



MABS Submission to:

The Commission for Energy Regulation

on

Review of the Electricity and Gas Suppliers Handbook

Consultation Paper CER/16/031

April 2016

Draft 1

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Review of the Electricity and Gas Suppliers Handbook CER/16/031

1. Introduction

The Money Advice and Budgeting Service (MABS) was established in 1992 to support people on low incomes to cope with debts and take control of their own finances. It is a free, confidential and independent service. It comprises 53 MABS Services, located in over 60 offices nationwide. It is funded by the Citizens Information Board.

MABS National Development Limited was established in 2004 to further develop the MABS Service in Ireland. It provides training and technical support to MABS staff nationally.

MABSndl also assists the MABS service in providing educational and informational supports as well as assisting in highlighting policy issues that arise in the course of the money advice work on behalf of clients.

MABS welcomes the opportunity to contribute to these deliberations. We hope that our contribution will assist you in your deliberations which will hopefully enhance protection for vulnerable consumers, particularly those customers who are financially and mentally vulnerable, in their dealings with the energy supply sector.

2. MABS Response to Consultation Questions

Question 1

Respondents are invited to comment on the introduction of a set of overarching principles to govern the customer-supplier relationship. Should these principles apply to both household and non-household customers? Do you agree with the proposed requirements? What other requirements should be considered? Please outline reasons for agreement or disagreement.

Answer 1

It is the MABS view that the set of principles are required in order to create the proper ethos and give an overall context for the requirements that follow in the Handbook. These principles should apply to non-domestic as well as domestic customers as they are principles of best practice which should underpin all interactions between entities especially where a vital commodity such as energy is concerned.

Question 2

Respondents are invited to comment on the proposed requirement. Do you agree with the proposed amendment? Please outline reasons for agreement and disagreement.

Answer 2

For MABS these are very important requirements. We have found, on many occasions that agents, acting on behalf of some suppliers, can differ considerably in approaches from that previously experienced by our staff when negotiating on behalf of vulnerable consumers. The differences are in culture, training, consistency of operation and we suspect sometimes motivated by purely commercial considerations. We are of the view that there should also be a requirement on supplier's representatives on appropriate procedures when dealing with a customer's nominated third party e.g. SVP, MABS.

Question 3

Respondents are invited to comment on the proposed amendment. Do you agree with the proposed amendment? Please outline reasons for agreement and disagreement.

Answer 3

Increasing consumer awareness of their rights and the protections available to them is an ongoing task and so regular reminders are necessary and appropriate. MABS are of the view

that, because of the importance of this matter, reminders should be more frequent - we would suggest every six months. With the increase in e-billing is it not possible for a copy of the code to be attached periodically or sections of same to be highlighted on bills over a period? In any event access to a copy of the code should be easily available to all either electronically or in hard copy. Thought should be given to using social media and video as a way of ensuring that complex information is available in a user friendly format to consumers. This may be a role for the Regulator.

Question 4

Respondents are invited to comment on whether the current requirements of the introductory section (i.e. Introduction, Application and Approval Process) require updating.

Answer 4

Current requirements of this section are sufficient.

Question 5

Respondents are invited to comment on whether the current requirements of this section require updating. Should other requirements be considered for inclusion? Please provide arguments to substantiate your point of view.

Answer 5

Current requirements of this section are sufficient.

Question 6

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement? Please outline reasons for agreement and disagreement.

Answer 6

We agree with the proposed requirements as they are in conformity with the basic overarching principles outlined previously.

Question 7

Respondents are invited to comment on the proposed requirement. Do you agree with this requirement? Please outline reasons for agreement and disagreement.

Answer 7

MABS is in agreement with the proposed amendment. Could the e-billing mechanism be used to contain tariff information or facilitate easy access to same on respective websites.

Question 8

Respondents are invited to comment on the proposed requirement. Do you agree with these requirements? Please outline reasons for agreement and disagreement.

Answer 8

MABS is in agreement with the proposed amendment. It is important that all up-to-date information on current tariffs is available on comparison websites.

Question 9

Respondents are invited to comment on the proposed requirements. Do you agree with these requirements? Are there other requirements that we should consider for inclusion in this section? Please outline reasons for agreement and disagreement.

Answer 9

MABS is in agreement with the proposed amendments which are in keeping with the overarching principles. The clarity and authenticity of any promotion is fundamental to consumer protection and in the establishment of consumer confidence.

Question 10

Respondents are invited to comment on the options put forward to increase customers' ability to understand and compare energy offers, as detailed at a), b) and c) above. Do you have a preferred option or combination of options What other options should we considered? Please provide arguments to substantiate your viewpoint.

Answer 10

Clarity is a fundamental requirement if consumers are to sufficiently understand what is on offer so that a judgment can be made. All three suggested options have merit and in MABS view there is sufficient merit that all three should be introduced.

Question 11

Respondents are invited to comment on the following questions:

i. Do you think that specific customer protection measures should be introduced to limit the number, frequency and format of suppliers' attempts to contact a customer for retention /win-back activities? Should a principle based approach be used for customer protection purposes in this case or would a combination of principle and rule based be more appropriate?

ii. Where a rule based approach is preferred, please comment on what is the most appropriate number, frequency and format of attempts to contact customers for retention/win-back purposes?

Answer 11

- I. MABS view is that specific customer protection measures should be introduced in order to control the frequency and format of these activities. In our view, given our experience in other areas of commercial activity, principles are rarely sufficient on their own and need rules in order to establish a consumer protection culture. Of course rules as well as principles have to be robustly supervised as to their adherence both in spirit and letter.
- II. It is MABS view that the level of contact should be proportionate and not excessive. We would favour limiting unsolicited contacts to three and these include where contacts has been unsuccessfully attempted.

Question 12

Respondents are invited to comment on the proposed requirement. Do you agree with this requirement? Please outline reasons for agreement and disagreement.

Answer 12

This proposed requirement is in keeping with the overarching principles and so should be adopted

Question 13

We are inviting respondents to comment on whether specific regulatory measures are required to prevent PAYG lifestyle suppliers from combining the provision of the deactivation code with any retention or win-back activities. Please outline reasons for agreement and disagreement.

Answer 13

It is MABS view that there must be a clear divide placed between the provision by the supplier of the deactivation code and any retention win-back activity because, as you rightly identify, this may exert undue influence on the decision process.

Question 14

Respondents are further invited to comment on whether we should consider additional requirements for inclusion in this section. What should these requirements address and what is the most appropriate wording for such requirements?

Answer 14

It is our view that there should be no retention win-back activity for at least five working days after the deactivation code has been supplied to the consumer.

Question 15

Respondents are invited to comment on the proposed requirement which will see suppliers' door to door sale agents having to leave a Cancellation Form with the customer, together with the Doorstep Checklist, upon completion of the sales pitch.

Answer 15

Door Step sales can carry un-intentioned inherent pressures particularly for vulnerable consumers. We have had experience of such pressure resulting in the signing of a new contract that was not in the best interest of the specific consumer. We therefore welcome the proposal to require the sales agents to present the customer with a cancellation form while explaining the consumer's rights in this regard.

Question 16

Respondents are invited to comment on the proposed amendments to the Doorstep Checklists for bill pay and pre pay energy offers, as detailed in Annex 4, respectively 5. Do you agree with the suggested amendments? Please outline reasons for agreement and disagreement.

Answer 16

We agree with the changes envisaged. We would however suggest that there should be an onus on the sales agent, having discussed with householder the current tariff details, to compare and contrast the sales offer with what is already in place.

Question 17

Respondents are invited to comment on the proposed amendments to Section 5.8 of the Customer Sign Up. Do you agree with the proposed amendments? Please outline reasons for agreement and disagreement.

Answer 17

We agree with the proposed changes. Consumers should be made aware, particularly where gas supply is involved, as to the charges to the account not associated with consumption that are billed to the account even when there is no usage e.g. during summer months.

Question 18

Respondents are invited to comment on the above options to improve customer participation and protect customers who do not engage with the market.

Do you have a preferred option or combination of options?

What other options should we consider to maximise market participation?

What other options should we considered to protect customers who do not engage with the energy markets?

Please provide a rationale to substantiate your view point.

Answer 18

MABS favours a combination of the options outlined. Notice of the expiry of a fixed term contract is an important requirement in MABS view. The inclusion of information on the new tariff that will apply and what difference that will make to the annual bill, given the previous year's consumption, would be important to inform the consumer as well as possibly giving an incentive to consider switching to another supplier. For the inactive consumers a prompt to alert them of more cost effective tariffs, available from that supplier, would be useful. In our view it may encourage consumers to begin to exercise choice where they clearly have not been doing before now. Inactive consumers not responding to offers that would reduce their costs can often be vulnerable and on a very low income. Therefore, consumers on the vulnerability register, or other identifiable cohorts, should have their tariff reduced to the lowest available by their supplier, having notified them sufficiently of that intent.

E-billing and direct debit discounts should reflect the savings they generate for the supplier and therefore should be available at that rate for all customers. If special introductory discounts are to be associated with direct debit payments and e-billing then they should be greater than the savings these billing and payment mechanisms usually deliver for the supplier.

Question 19

Respondents are invited to comment on the proposed new requirements and amendments to current requirements. Do you agree with the introduction of these requirements and the proposed phrasing? Please outline reasons for agreement and disagreement.

Answer 19

Requirement 1: We agree with this requirement. However could the consumption data also be given along with the final billing information?

Requirement 2: We agree with these requirements. The inclusion of information on other cheaper tariff options of the particular supplier to be also included.

Requirement 3: We agree

Requirement 4: We agree with this requirement. It is very important, in MABS view, that consumers have the choice of having a paper bill and cash payment methods available to them at minimum cost to the consumer. We agree that the difference in tariff cost should only reflect the difference in cost to the supplier of paper versus electronic billing payment methods. MABS suggests that the option for electronic billing should be clearly indicated by a specific question and agreed by a customer's signature.

It is MABS view that consumers who are financially excluded and so are unable to exercise this choice should not be disadvantaged. We welcome the initiative of one supplier to give an ongoing discount to their customers who are using the Household Budget Scheme and the industry pay-as-you-go meters.

Requirement 5: We agree with the amendments outlined in this requirement. However the timescales seems to be a little excessive.

Question 20

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement.

Answer 20

MABS agrees with this requirement as it further informs both the supplier and customer of the important issue of climate change. This fuel mix may also have a bearing on the cost structure of the energy supplied and so on consumer decisions as to choice of supplier.

Question 21

Respondents are invited to comment on the following:

- i. Are additional requirements needed to regulate the amount that suppliers request customers to pay as security deposit for sign up or reconnection? Should these requirements be based on a specific model/formula or guidelines issued by the CER?
- ii. Should customers who opt to avail of a PAYG meter be required to pay a smaller security deposit or any security deposit at all?
- iii. Are there are other issues that we need to consider in relation to the security deposit?

Answer 2

- I. This is an area that impacts most severely on financially vulnerable customers so every effort must be made to have costs only where they are necessary and kept to a minimum for sign up and reconnection. In MABS view there should be specific guidelines in this regard.
- II. Where a PAYG meter is installed no such charge should be levied in MABS view.
- III. Where a deposit is required the customer should have a clear understanding of the policy regarding the return of that deposit. This in our experience is often not the case which adds to consumer confusion and agitation.

Question 22

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement.

Answer 22

MABS is in agreement with this proposed requirement. However, just requiring the information to be communicated at sign-up stage, as there may be many other demands on a consumer's attention at that time, may mitigate against a proper comprehension of the information. It may be also be appropriate to communicate this information again at some point early in the contractual period.

Question 23

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement.

Answer 23

MABS is in agreement with this proposed rephrasing. The clarity of terminology and sentence construction is crucial for the enhancement of consumer understanding. Where appropriate it may be advantageous to submit terms, conditions etc. to a plain English test.

Question 24

Respondents are invited to comment on the proposed amendments and new regulatory measures. Do you agree with the introduction of these amendments and new regulatory measures? Please outline reasons for agreement and disagreement.

Answer 24

We agree with the proposal to introduce these amendments and new regulatory measures

Question 25

Respondents are further invited to comment on whether we should consider additional requirements for inclusion in this section. What should these requirements address and what is the most appropriate wording for such requirements?

Answer 25

No new requirements necessary

Question 26

Respondents are invited to comment on whether principles, guidelines or regulatory measures are required for suppliers to comply with to ensure that they take customer's

ability to pay into consideration in setting debt repayment arrangements. If yes, what should such requirements include? Please outline reasons for agreement and disagreement.

Answer 26

Customer's ability to pay is, in MABS experience, frequently an issue of concern. MABS, when acting on behalf of an energy supply customer and having carried out a thorough evaluation of the person's finances, have had difficulty in having the arrears repayment proposal, judged by MABS as affordable and sustainable long term, accepted by the supplier's agent and on occasion by the suppliers themselves, thus needlessly consuming valuable time resources of our staff.

The focus is sometimes not on affordability but placing the repayment schedule in a set timeframe over which the full arrear has to be repaid. While we in MABS do, (sometimes and with considerable difficulty), negotiate an affordable repayment schedule, we have concerns regarding consumers who do not have a third party acting on their behalf, and feel that they have to comply with the payment schedule offered to avoid disconnection even though they know it to be unaffordable. We therefore are of the view that principles and guidelines are required in this area.

We would have some concerns as to the culture, remuneration and other arrangements existing in agent companies. It should be noted that a broken arrears repayment arrangement may say more about the appropriateness of the arrangement put in place initially than the customer's willingness to pay the arrears.

It is important that there is a requirement for supplier and agency staff alike to be sufficiently trained in listening and information gathering skills. The culture and internal staff arrangements and procedures should be customer and resolutions focused and not confined to strictures that encroach on their ability to assist customers reach affordable and sustainable repayment agreements. The culture must be more akin to a helpline rather than a call centre.

It is our view that suppliers should be more pro-active in advising and supporting their customers who would be in the 'fuel poor' category. It is our view that initiatives in this area, already in place by one supplier, should be encouraged.

Question 27

Respondents are invited to comment on whether the current requirements of this section require updating. Should other requirements be considered for inclusion? Please provide arguments to substantiate your point of view.

Answer 27

It is our view that this section could do with updating as it is very important that regulation and guidelines regarding the ability to pay, which is such an important issue for financially vulnerable consumers, are appropriate. Under current regulation the maximum of 25% of a

single vend is now more often than not treated as the norm with nothing under that amount considered. In MABS experience most cases where a customer is in arrears and threatened with disconnection or having PAYG meter installed it is because they are financially vulnerable and unable, from their own resources, to come up with any sum to pay even a small portion of the outstanding arrears amount. To require them to go begging for such sums is inappropriate. However this practice has become a given in the industry over the years.

Some mechanism should be put in place for suppliers to react to the accumulation of arrears before they become so large that any repayment schedule to address the issue is not practicable. While this issue has improved somewhat a regulation should be considered that would render the arrear unrecoverable if it reached X times the normal monthly billing amount without the supplier having contacted the customer in writing about the arrears issue.

Question 28

Do you agree with the proposed requirement? Please outline reasons for agreement and disagreement.

Answer 28

We agree with this requirement and are of the view that the timeline is appropriate.

Question 29

Respondents are invited to comment on whether the current requirements of this Code necessitate updating. Are there additional requirements that we should consider for inclusion? Please provide reasons to substantiate your view point.

Answer 29

Current requirements are adequate

Question 30

Do you agree with the proposed requirements? Are there additional requirements that we should consider for inclusion here? Please outline reasons for agreement and disagreement.

Answer 30

- I. Identification of vulnerability at sign up stage is important and will depend considerably on the information sought and/or the training given to front line staff. While some vulnerable consumers will self- identify there is a large cohort with age and/or mental health vulnerabilities that may not as easily self-identify. It is our view that consultation should take place with health and welfare professionals in this

regard so that a comprehensive package of measures can be put in place to protect these customers.

- II. It is the MABS view that there should be greater efforts made by CER and suppliers to inform health and welfare professionals of the existence of the registers.
- III. It is the MABS view that health and welfare professionals should be consulted on this issue
- IV. It is the MABS view that health and welfare professionals should be consulted on this issue
- V. MABS are of the view that this is an area that needs regulation and guidance. The issues of suitability and self-disconnection as well as the change in a person's mental and physical state are important issues for consideration and need specific inputs from appropriate professionals.

We agree with the proposed requirements. We are of the view that there should be a requirement to better inform health and welfare professionals on an ongoing basis of the existence the vulnerable register.

MABS is of the view that the concept of vulnerability should more clearly include consumers who are mentally and financially vulnerable.

Question 31

Respondents are invited to comment on whether additional requirements should be introduced for the sign up of vulnerable customers. If yes, what should these requirements provide for? Please outline reasons for agreement and disagreement.

Answer 31

MABS agrees with this quality control process and that it be extended to all customer that have been identified as vulnerable. When contacted these customers should have explained to them the difference in the package they have signed up to from the one they are currently on. We have had instances where vulnerable clients were signed up by doorstep marketing staff to an energy offer that was not in their best interests.

Question 32

Respondents are invited to comment on whether it is appropriate to use one registration form for the identification and registration of vulnerable customers, as required under S.I. 463 of 2011. Please outline reasons for agreement and disagreement. Respondents are further invited to comment on whether a standardised registration form or forms should be developed and used by all suppliers for the identification and registration of vulnerable customers.

Answer 32

It is our view that there should be standardised forms available across all suppliers.

Question 33

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement.

Answer 33

In MABS view there should be a common form issued by CER which complies with all relevant legislative requirements. Suppliers can then use it to incorporate their own branding etc.

Question 34

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of this requirement and the proposed phrasing? Please outline reasons for agreement and disagreement.

Answer 34

We agree with the introduction of this requirement

Question 35

Respondents are invited to comment on whether additional requirements should be introduced to ascertain the status of vulnerable customers and ensure that they are registered on the appropriate register. If yes, what should these requirements provide for? Please outline reasons for agreement and disagreement.

Answer 35

In MABS view it is important that the customer's needs are accurately registered in the appropriate register. There should be a requirement for periodic vulnerable customer reminders to notify suppliers if their circumstances have changed. In this regard it is important that health and welfare professionals be appropriately aware of the different registers so as to advise the people under their care.

Question 36

Respondents are invited to comment on whether principles, guidelines or regulatory measures are required to ensure consistency in the criteria used by suppliers to assess suitability of PAYG meters for vulnerable customers.

Answer 36

It is MABS view that this is another important issue. In order to avoid disconnection a vulnerable customer will agree a PAYG meter when it may be inappropriate for their needs. We are of the view that guidelines and regulatory measures are required to ensure suitability.

Question 37

Respondents are invited to comment on whether specific regulatory measures should be introduced to ensure continuous assessment of suitability of PAYG meters for vulnerable customers (i.e. post sign up). What should these regulatory measures involve? Please outline reasons for agreement and disagreement.

Answer 37

Where vulnerable consumers are involved it is necessary to have continued assessment in this regard. Suppliers should be a. required to monitor usage, b. communicate with the customer on a regular basis as to the present suitability of the PAYG meter to their circumstances while outlining other options available and c. have, as far as possible, a third party involved to assist in the on-the-spot evaluation of suitability in consultation with the customer.

Question 38

Respondents are invited to comment on the proposed requirement. Do you agree with the introduction of such a requirement? Is the requirement formulated appropriately?

Please outline reasons for agreement and disagreement.

Answer 38

MABS agrees with the proposed requirement. We would suggest that suppliers be required to request the contact details of a third party from the customer who can be contacted in the event of no regular top-ups taking place and, to spite attempts, no contact possible with the customer.

Question 39

Respondents are invited to comment on whether the current requirements of this Code necessitate updating. Are there additional requirements that we should consider for inclusion? Please provide reasons to substantiate your view point.

Answer 39

We agree with this requirement. It is important that the switching process is simplified as much as possible and that the customer has a clear understanding of the process before signing. On realising what they consider as a complex process they may decide to remain with their current supplier and their present method of payment.

Question 40

Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement.

Answer 40

We agree with this requirement. We are also of the view that consumers wishing to use PAYG metering facility or change supplier should be advised as to the cost and the existence of a free alternative. It is our experience that vulnerable consumers are signing to lifestyle PAYG tariffs where cheaper options exist.

Question 41

Do you agree with the introduction of the proposed requirement and the associated method of implementation as outlined above? Please outline reasons for agreement and disagreement.

Answer 41

We agree with the suggestion that strict obligations should be imposed on suppliers to require them to release the deactivation code in a specific auditable timeframe and format. We therefore agree with the introduction of the proposed requirement.

Question 42

Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement.

Answer 42

Consumers on PAYG meters should receive regular quarterly billing so that they can be informed in an appropriate and timely manner as to their consumption levels over the period.

Question 43

Respondents are invited to comment on whether the current requirements of this Code necessitate updating. Are there additional requirements that we should consider for inclusion? Please provide reasons to substantiate your view point.

Answer 43

Current requirements are adequate

Question 44

Do you agree with the introduction of the proposed requirement? Are there other requirements that we should consider for inclusion in this section? Please outline reasons for agreement and disagreement.

Answer 44

We agree with the proposed requirement

Question 45

Do you agree with the introduction of the proposed requirement? Are there other requirements that we should consider for inclusion in this section? Please outline reasons for agreement and disagreement.

Answer 45

We agree with the proposed requirement

Question 46

Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement.

Answer 46

The switching process must be as simple and straightforward as possible so as to encourage consumers to pursue best energy supply offers. We therefore agree with this requirement

Question 47

Respondents are invited to comment on whether there other requirements that we should consider for inclusion in this section? Please provide rationale to substantiate your view point.

Answer 47

Current requirements are adequate.