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Response to: Ofgem - Review of the Priority Service Register

Introduction

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

EAS welcomes the opportunity to respond to this consultation.

Fuel Poverty in Scotland

The Scottish Government is required by the Housing (Scotland) Act 2001 to end fuel poverty, as far as is practicable, by 2016 and plans to do this are set out in the Scottish Fuel Poverty Statement. The number of Scottish households living in fuel poverty dropped from 756,000 (35.6%) in 1996 to 293,000 (13.4%) in 2002. Half the reduction was due to increases in household income, 35% to reduced fuel prices and 15% to improved energy efficiency of housing¹. The most recent figures² from the Scottish House Condition Survey Key Findings Report show that there were 647,000 households living in fuel poverty in Scotland in 2012, representing 27% of total households.

According to figures produced by the Scottish Government³, for every 5% rise in fuel prices an estimated 46,000 more households become fuel poor. Based on these figures EAS estimates that there are currently 900,000 households, more than four in ten, in fuel poverty in Scotland. This significant increase in fuel poverty is widely accepted to be due to the dramatic increases in domestic fuel prices and EAS is very concerned about the impact on vulnerable customers.

Given its remit, EAS's response to this consultation focuses primarily on those areas that it considers impact most on fuel poor and vulnerable consumers.

General Comments

EAS supports the development of a more holistic approach to considering the needs of vulnerable consumers. With energy costs continuing to rise and the pressure on household finances increasing, it is essential that households in the most vulnerable situations are able to benefit from support to ensure they can keep their homes warm.

Ofgem states⁴ that in performing its duties, it 'must take into account the needs of the following particular groups of consumers:

- of pensionable age
- that have a disability
- that are chronically sick
- on low incomes, or
- living in rural areas'

¹ Fuel Poverty in Scotland: Further Analysis of the Scottish Housing Condition survey 2002

² Scottish House Condition Scotland Key Findings Report 2012

³ Estimate of Fuel Poverty Households in Scotland: Scottish House Condition Survey March 2011

⁴ Ofgem Consumer Vulnerability Strategy, Final Decision Document 102/13

However there is little clarity regarding support, via the PSR, for the last two groups of consumers on Ofgem's list. EAS believes that Ofgem must take the opportunity to include these groups. As a minimum, there should be additional support for those on means-tested benefits and for households in receipt of benefits/low incomes with children under 16. Ofgem should also increase access to/encourage take-up of the PSR for off-grid households reliant on a non-regulated fuel for heating.

Ofgem should also ensure that suppliers promote the PSR to those applying for the Warm Home Discount (WHD). Consumers considered sufficiently vulnerable to be awarded WHD are perhaps also sufficiently vulnerable to require the support offered by the PSR.

EAS believes that in reviewing the PSR, Ofgem must take the opportunity to further consider other ways in which suppliers can support vulnerable households. This might include:

- enabling suppliers to develop and offer additional tariffs (separately from the four core tariffs currently allowed) to off-grid consumers. At present, there are no tariffs that effectively support the use of electric wet central heating for example
- facilitating the re-introduction of a social tariff (separately from the four core tariffs currently allowed) for the most vulnerable consumers
- ensuring that where smart meters are installed, switching between credit and prepayment functions is subject to particular scrutiny and control where households are vulnerable and/or registered on a PSR

Consultation Question Responses

Question 1: *Do you agree that energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers?*

EAS fully supports Ofgem's proposal 'to retain a set of services which must, as a minimum, be provided by energy companies in meeting their obligations. Such a requirement will ensure that customers receive a minimum level of protection'.

Question 2: *Do you agree that we should continue to prescribe a minimum set of services? Do you support the proposed list of services? What additional services, if any, do you think energy companies should be required to provide?*

In general terms, EAS agrees that there should be a prescribed minimum set of services and supports Ofgem's proposed list. However, EAS has some concerns about the intention that suppliers/DNOs/GDNs should take 'reasonable steps' to identify vulnerability. Such vague terminology may result in suppliers inadvertently offering differing levels of service for vulnerable consumers.

Question 3: *If applicable, what services do you currently provide and what are the current costs of providing services (please break down by service)? What financial impact do you think widening eligibility in the way we have proposed will have? Please provide evidence to support your answer.*

N/A

Question 4: *Do you agree that we should move away from requiring energy companies to provide services to disabled, chronically sick and pensionable age customers to an approach which requires energy companies to take reasonable steps to identify and*

provide appropriate services to any customer with safety, access or communication needs?

EAS does not agree that Ofgem should move away from the current requirements for provision of services to disabled, chronically sick and pension age consumers. Whilst vulnerability is undoubtedly transitory, these groups are subject to 'long-term' vulnerability. Whilst not all consumers in these groups are vulnerable at all times, EAS believes that these are the groups for whom PSR services are most consistently required. Changing the definition to one which requires suppliers/DNOs/GDNs to take 'reasonable steps' to identify individual consumers may result in consumers from these groups losing out on available support. At present, only 8% of eligible electricity consumers and 7% of eligible gas consumers in Scotland are registered on their suppliers' PSRs. EAS also believes that in addition, other consumers identified as having specific safety, access or communication needs should be eligible for PSR services.

Question 5: *Do you agree that energy companies should be required to maintain a wider register of consumers that they have identified as being in a vulnerable situation?*

EAS agrees that energy companies should be required to maintain a wider register.

Question 6: *Do you agree that suppliers, DNOs and GDNs should share information about customers' needs with: a) each other? b) other utilities?*

EAS agrees that suppliers should automatically provide the names of consumers on the PSR to the appropriate network operators and vice-versa. As Ofgem states, relatively few consumers understand the difference between a supplier and a network operator and they are unlikely to contact their network operator regarding a specific need. The current process duplicates resource use and data-sharing at this level has the potential to reduce overall costs of identifying and maintaining records of individual consumers. Changes to the process would of course require a change to the Master Registration Agreement (MRA) process.

EAS does not agree that information regarding vulnerable consumers should be shared with other utilities at this stage (though we acknowledge that this is due in part to the different nature of water-charges in Scotland i.e. not metered, and integrated with Council Tax).

Question 7: *Should energy companies be required to share information about customers' needs with other fuel providers such as LPG and heating oil distributors. How could the transfer of this information work? What are the benefits and risks of sharing the information?*

In common with preferences previously stated by, for example, Consumer Focus (responses to Consumer Vulnerability Strategy consultations etc refer) EAS believes that Ofgem should take on responsibility for off-gas consumers as well as other heat consumers where a protection gap currently exists. However, this issue requires further consideration and Government intervention. In addition, these consumers are invariably already having to spend more on fuel and EAS could not be fully supportive of actions that would result in pass-through costs and higher bills.

Question 8: *Do you agree that we should stipulate the minimum details that we expect energy companies to share, for example that names and phone numbers must be shared*

where they are available? Is there any other information that should be shared and for what purposes?

EAS agrees that Ofgem must stipulate minimum details and that this detail should in some instances include the nature of the vulnerability for example where particular medical needs exist.

Question 9: *Do you agree that energy companies should agree common minimum 'needs codes' to facilitate the sharing of information? Should we require energy companies to agree these codes? How might this work and what mechanisms are already in place to facilitate this? What role would Ofgem need to have in this process?*

EAS agrees with Ofgem that to achieve effective sharing of information between energy companies and with other utilities it is necessary to develop a common set of 'needs codes' and a standard format for data sharing. This will result in a single customer record being shared and updated and make sharing information more effective.

EAS is not aware of the mechanisms already in place to facilitate this.

Question 10: *Should information about a customer's needs be shared with their new supplier when they switch? What is the best way to facilitate the sharing of this information?*

EAS believes that information about vulnerable consumers and their needs should be shared with a new supplier on switching. Ofgem should implement this as a requirement within the switching process.

Question 11: *Do you agree that a single cross-industry brand will raise awareness of priority services?*

Yes. In addition to the statistics provided by Ofgem, from working with front line staff who support vulnerable consumers EAS knows that awareness and take-up of PSR services is extremely low. A single cross-industry brand will prove a useful starting-point.

Question 12: *Do you agree that a guidance document would help advice providers and raise awareness? Who should produce this document?*

EAS believes that a guidance document would be helpful. EAS has no specific views on who should produce this, but it should of course be an 'independent' party.

Question 13: *What more can be done to raise awareness of priority services?*

There are a number of stages where awareness could be raised (and where those with a vulnerability could be identified). These include, but are not limited to:

- during installation of PPMs. Over 1,800 PPMs are installed every day in the UK and 88% of these are for the purpose of debt recovery (Ofgem: Domestic Suppliers' Social Obligations - 2012 Annual Report)
- during installation of smart meters/other smart meter interventions
- on award of a Warm Home Discount. Suppliers could instigate a checking process when applications for Broader Group WHD are received, or distribute PSR information automatically to those applying for WHD

Question 14: *Do you agree that supplier independent audits are the best way of monitoring companies' compliance with our proposed obligations? Do you have views on the approach the audit should take and what it should cover?*

EAS believes that any audits should be independent, but has no particular views on the approach that should be taken. Audit results should be shared more widely than with Ofgem and Citizens Advice.