



Protecting Low Income and Vulnerable Customer through the Energy Crisis SVP Proposals for the Commission for the Regulation of Utilities (CRU) March 2022

The continued impact of price increases on low-income households is of great concern to SVP. Through our work with suppliers, SVP acknowledge and recognise the efforts being taken by customer service teams to prevent disconnection and assist customers in difficulty at this time. However, with increased worry, anxiety, and uncertainty for citizens, it is critical that clarity and assurance is provided to customers. The Regulator and suppliers have ample capability and skills in communications through many channels to provide advice and support to customers at relatively little cost during this crisis, be it on usage, engagement, or payment. Effective communications to pre-pay customers self-disconnecting are especially critical.

At the same time as effective communications to customers, we need stronger interventions from the CRU to help stabilise the energy market and protect low income and vulnerable customers from further price pressures. We note the recent measures taken by Ofgem in the UK ([Feb 2022](#)) to help address some of the market volatility which is impacting customers. We are asking the CRU to take similar decisive action and that the Ofgem measure of requiring suppliers to offer existing customers the same deals available to new customers is strongly considered by the CRU.

SVP welcome the opportunity to engage with the Regulator on the steps that need to be taken to protect energy customers in the short to medium term. Below you will find an overview of the key actions that should be taken by the Regulator and/or suppliers at this uncertain time.

1. *Are there cohorts of customers that you are concerned are particularly impacted by high electricity and gas prices, especially those that are not currently in receipt of supports such as the Household benefits scheme or the Fuel allowance?*

- Recipients of social welfare are on a fixed income and are therefore very exposed to rapidly rising prices. The Fuel Allowance season is about to end and therefore all FA recipients will have less money per week from April. While the weather is getting warmer, households still need to pay for electricity and may have accumulated debts. This loss of income could lead to repayment plan breaks and further distress for already struggling households. Older people or people with a disability or illness may require additional heating despite weather improvements.
- People in low paid employment including single adult households and recipients of the Working Family Payment don't receive Fuel Allowance. Full-time workers aren't eligible for the Exceptional Needs Payment, even if they are low paid. Recently unemployed have to wait 15 months before they can qualify for the Fuel Allowance

- (reducing to 12 months in Autumn).
- Pre-pay customers who are regularly self-disconnecting are a cohort of customers SVP are very concerned for as we have noted an increase in self-disconnection among the people we assist in recent months.
- We know that some groups are more at risk of energy poverty than others, this includes: one parent families, older people living alone, households that have a member with an illness or disability, renters, those who are unemployed.
- Customers eligible for the Priority and Special Services register may not actually be signed up, and therefore eligibility should be sought proactively by suppliers.
- Households helping Ukrainian families presently and in the coming months will experience increased energy costs, in particular using high-cost items such as washing machines, showers, kettles and cooking facilities.

1. Are there any targeted measures that you consider would be of benefit to the cohorts of customers mentioned in question 1?

PAYG Self-disconnections

- All suppliers should be actively monitoring the frequency of top-ups for those on pre-pay meters and open communication with customers with regular gaps between top-ups. Communications to customers should signpost to organisations that can provide assistance (benefit check by CIS, MABS and the Exceptional Needs Scheme) if financial difficulty is the reason for self-disconnection. Communications should be available in common foreign languages and plain English.
- During this period of price increases, suppliers should establish discretionary emergency supports funds whereby top-ups can be provided remotely where necessary, feasible and appropriate.
- As the number of customers in debt remains high, suppliers should undertake an assessment as to whether the installation of a pre-pay meter is safe and appropriate for the personal circumstances of a customer. At all times suppliers must consider whether the installation of a pre-pay meter is appropriate where the person has physical or mental health issues. At a time of rapidly increasing prices, extra care should be given to the risk of self-disconnection or extensive self-rationing. [Citizens Advice in the UK](#) have a check list for suppliers in regard to this (see page 15).
- When moving from bill pay to pre-pay, customers should retain any discounts they have applied to their account for direct debt or other reasons.
- Run summer communication campaigns to encourage gas pre-pay customers to keep topping up over the summer.
- Similar terms and conditions for installation / deinstallation of electricity and gas meters – gas meters continue to incur costs not applicable in the electricity market.
- Lifestyle meter suppliers to offer ‘hardship’ rates by removing pre-pay service charge.

Payment plans

- Lengthened repayment periods, and flexible repayment terms. The amount to be repaid should be genuinely decided between supplier and customer based on the customer's ability to meet their other outgoing, and ongoing energy needs. Payment terms could include payment breaks before repayment starts, waiving a proportion of debt and not requiring an upfront lump sum.
- The period to disconnection should be lengthened to allow people to access the necessary support (as per MABS recommendation in CRU presentation). This includes allowing renters to get permission for installation of prepayment meter, getting support from the Community Welfare Services, NGOs or MABS.

Communications

- Proactive and engaging energy efficiency / energy saving campaigns by suppliers

targeting different cohorts, e.g., older people, people of working age, and families with children.

- The Energy Engage code offers important protections to customers, it should be proactively communicated to all customers, especially to those at risk of or experiencing difficulty with paying bills.
- Suppliers should have specific freephone phone lines for customers with high arrears or imminently facing disconnection to avoid any long waiting periods.
- Suppliers engaging with SVP & MABS should provide dedicated phone numbers and e-mails.
- Suppliers should have processes in place to ensure support offered by customer services staff to customers in difficulty is consistent including signposting on to other services. Suppliers should ensure their customer service staff are aware of the routes to support for customers, including the social welfare office to apply for Exceptional Needs Payments. This should apply to both over the phone communication and the content of letters.
- Customers eligible for the Priority and Special Services register may not actually be signed up, and therefore eligibility should be sought proactively by suppliers whenever possible, and particularly when customers are in difficulty.
- Communication should be available in common foreign languages and plain English.

Social Tariffs

- Following on from our communications with the CRU in August 2021, SVP continue to recommend that the provision of a social tariff is considered as an additional mechanism to protect low-income households in the short to medium term.

2. Are there any broader measures that you consider CRU should take to support all customers at a time of high prices.

Short-term:

- Require suppliers to make all new tariffs available to existing customers, rather than new customers having a better option of tariffs to choose from than existing customers. Suppliers preventing their existing customers from accessing their best deals is simply unfair and constitutes a loyalty penalty. This measure was introduced to the UK energy market in [February by Ofgem](#) as short-term measures to protect consumers from rising prices. Ofgem will monitor how effective this is before considering whether it should become an enduring measure in the market. The advantages for customers are multiple but particularly for low income and vulnerable customers who face the most barriers to switching. Switching existing customers onto better tariffs may overcome the issues of debt, fear of losing FA if it is applied to their bill, practical issues for switching for pre-pay customers and those in rented accommodation, and cash flow issues caused by switching where a deposit is required for customers without direct debit facilities. While suppliers may see some loss of revenue associated with higher internal switching this is likely to be diluted by reduced onboarding costs associated with transferring an existing customer onto new terms versus taking on new customers. As [Citizen Advice in the UK](#) highlight this approach is likely to improve consumer trust in suppliers. This approach should be reviewed in the short-term and considered a permanent rather than temporary measure.
- Clarity on the role of the regulator in controlling the supplier component of the standing charge. SVP do not see a justification for the increase on this component from some suppliers at this time.
- Communication with customers needs to be maintained throughout price crisis from both CRU and suppliers, emphasising that customers have options and routes to get support. This should include informing customers of the Energy Engage code

protections.

- Clarification over what counts as engagement in the Energy Engage code.
- Monitoring and working with suppliers to improve call centre waiting times, including recommending specific contact / freephone routes for people with high arrears or imminently facing disconnection.
- Disconnection and arrears data must be closely monitored, and a disconnection moratorium should remain on the table, including applying learning from the Covid 19 moratorium regarding the need to continue engagement with customers.
- CSG/supplier workshops should continue to be facilitated regularly (bimonthly) with adequate time for sharing of arising issues, suggestions, and best practice shared. This allows quick and concise information sharing between and within CSG and supplier groups.

Mid-term:

- More widely, best practice needs to be shared and a strategy is needed to increase awareness of customer protections amongst customers. In particular best practice in how points of communications are designed and managed, to ensure every opportunity is taken to avoid disconnection, and support households into a more secure position. For example, the timing, design, phrasing, mode of communication, and actions offered will impact the customer experience of communications, including whether they then are able to take steps to remedy arrears before disconnection.
- The CRU should proactively research and develop new consumer protection measures based on the recent experiences of the pandemic and price rises. This should inform an updated framework for suppliers focussed on equitable outcomes for customers. For example, research could cover self-rationing and self-disconnection for prepayment customers, or ways to maximise the reach and effectiveness of Vulnerable customer protections.

3. *Are there examples of good / best practice by energy suppliers that you think should be promoted or even mandated across all suppliers?*

- Lengthened repayment periods –based on ability to pay rather than standardised amount. This includes ensuring customers have sufficient remaining income to account for ongoing energy expenditure.
- Flexible repayment requirements – such as waiving a proportion of debt, not requiring an upfront sum.
- Efforts by suppliers to avoid disconnection through the Energy Engage Code – customers who may not be ‘fully’ engaging but have made an attempt to pay some amount: this should be used as an opportunity for positive thanks and engagement, and opening up further communication.
- Communicating and reaching out to prepayment customers who have disrupted or low vend patterns and may be self-rationing or self-disconnecting.
- Hardship funds from suppliers to relevant NGO’s /MABS and better communication channels between suppliers and NGOs/third parties
- CRU’s ongoing engagement with CSG and joint stakeholder meetings between customer representative groups and suppliers.