Response by Energia to CER Consultation
CER/16/031

REVIEW OF THE ELECTRICITY AND GAS SUPPLIERS’ HANDBOOK

3rd May 2016
1. Introduction
Energia welcomes the opportunity to respond to this Commission for Energy Regulation (CER) consultation on the proposed guidelines set out in the Handbook for Suppliers of Electricity and Natural Gas, the handbook is an important document that outlines the requirements for suppliers in the retail energy markets and ensures a standardisation of approaches by suppliers. The handbook also gives suppliers certainty when developing products and engaging with the market, that they are doing so within the requirements of the relevant code(s) of practice. For customers, the handbook provides a clear set of rules which suppliers must adhere to and ensures that they are treated in a transparent and fair manner. In this regard, Energia fully supports the objective of the handbook.

While we acknowledge the need to review and update the supplier handbook to reflect a changed market, we would advocate that the ethos of the current handbook is not lost in this revision and that the handbook continues to provide the necessary guidance. Whilst we support some of the proposals contained in the handbook, the regulator needs to be mindful of their obligation to promote competition which needs to be balanced against the requirement to protect customers. In this review we do not believe that this balance has been reached and will likely result in a decrease switching activity. Efforts need to be refocused on engaging the 70% of legacy supply business customers who have never engaged in the market active, rather than creating further barriers to new entrants and the switching market.

This response focuses first on some general points before addressing some of the specific consultation proposals. In light of the early stage in the review process within which this consultation has been published and the broad scope of the paper, Energia’s comments should, at this stage, be taken to be preliminary and subject to change, as the process and market continue to evolve.

2. General Comments

Structure and focus of the paper

Energia acknowledges that this is the preliminary stage of the consultation on the supplier handbook and that revising such a document is a complex process. However, there are a number of issues that have arisen at this early stage that are of considerable concern.

The general approach adopted here in relation to customer engagement in the market seems to be ignoring EI’s (electricity) and BGE’s (gas) legacy customer base who has never switched, in favour of introducing what would seem to be anti-competitive, cumbersome and costly requirements that are overly punitive to newer suppliers and act as a barrier to new entrants. Any efforts to address the issue of sticky customers must first tackle the largest cohort of sticky customers which represents most of the market.

Furthermore, some of the proposals will have the effect of dampening the competitive offerings of suppliers and this, coupled with increased administrative costs from the proposals and severe restrictions in relation to what the supplier can offer in terms of...
product and tariffs, will result in the stifling of competition and a reduction of the switching rates amongst what is the most engaged part of the overall market. This will also limit the ability of newer suppliers to stand out from the competition by offering competitive rates to the most reluctant of energy customers; i.e. those who consciously or unconsciously remain with their legacy provider (EI / BGE).

Where extra requirements are being introduced in relation to customers we would ask that these be evidence-based rather than pre-empting an anticipated problem. From our own customer interactions, some of the issues being addressed here are not ones that have been raised through our customer engagement or indeed evidenced in the published CER surveys.

Furthermore, there is a fundamental difference between Domestic and Commercial customers, reflected in the current handbook, that calls into question the universal applicability of the overarching principles to these different market segments. Some of the proposals and principles here if applied to the commercial sector would not be workable or suitable and would likely adversely affect the market. At this point we would suggest the introduction of separate principles for the Domestic and Commercial sectors. Once the final marked up version of the handbook outlining the changes that impact the commercial part of the handbook is issued we will comment in full.

Finally, while the complexity of this review process is fully appreciated, the consultation document has proven to be difficult to respond to. There is a disparate approach to different sections of the paper and when coupled with the generic questions posed throughout the paper, preparing a response to reflect the seriousness of the consultation paper has been a challenge. As the review process progresses and proposals emerge, this may cease to be an issue but CER may also wish to consider adopting alternative approaches (e.g. workshops, bilateral meetings, etc) to ensure that respondents’ view in response to this comprehensive review are adequately captured.

**Overarching principles**

Whilst overarching principles can be a useful tool, the requirement from a supplier perspective is for a document that can itself provide sufficient guidelines to stakeholders to effectively engage in the market. The consequent duties and obligations on suppliers must be clear and certain from the handbook. A document that defers to overarching principles to inform decisions is too subjective to work effectively as a handbook that can provide certainty to suppliers in their interaction with the market and to customers. Any introduction of overarching principles should not be a substitute for clear guidelines and should not be used to overwrite the general content of the handbook. It is important the overarching principles are not introduced for the purpose of superseding the requirements specified in the handbook but instead merely compliment the clear and plain interpretation of these requirements, thus removing, as opposed to introducing, subjectivity into the handbook.
PAYG

Practices have developed in the PAYG lifestyle sector that combined, act as a significant barrier to switching. This limits customer choice, engagement and access to the best deals in the market. It is essential that a set of detailed requirements are developed in relation to these issues that ensure the customer is as free to move from PAYG lifestyle to credit (or vice versa). All barriers to switching such as fees for removal of meter, withholding deactivation code and not disclosing all associated fees upon sign up should be removed or fully disclosed upon sign up (i.e. included in the doorstep checklist). Fundamentally, the customer’s experience of switching should be the same irrespective of whether they are a PAYG customer or credit customer; this is not currently achieved or suitable addressed in the proposals contained in this consultation paper.

Debt

The supplier handbook defines the supplier’s interaction with the market and the customer, in the process it seeks to protect the right of the customer and to ensure that they are treated in a transparent and fair nature. These are all approaches that Energia supports. However, the handbook and indeed recent CER decisions do not address certain troubling issues that have developed in the market.

Dealing with the issue of fraud and accrual of debt has consistently been put off by the CER. This has led to a situation where suppliers and customers who engage honestly in the market are covering the cost of fraud by a segment of the market that do not pay for their energy. We would suggest considering a reciprocal code or the development of a CER position on the customer’s obligation in relation to debt and fraud. Whilst there is such a position in the Energy Engage Code this is an industry document and does not originate from the CER. Further to the above points:

- We engage with customers in financial difficulty and those who are vulnerable. However a number of situations have evolved where customers can and have taken advantage of requirements that are in place to protect genuine vulnerable customers.

- As it stands in the gas sector if a customer in debt engages with the suppliers coming into summer and a prepay is availed of, the customer will effectively have a debt holiday for 5-6 months due to seasonal usage. The customer at the end of this period may switch suppliers having not made any remuneration to suppliers. Energia believes that there should be a mechanism put in place where a customer who is not vending is required to make payments to the supplier.

- While we welcome the various efforts to ensure that vulnerable customers details are captured, a situation has arisen where a customer could be declared as vulnerable, willfully stop paying for energy and simply accrue debts with impunity. Energia would welcome the introduction of some measures to ensure that supplier’s exposure, and consequently the general customers’ exposure, to this problem is at least limited, if not removed.
3. Consultation Questions
The structure of this section follows the numbering of the consultation paper for ease of reference.

4.1 The introductory Section
Supplier’s representatives
Energia would welcome the introduction of a code of practice and some guideline in relation to consultants (’brokers’), particularly around commission / fee income transparency and their interaction with customers. Suppliers provide offers to these unregulated entities but have no control over the quality of the interaction or relationship between them and the customer; guidelines or a Code of Practice would ensure a standard approach across the industry for all entities supplying or purporting to supply gas or electricity and a broadly common experience for energy customers. This is a segment of the market that is growing rapidly and as such it may be prudent to address this area now before any problems arise.

Q 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.

Overarching principles are subjective and depending how they are utilised may not provide the certainty required by the suppliers to operate effectively in the market, or to customers in seeking to ascertain and understand their rights in the market. This is more likely to be the case if there is an absence of clarity in the context of the handbook and there is an over-reliance on the overarching principles as a decision making tool. The principles should not be used to trump or overwrite the content of the handbook. Such an approach would be too subjective and would not provide the certainty that is both required by suppliers and is important to customers.

Domestic and non-domestic customers are fundamentally different and as such there is a need to for two different sets of principles or amended principles for the two. For example on Principle 6, this may not equally apply to business customers who will effectively disconnect at different times of the year depending on production, using this as a method of cost reduction.

In addition Principle 7 may impact how business customers interact with suppliers.

Q 2 Respondents are invited to comment on the proposed requirement. Do you agree with the proposed amendment? Please outline reasons for agreement and disagreement.

The responsibility for any perceived infringements of third parties cannot be placed on the supplier. The interaction and engagement of third parties with customers does not occur in vacuum outside of consumer legislation. There is an interaction and
relationship between third parties and the customer. Suppliers should not as a default held accountable for the interactions here. Ensuring best practice and adequate training is the extent that suppliers have control over this relationship. As mentioned above, we would suggest that a code of practice needs to be developed for consultant’s engagement with customers.

Q3 Respondents are invited to comment on the proposed amendment. Do you agree with the proposed amendment? Please outline reasons for agreement and disagreement.

We have no comment at this time on the current requirements.

Q4 Respondents are invited to comment on whether the current requirements of the introductory section (i.e. Introduction, Application and Approval Process) require updating.

The suitability of the current introductory section will depend somewhat on the content and structure of the final documents and therefore comments at this stage are limited to an observation on the current operation of the section in the current handbook and that is simply that it has operated without difficulty or issue.

4.2 Supplier’s Customer Charter

Q5 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.

We have no comment at this time on the current requirements.

4.3.1 Code of Practice on Marketing and Sign Up

These proposals seek to target the interaction of engaged customers and suppliers but ignores the 70% of legacy customers who have never engaged in the market. The steps outlined here will adversely impact newer entrants to the market while ignoring the largest cohort of disengaged customers of EI and BGE.

Q6 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.

Energia agrees in principle with this approach. However, we believe that information currently provided in the market is sufficient and information detail and comparison services based by price comparison websites is sufficient to meet customer requirements.
Q7 Respondents are invited to comment on the proposed requirement. Do you agree with this requirement? Please outline reasons for agreement and disagreement.

We have no comment at this time on the proposed requirement.

Q8 Respondents are invited to comment on the proposed requirement. Do you agree with these requirements? Please outline reasons for agreement and disagreement.

We agree with the proposed requirement in principle and have no further comment at this time.

Q9 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.

A balance needs to be struck between the provision of information to customers and overloading material, such as marketing content, with too much information. Overburdening of communications with content may have the opposite effect in terms of informing and/or engaging the customer.

Whilst certain methods of communications lend themselves to more detailed content, TV and radio rely on a brief concise message. Any additional material on such communications will leave them ineffective and costly to run. As a key driver of switching rates, it is likely that any dilution of the key savings messages in adverts will result in fewer customers switching. In either event, should the customer look to sign up to the product, there is a wealth of information available at this point to further inform their decision.

As is the standard with banking, telecoms and similar industries, a comment in relation to terms and conditions or additional fees should inform the customer of additional information.

b) We advocate the continued usage of the CER's annual estimate. Using actual data for customers at the doorstep is unwieldy and impractical

5.7.1 h) In order for discounts or money back to be counted when calculating a customer's energy cost it is essential that only discounts that are automatically applied to the bill are factored in. Offers that have to be applied for are not discounts of the cost of energy but rather are offers that may or may not be availed of by the customer.
Q10 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.

a) Any movement to limit the strength of the message in terms of savings that can be made by customers may limit customer engagement and switching rates. Whilst the upper end of the savings may not be achieved by all customers there will be a saving. This approach also doesn’t allow comparisons with the bulk of the market who have never switched and are likely to require the strongest saving message in order to encourage engagement. Dilution of the savings message will likely result in a decrease in switching rates and perceived competition.

b) Efforts to limit or to heavily regulate tariffs in other jurisdictions have largely failed. Recent findings by the CMA in GB have suggested removal of the four tariff rule due to its’ stifling of innovation and development of new products. Furthermore a simplification in terms of the charges may hide from view a key component of the customer’s bill which are regulatory and policy costs.

c) Using actual energy consumption of a customer would be cumbersome and difficult to implement. We would support the continued usage of the CER estimate.

Q11 Respondents are invited to comment on the following questions:

i. Do you think that specific customer protection measures should be introduce 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?

Energia is supportive of these efforts to address winback activities. We advocate a simple approach in limiting the frequency and method of communicating. Suppliers should be limited to 3 unsuccessful attempts in contacting the customer. The medium used should not be used in consecutive attempts. This should categorise text and calls as the same.

Q12 Respondents are invited to comment on the proposed requirement. Do you agree with this requirement? Please outline reasons for agreement and disagreement.

Energia supports this proposal.

As discussed above in further detail a set of practices have developed in the PAYG lifestyle sector that act as an effective barrier to switching. Fees incurred by
customers during the lifecycle of the PAYG must be made abundantly clear at sign up. This must include the substantial meter removal fee with all of these being included in the doorstep checklist.

**Q13** 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.

PAYG lifestyle has developed a set of practices that depart from industry standards and have a cumulative effect of acting as a barrier to switching. As PAYG suppliers have not brought their practices in line with industry standards, there is an onus on the CER to ensure that the customer has as much freedom to switch suppliers irrespective of the payment method.

The deactivation code and any winback efforts should not go out in the same communications nor should they follow each other in quick succession. We would suggest that after issuing the deactivation code that there isn't an immediate winback attempt. Furthermore the timing of the deactivation code needs to go at the earliest possible opportunity and should go with the COS market message. PAYG suppliers should not be allowed to require written notification of cancellation of contract outside of the fixed term contract. These should not be principled based but rather, prescriptive requirements.

**Q 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?

See responses already provided in respect of this section.

**Q 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.

Energia would welcome efforts to ensure this document is as streamlined and practical as possible. We would ask that while the postal option is available to customers, that we are able to encourage any communication to us of a cancellation via email or phone. The use of post presents complications for us in relation to the cooling off period and the potential for a cancellation form to be posted on the 13th or 14th day and not arrive with us for a number of days after this or at all. This also may present issues for customers. Furthermore DIRECTIVE 2011/83/EU would seem to encourage the use of digital communication in the case of the cancellation form.
We understand that this proposed requirement is neither relevant nor appropriate for non-domestic customers.

Q 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.

‘g) Tell you how to pay the bill, such as payment in cash or by direct debit? How about any budgeting options such as level pay?’

- Energia suggests that the reference to specific methods of payment be removed and replaced with ‘Tell you about the available methods of payment’. Preferred payment methods will vary between suppliers and payment methods evolve overtime, as such keeping the reference to payment methods general will avoid confusion and future proof the document.
- Points J & K are quite similar and could possibly be combined into one requirement
- In relation to PAYG lifestyle, if the issue of meter removal fees persists then it is important that customers are made aware of this prior to sign up. As such this should be included in the PAYG door to door checklist thus ensuring that customers are made fully aware of all of the costs associated with the product they are signing up to.

Q 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.

J) In relation to the amendments here, Energia can see no valid reason for the CER’s apparent removal of ‘public notification’ from the list of suitable communications. This approach is the norm in many industries and is regularly availed of by regulatory and public bodies as a means of informing the public of change.

K) We ask that further clarification is given on the requirement set out in this point (pg 48) and are therefore unable to comment further at this time.

R) Energia assumes that in this instance that the auditable material is limited to the paper documents provided and does not include the conversation with the customer?

**Additional sign-up requirements applicable to customers who are signed-up to a PAYG**

A) We welcome the addition of this requirement on full disclosures of all aspects of the PAYG product and as outlined above believe that the hidden costs and administrative requirements such as the charge for removal of the meter should be communicated to customers at sign up.
Q 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 viewpoint.

It should be noted that collectively energy suppliers in ROI spend nearly €20m annually in advertising and marketing to encourage customers to engage and participate in the switching market. This message appears to get through to a small proportion of the market that have switched at some point, unfortunately for the remaining 70% with legacy providers, participation will need to be brought about by structural change rather than further communication.

A) Fixed term offers are predominantly used in the switching market, therefore this customer segment is engaged and is not the first priority for further customer participation. We do not agree that being over prescriptive in this market/product sector is conducive to promoting competition, particularly for the non-engaged customers. Allowing suppliers, particularly new entrants a blend of customers on various tariffs structures is the only commercial model that is sustainable for new entrants to continue competing with legacy suppliers who have a high proportion of customers on standard tariffs. Specifically, targeting fixed term offers will disproportionately impact new entrants and restrict further competition.

B) throughout this response we are calling on the CER to do more to engage customers of legacy suppliers in the market, therefore we are supportive of an annual prompt to customers that have been on the same or a non-discounted tariff for at least 3 years as a first step to assist in addressing this key market failing but more recognise that significantly more needs to be done.

C) We would not be supportive of this requirement. Suppliers need to be able to provide a range of different offers to different customer segments. This is particularly true for new entrants, who have to ensure they have a commercially sustainable business model. As is practiced in other industry, different products are provided in different customer segments particularly between new and existing customers. This principle is understood by all customers and is one of the key principles of a functioning competitive market.

D) Suppliers have differing structures and cost associated with billing and payment methods. However these elements are relativity modest in the overall cost of a customer tariff. We would not agree that a supplier be forced to provide a discount level based on a bill / payment format. The issue of tariff structuring and discount is a matter for suppliers and should not be prescribed as to limit the choice and range of tariff innovation in the market.
4.3.2. Code of Practice on Customer Billing and Disconnections

Q19 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.

We have no comment at this time on the current requirements.

Q 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.

Energia agrees in principle with this proposed requirement but we are unable to comment further at this stage in the consultation.

Q 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?

i) It should be up to suppliers to assess the risk a customer represents and apply an appropriate deposit. This should be left to suppliers without any further regulatory intervention. Regulatory involvement in this aspect of the supplier’s engagement with customers may unduly expose suppliers to bad debt.

ii) We see no reason for a PAYG deposit at this time.

Q 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.

Energia agrees that suppliers should be required to disclose all relevant charges to customers at sign up. This approach ensures that the customer can make an informed decision. This should apply equally to all suppliers in the market.

Q23 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.

Energia agrees in principle with this approach.
Q24 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.

For Energia, the issue of transferring debt between accounts does not arise and we have no comment on this proposal at this time.

Q25 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?

No further comments at this point.

Q26 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.

The 25% value is a crude mechanism to determine appropriate debt recovery levels for customers. The default level should be 40% in the absence of proof of financial difficulties as applied in NI. If the customer contends that they are unable to pay this amount then this will prompt them to engage and show that they are unable to meet 40%. A figure can then be arrived at that represents a recovery level that matches the customers’ ability to pay and is evidenced based. The maximum figure should not be based on some arbitrary figure but should be decided by the customers’ ability to pay.

Q27 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.

See responses already provided in respect of this section.

4.3.3 Code of Practice on Complaint Handling

Q28 Do you agree with the proposed requirement? Please outline reasons for agreement and disagreement.

Energia requires clarity that this will not impact on the current timelines outlined in the handbook with regards to when any payment redress will be applied to a customer’s account; i.e. “Include commitment to making payment to the customer within 14 days, where the CER has issued a direction for compensation or redress or within one
billing period where compensation or redress is in the form of credit to the customer’s account."

As per the current handbook, the revised handbook should acknowledge that complaints may take longer to resolve if the customer is not engaging or if technical procedures would be required that would extend the time required. If this requirement was to be implemented then it may also be prudent that suppliers could notify CER of any reasons why implementation has not been processed, within the agreed timeframe. With the timeframe extended accordingly.

We would suggest that any changes here should be met with an improvement in the CER SLA as it would seem unfair to ask suppliers to respond within 3 weeks when it can regularly take up to 3 months for the CER to issue proposed/final decisions, and we are aware of relatively straight-forward matters taking over 9 months for the CER to resolve.

Q29 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 viewpoint.

See responses already provided in respect of this section.

4.3.4 Code of Practice on Vulnerable Customers

Q30 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.

1) in relation to the identification of vulnerable customers we would welcome clarity on what, if any, provisions are to apply to non-domestic customers.

There needs to be a careful consideration given to any potential requirements on salespersons enquiring about vulnerability. Rather than a requirement to ask probing questions, Energia’s view is that self-declaration by customers is preferable for both the customer and supplier.

Q31 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.

First, it is unclear what identified problem any such additional requirements would seek to address. In the absence of any evidence of a problem, there does not appear to be a case to impose additional requirements. Should such evidence be presented, a balance needs to be struck between providing additional protections for vulnerable customers and imposing additional obligations and costs on suppliers.
There are a host of measures either already in place or proposed, from details on vulnerability at sign up to providing information on bills, these efforts ensure that the customer is well informed and able to inform the supplier of any vulnerability. Requiring suppliers to undertake additional tasks such as contacting all customers over 66 is costly and is unclear as to the benefit of this approach. Energia advocates an approach of well-informed customers self-disclosing. The current requirements ensure that this is the case.

Q 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.

Energia believes that the provision of two forms is unnecessary and that all the relevant information can be captured in one. Furthermore, standardisation of forms across suppliers may prove difficult as the communication methods offered by suppliers vary. Once forms cover all the relevant fields it should be up to individual suppliers as to the design of the form. As a part of the sign up process this would be subject to other principles on clear communications and universal design.

Q 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.

The content of registration forms should match legislative requirement. CER directions on this should similarly adhere to national legislation and EU directives.

Q 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.

Energia currently offers customers an easy and free of charge process for registration as vulnerable customers.

Q 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.

The existing and additional requirements proposed in the handbook are sufficient in ensuring that the customer is adequately informed in relation to registering as a
vulnerable customer. Once customers are adequately informed it should then be about self-declaration. This extra step is a duplication of effort and will result in an increased cost. As networks rely on such information to inform works on outages and emergencies and have a relationship with all customers, perhaps this should be a centralised effort conducted by the networks companies.

Q36 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.

The CER should provide guidelines on when a supplier can offer a PAYG to vulnerable customers; i.e. if the customer requests this and the vulnerability does not prevent the use or ability to purchase vends for the meter.

Q37 Respondents are invited to comment on whether specific regulatory measures should be introduce 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.

There are sufficient practices in place to ensure that vulnerable customers are informed and have access to all the relevant information that advises them of their rights and suitability upon sign up. Once it has been ascertained that a vulnerable customer is suitable for a PAYG (based on CER guidelines as requested above) the customer should be informed to disclose any change in circumstances to the supplier. Again similar to above points, this should be about ensuring the customer is adequately informed upon sign up and can then inform suppliers should there be a change in their circumstances.

Q38 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.

Energia does not support such a requirement. Any customer who moves onto a PAYG will have gone through an extensive checklist and given a host of information including those outlined in this proposal. Assuming the CER provides some additional guidance in relation to suitability of the PAYG for vulnerable customers it could be said that the PAYG will only be installed if suitable. Again this is about the provision of adequate information allowing the customer to inform suppliers of their circumstances. Customers may stop vending for a number of reasons such as moving out, self-disconnection of gas during the summer. Vending patterns are not suitable measure to indicate a customer is in difficulty.
Q39 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 viewpoint.

See responses already provided in respect of this section.

4.3.5 Code of Practice on PAYG Metering and Budget Controllers

Q40 Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement.

Energia supports this proposal.

As discussed herein, the experience of the PAYG customer should not differ from the credit customer. As such, any steps such as the issuing of the deactivation code should be carried out immediately after the losing supplier receives the market message and not linked to any winback activities.

Q41 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.

Whilst Energia supports the principle of this proposal the wording may be too vague so as to address what is a significant issue. A solution to this may be to stipulate that the deactivation code is released by the losing supplier once they receive the COS market message.

Q42 Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement.

Energia agrees in principle with the proposed requirement.

Q43 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 viewpoint.

See responses already provided in respect of this section.

4.4 Terms and Conditions of Supply for Household Customers

Q 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.
Energia would welcome further guidance around Deemed Contracts; for example in circumstances of setting up a deemed contract with a landlord when properties are left vacant, as well as guidelines on data capture so that deemed contracts are kept to a minimum.

Q 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.

The public notice method of communication is a well-established and widely accepted form of notification used by the banking, telecom and the CER. It is an useful, cost effective and wide reaching method of communication and we would oppose its removal.

It is unclear if bill inserts are acceptable here, we would welcome some clarity on this.

Q46 Do you agree with the introduction of the proposed requirement? Please outline reasons for agreement and disagreement.

Once a customer is outside of their agreed offer term there should be no onus on them to give a written notification of their intention to switch. This when combined with other practises that have been allowed to develop in the PAYG lifestyle sector act as significant barrier to switching.

Q47 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.

See responses already provided in respect of this section.

4. Conclusion

The proposed changes to the supplier’s handbook represent a significant departure from the ethos of the existing document and if implemented will likely have a negative impact on the market. Whilst Energia acknowledges that the proposals have not yet been finalised, their content is still of considerable concern at this point. If the changes are implemented as they are, they are likely to have an adverse effect on the market by dampening the competitive offerings of suppliers and this, coupled with increased administrative costs from the proposals and severe restrictions in relation to what the supplier can offer in terms of product and tariffs, will result in the stifling of competition and a reduction of the switching rates amongst what is the most engaged part of the overall market. Also, many of the measures introduced are not evidence based in terms of supplier interaction with customers or indeed from the CER’s own publications. Changes as significant as those outlined in the document should be evidence based and proportionate.
The general approach adopted here in relation to customer engagement in the market ignores EI’s (electricity) and BGE’s (gas) legacy customer base who has never switched, in favour of customers who have actually engaged in the market. It cannot be the case that the CER wilfully target newer suppliers who through their commercial offerings have engaged a large proportion of the market whilst ignoring EI and BGE’s legacy customers. As well as stifling the current market, these measures will likely stop new suppliers entering the market. There is an onus on the CER here to ensure that as well as protecting customers, that they are promoting competition in the market. Further to the above points there are a number of specific issues that Energia would like to see addressed:

- A set of practices have developed in the PAYG lifestyle sector that combined act as a significant barrier to switching. There is a fundamental principle here that the customer’s experience must be the same whether they are PAYG lifestyle or credit customers. Energia would advocate a prescriptive set of rules to remove these barriers and ensure the customers experience is the same under PAYG lifestyle and credit.

- The most significant course of action that the CER could take to engage customers is to look at measures that would reach EI and BGE’s legacy customer base. This cohort makes up the majority of the market and would seem to be the logical first step in terms of seeking to engage customers.

- Energia would welcome the introduction of a code of practice and some guideline in relation to consultants, particularly around commission / fee income transparency and their interaction with customers. This fast growing sector needs to be treated in a similar fashion to price comparison sites.

- There are a number of issues that have developed in the area of customer debt as outlined above that need to be addressed. Energia would advocate the development of a firm CER position on fraud and debt accrual in the market.

Finally, any introduction of overarching principles should not be a substitute for clear guidelines and should not be used to overwrite the general content of the handbook. It is important the overarching principles are not introduced for the purpose of superseding the requirements specified in the handbook but instead merely compliment the clear and plain interpretation of these requirements.