



Society of St. Vincent de Paul

DEBT FLAGGING REVIEW

Submission to the Commission for the Regulation of Utilities

FEBRUARY 4, 2019
SVP SOCIAL JUSTICE AND POLICY TEAM

Introduction

The Society of St Vincent de Paul (SVP) welcomes this opportunity to comment on and inform the Commission for the Regulation of Utilities (CER) proposals regarding debt flagging and revenue protection.

SVP is primarily concerned about the impact of debt management on vulnerable and low income households who are struggling to pay for energy. The provisions suggested in this debt flagging consultation primarily benefit energy suppliers by protecting them from the negative impact of “debt hopping” and utility theft. However, SVP do note some areas of concern that require further consideration regarding the potential implications for the households we assist.

Debt flagging

SVP acknowledge and understand the rationale for lowering the threshold for debt flagging. However, low income households with higher consumption levels, such as those who are at home during the day (e.g. older people, persons who have a disability or who are chronically ill), larger families or those in energy inefficient homes, are at a higher risk of arrears and reaching the debt flag threshold. We note that no reference is made to “vulnerable customers” in the consultation document and it is essential to consider how debt flagging procedures and the communication of this process is communicated to households where vulnerable customers live.

The reality on the ground is that people in arrears are ultimately trying to cope with a myriad of bills and that presenting them with more bewildering information may actually do little to ease the complexity of their lives. SVP believe that throughout the process of paramount importance is ensuring there is a fair balance between customers and supplier responsibilities in arrears scenarios.

Revenue Protection Flag

SVP have no objections to the introduction of the revenue protection flag. It is reasonable to allow for a flag to be raised as soon as meter tampering occurs and for the thresholds to be set at the same level as the debt flag. As energy theft poses substantial costs and safety risks to the individual undertaking it, additional measures to identify such cases are justified. However, we note, as above, that there is limited reference to the needs of vulnerable customers.

Further clarity on the procedure for dealing with debt arising from meter tampering is also required. The issues raised below may also have implications for the Supplier Handbook which currently does not apply the code of practice in cases of meter tampering.¹

Vulnerable customers

Clarity has been included on arrangements for identifying and dealing with vulnerable customers and on how costs associated with energy theft can be recovered. As outlined in the consultation document, customers with meter tampering debt may not have tampered with the meter themselves and therefore may not be aware they are committing energy theft.

¹ Supplier Handbook (2017: 7) states “The requirements contained in this document do not apply in cases where tampering in relation to their energy account, meter or consumption has been demonstrated to have taken place by ESB Networks or Gas Networks Ireland.”

Where a customer is included on a vulnerable customer list, then the supplier should consider the customer as vulnerable for the purposes of energy theft and revenue protection. Consideration must also be given to any member of the household that is defined as vulnerable. In all interactions with customers in relation to energy theft, each supplier must take into account whether customers are of pensionable age, have disability, or chronically sick and/or if they will have difficulty in paying all or part of the costs resulting from the theft of energy.

Where a vulnerable customer has been identified within the household, the supplier may need to tailor their communications appropriately. As with other debt collection policies, it is good practice for frontline staff to be trained not just in disability awareness but training that reflects the types of situations they will be dealing with. Staff should also be equipped to deal with customers impacted by sudden distress. A customer found guilty of energy theft (especially in cases where they are unaware the meter has been tampered with) will have to process the implications and be provided with proper advice and support.

Dealing with debt arising from meter tampering

As with energy debt in general, it is important to retain the principle of the customer being in a position to pay back the estimated unpaid energy usage as this could lead to a potential poverty cycle. We therefore believe a sensible proposal should be adopted and further clarity is required on how energy theft debt will be dealt with, particularly in cases where they will have difficulty in paying all or part of the costs resulting from the theft of energy.

We note that the statement on page 13 of the consultation document indicates that repayment arrangements are only available after the meter tampering debt has been repaid.

To accommodate this, if a customer has debt associated with meter tampering, their supplier would first use any payment towards debt made by the customer to pay off their debt from meter tampering. Only once this debt is paid off by the customer would the supplier assign debt repayments to any general debt the customer may have.

As with standard energy debts, it would be mutually beneficial for all parties to strike an agreement on a realistic repayment plan.

Prevention

SVP fully acknowledge that whatever the reason for energy theft it is illegal, unsafe and could cause serious injury or death. However, many households undertaking energy theft may be struggling due to low income and a limited household budget. Any further debt incurred will add additional strain to their circumstances. Therefore, prevention should be paramount.

The revenue protection flag is one way to deter meter tampering, but it is after the event. The CRU should include requirements for network operators and suppliers to establish detailed and best practice industry processes and procedures to carry out activities that make it difficult for consumers to engage in energy theft, discourage consumers from carrying out energy theft in the first place and detect it at the earliest opportunity. In the medium to long term, we understand that smart meters will be much more tamper proof, in terms of physical tampering which will alleviate this problem. In the short term, perhaps the networks operator should consider other physical means of providing

more tamper-resistant meters. Prevention could also be improved by educating consumers of the dangers of tampering with meters and the need to report any suspected or damaged equipment. We would also suggest more regular communication with customers on the dangers of meter tampering.

The issues raised in this submission regarding energy theft could be incorporated into the review of the Supplier Handbook later this year. SVP notes that the Utility Regulator in North Ireland has published a decision paper on a Energy Theft Code of Practice that could be used as a reference document. The emphasis of this code is on the protection of customers from the safety and cost implications of energy theft and includes procedures for dealing with vulnerable customers. ²

Conclusion

SVP support efforts to reduce the levels of debt hopping and energy theft. Nevertheless, given the overall low level of both practices, it is reasonable to that these issues are understood and addressed in a more contextually sensitive way. In the longer term such an approach will ensure the risk of reoccurrence is reduced and that the customer-supplier relationship is maintained.

SVP is available to the CRU to expand or elaborate on any area within this submission.

SVP would like to acknowledge the voluntary assistance of Mr. Tom Geraghty (C Eng MIEI) in providing technical expertise in relation to our energy related policy positions and submissions.

² <https://www.uregni.gov.uk/news-centre/energy-theft-codes-practice-final-decision-paper-published>