



Consultation: Utility Regulator Consultation on the Implementation of the Retail Energy Market Monitoring (REMM) Framework

Date: 31/03/15

Contact: Andy McClenaghan

Reference: 2177 PD20010

Introduction

The Consumer Council welcomes the opportunity to respond to the Utility Regulator (UR) consultation on the implementation of the retail energy market monitoring (REMM) framework. The Consumer Council supports the UR in its objective of implementing a coherent and fit-for-purpose market monitoring framework for all electricity and gas supply sectors in Northern Ireland and believes it is essential that the REMM framework serves to provide consumers with the information they need to plan their decisions regarding the suppliers they choose to purchase their electricity and/or gas from.

REMM has a clear role to play in delivering an electricity and gas supply environment that includes well informed consumers that have access to clear and easily understood information and are aware of different suppliers, products and tariff/service choices. To ensure this objective is achieved it is important that information collected via REMM is made available to consumers in an easy to access format with particular attention paid to ensuring information is available to vulnerable consumers. The Consumer Council is willing to work with the UR to provide guidance and advice on how best to present information collected via REMM to ensure consumers can understand the data and make decisions based on the information.

The Consumer Council agrees with the UR's decision not to include an opt-out for smaller suppliers in terms of providing information for certain indicators. If consumers are to be able to fully evaluate their options in terms of choosing an electricity / gas supplier, it is essential that they have the information they need to make this decision. Furthermore, if information is not available to consumers concerning smaller suppliers, the suppliers in question may be disadvantaged as consumers may not consider them when assessing which supplier to choose on the basis that they do not possess the information they need to evaluate the extent to which the supplier's service will meet their needs.

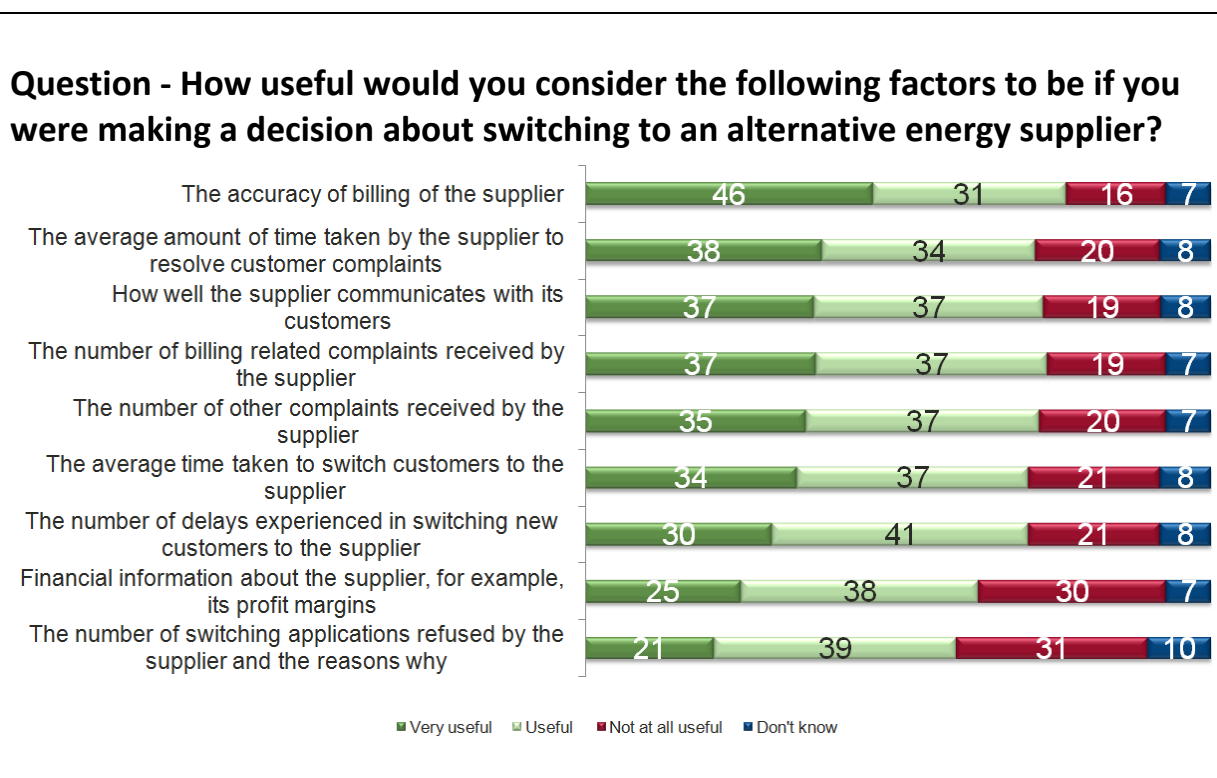
The Consumer Council welcomes the UR's commitment to keep costs to a minimum for all parties involved in the REMM framework. Ensuring proportionality in terms of the information suppliers are required to report on

is important given that costs incurred by suppliers will most likely be passed onto consumers in the form of increased bills.

Consumer Council research

In anticipation of the launch of the REMM framework consultation, in December 2014 the Consumer Council commissioned Ipsos Mori to conduct research¹ examining consumers' views regarding a number of energy issues which included what information consumers would find useful to have when making a decision about switching supplier.

The participants were asked about the extent to which they would find a number of categories of information useful if they were making a decision about switching to an alternative energy supplier. The table below details the results of this aspect of the research and the figures included in the table feature throughout this response to support various positions outlined by the Consumer Council.



¹ The sample was representative of energy bill payers in Northern Ireland and the survey was undertaken via a face-to-face quantitative questionnaire administered between December 2014 and January 2015. In total 854 respondents participated in the research.

The November 2014 Cornwall Energy report *Review of the Effectiveness of Competition in the Northern Ireland Energy Retail Market* found that 74% of electricity customers stated that they trust or tend to trust their supplier to be open and transparent in their dealings with consumers. When asked the same question regarding their gas supplier, 69% of gas customers stated that they trust or tend to trust their supplier.

The Consumer Council sought to further explore this issue and as part of its recent research asked consumers questions to explore their levels of trust in their electricity and gas suppliers concerning pricing, communication, and promotion of services. When electricity bill payers were asked:

- “To what extent do you trust or distrust your electricity supplier to offer customers a fair price?” 49% stated they trusted or tended to trust their supplier
- “To what extent do you trust or distrust your electricity supplier to be open and transparent when communicating with its customers?” 51% stated they trusted or tended to trust their supplier
- “To what extent do you trust or distrust your electricity supplier to be honest when promoting its products and services?” 54% stated they trusted or tended to trust their supplier

These questions, when asked to gas customers resulted in responses of trust / tend to trust of 54% concerning price, 56% concerning transparency in communication, and 57% concerning honesty in the promotion of services.

The Consumer Council believes that publication of certain strands of information collected via the REMM framework will serve to improve consumers’ awareness of the electricity and gas industries and in doing so help improve consumers’ trust in suppliers.

Format of publication of REMM data

There are a number of the REMM indicators which would be useful for consumers to be able to access to help them make well informed decisions about whether it is in their best interests to stay with their current supplier or switch to an alternative supplier. The Consumer Council is aware that the UR publishes information in its Quarterly Transparency Reports and annual Energy Retail Reports. However, this information is in a format that is not easily accessible or necessarily intelligible for consumers and furthermore not all of the REMM indicators which the Consumer Council considers would be useful for consumers are published in these reports. In the following section it is

explained which indicators the Consumer Council believes should be made publicly available.

The Consumer Council recommends that the UR publishes all information intended for use by consumers on its website in short factsheet style documents. We suggest that two documents should be published: one for domestic customers and one for I&C customers. The documents should provide high level information only and makes use of diagrams and infographics to ensure the information is clear and easy to understand. Making this information publically available is a necessary step in facilitating a shift to a switching culture in Northern Ireland which was found to be lacking in the Consumer Council's 2013 *Power to Switch* report².

Proposed REMM Indicators

This section provides the Consumer Council's comments on a number of the REMM indicators. The indicators are addressed in the order in which they are presented in the table beginning on page 44 of the consultation document. There are also a number of indicators which the Consumer Council believes should be reported on by suppliers but other than this has no further comment to make. These are:

- Switches requested
- Debt contact notifications
- Erroneous transfers
- Credit balances on Quantum prepayment meters when switching (gas specific)
- Outstanding balances on Quantum prepayment meters when switching (gas specific)
- Credit balances on Libra prepayment meters when switching (gas specific)
- Reconnection of customers previously disconnected due to debt
- Debt recovery prepayment meter fitted
- Standards of Performance Regulations and Overall Standards (gas specific)
- Final Prices

² Power to Switch: A report into consumers' views and experiences of switching energy supplier (2013). Available from http://www.consumercouncil.org.uk/filestore/documents/29560_CC_Switching_Energy_FINAL.pdf

- Annual Statement of Licence Compliance
- Supplementary Information on Licence Compliance

Market shares – The Consumer Council recognises that market shares information is currently publicly available via the UR’s quarterly Transparency Reports and annual Energy Retail Reports however it is unlikely that consumers will be aware that this information is presented in these publications. It would benefit consumers if the information concerning each supplier’s market share was published in the factsheet format detailed above as it would provide consumers with a better general understanding of the energy supply market.

New Connections – In addition to the information proposed for collection under this indicator it would be beneficial for the indicator to also record information regarding the length of time taken to facilitate new connections for each supplier. The Consumer Council believes it would be beneficial for the meter type, i.e. keypad or credit meter to be reported on under this category. The Consumer Council welcomes the UR’s decision to publish information on new connections and encourages the UR to include this information in the consumer factsheet document format proposed above.

Switches completed – The Consumer Council believes it is essential that information concerning the number of switches requested by customers continues to be published as this information helps consumers build an understanding of the energy market, providing greater detail concerning which suppliers are most and least popular by building on the currently available market share information. The Consumer Council welcomes the proposal to make a change in the method of publication by introducing supplier details to the information currently published for both electricity and gas, and encourages the UR to include this information in the consumer factsheet document format.

Switches taking longer than 15 working days to complete – The Consumer Council believes information on this indicator should be made publically available in the factsheet format. Research conducted by the Consumer Council indicates that if making a decision about switching to an alternative energy supplier, 71% of consumers would find information concerning the number of delays experienced in switching new customers to the supplier

useful. For this information to be useful the data published should be broken down by type of customer, i.e. domestic or I&C.

Sticky customers – The Consumer council believes it would be useful if information reported concerning the number of sticky customers could be broken down by meter type for domestic customers.

Rejected switches and objected switches – The Consumer Council believes this information for both these indicators should be made publicly available in the factsheet format, and the data provided by the suppliers should include information detailing the reasons why the switches were rejected / objected to. Consumer Council research indicates that if making a decision about switching to an alternative energy supplier, 60% of consumers would find it useful to have information concerning the number of switching applications refused by the supplier and the reasons why.

Notional meter reads (gas specific) – The Consumer Council believes it would be helpful for data concerning notional meter reads to be broken down by customer type, i.e. domestic or I&C to enable the UR to take action to address the reasons why suppliers are failing to gain opening meter readings. The Consumer Council is content, however, that information regarding this indicator is not published.

Meter mix ups identified during switching (gas specific) – The Consumer Council believes that given the significant detriment to customers affected by meter mix ups, information regarding this indicator should be made publically available in the factsheet format as it will help inform consumers prior to making decisions about switching supplier. Research conducted by the Consumer Council indicates that if making a decision about switching to an alternative energy supplier, 74% of consumers would consider it useful to have access to information concerning the number of billing related complaints received by the supplier.

Renegotiated contracts – The Consumer Council considers this a useful category of information on which to collate data. It helps to provide detail regarding the extent to which customers are content with their supplier based on the fact that they will alter the terms of their contract but not choose to change supplier. The information will be useful in conjunction with the data

collected concerning sticky customers as it will bring a degree of clarity regarding the number of customers that stay with a supplier out of choice rather than as a result of inertia.

Disconnections - The Consumer Council broadly agrees with the proposed indicator but believes it would be useful to desegregate the domestic customer data by meter type. The Consumer Council believes that the UR should make information publicly available regarding the number of disconnections along with the reasons why, however, the Consumer Council does not believe that it is necessary for this information to be published in the factsheet format.

Complaints – Being able to access information about complaints received by suppliers is considered an import factor by consumers when making a decision about choosing a supplier. Research conducted by the Consumer Council indicates that if making a decision about switching to an alternative energy supplier, 74% of consumers would consider it useful to have access to information concerning the number of billing related complaints received by the supplier, and 72% of consumers would consider it useful to have access to information concerning the number of non-billing related complaints received by the supplier.

The Consumer Council considers the categorisation of the complaints indicator to be comprehensive and it welcomes the proposal to publish information in a normalised format. Given the importance of this information to consumers it would be beneficial to publish complaints data in the Consumer Council's proposed factsheet format.

Diversity of Tariffs – The Consumer Council recognises that the UR currently collects information on electricity suppliers' tariffs and welcomes the extension of this exercise. The Consumer Council currently features information on gas and electricity suppliers' domestic tariffs on its website and will continue to do so in order to provide consumers with comparative information to enable them to make informed decisions about which supplier to buy their electricity / gas from.

Customer account balances – The Consumer Council is of the opinion that information regarding customer accounts balances should be published by the UR in the factsheet format. Research conducted by the Consumer Council

indicates that if making a decision about switching to an alternative energy supplier, 77% of consumers would consider it useful to have access to information concerning the accuracy of billing of the supplier. It would therefore be useful for consumers to be able to access information to indicate the extent to which suppliers keep their customers in credit or debit.

Retail margins – The Consumer Council welcomes the UR’s proposal to collect data concerning suppliers’ retail margins and its recognition of the public focus on the operation of suppliers particularly in relation to customers’ bills and perceptions of suppliers’ profits. The Consumer Council is aware of the commercial sensitivities concerning the collection of retail margin data and the associated barriers to publication of the information. However, it should be noted that 63% of consumers would find it useful to have financial information about a supplier, for example, information regarding its profit margins, when making a decision about switching to an alternative energy supplier.

For further information or to discuss any aspect of this response, please contact Andy McClenaghan on 028 9067 4808 or amcclenaghan@consumercouncil.org.uk.