

Below are Prepay Power's responses to CER's Review of the Supplier's Handbook: Decision and Further Consultation (Reference CER/16/287).

Note – Sections referenced below are based on the Supplier Handbook published by CER in October 2016
doc ref CER16289

SECTION 2.2

Decision 1 – Introduction of Overarching Principles in the Supplier's Handbook

No further comments

SECTION 2.2.1

Decision 2 – Principle 3 Amendment

No further comments

SECTION 2.2.2

Decision 3 – Introduction of Principle 4 Amendment

No further comments

SECTION 2.2.3

Decision 4 – Amended format of Principle 5

No further comments

SECTION 2.2.4

Decision 5 – Amended format of Principle 7

No further comments

SECTION 2.2.3

Decision 6 – CER will not introduce Principle 1 “Compliance with Market Rules”

No further comments

SECTION 2.2.3

Decision 7 – CER will not introduce Principle 2 “Compliance with Customer Legislation”

No further comments

SECTION 5.1.4

Decision 8 – CER will not introduce Principle 6 “Minimise Extent of Disconnections”

No further comments

SECTION 3.2

Decision 9 – Supplier's Representatives

No further comments

SECTION 1.2.3 of CUSTOMER'S CHARTER

Decision 10 – Copies of COPs to be made available on request

No further comments

SECTION 1.1 CUSTOMER'S CHARTER

Decision 11 – CER will not amend current requirements pertaining to Customer Charter

No further comments

SECTION 2.2 COP ON MARKETING AND ADVERTISING

Decision 12 – Requirement to provide information that is complete, accurate, transparent etc.

There is a danger that providing too much information to the customer at initial point of marketing engagement can lead to confusion. Prepay Power does not believe that advertising is the correct medium for this. Marketing and advertising campaigns should be used to communicate key terms in a clear and concise manner to the customer while providing a reference to the location of the full terms. This allows the customer to digest the full detail of the terms and conditions at a time of their choosing. Equally, the term "transparent" is subjective and Prepay Power would welcome further clarification on this point.

SECTION 2.2.6 COP ON MARKETING AND ADVERTISING

Decision 13- CER Amendment to Handbook Section 5.7.2 - Suppliers to publish all available tariffs on their website

Prepay Power supports this decision and believes suppliers should publish all available tariffs for household customers on their website. We currently publish all our tariffs and highlight the four elements of our pricing on a VAT inclusive basis.

SECTION 2.2 COP ON MARKETING AND ADVERTISING

Decision 14 – CER will not introduce an obligation to communicate tariff changes to PCWs before becoming publically available

No further comments

SECTION 2.3.1 COP ON MARKETING AND ADVERTISING

Decision 15 – Suppliers to include key information on all marketing material except TV and radio ads

PrePayPower customers switch for service rather than price. A requirement to include pricing as a lead point in all advertising would be unfairly restrictive and biased against suppliers that compete in this way. Pricing should be, and is, provided in the sales process, however, a requirement to highlight price alone would favour those suppliers that focus on discounts to the detriment of suppliers that invest in providing their customers innovative services.

Furthermore, we believe there are many channels in addition to TV and Radio, such as online banner ads, where inclusion of the specific detail suggested by CER is neither appropriate nor practical. Therefore we believe that only essential information should be included in an advertisement together with information on where to find full terms and conditions for the service. Additional key terms can be provided as part of the sign-up procedure together with access to a copy of the full terms and conditions.

We also note that PSO detail is not included here and suggest that prices should always include VAT. Customers switching to PrePayPower from billpay reduce their energy consumption. This reduction in consumption needs to be taken into account when calculating the estimated annual bill. Prepay Power also seeks clarification on how CER defines the date for "tariff in place" as referenced in point D of the decision.

SECTION 2.3.2 COP ON MARKETING AND ADVERTISING

Decision 16 – Requirement to reference T&Cs on all TV and radio ads

Prepay Power agrees with the reference to terms and conditions in this Decision and detail on how they may be accessed should be referenced in TV and Radio advertisements.

SECTION 2.4.2 COP ON MARKETING AND ADVERTISING

Decision 17 – Tariff comparisons must be based on Estimated Annual Bill and include all applicable charges

Prepay Power has provided a more detailed response in Section 4.1.1 of the document for consultation. In brief, Prepay Power would like to highlight the following points:

1. *The EAB reduces all elements of a supplier's product offering to a single Euro value, ignoring all other benefits including control over bills, quality customer service or convenience. This one-size-fits-all approach immediately places prepay at a disadvantage.*
2. *The EAB requires an average rate of consumption based on credit customers to calculate the annual cost. This will not take into account the savings which our average customer can achieve by moving to prepay.*
3. *The EAB does not factor in the differential in cost to serve over credit customers.*

In addition, we would seek clarification on the final line of this decision which reads "any discounts that expire in one year should be identified in any comparison". Our understanding is that this refers to any discount offered which expires in one year or less.

SECTION 3.3.1 COP ON CUSTOMER SIGN UP

Decision 18 – Win-back or retention activities must comply with relevant requirements set out in COP on Marketing and sign-up

No further comments

SECTION 3.3.2 COP ON CUSTOMER SIGN UP

Decision 19 – Requirement to treat successful win-back as a new sign-up

No further comments

SECTION 3.3.3 COP ON CUSTOMER SIGN UP

Decision 20 – Requirement to ensure that all information provided to customers who intend to terminate

No further comments

SECTION 3.3.4 COP ON CUSTOMER SIGN UP

Decision 21 – Suppliers to release all necessary information to enable the completion of the switching process.

When a deactivation code is generated the customer will be unable to top up their meter until they key the deactivation code into the meter. Once the customer's credit balance has been used they will be left without power. It is therefore vital that the supplier makes contact with the customer to ensure the code will be communicated using the correct contact details and customer understands how to deactivate the meter.

SECTION 3.2.1 COP ON CUSTOMER SIGN UP

Decision 22 – Suppliers required to leave a Cancellation form with customers after concluding sale

No further comments

SECTION 3.2.1 COP ON CUSTOMER SIGN UP

Decision 23 – Amendment to Section 5.8.1 regarding account opening

Prepay Power notes the following:

1. *In item H of Decision 23, Prepay Power requests clarification on whether the customer must reference this on all calls.*
2. *All prices published to retail customers should be standardised to include VAT*

SECTION 3.2.1 COP ON CUSTOMER SIGN UP

Decision 24 – Revised doorstep checklist – Bill Pay only

No further comments

SECTION 3.2.1 COP ON CUSTOMER SIGN UP

Decision 25 – Revised doorstep checklist - Prepay

No further comments

SECTION 3.2.1 COP ON CUSTOMER SIGN UP

Decision 26 – CER will not implement regulatory measures that would result in the simplification of energy tariffs

No further comments

SECTION 4.1.12 COP ON BILLING

Decision 27 – CER will not implement regulatory measures that would require suppliers to provide customers with comparisons based on the customer's own current tariffs when signing up customers

No further comments

SECTION 2.4.2 COP ON MARKETING AND ADVERTISING

Decision 28 – Obligation to include Estimate Annual Bill on marketing and advertising material

Prepay Power recognises that the intention behind the development of the EAB is to create a basis to support like-for-like comparisons. However, this proposal treats credit and prepay services as if they were one and the same. PrePayPower customers switch for service rather than price and a requirement to include pricing as a lead point in all advertising would restrict competition based on service innovation. Pricing should be, and is, provided in the sales process, however, a requirement to highlight price would favour those suppliers that focus on discounting to the detriment of suppliers that invest in providing their customers innovative services.

Our customers enjoy many benefits of prepay, chief among them being control over their bill but there is a significant differential in cost to serve when compared to bill pay offers. Equally, Prepay Power can demonstrate through analysis of actual consumption figures that our average customer saves 9% by moving from credit to prepay. The EAB as formulated does not take account of this reduction making PAYG appear more expensive compared to credit offers.

SECTION 9.2.1 TERMS AND CONDITIONS OF SUPPLY

Decision 29 – Supplier obligation to send customers a written notification 30 days prior to the expiry of a fixed term contract.

Prepay Power suggests that the requirement should be to inform customers on expiry of discount period rather than expiry of fixed term contract.

SECTION 9.2.2 TERMS AND CONDITIONS OF SUPPLY

Decision 30 – Supplier obligation to issue a written notification on an annual basis to those customers who have been on the same tariff for at least 3 years

PrePayPower customers enjoy the same tariff irrespective of how long they have been with the company.

SECTION 2.4 COP ON MARKETING AND ADVERTISING

Decision 31- CER will not introduce regulatory measures to obligate suppliers to make all energy offers available to current and new customers at this time

No further comments

SECTION 2.4 COP ON MARKETING AND ADVERTISING

Decision 32 – CER will not introduce regulatory measures to obligate suppliers to pass on discounts associated with specific behaviour at this time

No further comments

SECTION 4.1.13 COP ON BILLING

Decision 33 –Supplier requirement to ensure that final customers receive bills and energy statements

No further comments

SECTION 4.2 COP ON BILLING

Decision 34 – Supplier requirement to provide a choice of billing formats which must include paper billing and cash.

No further comments

SECTION 4.7.3 COP ON BILLING

Decision 35 – Amendment to Section 6.6.3 – Suppliers may not keep a customer’s account open to bill the customer indefinitely for continued consumption where the customer has made contact to close their account but has been unable to provide a meter reading

No further comments

SECTION 4.1.3 COP ON BILLING

Decision 36 – Suppliers must ensure that energy bills and statements are compliant with current legislation
PrePayPower treats its regulatory and legislative obligations seriously and ensures that our bills and statements are compliant with all legislation. A PrePayPower customer is always aware of cost, as consumption information and spend can be obtained at any time directly from the budget controller (the In Home Display) as well as the mobile app. This information is supplemented by an annual statement which includes details of all Top Ups purchased throughout the year. The bill pay model is structured very differently. Customers rely on their Monthly/Bi Monthly Invoice for visibility of consumption versus spend, which demonstrates the considerable differences in the Post Pay and Pre Pay market segments. This should be accounted for in regard to communication obligations in each segment.

Prepay Power is concerned at the additional cost this imposes on prepay suppliers given that customers use their mobile app and meter for up to date information on consumption and Top Ups. We also note that Ofgem, the UK Energy Regulator, in dealing with this same issue provides an exemption to the requirement to issue biannual statements for PAYG and Smart meters.

SECTION 4.1.4 COP ON BILLING

Decision 37 – Suppliers must ensure that energy bills and statements comply with obligations arising from CER decision paper

No further comments

SECTION 4.5.1 COP ON BILLING

Decision 38 – Suppliers must have a fair, transparent and reasonable policy regarding customer deposits

No further comments

SECTION 4.6.3 COP ON BILLING

Decision 39 – When applying penalties for breach of contract, suppliers must comply with relevant customer protection legislation.

No further comments

SECTION 3.2.1 COP ON CUSTOMER SIGN UP

Decision 40 – Suppliers must ensure that all charges relevant to supply are brought to customer’s attention in writing at sign-up

No further comments

SECTION 4.6.4 COP ON BILLING

Decision 41 – Amendment to Section 6.5.4 – Management of Dual Fuel accounts

Prepay Power objects to this proposal as it greatly facilitates the perpetration of fraud, given that a customer could conceivably tamper with an electricity meter but request that gas supply be disconnected instead. We request that the CER make a clear distinction between cases of genuine hardship and energy theft by adding a condition to restrict this option in situations where fraud can be reasonably demonstrated.

SECTION 6.2.7 COP ON COMPLAINTS

Decision 42 – Suppliers are required to respond to the CER’s Final Decision to a complaint resolution within three weeks from the date of the Final Decision confirming that the CERs Final Decision has been implemented.

No further comments

SECTION 7.3.8 COP ON VULNERABLE CUSTOMERS

Decision 43 – Suppliers are required to take reasonable steps to identify customers who are eligible to register as vulnerable customers

No further comments

SECTION 7.3.7 COP ON VULNERABLE CUSTOMERS

Decision 44 – The COP for Vulnerable Customers must be brought to the attention of customers via written or electronic communication sent to customers at least once a year and on sign-up

No further comments

SECTION 7.4.1 COP ON VULNERABLE CUSTOMERS

Decision 45 – Suppliers may use one form for registering customers on each register or may use separate forms

No further comments

SECTION 7.4 COP ON VULNERABLE CUSTOMERS

Decision 46 – CER will not standardise the format of the registration forms at this time

No further comments

SECTION 7.4.3 COP ON VULNERABLE CUSTOMERS

Decision 47 – Suppliers must provide customers with an easy and free process to register as VC.

We agree that customers should be provided with an easy and free of charge process for registration as vulnerable customers. Postage is the only cost that may be incurred.

SECTION 7.4.4 COP ON VULNERABLE CUSTOMERS

Decision 48 – Suppliers must develop adequate and efficient processes to address cases where customers provide verbal notification of vulnerability but fail to complete or return completed and signed registration forms.

No further comments

SECTION 7.5.1 COP ON VULNERABLE CUSTOMERS

Decision 49 – Suppliers to implement adequate and efficient processes to assess whether there have been changes in the status of VC registered.

No further comments

SECTION 7.6.3 COP ON VULNERABLE CUSTOMERS

Decision 50 – Suppliers must implement processes to ascertain suitability of PAYG meters for VC

Prepay Power agrees with this decision in principle but feels it's important to distinguish the critical dependence of certain medical and assistive equipment where appropriate battery backup is available. Vulnerable Customers should not have their choice of product or tariff restricted unnecessarily and we believe suppliers should be allowed to take a practical and risk based approach following a vulnerability assessment with the customer. In this scenario, these customers would be registered as Special Services as opposed to Priority Services.

SECTION 7.6.5 COP ON VULNERABLE CUSTOMERS

Decision 51 – Suppliers must implement processes to ensure that VC on PAYG meters are provided with information on what to do if the PAYG meter is no longer suitable for use on grounds of vulnerability

No further comments

SECTION 7.6.6 COP ON VULNERABLE CUSTOMERS

Decision 52 – Suppliers must implement adequate processes to address cases where it becomes apparent that a PAYG meter is no longer suitable for a VC post sign-up

No further comments

SECTION 7.6.7 COP FOR VULNERABLE CUSTOMERS

Decision 53 – Suppliers must not levy penalty fees on PAYG customers who terminate a contract of supply where the PAYG meter is no longer suitable for use due to their vulnerability

No further comments

SECTION 7.5 COP FOR VULNERABLE CUSTOMERS

Decision 54 – CER will not introduce supplier obligation to ensure continuous assessment of suitability of PAYG meters for VC

No further comments

Decision 55 -

N/A

SECTION 9.2.3 TERMS AND CONDITIONS OF SUPPLY FOR HOUSEHOLD CUSTOMERS

Decision 56 – Where customers need to have access to specific information in order to switch away from a supplier, all necessary detail should be included in Terms and Conditions

Prepay Power would like to highlight the difference between contractual and operational detail. Information that is operational in nature, such as deactivation codes, more appropriately belongs in a Code of Practice rather than the Terms and Conditions.

SECTION 9.2 TERMS AND CONDITIONS OF SUPPLY FOR HOUSEHOLD CUSTOMERS

Decision 57 – Suppliers must ensure that energy statements are aligned to relevant current legislation.

No further comments

SECTION 9.2 TERMS AND CONDITIONS OF SUPPLY FOR HOUSEHOLD CUSTOMERS

Decision 58 – Suppliers are required to ensure that energy statements comply with obligations arising from CER decision paper that impact on the content of the energy bill

See Decision 36

SECTION 9.2.1 TERMS AND CONDITIONS OF SUPPLY FOR HOUSEHOLD CUSTOMERS

Decision 59 – Suppliers are required to include a separate section on Deemed Contracts in their T&Cs

No further comments

SECTION 9.2.2 TERMS AND CONDITIONS OF SUPPLY FOR HOUSEHOLD CUSTOMERS

Decision 60 – CER will introduce minimum requirements as to the means employed by suppliers to give customers 30 days' notice in advance of change to T&Cs (including changes in tariffs)

No further comments

SECTION 9.1 TERMS AND CONDITIONS OF SUPPLY FOR HOUSEHOLD CUSTOMERS

Decision 61 – Suppliers must ensure that T&Cs are compliant with existing customer protection legislation and do not limit customer's ability to switch supplier.

Reference to early termination fees should be reasonable and Prepay Power suggests that this value be capped. A €50 charge is common in the industry. We note that some suppliers levy penalty charges greatly in excess of that value.

END SECTION

Prepay Power response to Consultation Section 4.1 Supplier Handbook

Section 4.1.1 – The Estimated Annual Bill

Question 1 – Respondents are invited to comment on the options described above. Do you agree with these options? Outline reasons for agreement and disagreement. What other options should be considered?

Prepay Power Response to Question 1

PrePayPower provides a service rather than competing on price alone. A requirement to include pricing as a lead point in all advertising would be unfairly restrictive and biased against suppliers that compete in this way. Pricing should be, and is, provided in the sales process, however, a requirement to highlight price would favour those suppliers that focus on discounts to the detriment of suppliers that invest in providing their customers innovative services.

This proposal treats credit and prepay products as if they were one and the same. Our customers enjoy many benefits of prepay chief among them being control over their bill but there is a significant differential in cost to serve when compared to bill pay offers. Equally, Prepay Power can demonstrate through analysis of actual consumption figures that our average customer saves 9% by moving from credit to prepay. The EAB as formulated does not take account of this reduction making PAYG appear more expensive compared to credit offers.

The options presented make no distinction between the various types of communication that customers might receive through many varied media resulting in an outcome which would prove to be very restrictive for suppliers. The inclusion of EAB information will lead to customer confusion as it will not be possible in all cases to provide sufficient contextual detail to support the EAB headline message. In summary, Prepay Power does not endorse this proposal as it creates a competitive environment which favours one product type over another. We are not supportive of any options as they are currently documented.

In summary, price does have its place in the switching decision, however, it is not the only driver of switching. We believe that requirements for inclusion of an EAB should be limited to those advertisements that are price lead or include a price comparison or highlight a savings message (e.g. cheapest supplier; save €432 by switching or 10% off electricity). This is the fairest approach for all market participants.

Question 2 - Respondents are invited to comment on whether the Estimated Annual Bill should be included in all TV and radio advertisements, regardless of the content? Outline reasons for agreement and disagreement.

Prepay Power Response to Question 2

Prepay welcomes the CER's recognition that TV and radio advertising is of a very different nature than other kinds of print based media. The very limited time available to convey information on broadcast media makes it impractical to include any significant level of detail to the customer. Prepay Power believes that adding a reference to a link or other source where the customer can find more detail at a time of their choosing is a more useful approach. TV and radio adverts act as the initial touchpoint providing a lead message. From our experience, our customers know to access our website or call us directly to request the detail they need. Similar restrictions also apply to online banner ads where space is limited.

Question 3 – Respondents are invited to comment on the proposed methodology for the calculation of the Estimated Annual Bill. Do you agree with the proposed methodology? Please outline reasons for agreement and disagreement. Are there other components of the Estimated Annual Bill that we should include in the calculation method?

Prepay Power Response to Question 3

As previously stated, Prepay Power notes that the very different cost to serve for prepay providers is not recognised in this methodology and does not allow for a level playing field (this differential has been exhaustively calculated in the CMA's recent review of the UK energy market). Prepay Power suggests a separate benchmark to account for these costs as well as the energy savings which may be achieved by prepay customers. The company feels it is more appropriate to create a separate benchmark by which all PAYG offers can be compared on a like for like basis.

Question 4 - Respondents are invited to comment on the following proposed requirements:

- i. The Estimated Annual Bill to be displayed on marketing and advertising material promoting electricity offers should be calculated as proposed at point b), section 4.1.1, based on the urban domestic 24 hr standard unit rate relevant to each supplier, where the offer is available to this category of customers at the minimum.
- ii. Where an electricity offer is only available to a specific category of customers, then the Estimated Annual Bill should be calculated as proposed at point a) section 4.1.1, based on the standard unit rate relevant to that category of customers
- iii. Where the energy offer is not based on discounts off the supplier's standard unit rate, the Estimated Annual Bill should be calculated as proposed at point b) section 4.1.1, based on the energy prices associated with that energy offer.

Do you agree with the proposed method for the calculation of the Estimated Annual Bill to be displayed on marketing and advertising material? Please outline reasons for agreement and disagreement. Are there other calculation methods that should be considered?

Prepay Power Response to Question 4

PPP agrees in principle with this proposal however we would like to highlight that it does not take into account the make-up of a supplier's customer base. We believe the EAB should be assessed based on the majority of customer profile type. Where a supplier wishes to target a specific product type (24hr vs Day/Night and geographic area (Rural vs Urban) they should be allowed the freedom to create a more relevant offering.

Question 5 - Respondents are invited to comment on the proposed requirements outlined above. Do you agree with these requirements? Outline reasons for agreement and disagreements. Are there other requirements that should be considered?

Prepay Power Response to Question 5

See response to proposals below:

Proposal 1

Given the variety of marketing communications and channels available, Prepay Power disagrees with this proposal on the grounds that it will prove to be impractical and generally restrictive to suppliers.

Proposal 2

Prepay Power is strongly opposed to this proposal as it is extremely prescriptive and moves away from principle-based regulation promoted by CER in the Supplier Handbook. This will cause unnecessary confusion as the supplier will not always have the space to provide context to support the EAB headline figure.

Proposal 3

Where the EAB is referenced in isolation it can become meaningless (or even confusing) without the context of definition and Prepay Power supports its inclusion if implemented correctly. However, careful consideration needs to be given to how and where it is referenced given the limitations of space and time which we have mentioned in previous responses. We strongly believe this should only be required where price comparisons or savings are being referenced.

Proposal 4

Similar to our responses above, Prepay Power has no objection to the suggested text but only if applied in the appropriate context. It is not reasonable or practical to require that this text accompany any cash-back offers due to constraints in space which are common to certain print and online media.

In summary, Prepay Power broadly supports a customer's ability to compare offers but this must be done practically, with regard to the medium in question and should not impinge on or restrict a supplier's ability to communicate clearly with their customers.

Section 4.1.2 – Content of 30 Days' Notice

Question 6 - Respondents are invited to comment on the proposed content of the 30 Days' Notice. Do you agree with the proposed content? Outline reasons for agreement and disagreement. What information would you consider appropriate to be included in the 30 Days' Notice to achieve the 2 main objectives of this notice?

Prepay Power Response to Question 6

The proposal in question moves away from principle-based regulation representing a significant market intervention and is very prescriptive in nature. It appears that the proposed requirement will apply only to suppliers offering fixed term contracts where the tariff is increased after the contract term ends. Prepay Power seeks clarification confirming that this requirement will not apply where customers do not have a fixed term contract and where the tariff does not increase thereafter.

Section 4.1.3 – Content of the Annual Prompt

Question 7 - Respondents are invited to comment on the proposed content of the Annual Prompt. Do you agree with the proposed content? Outline reasons for agreement and disagreement. What information would you consider appropriate to be included in the Annual Prompt to achieve the main objectives of this notice?

Prepay Power Response to Question 7

Prepay Power notes that all price reductions are proactively passed on to its customer base where possible ensuring that all customers avail of our low standard unit rate. Prepay Power is concerned that the proposed communication would cause a good deal of confusion to our base as the subtext of the message is that the customer is not being treated fairly. In addition, it is not clear which form this message should take and we would welcome further clarification from the CER.

Section 4.2 – Customers’ Ability to Pay

Prepay Power Response to Proposed Decision 1

Prepay Power recognises that customers experiencing genuine financial hardship should be treated fairly and with a good deal of flexibility. However, it is not reasonable to expect that these benefits should apply in cases where it has been demonstrated that electricity or gas has been fraudulently consumed. The current process creates a situation where there are no significant consequences to engaging in illegal behaviour.

In addition, section 1v. references “personnel incentives” around repayment agreement. Prepay Power suggests that supplier staff remuneration does not lie within the remit of CER policy.