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From Tim Yeo MP, Chairman

Rt Hon Edward Davey MP
Secretary of State
Department of Energy and Climate Change
3 Whitehall Place
London SW1A 2AW

13 May 2014

Self-disconnection and vulnerable customers

During the Energy and Climate Change Select Committee’s session on Energy prices in October 2013 we discussed with representatives from the Big Six energy companies the issue of self-disconnection among energy prepayment meter (PPM) consumers. We subsequently wrote to the Big Six seeking further information on their policies in relation to self-disconnection among PPM consumers. Their responses were published on our website on 3 December 2013. In order to follow up on this exchange of correspondence we asked one of the Members, John Robertson MP, to meet with the Big Six for more detailed discussions. Mr Robertson also met with a distribution network operator and a local council.

I am writing now to highlight some of the findings from these meetings. There are a range of useful measures in place for vulnerable customers by the energy companies, but these are inconsistently applied across the sector. More co-ordinated actions are hindered by a lack of detailed knowledge on behaviours, caused in part by barriers to data sharing.

Other findings include the challenges of identifying vulnerable customers, especially ‘temporarily vulnerable’ customers. Furthermore, there is no industry-wide definition of ‘vulnerable’ customers. Aspects of the Data Protection Act may also be restricting the establishment of multi-agency referral networks between energy companies and charities working with vulnerable people, although Islington Council has recently developed an effective network with some agencies.

There appears to be a willingness among the Big Six to improve their services for the most vulnerable and self-disconnectors. One suggestion that is of interest to us is the idea of establishing a voluntary code of practice for energy companies. As a starting point, Mr Robertson has pulled together elements of the different draft codes that energy companies themselves have started to devise. We enclose a copy of this draft code of practice and would be interested in hearing your views. We are also writing to Ofgem and the Big Six energy companies and seeking their views.

The Committee will consider potential next steps when we receive your response.
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From Tim Yeo MP, Chairman

Vincent de Rivaz Esq
CEO
EDF Energy
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London SW1X 7EN

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Guy Johnson Esq  
Director, External Affairs  
RWE npower  
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Wiltshire SN5 6PB  

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From Tim Yeo MP, Chairman

Neil Clitheroe Esq
CEO
Scottish Power Generation Holding Ltd
Cathcart Business Park
Spean St
Glasgow G44 4BE

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From Tim Yeo MP, Chairman

Alistair Phillips-Davies Esq  
Chief Executive  
SSE  
Inveralmond House  
200 Dunkeld Road  
Perth PH1 3AQ  

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Dear Tim,

SELF DISCONNECTION AND VULNERABLE CONSUMERS

Thank you for your letter of 13 May outlining the work of the Energy and Climate Change Committee on the important issue of self-disconnection among pre-payment customers.

I welcome the Committee’s work in this area, and therefore support the development of initiatives, such as a code of practice, that could ensure that vulnerable pre-payment customers are being treated fairly and receiving appropriate support.

In recent months DECC has been considering a range of areas where Government action could improve the consumer experience of pre-payment customers, including the issue of self-disconnection. Last month I wrote to suppliers challenging them to ensure that from the end of 2016 current ‘normal’ pre-payment meters are replaced only with Smart Meters and offer Smart Meters with ‘pay as you go tariff’ options to all pre-payment customers by the end of 2016.

I would like to invite Mr Robertson or another Committee representative to meet me and my officials to discuss the Committee’s draft code of practice further.

EDWARD DAVEY
Tim Yeo MP, Chairman  
Energy and Climate Change  
Committee  
Committee Office House of  
Commons  
14 Tothill St  
London  
SW1H 9NB  

Our Ref: 13 May 2014 SD letter  
Direct Dial: 020 7901 7357  
Email: dermot.nolan@ofgem.gov.uk  

Date: 30 June 2014  

Dear Tom  

Response to the Energy and Climate Change Committee’s letter regarding self-disconnection and vulnerable customers  

Thank you for sharing your thoughts on a new code on self-disconnection and vulnerable consumers. This is clearly a very important area and one of growing concern especially given upcoming benefits changes, rising energy prices and wider pressure on household incomes.  

As you may be aware, we have recently published our latest monitoring figures on debt, disconnection and prepayment meters (PPM), which show that the number of customers in debt has increased to 1.6 million electricity accounts (5.8 per cent of all accounts) and 1.5 million for gas (6.5 per cent of all accounts). The average level of debt has also increased to £316 and £341 for electricity and gas respectively.  

While the number of overall disconnections remains very low, there is continued growth in the use of PPMs, with around 14-16 per cent of customers now using this payment method. The majority of PPMs are installed in order to help manage debt; it is essential therefore that use of PPMs does not result, as Mr Robertson has pointed out, ‘in disconnection by the back door’.  

The proposed code  
We fully support the aims of the proposed code. It raises some important areas where further action is needed, notably the need for better monitoring of self-disconnection and targeting of help at those in need; the challenges around identifying and communicating with vulnerable consumers; and charges associated with prepayment meters which can act as a barrier to switching. We have work planned in all these areas, as part of our Vulnerability Strategy, and would welcome discussing this further with the Committee.  

Most of the protections outlined in the proposed code already exist in licence conditions, guidance, current codes and charters (a detailed commentary is attached). We therefore suggest that rather than adding a new code, which could add complexity, that it would be better to build on and strengthen existing protections. That said we see there is value in bringing together the existing safeguards into a single document. This could provide greater clarity about the protections available; help advice providers give information to customers, and support companies, particularly small suppliers, with compliance.
Definition for vulnerability
Whether a customer is vulnerable often depends on the situation they are in and the purpose and nature of particular services. We agree it is important to have a workable common definition for 'vulnerable' in relation to debt and disconnection, as it is in other areas. The Big Six have already agreed a definition for this, which is in the EUK Safety Net. While not perfect, this is a broad definition which also recognises that vulnerability can be temporary. There is no definition for 'vulnerable' in the context of PPM customers and self-disconnection but under licence conditions suppliers should only install a PPM where 'safe and reasonably practicable in all circumstances' for the customer to use. The guidance for that captures a wide range of vulnerabilities. For example, ensuring the customer does not require a continuous supply of energy for health reasons; checking that the customer is physically able to top up their meter, checking they have easy access to a top-up outlet, and to their meter. However, the current rules do not explicitly prohibit the use of PPMs by customers in severe financial difficulties who may have a greater likelihood of self-disconnecting. We intend to look at this.

Data sharing
We are fully supportive of the need to improve data sharing and will help facilitate this wherever we can. While ultimately it is for suppliers to guarantee that they are acting in accordance with data privacy regulations, we are working with DECC, DWP and industry to improve data matching – for example, to more effectively target the Energy Company Obligation measures and assistance available under the Warm Home Discount. As part of our review of the Priority Services Register we are also consulting on a common approach to identifying and recording vulnerability including potentially establishing a standard method across suppliers, networks and even different sectors such as water.

I would welcome a meeting with the Committee or a representative to discuss in further detail the ideas raised in the code and how we might take this forward. Sarah Roberts from the External Relations team will be in touch with the Committee Clerk to follow-up on this.

Yours sincerely

[Signature]

Dermot Nolan
Chief Executive, Ofgem
The following outlines where existing protections are already in operation and where there are plans or opportunities to strengthen safeguards.

- The Code of Practice will be voluntarily agreed upon by energy companies.

- As noted we think it better to build on existing protections, rather than develop a new code. There is also value in bringing together current licence conditions, codes, guidance and charters in this area into a single document. This could provide greater clarity about the protections available; help advice providers give information to customers, and support companies, particularly small suppliers, with compliance.

- Compliance with the Code of Practice will be independently audited.

- Not applicable.

- The Code of Practice will be enacted on the understanding that the Department for Energy and Climate Change, along with Ofgem, address some of the issues raised during investigations, namely data-sharing practices in the interests of identifying vulnerable customers.

- We are fully supportive of the need to improve data sharing and will help facilitate this wherever we can.

Customers and prepayment meters

- Suppliers will ensure that any customer who is new to a prepayment meter, either through moving into a property that has one or who has a prepayment meter installed by choice or though a debt recovery process, is asked to identify if they are vulnerable or if their health is at risk by having a prepayment meter.

- Supply Licence Condition (SLC) 27.6\(^1\) requires the supplier to only offer a prepayment meter ‘where safe and reasonably practicable in all circumstances’. We have developed guidance around what is ‘safe and reasonably practical\(^2\)’ which suppliers, under licence must ‘have regard to’. This is updated periodically, most recently to reflect the introduction of remote functionality with smart metering. The onus is on the supplier to be confident that the PPM is safe and practical for the customer to use. Suppliers do this by various means. We believe this is a stronger protection than putting the responsibility on customers to self-report need or vulnerability.

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\(^1\) Electricity Supply Standard Licence Conditions [https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions](https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions)

• Where customers move into a property and do not notify their supplier, for example, they continue to use the previous tenant’s key or card, there is no obvious way for the supplier to identify that they are new to prepayment or have any kind of vulnerability. We are considering how to overcome this challenge. This may for example, include better links with landlords.

• SLC 28.1 requires the supplier, where they become aware or have reason to believe that a PPM is no longer ‘safe and reasonably practicable in all circumstances of the case’, for the customer, to adapt it, move it or offer the customer alternative ways to pay.

• Under the Smart Metering Installation Code of Practice (SMICOP)3, installers must be trained to identify vulnerability and report and record vulnerability during the smart meter visit.

• There is currently no requirement on suppliers to systematically contact customers to ask if they have any kind or vulnerability or additional needs, though in the voluntary EUK Safety Net the main energy suppliers commit ‘to make every effort to identify vulnerable customers’. As part of our review of the Priority Services Register we are consulting on requiring suppliers to take all reasonable steps to identify customers that may benefit from non-financial additional services, so are vulnerable in some way.

• Suppliers will address the following issues when customers are new to a prepayment meter:
  o Whether a prepayment meter is an appropriate payment method for the customer
  o The advantages and disadvantages of a prepayment meter
  o An assessment of the customer’s ability to pay and agree a debt recovery rate (if applicable) that is manageable
  o An assessment of the vulnerability of a customer while on site. If engineers believe a prepayment customer is unsuitable or the debt recovery rate is unmanageable, they should contact customer service staff.

• Suppliers will not install a prepayment if it is clear that the customer’s health will be exposed to risk by having one and will instead seek alternative ways to secure payment for energy.

• SLC 28 requires suppliers, where they have offered a PPM to a customer, or the customer has asked to use prepayment, to provide information on the advantages and disadvantages of having a prepayment meter. In addition, suppliers are also required to provide a range of information about how to operate a PPM.

• SLC 27.8 requires suppliers to take all reasonable steps to ascertain the Domestic Customer’s ability to pay, and they must take this into account when calculating instalments for debt repayment. This includes giving due consideration to any relevant information provided by third parties, where it is available; and following the ‘ability to pay principles’5. We are working with smaller suppliers in particular to ensure compliance. This included hosting a workshop on best practice earlier in the year.

• As noted SLC 27.6 and associated guidance requires the supplier to only offer a prepayment meter where ‘safe and reasonably practicable for the customer in all circumstances’. Where a prepayment meter is installed this includes an assessment of vulnerability on site. The protections and guidance have been updated for where a customer is remotely switched to prepayment if the customer has a smart meter and no site visit is required.

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4 http://www.energy-uk.org.uk/policy/disconnection.html
• Suppliers will not install prepayment meters where they are not always accessible or safe to the customer, such as communal supply areas and intake rooms, to avoid the risk of the customer not being able to transfer vended credit to the meter.

• As mentioned, SLC 27.8 requires the supplier to ensure that the prepayment meter is ‘safe and reasonably practical for the customer to use in all circumstances’. The guidance around ‘safe and reasonably practicable’ explicitly requires suppliers to consider if the PPM is located outside or in a room to which the household does not have continuous access. Communal supply areas can be safe and practical places to install prepayment meters as long as they are easily accessible for the customer given their particular circumstances. For example, they are not locked, and the customer is physically able to easily access and operate their meter given their particular circumstances. A blanket ban on installations in communal areas and intake rooms could inadvertently prevent many customers from accessing this payment option and could result in an increase in disconnections. We are considering how we review compliance with this guidance.

• Suppliers will not disconnect any customers who are vulnerable or elderly over winter.

• Under SLC 27.10 and 27.11 suppliers are required by licence not to disconnect consumers who are of pensionable age, disabled or chronically sick in the winter months. Winter months are October-March. In practice most suppliers do not disconnect any customers at any time of year.

• In addition through their self-regulatory ‘Safety Net: Protecting Vulnerable Customers from Disconnection’, EUK have committed not to disconnect any customer who is in a vulnerable position at any time of year. Under the Safety Net a customer is considered vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the households. Also they commit not to disconnect households with children under 16 years of age in the winter, and 5 or under at any time of year, as long as the customer demonstrates a willingness to pay off any outstanding debt.

• Suppliers will not charge to remove a prepayment meter and replace it with a credit meter.

• It is essential that customers can freely switch between payment methods, both to and from prepayment. While some customers may want to switch away from prepayment, it is important to note that prepayment is a payment method of choice for many customers who value the budgeting control it gives them.

• Some though not all suppliers charge for removal of the PPM and installation of a credit meter, and/or require security deposits where the customer has a poor credit record or payment history and debt. Some though not all companies also charge to have a PPM installed, when the customer is not in debt. These charges can act as a barrier to switching payment method, and where relevant achieving tariff savings. We will be reviewing suppliers’ charges as part of our debt and disconnection work this year.

• As part of our review of the Debt Assignment Protocol, we are also looking to further facilitate switching for customers in debt.
We expect the rollout of smart metering to result in the reduction and/or removal of charges in relation to switching payment method. This is something we are exploring as part of our work on smart prepay.

Identifying vulnerable customers

- Suppliers will compare and contrast definitions of vulnerability and agree upon the most detailed and wide ranging definition.
- At the start of each winter, suppliers will run a campaign to identify customers who purchase little and often.
- Suppliers will work with local and national charities and organisations; local authorities; housing associations; other energy companies; and any other appropriate bodies; to identify vulnerable customers through data sharing, where possible. Suppliers will also work with the Government to try to improve data sharing processes in the interests of identifying vulnerable customers.
- As part of our Vulnerability Strategy we defined vulnerability as when a consumer’s circumstances mean they are: significantly less able than a typical consumer to protect or represent his or her interests; and/or significantly more likely than a typical consumer to suffer detriment or that detriment is likely to be more substantial. Suppliers are expected to reflect this broader approach in the delivery of products and services.
- While not perfect, a common definition of ‘vulnerable’ has already been agreed by EUK members in relation to debt and disconnection. A person is considered vulnerable if for reasons of age, health, disability or severe financial insecurity, they are unable to safeguard their personal welfare or the personal welfare of other members of the households. The EUK Safety Net recognises that vulnerability can be transient in nature and therefore has to be assessed on a case by case basis as each customer has their own needs. Also that customer’s individual circumstances must be taken into account.
- The guidance on ‘safe and reasonably practicable’ for PPM explicitly states that suppliers should consider what is appropriate from the customer’s perspective. It also requires them to take proactive steps to identify a customer’s circumstances. These include but are not limited to: recording the location of the meter when installed or inspected; reviewing notes on the customer’s account; checking whether there has been a change of tenancy, attempting to check with any appropriate advice or other agency such as local authority or housing association.
- As noted, as part of our review of the PSR we will be consulting on some degree of standardisation of suppliers’ vulnerability registers and flags including the potential for a minimum common approach across suppliers, networks and potentially other sectors to facilitate data sharing in the interests of vulnerable customers.
- We seek further clarification on what you envisage when you say ‘suppliers will run a campaign to identify customers who purchase little and often’ – in particular how you imagine these customers will be identified. We assume that the aim is to identify customers who are potentially under-heating their homes or struggling financially. But we query how appropriate a measure this is.
Monitoring of vulnerable customers

- For new prepayment meter install, suppliers will monitor at Day 10 and 15 to ensure that: the customer has purchased; that the account set-up is completed; and that the prepayment meter device e.g. key or card, is configured and dispatched. If there is no record of a vend by Day 15, the supplier will proactively contact the customer by telephone to inquire as to whether the customer is facing difficulties.

- In the case of existing prepayment customers, suppliers will monitor all customers and will contact customers by telephone in the event that they have not vended by:
  - Day 28 for non-vulnerable customers;
  - Day 12 for vulnerable customers who are on the Priority Services Register.

- If customers cannot be contacted by telephone, after three attempts, suppliers will send out letters. If attempts remain unsuccessful, a specially trained advisor will visit the customer’s property to assess their vulnerability and offer the most appropriate form of support.

- We fully support the intention here and share your concerns about self-disconnection. Under existing guidance, suppliers are expected to take proactive steps to ensure the customer is vending appropriately after putting in a prepayment meter, including where technically feasible to monitor whether the customer is self-disconnecting. Where the customer is self-disconnecting, they must make multiple attempts to contact the customer by various means and at various times of day to understand the reasons for this. Where it becomes apparent that the reason for self-disconnection is that it is not safe and reasonably practicable for the customer to use a PPM, the supplier should make alternative arrangements. The current guidance does not specify how this should be done or what action should be taken should the suppliers identify that a customer is in financial difficulty.

- To help address this, we have been liaising with Citizens Advice regarding their new research in this area. We intend to work with them and industry to deliver improvements in the monitoring of self-disconnection and the quality of help provided to PPM customers when they are identified as having financial difficulties. As you will be aware from energy companies’ feedback, monitoring this is not a straight forward process. For example, monitoring use of emergency credit is not a reliable indicator of customers in financial need as many use this facility for convenience; and customers may opt not to top up gas over summer months. We believe further work is needed on the most effective approach before specific proposals are enacted.

- As part of our work on smart metering we are also exploring the potential for suppliers to use new technology and data to help prevent debt build up, better identify customers who are self-disconnecting, and target support at those in need. This includes potential for a life-line of electricity for PPM customers (enough for essentials such as lighting and the fridge) as an alternative to complete disconnection.

Additional support for vulnerable customers

- Suppliers will offer a 24 hour helpline for customers.

- We seek further clarification on the purpose of the helpline and if it is intended to be free-phone, including from mobiles, or if companies will offer a free call back service. It would
need to be appropriately staffed and supported. It may be that requiring overnight non-disconnect periods would be a more appropriate solution depending on the problem you are seeking to resolve. Any approach needs to be future-proofed and joined up with developments around smart metering. For example, we understand that industry is considering a Freephone number for customers in the case of failed remote top-ups, or rejection of payments.

- Suppliers will provide a specialist team who deal solely with vulnerable customers.

- We support this idea in principle and many suppliers already have specialist staff. Consideration needs to be given as to how consumers are routed to the team. It is important to ensure that all staff continue to receive training to identify and support vulnerability else the approach could be counter-productive.

- Engineers will be trained to identify vulnerability.

- As part of the preparations for smart meter rollout, installers are required to be trained by a National Skills Academy for Power accredited provider, or equivalent training or accreditation. This includes training in the identification of vulnerability. They should be able to provide advice to customers, including energy efficiency guidance that is appropriate to the customers’ needs. We have little visibility regarding the quality of that training. This is something we are investigating. Also, while installers for smart meters are required to identify and report vulnerability, this is not always the case for other representatives and home visits conducted for other reasons.

Provision of information

- Suppliers will ensure advisors inform all customers of all available support including: Warm Home Discount; suppliers’ existing hardship and other funds; benefit entitlement checks; and energy efficiency advice.

- Suppliers will proactively contact all ‘supply critical’ customers at the start of each winter to ensure that customers have: the means and ability to top-up their meter without assistance; that prepayment meters are still the most appropriate way for customers to manage their energy; and that the customer’s account receives a full review and health check.

- Suppliers will proactively contact all prepayment customers annually to reaffirm how the prepayment meters and infrastructure work, signpost what support is available and to encourage customers to make contact with their suppliers if their circumstances have changed to an extent that having a prepayment meter will put their health at risk.

- Suppliers will proactively place information on their websites during anticipated periods of exceptionally cold weather, advising customers to contact them if they face financial difficulties topping up their meters.

- Suppliers will place consistent and agreed information on payment outlet vend receipts (Paypoint, Payzone, Post Office).

- We support this in principle and plan to review supplier communications this year. Suppliers are required to notify customers of a range of different types of support available. Direct mail
doesn’t always have the best success rate and customers do not always open mail from their energy supplier. There is a general challenge to better understanding consumer behaviour and promote innovation in communications so that information and support reaches these customers. This might include greater use of texting, or using third parties such as landlords.

- We would not expect supply critical customers to be on prepayment meters, as they would not be safe and reasonably practicable for their use.
- We support proactively contacting all PPM customers to reaffirm how the meter works and to encourage them to contact their supplier if their circumstances have changed. How effective this is will inevitably depend on how it is done. SLC 28.3 for example, effectively requires suppliers to produce a PPM Code of Practice. In reality, these are often hidden on websites and customers are unaware of their existence.
- We understand discussions are already underway as to what information suppliers will need to put on vend receipts as part of the preparations for smart prepayment. In the past we have faced a problem with official information from energy companies being placed alongside advertising for pay day loan companies. Suppliers reportedly have no control over what else is on the receipts and it is important that they are not seen to be endorsing inappropriate forms of action.

Sharing of best practice

- Representatives from suppliers, both regionally and nationally, will meet annually to share best practice on identification, monitoring and support of vulnerable customers.
- We fully support the promotion and sharing of good practice on vulnerability and this is something we have already committed to do in our work plan. It is important that good practice is shared and discussed not only with suppliers but wider industry and consumer representatives. There is also value in pulling in international good practice where appropriate.
- Suppliers will work together to improve top-up facilities for prepayment meter customers, such as online payments via the internet, smart-phone apps, and cash point terminals.
- Some suppliers are already exploring new ways for customers to top-up meters in addition to by cash. We expect smart metering to facilitate a greater choice of top-up options for prepay customers which should improve customer convenience, and reduce disconnection caused in error. However, we would not expect suppliers to work together on this, as we anticipate that this will be an area for differentiation in the likely new smart pay as you go energy market. We understand that some companies have already negotiated very different deals for cash and text top-ups for example. That said Consumer Focus (now Citizens Advice) developed a Smart Prepay Vision which sets out expectations around the minimum benefits customers should get from smart metering which includes customers should have a choice of top-ups, without specifying which options. We support this and will work with them and industry to ensure that benefits of smart prepay are delivered.

We look forward to discussing this with you further.

Ends.
Dear Mr Yeo

Self-disconnection and vulnerable customers

Thank you for your letter of 13th May which summarised the conclusions of your Committee's discussions with large energy companies about the issue of self-disconnection among PPM customers. Your Committee has identified an important issue, and one that British Gas takes extremely seriously. In that context, we were very pleased to have had the opportunity for a detailed discussion with Mr Robertson, and to highlight the support British Gas provides for vulnerable customers.

This includes having robust processes in place to ensure vulnerable customers do not self-disconnect, and, where we suspect this might be happening, we take swift action to help get them back on supply. We proactively monitor our vulnerable customers' energy usage and where we identify customers who may have difficulties in making payments, we offer a range of support. I'm very conscious of the need to ensure that our processes remain fit for purpose and we keep them under constant review, making changes where necessary.

Alongside our internal processes, we have worked extensively with external organisations including Consumer Futures (CF) and Citizens Advice to improve industry processes. You may be interested to know that in early 2011 CF, the Energy Retail Association (ERA) and the major energy suppliers agreed an initiative encapsulating 'Five Key Principles' for prepayment meters. Whilst not wholly focused on vulnerable customers, the initiative covered many of the issues raised in the Committee's draft Code of Practice including:

- The identification and monitoring of vulnerable customers;
- Affordability and payment plans for those customers facing financial difficulties;
- Better communication with and provision of information to customers.

Consumer Futures has monitored the actions suppliers take to implement these principles. In 2012 they published a positive report which recognised the progress the industry, including British Gas, has made on this issue.
I am very supportive of many of the suggestions made in the Committee's draft Code of Practice and in fact British Gas is already implementing many of them in full. Where we are not already implementing measures suggested, it is because we either believe the elements are impractical, unnecessary, or can only be achieved at a disproportionate cost. I have attached a summary of our position on each element of the draft Code which I hope will be helpful in clarifying our position.

In addition, British Gas would be keen to explore what other action industry could take between its members, including the establishment of a more formal mechanism to share best practice in this area, via Energy UK or another relevant group. We are also actively looking at new mechanisms for data sharing with other groups in the public sector. At this stage, given the existing Principles (which might be capable of being updated), I don't see a strong case for a voluntary code, especially one with an external audit given the complexities of the underlying issues, not least the fluid definition of vulnerability.

I am very supportive of the close interest the committee has taken on this issue. I hope that this letter provides an assurance that is it one to which British Gas attaches a great deal of importance. I would be happy to meet to discuss in more detail what British Gas has done, and to explore further how vulnerable customers can best be helped.

Yours sincerely,

Ian Peters
Energy and Climate Change Select Committee

Draft Code of Conduct on Vulnerable Customers and Self Disconnection

Response from British Gas

Set out below is a detailed point by point response from British Gas to the Energy and Climate Change Select Committee Draft Code of Conduct on vulnerable customers and self disconnection.

• Suppliers will ensure that any customer who is new to a prepayment meter, either through moving into a property that has one or who has a prepayment meter installed by choice or through a debt recovery process, is asked to identify if they are vulnerable or if their health is at risk by having a prepayment meter.

  We do this as a matter of course when installing as part of a debt recovery process. However, this is only c8% of our prepayment customer base. To do this for the c300,000 prepayment acquisitions each year would be an unjustified cost and largely impractical, not least as many move in as tenants via landlords, Housing Associations, and Local Authorities.

• Suppliers will address the following issues when customers are new to a prepayment meter:

  o Whether a prepayment meter is an appropriate payment method for the customer
  o The advantages and disadvantages of a prepayment meter
  o An assessment of the customer’s ability to pay and agree a debt recovery rate (if applicable) that is manageable
  o An assessment of the vulnerability of a customer while on site. If engineers believe a prepayment customer is unsuitable or the debt recovery rate is unmanageable, they should contact customer service staff.

  As explained above, at acquisition (point of sale), when in dialogue with the customer, we aim to understand our customers’ service needs and find ways in which we can best support them. As above, we are often notified of customers moving in by third parties.

  We have several leaflets available on how to use a prepayment meter and the support available to customers who find themselves off-supply. Examples include: Your guide to Pay As You Go meters, Ways We Can Help, and Lots of Ways to Pay. Electronic copies can be downloaded from http://www.britishgas.co.uk/about-us/about-British-Gas/code-of-practice.html. All customers new to prepayment will receive a copy of the Your guide to Pay As You Go meters by default.
Conversations that take place when we arrange for a credit meter to be exchanged to a prepayment meter need to comply with Ofgem’s Ability to Pay obligations. These ability to pay conversations are audited as a compliance area to ensure our people are having the correct conversations.

When an account progresses to a force fit under warrant both the British Gas representative (warrant officer) and British Gas service engineer will assess the customer’s ability to vend i.e. is the meter assessable in its present position/is the customer able to vend (if the customer is present).

The warrant officer will also identify the customer’s ability to pay by the condition of the property if the customer is not present. If the customer is present they will have a conversation around affordability and confirm benefits etc to agree a sustainable recovery rate.

If the warrant officer or service engineer does not feel the customer is able to vend or is in extreme financial difficulties the warrant officer will withdraw the warrant and contact the Debt Customer Care team.

- Suppliers will not install a prepayment meter if it is clear that the customer’s health will be exposed to risk by having one and will instead seek alternative ways to secure payment for energy.

This is already covered under our licence obligation which determines that we should not install prepayment meters s where it’s not safe and practicable to do so.

- Suppliers will not install prepayment meters where they are not always accessible or safe to the customer, such as communal supply areas and intake rooms, to avoid the risk of the customer not being able to transfer vended credit to the meter.

As above, this is already covered under our licence obligation.

- Suppliers will not disconnect any customers who are vulnerable or elderly over winter.

This is covered by the Energy UK safety net to which we have signed up.

- Suppliers will not charge to remove a prepayment meter and replace it with a credit meter.

We do not charge for this.
Identifying vulnerable customers

- Suppliers will compare and contrast definitions of vulnerability and agree upon the most detailed and wide ranging definition.

Ofgem are currently looking to redefine vulnerability through the Standards of Conduct element of the Retail market Review. British Gas already has the widest definition of vulnerability of any major supplier but we would consider using the Energy UK Safety Net or the new Ofgem definition of vulnerability as a minimum standard.

- At the start of each winter, suppliers will run a campaign to identify customers who purchase little and often.

British Gas is currently adapting the scripts used by call centre staff to guide calls with customers to incorporate uncharacteristic usage of energy and changes to vending patterns e.g. customers vending smaller amounts more frequently. We aim to scan our prepayment accounts during the summer to identify build-up of standing charges and other vend patterns of concern.

- Suppliers will work with local and national charities and organisations; local authorities; housing associations; other energy companies; and any other appropriate bodies; to identify vulnerable customers through data sharing, where possible. Suppliers will also work with the Government to try to improve data sharing processes in the interests of identifying vulnerable customers.

We promote the Warm Home Discount Scheme and the British Gas Energy Trust and can also provide energy efficiency advice. This includes checking eligibility for insulation measures or boiler replacements under the Energy Company Obligation (ECO) and the Affordable Warmth schemes as well as referring customers to independent advice agencies such as the Home Heat Helpline, the Energy Saving Trust and National Energy Action.

In addition, we continue to work with many charities, including Citizens Advice, Citizens Advice Scotland, Shelter and Step Change, and now have fifteen localised Energy Advice Centres across the country. Our charity partners can help with debt advice, benefits checks, energy efficiency information and much more. We have two-way customer referral paths with all of our Third Party relationships.

We are always keen to explore new avenues for data sharing. One particularly successful, but early stage activity, is with parts of the health service.

Monitoring of vulnerable customers

- For new prepayment meter install, suppliers will monitor at Day 10 and 15 to ensure that: the customer has purchased; that the account set-up is completed; and that the repayment meter device e.g. key or card, is configured and dispatched.
• If there is no record of a vend by Day 15, the supplier will proactively contact the customer by telephone to inquire as to whether the customer is facing difficulties.

Where a customer moves into a new property and they are identified as vulnerable, they will be eligible for British Gas’s OSCAR process, which is explained in more detail under the next principle. Monitoring accounts at Day 10 and 15 may not lead to an efficient use of resources and may confuse customers considering industry payment information can take up to 5 days to reach our systems. In addition we would not always expect customers to vend gas over the summer months.

• In the case of existing prepayment customers, suppliers will monitor all customers and will contact customers by telephone in the event that they have not vended by:
  o Day 28 for non-vulnerable customers;
  o Day 12 for vulnerable customers who are on the Priority Services Register.

By way of background, historic snapshot surveys undertaken by British Gas of non-vending prepayment customers (and ad-hoc visits to customers’ premises) show that there can be a number of reasons why a customer may have appeared to stop vending. Most recently, a series of 10,000 visits in 2012 illustrated that approximately 35% of properties were vacant, 5% had been demolished and we were refused access to approximately 25% of sites. 35% were occupied and we established that there was no cause for concern in the great majority of cases. Where we encountered issues such as faulty meters or financial hardship, we acted immediately.

To ensure resources are used to identify those customers who are likely to have self-disconnected, we target our monitoring processes to those prepayment customers with known vulnerability and non-vulnerable customers who are repaying a debt.

We ascertain vulnerability in a number of different ways; for example, customers in receipt of the Warm Home Discount and those listed on our Priority Services Register are automatically flagged as vulnerable, including the financially vulnerable. In addition, we will record any instances where customers contact us to notify us of any vulnerability.

Our data analysis shows that 20% of our prepayment accounts are considered to be vulnerable. This includes both financial and non-financial vulnerability (e.g. the elderly). We are unable to determine the exact percentage of our prepayment customers who are financially vulnerable as this is largely dependent on the customer notifying us of any financial vulnerability affecting their ability to pay for energy.
We have recently introduced a new process referred to as OSCAR (Off Supply Customer at Risk) to track vulnerable customers' consumption and vending patterns during the winter months (October to March). This enables us to accurately and quickly determine if the customer has self-disconnected.

Accounts for both fuels are analysed on a weekly basis and at the point that we consider a customer has run out of energy, they have 28 days to vend before the OSCAR process begins and we investigate further.

Before we implemented this policy, we conducted various trials to establish the best time for initial contact with the results concluding that 28 days was most likely to involve a customer who had self-disconnected. In the vast majority of cases, non-vending for shorter periods is related to legitimate circumstances such as a change of ownership or tenancy, seasonal/low usage and outbound contact during these periods tends to reach customers who do not require our help.

This monitoring process is also followed for accounts where a prepayment meter was installed under warrant.

In addition to the above, we attempt to call our customers in debt at least once a year and have been carrying out this activity since 2011. Where contact is made, the weekly repayment arrangement is reviewed. Where the customer is deemed to be paying too much, the recovery rate is reduced and where the customer prefers to reduce their debt quicker, their repayment arrangements can be increased, subject to ability to pay.

Across 2014 we are running further campaigns to monitor affordability. Following the introduction of standing charge tariffs as a result of Ofgem's Retail Market Review, we are investigating the feasibility of proactively contacting customers who are likely to accumulate standing charge arrears over summer. This will be in addition to the guidance we issued when standing charges were first introduced to our prepayment customer base.

- If customers cannot be contacted by telephone, after three attempts, suppliers will send out letters. If attempts remain unsuccessful, a specially trained advisor will visit the customer's property to assess their vulnerability and offer the most appropriate form of support.

At British Gas when we suspect that the customer has self-disconnected, we will first attempt to make contact through outbound calls, followed by lettering. If our attempts at contact remain unsuccessful, a specially trained advisor will visit the customer's property to assess their vulnerability and offer the most appropriate form of support.

If upon contact, a customer confirms they are having difficulties topping up, we will offer assistance on a case by case basis.
**Additional support for vulnerable customers**

- **Suppliers will offer a 24 hour helpline for customers**

  British Gas customers who find themselves off-supply can contact our free phone prepayment line 24 hours a day / 7 days a week.

- **Suppliers will provide a specialist team who deal solely with vulnerable customers.**

  British Gas already has teams who are specifically trained to assist vulnerable customers.

- **Engineers will be trained to identify vulnerability.**

  British Gas service engineers and other employees entering customers' properties are trained to identify the customer's ability to vend, both in terms of the customer's mobility and where the meter is positioned but do not enter conversations regarding ability to pay.

**Provision of information**

Suppliers will ensure advisors inform all customers of all available support including: Warm Home Discount; suppliers' existing hardship and other funds; benefit entitlement checks; and energy efficiency advice.

All requests for assistance are dealt with on a case by case basis, taking into account the customer's individual circumstances to ensure supply is restored and the most appropriate support is provided.

Examples of the type of support we have available to customers who find themselves off-supply include issuing a temporary credit to the meter, reducing the value of weekly repayment arrangements (for customers in debt) and checking whether the customer is on the best tariff for them. Where appropriate, arrangements will be made to exchange the prepayment meter to a credit meter.

We promote the Warm Home Discount Scheme and the British Gas Energy Trust and can also provide energy efficiency advice. This includes checking eligibility for insulation measures or boiler replacements under the Energy Company Obligation (ECO) and the Affordable Warmth schemes as well as referring customers to independent advice agencies such as the Home Heat Helpline, the Energy Saving Trust and National Energy Action.

In addition, we continue to work with many charities, including Citizens Advice, Citizens Advice Scotland, Shelter and Step Change, and now have fifteen localised Energy Advice Centres across the country. Our charity partners can help with debt...
advice, benefits checks, energy efficiency information and much more. We have two-way customer referral paths with all of our Third Party relationships.

Following the introduction of a standing charge and a unit rate for all tariffs, we issued additional guidance to our prepayment customers on the importance of keeping their meter topped up, even when not consuming energy.

- Suppliers will proactively contact all 'supply critical' customers at the start of each winter to ensure that customers have: the means and ability to top-up their meter without assistance; that prepayment meters are still the most appropriate way for customers to manage their energy; and that the customer's account receives a full review and health check.

Our OSCAR process tracks all of our supply vulnerable customers and proactive contact will be attempted should we suspect self disconnection. We are currently establishing how feasible it is to operate process that contacts our customers that have built up Gas standing charge debt over the summer months. All customers will be in scope for this and not just customers that are supply or financially vulnerable. Should we discover customers that cannot clear this debt built up after the summer months help will be provided that ensures the customers supply into the colder months.

- Suppliers will proactively contact all prepayment customers annually to reaffirm how the prepayment meters and infrastructure work, signpost what support is available and to encourage customers to make contact with their suppliers if their circumstances have changed to an extent that having a prepayment meter will put their health at risk.

British Gas produces several leaflets on how to use a prepayment meter and the support available to customers who find themselves off-supply. Examples include: Your guide to Pay As You Go meters, Ways We Can Help, and Lots of Ways to Pay. Electronic copies can be downloaded from http://www.britishgas.co.uk/about-us/about-British-Gas/code-of-practice.html.

All correspondence issued to our prepayment customers will contain information on what to do should a customer be concerned about or experience financial vulnerability.

In addition, our new Ways We Can Help Tool, launched in December 2013, aims to make it easier and faster for customers to understand if they're eligible for support schemes such as the Warm Home Discount, ECO and Priority Services Register from British Gas, providing an overview of their eligibility at the touch of a button. The tool also checks the user’s postcode and will let them know if there is an Energy Advice Centre in their local area. The Tool is available at www.britishgas.co.uk/wayswecanhelp.
The British Gas Energy Trust has a dedicated website and applications can be made online. Access via [http://www.britishgasenergytrust.org.uk/](http://www.britishgasenergytrust.org.uk/).


- ** Suppliers will proactively place information on their website during anticipated periods of exceptionally cold weather, advising customers to contact them if they face financial difficulties topping up their meters.**

British Gas already provides information on our website on what to do if customers face difficulties topping up our meter. We will investigate the possibilities of making this information more prominent during anticipated periods of exceptionally cold weather.

**Suppliers will place consistent and agreed information on payment outlet vend receipts (Paypoint, Payzone, Post Office).**

British Gas already signposts in this way.

**Sharing of best practice**

- **Representatives from suppliers, both regionally and nationally, will meet annually to share best practice on identification, monitoring and support of vulnerable customers.**

British Gas is willing to explore this further. We would point out however that we have a forum for best practice exchange through Energy UK.

- **Suppliers will work together to improve top-up facilities for prepayment meter customers, such as online payments via the internet, smart-phone apps, and cash point terminals.**

British Gas has existing projects in the pipeline for smart prepayment meters. These are designed to offer consumer benefits including ease of topping up from their home and better monitoring of energy use through personalised usage reports. Details are commercially sensitive and it would not be in our interests to share with other suppliers.
18th June 2014

Mr Tim Yeo MP
Chairman
Energy and Climate Change Select Committee
Committee Office
House of Commons
14 Tothill St
London
SW1H 9NB

Dear Tim,

Self-disconnection and vulnerable customers

Thank you for your letter of 13 May suggesting a code of practice to cover a number of issues potentially affecting prepayment meter customers and vulnerable customers. I am sorry for the delay in responding.

This is an important area and I am keen that we consider your proposals in more detail. I have therefore asked my team to look at each of the individual suggestions you set out.

In addition we would also like to review the research Citizens Advice have been undertaking on self-disconnection, which is yet to be published. Given this, it may be that we do not reply to you in detail until after the summer recess. If a code of practice is appropriate we will also want to work with other suppliers, through Energy UK.

In the meantime please do not hesitate to contact me if you require any further information on what we are doing to help our vulnerable customers.

Kind regards

cc. Angela Knight, Chief Executive, Energy UK
Thank you for your letter dated 13 May, summarising the Committee’s findings on prepayment metering (PPM) and proposing a draft code of practice for energy suppliers. Given the extent of the recommendations, we have taken time to look in detail at their potential impact on our customers and our business. As such, it has taken longer than usual to respond to the Committee.

We have appreciated the open and constructive approach with which John Robertson MP, on behalf of all Committee members, has pursued this issue. Until the smart metering rollout is complete and all customers are transferred to a smart meter with a pay-as-you-go tariff, we are keen to work with the industry and stakeholders to see what more we can do to identify and protect vulnerable customers.

EDF Energy has taken significant steps to help our PPM customers in the last few months, including announcing plans to launch a fixed tariff this summer, and routinely contacting our most vulnerable prepayment customers to make sure they know help is available if they are having problems topping up their meter.

The Committee has made a substantial number of recommendations within the proposed code of practice (CoP), and for ease of reference I have attached our responses and, where relevant, further questions as an appendix.

I am pleased to say that EDF Energy is already operating in line with the vast majority of recommendations made in the CoP. There are a number of areas where we believe the CoP intentions are sound, but the means of achieving them would be disproportionately onerous on all energy suppliers, and not always in the best interests of customers. In these few cases, we have outlined in the appendix where we have identified problems and alternative proposals that we believe still meet the Committee’s objectives.

We agree with the Committee’s overarching conclusion relating to the challenges of identifying vulnerable customers. Although EDF Energy operates a Priority Services Register containing over 330,000 customers, this is not in itself a reliable indicator of vulnerability. It would not be appropriate for energy suppliers to take on direct responsibility for advising customers on financial problems beyond those specifically related to their energy bill - for instance those caused by other utilities, council tax, rental costs or mortgages.

Instead, we believe it is our responsibility to make sure we direct our customers to organisations where that wide range of advice and expertise is on offer. Our existing relationship with the Citizens Advice Bureau – to whom we provide funding each year to help our vulnerable customers – is a good example of this approach.

I look forward to discussing these issues with you in further detail when we meet in due course.

Yours sincerely,

Tim Yeo MP
Chairman
Energy and Climate Change Committee
House of Commons
London
SW1A 0AA

10 June 2014

SELF-DISCONNECTION AND VULNERABLE CUSTOMERS
customers – is, we believe, a model for the wider industry to adopt. I would be happy to provide the Committee with a more detailed briefing on our approach.

I trust that our response to the Committee's detailed recommendations reassures you that where possible we will go further to improve the level of service and support to our prepayment customers.

Yours sincerely,

[Signature]

Vincent de Rivaz
Appendix 1

Customers and prepayment meters

- Suppliers will ensure that any customer who is new to a prepayment meter, either through moving into a property that has one or who has a prepayment meter installed by choice or though a debt recovery process, is asked to identify if they are vulnerable or if their health is at risk by having a prepayment meter.

EDF Energy supports this proposal, but we wish to emphasise that in instances where a customer moves into a property with a prepayment meter already installed, we are dependent on the customer contacting us to let us know that this change in occupancy has taken place.

When a customer signs up for a new account with EDF Energy, we will ask them if they have any vulnerabilities that would warrant their inclusion on the Priority Services Register.

- Suppliers will address the following issues when customers are new to a prepayment meter:
  - Whether a prepayment meter is an appropriate payment method for the customer
  - The advantages and disadvantages of a prepayment meter
  - An assessment of the customer’s ability to pay and agree a debt recovery rate (if applicable) that is manageable
  - An assessment of the vulnerability of a customer while on site. If engineers believe a prepayment customer is unsuitable or the debt recovery rate is unmanageable, they should contact customer service staff.

EDF Energy already operates in line with the Committee’s recommendation.

- Suppliers will not install a prepayment if it is clear that the customer’s health will be exposed to risk by having one and will instead seek alternative ways to secure payment for energy.

EDF Energy already operates in line with the Committee’s recommendation.

- Suppliers will not install prepayment meters where they are not always accessible or safe to the customer, such as communal supply areas and intake rooms, to avoid the risk of the customer not being able to transfer vended credit to the meter.

EDF Energy already operates in line with the Committee’s recommendation.

- Suppliers will not disconnect any customers who are vulnerable or elderly over winter.

EDF Energy already operates in line with the Committee’s recommendation.

The nature of prepayment metering means that if a customer chooses to allow their credit balance to reach £0.00, they will not be able to use energy until the meter is topped up. In those cases, as we have discussed with the Committee, we will always provide vulnerable customers with help to ensure they continue to be able to use energy.
• Suppliers will not charge to remove a prepayment meter and replace it with a credit meter.

EDF Energy already operates in line with the Committee’s recommendation.

Identifying vulnerable customers

• Suppliers will compare and contrast definitions of vulnerability and agree upon the most detailed and wide ranging definition.

EDF Energy goes to considerable lengths to identify vulnerable customers and we assess each customer’s situation on a case-by-case basis. We would welcome a further discussion with the Committee about what more can be done to identify vulnerability.

• At the start of each winter, suppliers will run a campaign to identify customers who purchase little and often.

We would like to understand more about the intentions behind such a campaign and what actions suppliers would be expected to take once this group was identified. We would welcome the Committee’s clarification on this point.

• Suppliers will work with local and national charities and organisations; local authorities; housing associations; other energy companies; and any other appropriate bodies; to identify vulnerable customers through data sharing, where possible. Suppliers will also work with the Government to try to improve data sharing processes in the interests of identifying vulnerable customers.

EDF Energy supports the principle of greater information sharing, and we propose that Energy UK coordinates this activity on behalf of all suppliers.

We believe our existing association with the Citizens Advice Bureau is a good example of energy companies working with stakeholder groups to provide this sort of support and signposting to customers. As stated in our letter to the Chair, we would be happy to provide the Committee with a briefing on this relationship.

Monitoring of vulnerable customers

• For new prepayment meter install, suppliers will monitor at Day 10 and 15 to ensure that: the customer has purchased; that the account set-up is completed; and that the prepayment meter device e.g. key or card, is configured and dispatched. If there is no record of a vend by Day 15, the supplier will proactively contact the customer by telephone to inquire as to whether the customer is facing difficulties.

• In the case of existing prepayment customers, suppliers will monitor all customers and will contact customers by telephone in the event that they have not vended by:
  o Day 28 for non-vulnerable customers;
  o Day 12 for vulnerable customers who are on the Priority Services Register.
• If customers cannot be contacted by telephone, after three attempts, suppliers will send out letters. If attempts remain unsuccessful, a specially trained advisor will visit the customer’s property to assess their vulnerability and offer the most appropriate form of support.

EDF Energy supports the principle of improving monitoring of vulnerable customers, and has recently undertaken steps to engage this group through targeted mailings and telephone contact.

Before committing to any additional measures, we would like clarification from the Committee on the rationale of the proposed timescales.

We would not be in a position to commit to sending EDF Energy staff or contractors to carry out door-to-door checks on customers with prepayment meters.

The analysis we have undertaken of our own customers shows that virtually all prepayment accounts that are topped up infrequently are linked to vacant properties, holiday homes or customers who are low users and/or have top up patterns of larger and less frequent amounts.

As such, we believe this would be a costly and ineffective way of supporting customers, many of whom might also view this to be an overly intrusive approach.

**Additional support for vulnerable customers**

- Suppliers will offer a 24 hour helpline for customers.
- Suppliers will provide a specialist team who deal solely with vulnerable customers.
- Engineers will be trained to identify vulnerability.

EDF Energy already operates in line with the Committee’s recommendations.

In the event that a customer’s credit is exhausted and their supply is off, we have a dedicated no supply freephone line which is manned 24 hours a day 7 days a week for customers to call.
We have a specialist ‘Priority Services Team’ who handle calls for our vulnerable customers.

All EDF Energy engineers undertake training that helps them to identify customer vulnerability.

**Provision of information**

- Suppliers will ensure advisors inform all customers of all available support including: Warm Home Discount; suppliers’ existing hardship and other funds; benefit entitlement checks; and energy efficiency advice.

EDF Energy already operates in line with the Committee’s recommendation.

We provide a service for EDF Energy customers through ‘IncomeMAX’, a social enterprise that helps people to maximise their household income. They specialise in checking whether a customer is claiming the state benefits and tax credits they are entitled to, and will help through the process of making a claim.
Suppliers will proactively contact all ‘supply critical’ customers at the start of each winter to ensure that customers have: the means and ability to top-up their meter without assistance; that prepayment meters are still the most appropriate way for customers to manage their energy; and that the customer’s account receives a full review and health check.

EDF Energy already contacts all of our vulnerable prepayment customers through targeted mailing activity. We would like to understand the Committee’s definition of a ‘supply critical’ customer before offering our support for further proposals.

For clarity, we would not recommend a prepayment meter as an option for any customer whose health may be at risk from a power failure or disconnection (i.e. those with medical equipment reliant on an electricity supply).

Suppliers will proactively contact all prepayment customers annually to reaffirm how the prepayment meters and infrastructure work, signpost what support is available and to encourage customers to make contact with their suppliers if their circumstances have changed to an extent that having a prepayment meter will put their health at risk.

EDF Energy already operates in line with the Committee’s recommendations.

We have put in place a process whereby we now routinely contact our vulnerable prepayment customers to let them know about the support services that are available, including our partnership with the Citizens Advice Bureau and our ‘Priority Services’ team.

We have sent letters to customers that we can identify as ‘vulnerable’ because they are on our priority services register, or where customers have had a newly installed prepayment meter due to debt collection activities. We continued this on a monthly basis throughout the winter period to ensure that customers are aware of the actions to take should they find themselves in financial difficulty.

So far we’ve heard back from around 6% of customers who received the letters, and we have been able to point them in the right direction to get additional support. None of that 6% told us that their financial difficulties were due to their prepayment meter arrangements, but we are glad that this new approach has already started to provide an extra level of support to those who might need it most.

Suppliers will proactively place information on their websites during anticipated periods of exceptionally cold weather, advising customers to contact them if they face financial difficulties topping up their meters.

EDF Energy supports this proposal.

Suppliers will place consistent and agreed information on payment outlet vend receipts (Paypoint, Payzone, Post Office).

EDF Energy supports this proposal, and we propose that Energy UK coordinates this activity on behalf of all suppliers.
Sharing of best practice

- Representatives from suppliers, both regionally and nationally, will meet annually to share best practice on identification, monitoring and support of vulnerable customers.

EDF Energy supports this proposal, and we propose that Energy UK coordinates this activity on behalf of all suppliers.

- Suppliers will work together to improve top-up facilities for prepayment meter customers, such as online payments via the internet, smart-phone apps, and cash point terminals.

EDF Energy will continue to improve its offer to prepayment customers.

We have announced plans to launch a new, fixed prepayment option for customers in summer 2014 – giving prepayment customers real choice and security over their energy costs. We would be happy to brief the Committee on this in more detail nearer to the launch.

Later this year we will also be launching an updated version of our ‘MyAccount’ online account management service for customers. This service allows customers to manage their costs online, change tariff, and update their account details.

We believe the most significant change we can effect for current prepayment customers is ensuring the successful and swift delivery of smart meter ‘pay as you go’ services nationwide. This has the potential to resolve many of the concerns the Committee has previously expressed and add new options for prepayment customers – such as the ability to top up online or using a mobile phone.
Dear Mr Yeo,

Re: Self-disconnection and Vulnerable Customers

Thank you for your letter of 13th May 2014. We are certainly keen to improve our services for the most vulnerable and self-disconnectors.

There are clearly many complex issues in relation to practices, information and coordination set out in your letter and the draft Code of Practice. I wish to respond to it properly and in detail having obtained all relevant information. I therefore went with other people from npower to our Oldbury office, where the back office work is done for our prepayment meter customers on 19th May, and I am going to Rainton, where our front office PPM team is based, on 9th and 10th June. I will therefore respond to you shortly thereafter.

Yours sincerely

Guy Johnson

29th May 2014
Dear Mr Yeo

Self-disconnection and vulnerable customers

Thank you for your letter dated 13 May 2014.

I was pleased to be able to provide the Committee with information on how we support our Prepayment customers, especially those who are vulnerable, around self-disconnection. This was covered in the session on 29 October 2013, in our subsequent letter of 2 December 2013 and also in a more detailed subsequent discussion with John Robertson MP. It is helpful to understand how the Committee’s thinking on this subject is developing and the proposed next steps.

I hope that the information that I have previously provided reassures the Committee of ScottishPower’s commitment to support our vulnerable customers, including those who are at risk of self-disconnection when using a Prepayment Meter (PPM).

We agree with the Committee’s suggestion that it could be useful to pull together key protections in a voluntary code of practice for PPM customers. We think that agreed industry practices can be beneficial to customers who need extra support, to ensure that they get a consistent minimum level of protection. We have previously adopted this approach through the Energy UK Safety Net, which protects vulnerable customers from disconnection. The Safety Net works well as it sets the appropriate standards but allows suppliers to implement them in a way that is practical for their systems. It also allows suppliers to go over and above these standards for their customers.

We can see some synergies between the Safety Net and a PPM Code of Practice of the type that you have suggested. Indeed, one possible way forward might be to cover the areas you have set out in an extension to the Safety Net – which is intended to be audited on an annual basis by an external auditor. Such an approach would create a single consistent approach and avoid the cost of duplicated processes.
To this end, we are planning in the first instance to seek agreement in Energy UK to build a code that is an extension to (or sits alongside) the Safety Net and broadly covers the areas you have raised. If Energy UK agree to hold the ring on the development of this code, we would suggest that they contact the Committee once something is a bit more developed, in order to meet interested Members informally and share perspectives. If for some reason this is not possible, we will look for another way to take the work forward.

In the meantime we would be happy to meet further with Mr Robertson or other Members of the Committee to discuss the matter further.

Yours sincerely,

NEIL CLITHEROE
Chief Executive, Retail & Generation
Dear Mr Yeo

Self-disconnection and vulnerable customers

Thank you for your letter of 13 May regarding self-disconnection and vulnerable customers.

SSE welcomes the opportunity to engage with the Energy and Climate Change Select Committee around self-disconnection. As you acknowledge many suppliers already have a broad range of measures in place to support customers. However, SSE is always keen to improve its practises and your Committee’s proposals build upon existing principles which were established by Consumer Futures in March 2011.

Our team will follow-up with the Committee staff directly on the details but I would make the following points at this stage:

1. SSE broadly supports the recommendations which are in line with its existing practices.

2. We believe that suppliers must do all they can to help their most vulnerable customers and there is scope for an industry-wide approach, however beyond this suppliers must have discretion in how they choose to work with their customers in a competitive market. In line with this I hope that this package, and specifically its approach to helping vulnerable customers, applies to customers of all energy suppliers and does not only apply to the larger suppliers.

3. There is no question that those customers who are vulnerable, as defined by our Priority Services Register criterion, will get the support and help they require through this package. Therefore, in order to ensure that we get the balance right SSE believes that the contents of the ‘Code of Practice’ should be applicable principally to Priority Service Register (PSR) customers. This will ensure that suppliers’ services are prioritised.

4. Based on our experiences and customer feedback SSE believes it is important to strike the right balance between pro-actively supporting customers who, for varying reasons, may not regularly top-up their pre-payment meter, whilst also allowing acknowledging that customers have different habits and many would not welcome constant contact from their supplier. In terms of how we would contact these customers, based on feedback from our customers it is clear that the majority prefer to be contacted by letter or text message, finding telephone calls or home visits at times intrusive.
5. Finally, SSE welcomes your Committee’s acknowledgement that there are a number of barriers to data sharing which inhibit the ability of suppliers to go further in their support of vulnerable customers. SSE would like to reiterate the Committee’s calls for the Department for Energy and Climate Change and Ofgem to address the restrictions linked to the Data Protection Act which prevents multi-agency collaboration and information sharing. As SSE’s own pilot projects have demonstrated, where suppliers are able to identity and pinpoint customers in need of assistance, genuine financial assistance and advice can be provided to sizeable numbers of customers.

SSE is keen to work with your Committee to develop an effective and enduring ‘Code of Practice’ for vulnerable customers. I hope this response is helpful, please get in touch should you have any further questions.

Yours sincerely

[Signature]

Alistair Phillips-Davies
Chief Executive
Mr Tim Yeo, Chair  
Energy and Climate Change Committee  
House of Commons  
14 Tothill Street  
London  
SW1H 9NB  

11 June 2014  

Dear Tim  

**Protecting prepayment meter consumers**  

I am writing in relation to the work that the Energy and Climate Change Committee has been doing on protecting energy consumers, especially those using prepayment meters (PPMs).

I understand that with the assistance of Citizens Advice, your Committee has produced a draft Code of Practice for the Big Six. I have also been looking at how we can better protect prepayment meter consumers.

I recognise that prepayment meters can be useful in helping to manage expenditure, but for that to be the case users must have the same opportunities as other consumers - to switch suppliers and to fixed tariffs, to better and accurate information about how their tariff works and to fair arrangements for repaying debt. Evidence from MPs' surgeries and consumer organisations suggests that too often prepayment meters are used to mask rather than resolve problems, especially given the worrying trend of self-disconnection.

In January I led an adjournment debate on prepayment meters, having become concerned about the impact these meters were having on some of my constituents - many of whom were vulnerable and on low and fixed incomes. As the Minister of State for Energy and Climate Change, Greg Barker, was unable to answer some of the concerns that I raised during the debate he offered to meet with me.

At our meeting on 7 May the Minister listened further and assured me that DECC and Ofgem are involved in various reviews of current arrangements. I remain concerned, however, that consumers are not getting the action and protection they need and deserve.

There continues to be great disparity in the way that different energy companies treat prepayment meter users and that is why I suggested to the Minister during our meeting that Government encourage the Big Six to sign up to a charter for prepayment meter users, setting out clearly and succinctly what users can expect from their supplier.

I have since contacted a number of consumer organisations - Citizens Advice, Citizens Advice Scotland, National Energy Action, Energy Action Scotland and Which - to ask what five things they would like to see included in such a charter.
The organisations have so far been keen to engage and when I have received all of their ideas I will ensure that these are shared with your Committee.

Yours sincerely,

Fiona O'Donnell MP
East Lothian