



Statutory Consultation “Extending protections for non-E7 restricted meter customers (SLC 22G)”

Energy Action Scotland Response

9 December 2020

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Energy Action Scotland is the Scottish charity dedicated to ending fuel poverty. Energy Action Scotland has been working with this remit since its inception in 1983 and has campaigned on the issue of ending fuel poverty and delivered many practical as well as research projects to tackle the problems of cold, damp homes. Energy Action Scotland works with both the Scottish and the UK Governments on energy efficiency programme design and implementation. Energy Action Scotland welcomes the opportunity to respond to this consultation.

Energy Action Scotland’s response focuses primarily on those areas that it considers may impact most on fuel poor and vulnerable consumers. Energy Action Scotland is not a health organisation, but we are concerned about the health impacts of living in fuel poverty and that respiratory conditions which are exacerbated by living in a cold, damp home make up a high proportion of Scotland’s excess winter deaths, which are linked to living in fuel poverty.

A household is considered fuel poor in Scotland if the household’s fuel costs are more than 10% of its income and what is remaining is not enough to maintain an acceptable standard of living.¹ Fuel poverty is driven by four main issues, these being high energy costs, low disposable incomes, poor energy efficiency of homes and how energy is used in the home.

Levels of fuel poverty among households using electricity as primary heating fuel have remained among the highest, at 43% in Scotland. We believe that those consumers with restricted meters have a significantly higher likelihood of being in fuel poverty than those without. Extending the protections is welcomed but we believe that to provide a fair deal to consumers and fuel poor consumers that this should go further.

Restricted meter remedy

We supported the introduction of the Restricted Meter Remedy at the time of the CMA market assessment as it was clear there was significant market failure and consumers on with restricted meters in Scotland had almost no access to the wider energy market and were ‘trapped’ with market dominant suppliers.

The reality of being unable to move supplier is that consumers self-disconnect or self-ration their energy purchase. This denies them the levels of comforts established in the definition of Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019.

The experience of our members is that credit consumers still struggle significantly to switch suppliers despite the licencing conditions enabling it, and our view is that the remedy although

¹ Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019
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well intended has failed to deliver the anticipated outcomes. In addition, the prepayment protections that were used as an argument to deny the remedy applying to prepayment restricted meters have now disappeared.

We are disappointed that this consultation does not recognise the market failures impacting on prepayment customers or offer any consideration about how prepayment restricted meter customers can access the broader energy market.

We understand that there was a belief that the successful rollout out of SMART meters would provide greater choice and ease for customers by now. However, the original date of end December 2020 for the completion of the rollout is not going to be achieved. This has necessitated an extension to end December 2024. COVID-19 will bring its own impact to that timescale which will potentially delay this even further. As it stands SMART meters are not a mandated change for customers which reduces the rate of take-up. From information circulated by the Scottish Government and Citizens Advice Scotland in recent months householders remain to be convinced by the benefit of smart meters despite the obvious need to update the way that energy consumption is metered.

CONCLUSION

The intent of the Remedy was clear but the implementation of it, and the practise of suppliers has been poor. If the remedy is to be extended additional promotion of it will be essential, as will stringent enforcement of licencing conditions on energy companies

There needs to be an enhanced focus on consumer information and consumer protection for the remedy to provide the protection intended.

We:

- Strongly support the continuation of the measure till 2025
- Recommend that there is a readily accessible list of all energy companies with more than 50,000 customers published by Ogem
- Support enhanced communication and guidance to consumers about their switching options
- Support enhanced communication from Ofgem to suppliers reminding them of their obligations
- Recommend that suppliers are obligated to record when the remedy is used for non E7 switches
- Urge that the protections are extended to prepay as prepay customers have no protection and cannot switch easily
- Support the continuing role of Citizens Advice Scotland as the lead body in Scotland to coordinate the gathering of evidence from consumers
- Recommend annual performance reporting of the measure