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Dear Evan,

Consultation on Revisions to Social Obligations Reporting

This submission was prepared by Citizens Advice. Citizens Advice has statutory responsibilities to represent the interests of energy consumers in Great Britain. This document is entirely non-confidential and may be published on your website. If you would like to discuss any matter raised in more detail please do not hesitate to get in contact.

Thank you for the opportunity to respond to this consultation. Broadly, Citizens Advice supports the review of the Social Obligations Reporting and the direction of this review. In particular, we note the changes to better understand the impact of smart metering.

We welcome the retention of key fields which we use to support our current monitoring of the industry, as well as those we may wish to make use of as we develop new information on how suppliers treat their vulnerable customers in 2019/20.

It is important that the regulator and stakeholders have a full view of how suppliers interact with their customers. We would therefore recommend that the scope of reporting be extended to consider the experiences of the countries smallest businesses, particularly disconnections. Micro-business consumers on a non-domestic contract have many of the same behaviours and attitudes as domestic consumers of energy. And we are aware that non-domestic premises can be used residences, placing domestic customers at increased risk of disconnection. This review provides an opportunity to incorporate the experiences of these domestic consumers and provide an evidence base on the scale of detriment from disconnection of microbusinesses.

The energy industry is developing rapidly, but accurate and salient reporting will continue to be vital in the future. We would support more regular reviews of the Social Obligations Reporting to respond to these changes. We also support shorter implementation times for reporting changes, so that policymakers have access to evidence more readily.

Indicators related to domestic debt

We support with the new indicators allowing a comparison of debt repayments. Our consumer service has seen an increased number of issues with unaffordable repayment rates for consumers. These indicators will help identify when suppliers are setting the initial repayment rate too high.

We also support new measures to increase the amount of information about consumers who fall into arrears. Given Ofgem's stated wish to have up-to-date information, we think this data (indicator 2.6) should be collected quarterly. Similarly, we would strongly support retaining quarterly collection of indicator 2.2 (although we otherwise support the revision of this indicator). It is also not clear why there is a different range of data being collected on debt (where the highest threshold is over £600) and arrears (where the highest threshold is over £900).

Domestic debt repayment – non-PPM customers

We support the changes to simplify indicators 3.4 - 3.21 by removing the breakdown by payment method. We also support the changes add higher repayment thresholds. We agree that this should improve scrutiny of suppliers (mostly small and medium suppliers) using higher debt repayments. It appears that Ofgem propose to retain the requirement to report on the average number of weeks to repay a debt, although the final sentence of the section on these indicators suggests that this is a less useful measure for assessing ability to pay. Ofgem should explain its thinking in this area more clearly.

We support the proposal for increased collection of data at national level, as this can be used to inform policy-making at devolved level on debt issues.

Domestic debt repayment – PPM customers

We support the changes to amend the repayment thresholds to align with the new thresholds for non-PPM customers. We also support increased collection of data at national level.

We can't comment on the addition of indicator 4.9 as no justification is provided for this change. The change in numbering from the current indicators is also not explained.

Debt Assignment Protocol

We support the removal of indicator 5.1, and the changes to collect the other indicators annually. New indicator 5.4 should give a more complete view of how consumers with debt on a PPM switch supplier.

Indicators relating to disconnections

All disconnections can have negative - and sometimes dangerous - impacts for consumers, so we support the creation of a single section focused on disconnections, regardless of cause.

We agree there should be a new indicator on disconnecting after a failed smart top up. We see a number of these issues reported through our consumer service and think this is an important issue to monitor. The suggested indicator requests the number of customers affected, however we believe that some customers may experience multiple failures topping up. Ofgem should consider also requesting the number of incidents where customers are disconnected following a failed top up.

We agree with the new data requested on customers disconnected for debt. While such disconnections are thankfully rare, the new data should help Ofgem understand whether, and how, they can be prevented entirely. In addition to the number of contacts made to the customer prior to disconnection, we believe the methods of contact should also be collected. Some consumers require multiple channels of engagement, for instance those with mental health problems¹. It would be useful to monitor the methods in supplier proactivity.

Social Obligations Reporting has been an important driver of the dramatic reduction in the number of residential consumers disconnected for debt. We are concerned that micro-businesses - and domestic customers on micro-business contracts - are at ongoing risk of this detriment. Ofgem should collect data on micro-business disconnection through the Social Obligations Reporting in order to understand and tackle this problem.

Given the changes to require information on each instance of disconnection for debt, and the addition of measures for self-disconnection and failed top-up, we support the proposal to remove existing indicators, as set out on page 20 of the consultation.

¹[https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/The%20Energy%20Market%20and%20people%20with%20mental%20health%20problems_CitizensAdviceBritainThinksFINAL%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/The%20Energy%20Market%20and%20people%20with%20mental%20health%20problems_CitizensAdviceBritainThinksFINAL%20(1).pdf)

Smart meters

We support the addition of indicator 8.2, on the number of smart meters installed by the supplier. We support the addition of an indicator on the number of failed top ups, but we think this should be recorded per incident as well as per customer, in order to collect data related to consumers who face repeated issues with topping up.

We support the clarification for indicators 8.4 - 8.6, and the addition of new options for indicators 8.22 and 8.23. We also support increased collection of data at national level.

Indicators relating to the Priority Services Register

We support the consolidation of indicators 9.2 -9.9, and the addition of the proposed new indicators.

Energy efficiency

Indicator 10.8 provides important insight into the customer journey for ECO, the government energy scheme which suppliers deliver. We are not aware of what data on energy efficiency schemes collected through alternative channels provides comparable insight. Ofgem should out clearly where else this data is available before removing this indicator.

Self-disconnection

We strongly support the addition of an indicator on self-disconnection, and the length of time the self-disconnection lasted. We agree that this data should be collected quarterly, and at national level. However, we think this data should be collected sooner than Q1 2020, as this is a key area of consumer detriment which industry and Ofgem needs to better understand (as demonstrated by Ofgem's recent call for evidence on this subject²). Also, now the SMETS1 end date has passed we think suppliers should be rapidly moving to treating smart metering as a business as usual activity, including through their regular reporting.

Yours sincerely,

Alex Belsham-Harris

Principal Policy Manager, Retail Energy Market

²<https://www.ofgem.gov.uk/publications-and-updates/prepayment-self-disconnection-and-self-rationing-call-evidence>