

The background features a large, stylized white arrow pointing to the right, set against a blurred image of a modern building with a glass facade and a large, glowing light fixture. The overall color palette is light and airy, with soft blues and whites.

Consumer protections – remote functionality

Stakeholder workshop

9 December 2010

Overview

- Remote disconnection
 - key issues
 - respondents' views
 - initial thoughts
- Alternative forms of disconnection
 - initial research findings
 - load limiting
 - managed/limited credit
- Remote switching to PPM
 - key issues
 - respondents' views
 - initial thoughts

Remote disconnection

Key issues - disconnection

- Identification of vulnerable customers
- Sufficient notice periods
- Alternative forms of disconnection (eg load limiting and managed/limited credit).

Consumer groups' views - disconnection

- Home visit necessary if no contact received from consumer. Some consider a site visit should be mandatory
- Ofgem's previous guidance on what constitutes 'reasonable steps' should be mandatory
- Recommendation that suppliers should also contact customer at time of disconnection
- 7 days notice is sufficient as long as current requirements and processes followed.

Suppliers' views - disconnection

- No change to licence conditions necessary
- Will do site visits where not already spoken to the customer
- 7 days notice is sufficient.

Site visits

- Number of consumer groups consider site visits should be mandatory prior to disconnection
- Existing licence conditions require specific outcomes (identifying the status of customers before disconnecting, halt on disconnections for particular groups in winter)
- Requiring site visits risks suppliers taking a tick box approach (ie suppliers could meet requirement but fail to achieve outcome)
- If we mandate a site visit, we would need to set out when the site visit should be undertaken.

Initial thoughts – disconnection

- Authority could issue guidance on 'reasonable steps' and require suppliers (within SLC 27) to have regard to the guidance.
- Maintain existing notification period of 7 days on basis that suppliers will continue to have to go through a number of steps before disconnection
- Possibly amend licence to make it clear that load limiting etc. will be considered disconnection in certain circumstances
- Call on suppliers to review their ERA safety net in light of smart meter roll out.

Discussion on initial thoughts – remote disconnection

Alternative forms of disconnection

Consumer research - initial findings

- **Views of customers not struggling financially**
 - alternatives are better than full disconnection
 - gives customers opportunity/time to find solution while incentivising payment
 - customers may try to live on dangerously low electricity levels.
- **Views of customers struggling financially**
 - mixed views, some positive
 - but significant number strongly against idea and see it as another way of getting at poorer customers.
- **PPM customers**
 - Positive reaction from those with PPM but not struggling
 - Poorer tended to favour extension of emergency credit.

Load limiting – initial thoughts

- Customers need to be protected from practices which amount to disconnection
- However, we do not want to discourage innovation
- Could amend licence so that load limiting amounts to disconnection in certain circumstances:
 - eg where the supply to the premises is severely constrained and the customer does not use a PPM.
- We could also specify that where the supplier uses load limiting it must be a Principle Term of the contract with the customer.

Managed credit – initial thoughts

- Customers need to be protected from practices which amount to disconnection
- However, we do not want to discourage innovation
- Managed credit should fall under PPM or disconnection (Gas and Electricity Acts do not give the right for anything else)
- Managed credit could be considered disconnection in certain circumstances (and licence amended accordingly):
 - eg it amounts to stopping the supply except where the customer uses PPM, OR
 - it amounts to stopping the supply except where the customer can top-up (eg £10) to keep the supply going.

Discussion on initial thoughts – alternatives forms of disconnection

Remote switching to prepay

Key issues - prepayment

- Prepayment only offered where safe and reasonably practicable
- Sufficient notice periods
- Sufficient and appropriate information on paying by prepayment.

Consumer groups' views - prepay

- Some say a site visit should be mandated
- others consider it may not be necessary to do a site visit where the supplier has already spoken to the customer
- some consider the requirement should be amended to put burden of proof on suppliers
- most say information on how to operate the meter and the methods to add credit should be a requirement
- view that suppliers should have a duty of care to react to self disconnection
- general view that 7 days notice is sufficient but suppliers should contact via various methods and follow up with a site visit if necessary.

Suppliers' views - prepay

- No change to licence conditions necessary, other than ensuring requirements include switching to PP mode
- commitment to do site visits where they have not already spoken to the customer
- 7 days notice is sufficient
- already provide emergency credit and friendly credit periods where technically possible so can leave to suppliers.

Site visits

- Number of consumer groups consider site visits should be mandatory prior to disconnection
- Existing licence conditions require specific outcomes (identifying the status of customers before disconnecting, halt on disconnections for particular groups in winter)
- Requiring site visits risks suppliers taking a tick box approach (ie suppliers could meet requirement but fail to achieve outcome)
- If we mandate a site visit, we would need to set out when the site visit should be undertaken.

Initial thoughts – prepay

- Definition of prepayment in licence to include where the meter is switched to prepayment mode
- Authority could issue guidance on 'safe and reasonably practicable' and require suppliers (within SLC 27) to have regard to guidance.
- possibly require suppliers to offer a customer an alternative payment method where prepayment is no longer safe or reasonably practicable
- maintain existing notification period of 7 days on basis that suppliers will have to go through a number of steps before switching to prepayment
- possibly oblige suppliers to provide information on using the meter in prepayment mode.

Discussion on initial thoughts – remote switching to prepay

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

Promoting choice and value
for all gas and electricity customers

Existing protections – remote disconnection

- At least 28 days to pay bill and at least 7 days notice before the supplier can disconnect
- Obligation to take all reasonable steps to provide a PPM (where safe and reasonably practicable) and offer other payment methods (including Fuel Direct) before disconnecting
- Obligation to take all reasonable steps to identify the status of customers and occupants before disconnecting
- Prohibition on disconnecting customers of pensionable age during winter and obligation to take all reasonable steps to avoid disconnecting during winter premises where the occupants are disabled, chronically sick or of pensionable age
- the 6 major suppliers have committed to not disconnect any vulnerable customer at any time of year.

Existing protections – remote switching to prepayment

- At least 28 days to pay bill and at least 7 days notice before installing a PPM
- Suppliers must offer a PPM, where it is safe and reasonably practicable in all the circumstances of the case, to customers struggling to pay their bills
- Safe and reasonably practicable should be considered from the perspective of the customer
- Suppliers must provide information to PPM customers about the advantages and disadvantages of paying through a PPM and what the customer needs to do if the meter or device isn't working effectively.