

Citizens Advice response to Scottish Energy Consumers Commission Draft Work Plan 2020/21

October 2020



This submission was prepared by Citizens Advice. Citizens Advice has statutory responsibilities to represent the interests of energy consumers. We have received annual funding from the Scottish Government since 2017/18 to ensure our advocacy work reflects the interests of Scottish consumers in Great Britain-wide decision making. This response 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.

1. Do the objectives described support the aims of the Commission in the first year?

Citizens Advice welcomes the opportunity to respond to the work plan for the Scottish Energy Consumers Commission. It is important that this new body incorporates a broad range of views and takes a whole system approach in order to advocate on behalf of Scottish energy consumers.

The consultation sets out an intention for the Commission to take a collaborative approach and avoid duplication, which is most welcome. Given the statutory role Citizens Advice has to represent and advocate for energy consumers across Great Britain, we would welcome a conversation about how we can formally recognise this and embed it into the work of both organisations. The commission's research focus in 2020/21 includes projects looking at energy debt, customer service and the Priority Services Register. Citizens Advice is keen to discuss our 2020/21 research projects with the Commission to ensure there is no duplication of effort.

We generally agree that the objectives described will support the aims of the commission in the first year. However, the first objective could refer to 'strengthening the voice of Scottish consumers' to better align to the aims. We also think it would be appropriate to add the Scottish Government to the list of decision makers to influence, given the devolved nature of some of the issues the Commission will consider.

We support the second objective and agree that grassroots organisations can add meaningful insights into policy decision making, but we would caution that this is most likely to be in the areas of direct consumer concern (eg customer service, billing, debt, metering) that drive contacts to such services. It is less likely that these organisations will have expertise in more technical details of the energy system, which nonetheless can have important impacts on the costs that consumers pay and the way they experience the market.

2. Are the objectives described clear and achievable?

Citizens Advice is keen to ensure that we do not duplicate effort and work closely where possible, given the research and advocacy focus of the Commission in this year. It is important to ensure that consumers receive the best value for the levy funding that consumer bodies receive, and close working can help to mitigate any duplication risks.

The objectives are ambitious, and it will be important that the commission is able to prioritise given the tight timescales. More specificity about how each objective is likely to be progressed in the time available could be useful; for example, which forthcoming policy decisions will be the focus of effort to strengthen the Scottish consumer voice?

3. Are the correct themes identified to focus on in our work to improve outcomes for consumers in Scotland?

Citizens Advice is partway through delivering a significant [2020/21 research work plan](#) including projects on each of these issues, and it is important that the Scottish Energy Consumers Commission carefully considers where and how its work can have the most impact.

Alongside our research we regularly analyse consumer insight collected by the statutory energy advice services, consumer service helpline and Extra Help Unit, as well as the information gathered by our network of 300 local Citizens Advice across England and Wales.

This insight is supplemented by evidence gathered by regular omnibus surveys including the [quarterly survey](#) we co-commission with Ofgem. We also publish good practice guides aimed at energy suppliers, which are informed by our work with companies and analysis of consumer insight.

We would be keen to discuss our work with the Commission in more detail to help avoid duplication and to add value to one another's work.

Energy Debt

We agree that this is an enduring issue in the sector, and is of even greater salience due to the impacts of covid-19. Citizens Advice has worked extensively on this issue in recent years.

Our May 2019 report, [Supply and Final Demand](#), recommended changes suppliers could make to their debt communications to encourage greater engagement. This was also a theme we explored further with suppliers and other key stakeholders at our [hack day](#) last September. [Earlier work](#) looked at the impact of energy debt on consumers with prepayment meters, and found they are at greater risk of self-disconnection.

During the pandemic we have focused on [debt issues](#) across essential services and other key household bills, to understand people's experiences and call for joined up action by regulators and government. This winter we will use contacts to our services and our statutory powers to closely monitor the experience of people in energy debt to ensure they are treated fairly by their supplier and that new Ofgem rules on ability to pay are followed.

In 2020/21 we are conducting further research on the experience of consumers using third party deductions from welfare payments like Universal Credit (formerly known as Fuel Direct), in order to suggest improvements that government and suppliers can make to this scheme.

Supplier performance and customer service

Citizens Advice currently publishes a [supplier star rating](#) every quarter. It ranks the customer service performance of companies supplying more than 99% of GB households. This is a piece of reputational regulation which helps incentivise suppliers to improve their performance. We would be happy to work with the Commission to promote the use of the star rating when consumers are considering making switching decisions.

We recently published a piece of work, [Future Proof](#) based on research by the Institute of Customer Service, which outlined the key customer service challenges for the sector in the years ahead.

We agree that supplier failures have the capacity to cause detriment in relation to poor service, both before a supplier fails and as a consumer is moved to a new company during the Supplier of Last Resort (SoLR) process. We explored these issues in our 2019 report [Picking up the pieces](#) and we have engaged closely with Ofgem as the regulator developed its proposed new licensing rules which should crack down on poor practice. We've developed [good practice guidance](#) for suppliers who take on the SoLR role and administrators who take on customer debt to the failed supplier, in order to improve consumer outcomes in these processes.

Improving services for consumers in vulnerable circumstances

We agree that consumers in vulnerable circumstances are most at risk during the covid-19 pandemic, and have been working hard to ensure these customers are protected. We worked closely with energy suppliers and government in developing the additional support package of measures put in place for energy consumers. We have closely monitored supplier adherence to these commitments, and produced a regularly updated [good practice guide](#) on how they can best be delivered.

In June, we published the [End of the Beginning](#) which explored the impact of the Covid-19 pandemic on consumers in vulnerable situations. This included those on prepayment meters who are at particular risk, as well as those in debt or falling behind on their bills. We will continue to closely monitor the experience of these customers through the winter to understand the impacts of covid-19 on them.

We agree that the pandemic has identified key gaps in relation to energy infrastructure and support. We have pushed for greater use of smart metering for prepay customers who are most at risk, and for Ofgem to implement forthcoming new support for customers who are self-disconnecting. We have also developed key principles for improved, simpler processes for signing up to additional support like Priority Services Registers (PSRs) to better identify those most at risk across essential services sectors (this is forthcoming work which can be shared once published).

The covid-19 crisis is expected to lead to significant service changes at energy companies, with a more rapid move to digital channels. A key focus of our work

this year is ensuring that consumers in vulnerable situations are not disadvantaged by the shift to digital-first processes, and we will be conducting research with digitally excluded consumers on how they wish to engage with their supplier and the energy market.

This builds on our longer term [future energy consumers project](#), which looked across a series of reports at how a future energy market can be inclusive and accessible to consumers, including those in vulnerable circumstances. We will also be building on this research this year by looking at the experiences of private sector tenants, who face particular barriers in the retail energy market.

We are aware that in Scotland there are a greater proportion of customers with restricted meters, and that Citizens Advice Scotland is committed to publishing research on the experience of customers with restricted meters as part of its levy funded work in 2020/21.

Engagement with Decarbonisation

The UK Government target to achieve net zero carbon emissions by 2050 and the shift towards a decarbonised energy system will have a significant impact on people and how they use energy, with increasing impact on home heating and transport.

We welcome the inclusion of this theme: it is vast and includes a wide range of different policy areas that are timely and relevant. There are a number of devolved areas that will require significant involvement from the Scottish Energy Consumer Council, for example the future of heat and buildings, regulation of heat networks and decisions about low carbon heat technologies.

Citizens Advice has done a [significant amount of work](#) on the impact of decarbonisation on energy consumers. This includes a review of past energy efficiency schemes, research into the role of consumer choice in low carbon heating and the role for local energy plans in achieving net zero.

Our 2020/21 research projects in this area include looking at consumer protections in relation to smart flexibility services and heat network customer experience.

4. Would you recommend the addition or removal of any themes of focus?

We are keen to understand how each of the themes will focus on issues of particular importance to Scottish consumers. We think this is most likely the case in areas where policy is devolved to the Scottish Government, or those where there is GB-wide regulation, but the experience of Scottish consumers is likely to significantly different to those of consumers elsewhere.

We would welcome more depth on the issues the Commission will work on in the 'decarbonisation' theme in 2020/21.

In recent years, we have not looked at consumers using fuels other than gas, electricity or heat networks (ie LPG, oil etc) to heat their homes and provide hot water. We think this could be a particularly useful area of focus for research in the Scottish context.

5. Are the relevant aspects of these themes captured in the descriptions?

The consultation outlines that customer service across the unregulated markets is more inconsistent and the Commission will seek to raise awareness of best practice. It is worth stating which fuels the Commission is most concerned about.

The need to modernise consumer protection regulations is a key focus for Citizens Advice and something we are advocating for in our [Net Zero Homes Guarantee](#). We also explore the impact of consumer protection gaps in our report reviewing the success of previous Westminster energy efficiency and low carbon heating schemes, [Lessons for Net Zero](#).

6. Will the combination of approaches described be appropriate and effective? Please explain your view.

Yes. The overview of approaches is similar to the way that Citizens Advice works on energy consumer advocacy for consumers across Great Britain.

A range of other organisations are working on the themes identified - particularly supporting grassroots bodies and advocacy. In undertaking the combination of approaches - as with research - it is important to understand how the Commission will avoid unnecessary duplication, as well as where it might consciously work alongside other organisations to complement and amplify one another.

7. Will the projects described adequately address the identified themes given the budget and timescale available?

The work plan is ambitious and, given the tight timescales for delivery, it is essential that the Energy Consumers Commission prioritises carefully and that the outcomes it tries to achieve are as specific as possible. With limited budget, we think the Commission is more likely to add value by focusing on areas where Scottish consumer experience is likely to be significantly different or where policy is devolved. We also think the Commission should carefully consider how projects will provide a firm foundation for its work and that of Consumer Scotland in future years.

Energy debt

We are concerned that the plan will duplicate some aspects of existing work, and that the changing policy situation in the period of the research will be important to understand.

In relation to communication with customers, we recognise this is a key aspect in order to help customers engage with their energy debt and - through referrals to advice services - their financial issues more widely. We previously worked on

these issues in our [Supply and Final Demand](#) research with consumers in vulnerable circumstances, and hack day to redesign supplier communications. We will build on these with a good practice guide for debt collection based on our insight and interviews with suppliers, which we plan to publish in the Autumn.

As identified in the objectives section, Ofgem is in the process of updating rules around suppliers assessing ability to pay energy debt, with changes due to be implemented by the end of the year. There are also voluntary commitments in place between suppliers and government (compliance with which is closely monitored by us and Ofgem) which mean some aspects of the 'normal' debt journey are not in place. For example, customers are more likely to be offered payment holidays, while any enforcement action may be delayed.

We would recommend a focus on debt in non-regulated fuels as an area where there is less risk of duplication, and a more stable policy background in which to understand the consumer experience if enduring policy changes are going to be recommended. It is also more likely that there will be a different experience by Scottish consumers, due to the more local nature of these fuel distribution systems.

Supplier best practice in customer service

This is an area where significant effort is expended by Citizens Advice through initiatives like our supplier star rating to inform consumers about service standards, and our ongoing engagement with suppliers where we have issues of concern. Ofgem has developed a framework of rules that seek to raise standards, and a compliance function to identify and resolve issues more quickly. These organisations - alongside Ombudsman Services: Energy form the tripartite working arrangement to share insight and work together to improve standards.

In recent years the worst performing companies have been those that are newer and poorly prepared or resourced to provide adequate service to their customers. Ofgem has already introduced new requirements on companies seeking to gain a licence to provide energy, and by the end of the year will implement stricter ongoing rules to crack down on poor performing companies.

In relation to services for customers in vulnerable circumstances specifically, Energy UK is developing a voluntary Vulnerability Commitment for suppliers to sign up to, following the work of the Commission for Customers in Vulnerable Circumstances that it convened in 2018. This should set out standards for suppliers to meet, and act as a platform for developing best practice in serving these customers.

Alongside the work of statutory and trade bodies, other organisations like Money Saving Expert, Resolver, TrustPilot, and Which? also provide consumers with their own information about service standards at energy suppliers.

In this crowded landscape and with limited budget, it is important for the Commission to carefully identify which groups of Scottish consumers it thinks are poorly served and can be reached through this work. It is also important to recognise the limits of consumer engagement in driving improved services standards, especially as firms are new or growing very quickly, which can quickly affect service standards.

As with research on debt, the Commission could deliver significant benefits by focusing on the non-regulated sectors as areas where best practice is less well identified and where there is more limited oversight.

Improving outcomes for consumers in vulnerable circumstances

We are not able to comment on the extent to which other bodies in Scotland are already running coordinated programmes to reach out to consumers in vulnerable circumstances. We support the outcome of increasing awareness of Priority Services Registers (PSRs) in Scotland.

This engagement could also be an opportunity to inform consumers in vulnerable circumstances about other support they could receive benefit from, either delivered by their supplier or other organisations (for example Warm Home Discount, ECO, smart metering, as well as Scottish energy efficiency and fuel poverty schemes). In achieving these outcomes the Commission should identify which other organisations are already engaging with consumers in vulnerable circumstances, and how they can best fill gaps or work alongside them.

Citizens Advice and Citizens Advice Scotland have significant experience in outreach programmes, including [Big Energy Saving Network](#) and the [Big Energy Saving Week](#) campaign (run with Energy Savings Trust, and moving to a longer, Big Energy Saving Winter format for 2020/21). These may provide valuable learnings for the Commission in designing ways of reaching these groups and informing them about support with energy.

Engagement with decarbonisation

Heat policy, energy efficiency and building standards are all devolved issues, and the Commission can play an important role to prioritise the issues that are most pertinent to energy consumers in Scotland. Given the impact of the changes consumers will need to make in support of net zero goals in the coming decade, research in these areas could build a strong platform to build on in future years.

8. Do you agree that the Energy Consumers Commission can play a useful role in connecting grassroots organisations to high level decision making?

Citizens Advice supports the ambition of this approach: however success will depend on resources available to do this properly. The Commission is not yet a recognised brand, and awareness amongst grassroots organisations about its creation and role will vary considerably.

It will be important to ensure the Commission has a clear focus on what it would like to achieve from connecting grassroots organisations to decision makers, and whether there are specific issues that this approach is useful for.

Citizens Advice has been carrying out a [review of our energy services](#) and will make various changes to our advice content in response. One key finding was that people don't tend to view energy as a priority issue and will typically only seek help when they experience a problem. This will naturally affect the type and severity of the issues that grassroots organisations are likely to identify and support customers with.

It will be essential to ensure that the Commission takes a representative approach that gives voice and support to a whole range of organisations, while applying its insight to speak in areas of energy policy where grassroots organisations have less direct experience. This can help avoid amplifying the voices that are already well placed to advocate for themselves.

9. How can the Energy Consumers Commission best integrate grassroots bodies into its work?

Citizens Advice recommends the Commission works with other, established, voluntary and community umbrella bodies to map and better understand the extent of activity in this space. Energy consumer issues are often considered 'niche' and as a new body the Commission will not necessarily be a recognised or trusted organisation: working with partners can help to mitigate this.

10. Does the timeline identify the appropriate areas for Energy Consumers Commission advocacy activity over the coming year? Please explain your view.

We agree that the timeline encompasses a number of key milestones that are important in the coming year. As discussed in previous answers, it is also important to identify where decisions have been made/are close to being made and changes will be implemented in the period, and the impact this will have on research and advocacy. We would specifically include the voluntary commitments which remain in place between suppliers and BEIS, the forthcoming Ofgem changes in support for prepay customers and customers in debt, and on new stricter rules in relation to supplier conduct, and the Energy UK Vulnerability Commitment.

It will be important that the Commission engages with the RIIO-2 Final Determinations and RIIO-ED2. It's really important to have strong consumer representation in this area. This is a challenging and resource intensive area, but it will play a key role in facilitating progress toward net zero, and delivering better outcomes and support for consumers from network companies.

11. Will the described series of engagement adequately incorporate industry, regulator and other voices into the process?

Yes. We particularly recommend engagement with other organisations working to improve outcomes for energy consumers, in order to avoid unnecessary duplication of effort and identify opportunities to amplify each other's voices.

12. Will the identified actions on advocacy and engagement (Section 9) appropriately meet the objectives of the Energy Consumers Commission?

Yes.

13. Please leave any further comments below.

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Published October 2020

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Registered charity number 279057.