing with competition and varying tariffs, harmonisation of the interpretation of licence conditions will benefit individuals and advice giving organisations and improve the ability to promote rights and responsibilities of both customers and suppliers. NEA fully endorses this approach which will provide clarity transparency, equity and protection for all customers.

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.

In the light of the fact that this decision has been based on suppliers indicating that they wish to offer superior customer service which should enhance competition then we agree with this standard. We note that this minimum standard will not fall short of the codes guidance, but we would therefore like to see how this can be monitored and reviewed to ensure that the codes guidance does in fact protect the consumer. It will be important to ensure that the minimum codes are right and a key aspect of the monitoring will be to engage consumers to ascertain their understanding and experiences on things such as the 40% maximum of repayment of debt. Will this be carried out and if so how? Additionally, minimum standards should also be constantly reviewed to ensure that they are reflecting the changing environment and improving any presenting nuances.

3. Do respondents agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?

The prepayment market has grown to a large degree changing the energy landscape for many and with that in mind we believe that specific issues need to be addressed such as:

- What happens if an individual can no longer manage to use the prepayment meter due to manual dexterity or mental capacity? Will there be a charge to change the method of payment?
- Will installing a prepayment meter have financial implications for the householder, for example who is responsible for the meter, who will pay for the upkeep/maintenance of the meter, what happens if the meter is faulty or breaks including the casing where the meter is located? Responsibility for this needs to be clear when options are being discussed and meters installed. We require further clarification on both the gas and electricity aspects of prepayment meters.

- 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.**

The proposals may require refinement if the above points produce issues which may negatively disadvantage those persons with disability.

- 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?**

It is vital that there is effective monitoring of codes of practice. If this is not measured and monitored then there is no idea of their effectiveness both in relation to the compliance of the suppliers and the protection of the customer. The consultation makes the key point that the requirements for the suppliers should be proportionate and meaningful in respect of the UR's statutory role. To this end we should not see reams and reams of information being collected which will put upward pressure on household bills. That said it is important that the monitoring and reporting is reviewed to ensure that any additional aspects of data collection can be encompassed should this be required. We also believe that there may be some time and effort invested in the first instance to set up the systems and processes required but once established should have no further cost.

It is also important to note that the monitoring of this information, its collation and dissemination could also prove useful KPI's for the industry who can choose to use the information both internally to drive quality services and innovation and externally to promote services and engage customers.

- 6. Respondents are asked their opinion on the proposed banding for Indicators 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.**

We believe that it is prudent to ask that all suppliers provide this level of detail and we are content with the banding. It is crucial that we monitor levels of debt to ascertain how suppliers are responding to customer needs and how they are demonstrating how their practices are preventing debt and how they are helping customers deal with debt. It is also imperative that the 40% cap on debt repayment is not the default for suppliers.

- 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.**

We believe that all the information collected should serve a purpose and as such this information should be published as long as it does not contravene data protection.

- 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.**

Based on the evidence outlined by the NIAUR, there should be no overly burdensome costs resulting from the codes of practice.

- 9. Do respondents think that the publishing requirements outlined cover all relevant areas? Are there any further comments that respondents have with relation to publishing Codes of Practice?**

We believe that the suppliers should actively engage with the voluntary sector and in particular advice giving agencies to promote their codes of practice and indeed should be promoting their codes of practice at every opportunity. The opportunities for dissemination should be constantly reviewed and specific effort should be made to those organisations close to the agenda who can provide bedrock advice and information to the wider advice sector.

- 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?**

While NEA agree that the definition of debt is clear we have some concerns around how customers relate to their energy bill, for example a lot of people wait until the reminder falls on their door step before they prioritise the payment. If therefore, the customer is deemed to be in debt from the 15th day then would this have implications for the customer's credit rating?

The codes aspect of identifying customers in difficulty seems quite comprehensive but also highlights to NEA the distinct lack of these protections for those using prepayment meters.

- 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?**

It would be helpful to understand what 'reasonable endeavours' would constitute for the customer.

We would also suggest that guidance is provided to the suppliers on the type of training which should be taken, to ensure quality of service. NEA provides the quality training

accredited by City and Guilds for example the Energy Awareness 6281-01 qualification for energy advisors and the Fuel Debt Advice in the Community Training. We feel that it would be beneficial to customers if suppliers were mandated to mainstream this quality training into their business plans.

12. Is there any further information you wish to provide in respect of Fuel Direct or Third Party Deductions?

Fuel Direct is only used by one supplier and it seems that there is tremendous opportunity to use this more extensively across all suppliers. While prepayment is proving helpful for some it does pose difficulties for some more vulnerable customers. We are dealing with a vulnerable client at present who is constantly disconnecting from his electricity prepayment meter by failing to top it up, which in turn is knocking off his gas central heating system. The reason he currently uses the prepayment meter is to repay a debt and any reverting to quarterly bills will cause additional debt due to his inability to cope with bills. Having worked directly with his 83 year carer it has become apparent that fuel direct seems to be the only way this could be overcome, yet it was never offered or discussed. We believe that there is a need to look more closely at third party deduction options as a method of payment for those who are extremely vulnerable.

13. Respondents are asked for their opinion on the proposals for disconnection and reconnection fees. We would ask for supporting information on any comments made.

It seems iniquitous that disconnection is not permitted in the electricity market but is in the gas. Surely there should be harmonisation of the policy to ensure that it is unlawful to disconnect vulnerable customers at all. If the codes of practice outlined in this consultation are adhered to then this issue should be minimal for the suppliers. This aspect also highlights that there should be a role for Distribution Network Operators by them giving due cognisance to identifying and interacting with vulnerable customers as is the case in GB mandated by Ofgem. We believe more work needs to be done in this respect.

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?

- What does appropriately trained staff look like? (see note 11)
- Reasonable endeavours how can this be demonstrated?
- What does a customer's wellbeing look like?

We feel there are a lot of good aspects to this code of practice.

- 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?**

Timely and accurate bills are fundamental and should be the bedrock for all suppliers. Customers should be able to understand their bills and that should also apply to the prepayment sector. It is therefore imperative that the suppliers present the information in a clear and transparent fashion. This objective should not favour those with internet access but be available to all at no additional cost.

- 16. Are there any other areas which the Code on Payment of Bills should cover?**

It is imperative that bills are laid out in such a way they are clear and easily understood. Previous research has highlighted the fact that customers do not know what energy they are using thus what they are paying for. The first step to overcome this is better engagement via easily understood bills.

- 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?**

While NEA agree that the definition of debt is clear we have some concerns around how customers relate to their energy bill, for example a lot of people wait until the reminder falls on their door step before they prioritise the payment. If therefore, the customer is deemed to be in debt from the 15th day then would this have implications for the customer's credit rating?

- 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.**

As above.

- 19. Respondents are asked to provide any additional comments on the attached draft Code minimum content, which they feel will help to improve the Code.**

At present this seems fairly comprehensive.

- 20. How could suppliers monitor self-disconnection and self-rationing in prepayment customers?**

Suppliers can monitor supply so therefore should be able to monitor when there is no supply or a drastic reduction in use by monitoring prepayment amount and frequency of top ups. This information is crucial and could help us target support to those on

prepayment meters. We understand that opportunities for this monitoring will improve with the introduction of SMART metering.

We feel that there could be scope to work with the Distribution Network Operator's to explore opportunities to identify some of these issues.

21. Do respondents think that the section of the Code in Annex 2 relating to the services provided covers all relevant areas?

Yes. We believe that a password scheme is helpful but would suggest other safeguards are used such as a call in advance and where a carer is identified a call there also.

Suppliers should also look at their role in helping to develop the adaptations market in order to help develop appropriate controls for those with special needs. A range of focus groups with customers should be carried out to facilitate this. This would help suppliers to promote safety features as this is a key area that older people raise with us time and time again as a barrier to converting from oil to gas.

22. Do respondents think that the section of the Code in Annex 2 relating to disconnection of customers who are of pensionable age, disabled or chronically sick covers all relevant areas? Are there any further comments that respondents have with relation to disconnection?

We would like to see a situation where no one is ever disconnected. If the codes of practice were followed and specific support provided there should be no one disconnected. Where there is severe vulnerability the supplier should work with an organisation such as NEA NI to find an alternative intervention rather than disconnection. We believe that working and developing policy solutions such as Fuel Direct could be a win win for both suppliers and customers. Fuel Direct at present is only used by one electricity supplier. We believe that it should be made available to electricity and gas customers and developed further in line with customers' needs in the changing landscape of energy use in Northern Ireland.

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

There is a definite need to raise awareness of these service provisions and there should be a proactive strategy to ensure that customers register to get the protection. We also understand that for vulnerable clients this can be difficult so a training and awareness programme should be developed across health and social care professionals and the advice sectors. The importance of this register should also be centralised to ensure that a customer switching will be transferred to the new suppliers flagging system. It would also seem practical that there should be harmonisation of the registers data collection to enable good information flow. The Distribution Network Operators should also play

a part in this process. For example NIE has a critical care register. How does this register interact with the suppliers register?

24. Are there any other areas which the Code of Practice on provision of services for persons who are of pensionable age or disabled or chronically sick should cover?

Holistic advice, look at the situation in the round. For example poorly managed electricity prepayment meters affect gas central heating.

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?

Consistency is key to ensuring that customers know what they can expect when signing up to a company and while there may be different views on the definition, the key will be agreeing to a framework shared by all suppliers so as to compare like with like. We understand that this could be challenging but once established and embedded will benefit the companies and the customers.

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.

We feel that the definition is clear and simple and will ensure voices of customers are helping shape the supplier services and ultimately driving forward quality and 'people centred' services.

Once again we would reiterate the need for a single framework and understanding across all the suppliers of what constitutes a complaint and how that is recorded and resolved. This needs to be closely monitored and should have an independent oversight to ensure compliance.

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?

This seems to be fairly comprehensive but should be monitored and kept under review to ascertain if it remains fit for purpose.

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

Yes.

- 29. Do respondents think that the section of the Code in Annex 3 relating to the promptness of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to effectiveness?**

We believe that in some instances 3 months will be too long for resolution and believe that clear timeframes could be specified around some common complaints.

- 30. Do respondents think that the section of the Code Annex 3 relating to alternative dispute resolution covers all relevant areas? Are there any further comments that respondents have with relation to alternative dispute resolution?**

Yes, we believe that this seems reasonable.

- 31. Are there any other areas which the Code of Practice on Complaints Handling Procedure should cover?**

From time to time people can get stuck in a complaint and may not feel able to proceed to the next stage without help. There may be a situation where the **supplier** should ask the customer if they want to make the referral on their behalf to the Consumer Council, if it is felt that the customer is vulnerable and/or upset and unable to move forward without additional support.

- 32. Do respondents have any comments to make on the proposed industry standard to update prepayment meters for a change in tariff? Do respondents have any comments to make on how customers can be informed to ensure they understand this process?**

In the past there has been concern about how the calibration of the meter works. If a customer has built up a bank of money on their meter and then there is tariff increase, to continue to vend on the meter will mean that the recalibration process will apply the higher tariff to all the banked money on the meter. This is not clear to the customer and more work should be done to inform the customer of these issues.

- 33. Do respondents think that the section of the Code in Annex 4 relating to the information provision covers all relevant areas? Are there any further comments that respondents have with relation to information provision?**

With 40% of the market, and growing, prepayment meters have changed the landscape of how we pay for our energy. It is therefore crucial that we establish customer

protections. NEA NI sees the advantages of the prepayment meter but have growing concerns about some of the unintended consequences of the prepayment meters. We are dealing with older vulnerable clients who get into debt, have meters installed to recoup the debt, but do not top up until the electric runs out and as a consequence boilers shut down. It is clear that the prepayment meters are not meeting complex needs. Prepayment can have the consequence of self-disconnection which is not possible with other payment methods. While we would not encourage anyone to run into debt, it seems then that these codes of practice elsewhere in the consultation have less of an impact on the prepayment sector who could be seen to be 'off the suppliers books'. We therefore feel very strongly around added protections for those who are currently vulnerable and on prepayment meters and who become more vulnerable when prepayment no longer meets their needs.

We believe that sometimes prepayment meters are being used instead of interventions such as Fuel Direct which would make more sense and provide the customer protections outlined throughout this consultation document.

34. Do respondents think that the section of the Code in Annex 4 relating to the suitability of a prepayment meter covers all relevant areas?

We believe that in ensuring suitability for a prepayment meter other options should be considered including Fuel Direct. We would also like the NIAUR to monitor this information to ensure compliance.

35. Do respondents think that the section of the Code in Annex 4 relating to payments for prepayment customers covers all relevant areas? Are there any further comments that respondents have with relation to payments?

We would like to have a better understanding of the likely costs of moving from prepayment meters for both gas and electricity and when and what charges will apply. This also applies to ownership of the meters and their casing. For example if a meter casing starts to fall apart, who will be responsible for the maintenance of the casing etc.? We believe that this information should also be encompassed in the assessment of suitability of prepayment meters.

36. Are there any other areas which the Code of Practice on Services for Prepayment Meter Customers should cover?

There should be clear information provided to the customer on emergency and friendly credit and additionally all the other information that a prepayment meter provides. There are differences across these aspects for gas and electricity and there is scope for harmonisation of these protections.