REVIEW OF THE ELECTRICITY AND GAS SUPPLIERS’ HANDBOOK

May 2016
4.1 The Introductory Section - Overarching principles

Question 1

bonkers.ie is in agreement with the introduction of a set of overarching principles to govern the customer-supplier relationship.

With reference to principle 4, bonkers.ie suggests that a standardised bill format be devised for reference across all suppliers, whereby customers switching from one supplier to another will not be confused by differing formats, inconsistent terminology or differing representations of discounts and unit rates e.g. standard rate with a discount applied in another bill location, or the true unit rate with discount included.

Accredited energy price comparison services are required to list true unit rates and it is the opinion of bonkers.ie that energy bills should also present true unit rates. The consistent and standardised representation of true unit rates will enhance customers’ ability to understand the true cost of their energy consumption and improve market engagement.

Regarding principle 5.i, in order to foster consumer market engagement, the switching process should be consistent across all suppliers. This should include standard cooling off periods, equal mobility between all suppliers (e.g. the process of switching from supplier X to supplier Y should be the same as the process of switching from supplier Y to supplier X) and transparent communication regarding the switching process to all customers.

4.3.1 Code of Practice on Marketing and Sign-up

Question 6

bonkers.ie is in agreement with the introduction of the proposed requirement and would like to make the following suggestions which will assist the consumer in making the appropriate choice when signing up to a new supplier.

Suppliers offering sign-up incentives (account credit, reward points, devices etc.) should clearly disclose when and how these incentives will be disbursed.

Use of definitive words such as “cheapest” should be measurable in a standardised manner, applicable to all suppliers and encompassing all components of an energy bill to be paid by a customer of that supplier.

A brief and standardised set of specific facts (suggest no longer than one page) should be provided to all customers upon sign up with a new supplier. Facts should include contract duration, all pricing information, cooling off period, right to cancel, right to switch, and any penalties that may be applicable during contract period and after the contract has ended.

bonkers.ie suggests that contract length should be clearly and transparently disclosed in all marketing and advertising material.

Regarding the CER’s intention to increase customers’ ability to understand and compare energy offers, bonkers.ie suggests that monetary incentives (cash, bill credit, prepayment credit etc.)
should be included in 12-month cost calculations, on condition that the monetary amount is paid in full within 12 months of the customer signing up to a new supplier.

For monetary incentives to be included in 12-month cost calculations, customers should not need to request payment or perform an activity in order to receive the offer. This is because customers often do not avail of monetary offers that require an action to be performed.

**Question 7**

Consumers should have ready access to pricing information and all its components from their supplier. Therefore, bonkers.ie agrees with the proposed requirement to make all publicly-available tariffs available with a single click from supplier home pages.

It has been observed that tariff information and pricing can be difficult to find on some supplier websites, requiring multiple and at times counter-intuitive clicks, therefore bonkers.ie suggests that customers should be able to reach complete and transparent tariff and pricing information with a single click from the homepage and the home page link to tariff and pricing information should be clear, obvious and “above-the-fold”.

**Question 8**

bonkers.ie supports the requirement that suppliers communicate changes in publicly available tariffs and the launch of publicly available energy offers to accredited price comparison websites.

**Question 9**

**Proposed Requirement 1**

Energy customers would be best served by the clear disclosure of all components of energy offers.

a) However, bonkers.ie feels that presenting all components of an energy tariff in marketing and advertising material may be cumbersome and confusing, especially in a broadcast environment. Information around all of the components of a new energy offer or tariff should be referenced via a web link e.g. www.energy-supplier.ie/new-offer whereby standing charge, low and high user charges, prepayment charges, unit rates, PSO Levy, VAT, etc. could be clearly listed.

b) & c) Variations in actual consumption, home sizes, number of occupants, energy efficiency, and expected reduction in usage for particular offers (e.g. lifestyle prepayment) may mean that one size does not fit all for these requirements.

bonkers.ie suggests a CER approved home size/home type consumption benchmark - such as estimated consumption for small/medium/large homes, or 2 bed, 3 bed, 4, 5+ bed homes which may be used in place of, or along side of, the overall national average figure.

Home size figures would also allow targeted advertising/marketing to certain types of energy customers. For example, a customer with low usage may be better served by a supplier with the low
standing charge and a slightly higher unit rate than a supplier with a lower unit rate and a higher standing charge.

f) & g) Where there is a time limit on a discount period, or a contract duration which may incur a breakage penalty, suppliers should clearly state the duration for which a discount is valid as well as contract duration on advertising/marketing materials and at sign-up.

Breakage penalties should be clearly stated. Where breakage penalties are not a fixed amount (for example paying a tariff component for the remainder of the contract term), breakage penalties should be stated as an “up-to” amount which indicates the maximum breakage penalty that a customer may have to pay.

h) In addition to referencing T&Cs, the T&Cs should have a summary of essential information in plain English that is no longer than one page and contains information as determined by the CER.

Proposed Requirement 2

In addition to the identification of discounts that expire in less than one year, signup incentives that are disbursed over a period of more than one year should be clearly identified to customers. Customers should be advised of exactly how and when incentives are to be paid i.e. as bill credit or as daily, weekly, or monthly instalments etc.

Also, as the CER is proposing the inclusion of cash signup incentives in year 1 calculations, only the portion of the incentive that paid in the first year should be included.

Question 10

a) bonkers.ie supports the proposal to establish an approved method whereby suppliers must qualify unequivocal statements. bonkers.ie proposes that consumers would benefit from CER approved average annual consumption figures for a number of household sizes e.g. 2 bed, 3 bed, 4 bed which may be used in place of, or along side of, the overall national average figure. This may enable more targeted supplier advertising/marketing.

b) Combining bill components may reduce the ability of suppliers to highlight favourable tariff features such as a reduction in standing charges or prepayment service charges.

In addition customers should also have visibility on taxes and levies that form part of energy bills.

Question 11

bonkers.ie is supportive of a limit on retention contact attempts. bonkers.ie is of the view that retention via domicile visit may add undue duress to customers that have already switched suppliers.
Question 12

bonkers.ie agrees with the proposed requirement. It is the experience of bonkers.ie that the vast majority of customers who have completed their contracts and wish to switch away from certain PAYG tariffs are not aware that they must pay end of contract fees, provide notice or pay for the removal of a PAYG meter.

Energy customers that have completed their contracts do not need to provide notice or pay fees to credit suppliers in order to sign up to PAYG tariffs. It is the experience of bonkers.ie that these activities hinder the ability of customers to engage with the market and avail of alternative offers. In addition, notice periods required of some providers and not of others does not offer a level playing field.

Questions 13 & 14

It is the view of bonkers.ie that the deactivation code should be automatically issued to a switching customer once the market message is received by the incumbent PAYG supplier. This is because once the market message has been generated, the customer has effectively switched supplier and should not be required to engage with the PAYG provider unless s/he wishes to.

In addition, requiring customers to contact their supplier to give notice of intent to switch means that customers must engage with that supplier multiple times before switching. These requirements do not support a level playing field between all suppliers in the market.

Direct communication between switching customer and incumbent supplier is generally not required for customers with credit meters, thus the requirements to provide notice and to request deactivation codes creates unique obstacles to customers wishing to switch from some lifestyle PAYG tariffs.

It is the view of bonkers.ie that the immediate release of the deactivation code will not hinder a company’s ability to engage in win-back activities.

Question 16

bonkers.ie supports the proposed introduction of separate doorstep checklists for bill pay energy offers and prepay energy offers. Furthermore, it is the view of bonkers.ie that additional features and charges that customer signing up to PAYG tariffs may not be familiar with, such as prepayment service charges should be highlighted as part of the checklist.

In addition, where credit tariffs have features such as high user thresholds, which result in higher charges for certain customers, these should be highlighted also.
Question 17

bonkers.ie is in general agreement with the proposed amendments to the customer signup process. Some comments are below:

i) The contract duration and expiry date of signup discounts and additional signup incentives should be explicitly communicated to customers upon signup.

In all circumstances customers should be informed in writing of changes to their contract terms no less than 30 days in advance of their coming into effect.

m) A standardised set of facts should be provided to all customers upon sign up with a new supplier. In addition to pricing information, these facts should including a brief list of their rights to cancel, switch and receive a certain minimum standard of service from suppliers. These key facts should be no more than one page in length.

Question 18

a) Notice before expiry of fixed term contract - bonkers.ie is supportive of providing notice to customers before expiry of a fixed term contract and suggests that notice should be provided 30 days in advance of contract expiry. This notice should advise energy customers that discounts will expire at the end of the contract and advise customers of new rates that will be paid at the end of the contract.

b) Annual Prompt As one of Ireland’s two CER accredited energy price comparison services, bonkers.ie is fully supportive of the proposal of an annual prompt advising customers that they may benefit from competition by engaging with the market. bonkers.ie believes that should an annual prompt be introduced, it should have a standardised format across all suppliers.

4.3.2 Code of Practice on Customer Billing and Disconnections

Question 19

Issues for consultation pertaining to billing (ii)

Presenting rolling 12-month consumption figures on energy bills will greater enhance customers’ ability to engage with the market, obtain precise comparisons and to ultimately benefit from competition. Rolling 12-month consumption figures should also assist with energy efficiency. Therefore, it is the view of bonkers.ie that consumption should be shown prominently in kWh on page one of customer bills.

Issues for consultation pertaining to billing (iv)

Clarity on billing will assist customers in engaging with the market. Essential usage, cost and discount information should be clearly presented, and its presentation should be consistent across suppliers.
Where a discount off a Standard rate is applied on a bill, the percentage of this discount should be listed rather than a euro amount which does not reference the actual discount.

Ideally, the true and actual unit rate that a customer pays should be listed which would assist comparisons and ultimately allow customers make the most informed decisions and like for like comparisons.

**Question 22 & 23**

While supporting the proposed requirements, bonkers.ie would also like suggest that discounts be clearly stated on all bills where applicable, either as a percentage or as a true unit rate. In addition, where a discount percentage or a discounted unit rate appears on a bill, the expiry date of that discount may also be noted. This proposal will enhance customers’ opportunities to engage with the market and benefit from competition.

**4.3.4 Code of Practice on Vulnerable Customers**

**Questions 30, 36 & 37**

(v) Vulnerable customers on PAYG meters
The unsuitability of PAYG meters is noted clearly by some suppliers. However, where a customer has agreed to the installation of a PAYG meter and is subsequently registered as a vulnerable customer, that customer should be able to withdraw from a PAYG contract without penalty or difficulty.

**4.3.5 Code of Practice on PAYG Metering and Budget Controllers**

**Questions 40 & 41**

bonkers.ie agrees with the introduction of the proposed requirement relating to barriers to switching for PAYG customers. In addition, it is the view of bonkers.ie that the release of the deactivation code should be automatic and instantaneous upon receipt of a market message.

In the current environment, PAYG customers must actively take at least one step more than credit customers in order to switch suppliers thereby leaving PAYG customers in a worse off position than bill-pay customers.

Instantaneous and automatic release of deactivation codes will be an important step towards creating a level playing field across all suppliers and improving customer engagement with the market.
4.4 Terms and Conditions of Supply for Household Customers

Question 45

Customers should be notified in writing by email or post of material changes in their terms and conditions. This notice should clearly and transparently outline how the changes will affect the customer thereby informing the customer’s decision to stay with or leave the supplier.

Question 46

Energy customers should be free to easily switch away from suppliers at the end of a fixed term contract. It is the experience of bonkers.ie that customers are generally unaware that notice may be required to switch in certain circumstances. It is further the experience of bonkers.ie that customers find out about notice only after completing a switch to another supplier. This switch must subsequently be cancelled due to the notice requirement. The additional steps required in the switching process caused by notice requirements are clear barriers to the free movement of customers and energy customers would benefit from their removal.