

Review of the Priority Services Register: final proposals

Citizens Advice formal response



Citizens Advice welcomes this opportunity to respond to Ofgem's consultation on the next steps for the Priority service Register (PSR). This response is not confidential and can be published on your website.

This submission was prepared by the Energy team within Citizens Advice. It has statutory responsibilities to represent the interests of energy consumers across Great Britain.

Our response covers two areas:

- Firstly, we address the specific questions raised in this consultation.
- Secondly, in line with our ongoing work in this area, we provide our views on the PSR as one piece of the bigger picture of support required to address the needs of vulnerable consumers.

Consultation questions and responses

Within the boundaries of the current discussion on the PSR, we recognise that the current proposals are both helpful and in line with recent discussions. In more detail:

Q1: Do you agree with our final proposals for enhancing eligibility and customer identification and the associated proposed licence conditions?

Yes. In particular, we welcome the refined coverage of the PSR to include families with children under 5 as a core eligibility group for priority services relating to safety, together with the eligibility for the wider register being extended to consumers in vulnerable situations. We value the recognition that vulnerability can be transient or atypical for some consumers and that energy companies should have the flexibility and responsibility to respond to consumer needs in whatever ways are appropriate to their circumstances at the time. Following from this, we believe that pregnant women should be able to register for the PSR on request, and that this could be included as an issue in the review process proposed under Q5.

We also welcome the change to the registration process, so that companies are required to identify consumers in vulnerable situations who would benefit from the PSR. However, we recognise that, in practice, this change will increase the need for companies to work each other and with external agencies, including NGOs and the NHS. This process is (or should be) focused on co-operation and replication of good practice, and incentives for individual companies should reflect that.

Q2: Do you agree with our final proposals for amending the PSR services and the associated proposed licence conditions?

Yes. The move from prescribing services to encouraging companies to move beyond the minimum required and address wider needs is welcome.

In deciding not to require GDNs to offer advice and information to vulnerable customers in relation to planned and unplanned supply outages, we recognise that Ofgem are seeking to not place unjustified regulatory burdens on GDNs where the need is not apparent given the level of customer satisfaction measured as part of the customer service output. We do note, however, that while customer satisfaction scores for gas emergencies were high in 2013-14, they were appreciably lower for planned interruptions (with three networks falling behind their target and being consequently penalised). We would therefore suggest that GDNs should be required to consider the needs of PSR consumers under these circumstances, as is the case for electricity DNOs, and that their approaches should be assessed as part of the review process discussed under Q5.

Q3: Do you agree with our final proposals for recording and sharing information about customers in vulnerable situations and the associated proposed licence conditions?

The measures to promote data sharing across the energy industry seem sensible. Following from our response to Q1 and further discussion below, we consider that more work will be required to balance privacy and data sharing between the energy sector and other agencies. Citizens Advice will continue to contribute towards those discussions. We are particularly encouraged by the prospect of supplier-to-supplier sharing of data on vulnerable consumers.

We are particularly encouraged by the prospect of supplier-to-supplier sharing of vulnerability data. This is an area that has been overlooked for too long, and current arrangements whereby the onus is on vulnerable consumers to inform their new supplier of any their situation leads to many simply dropping off the register when they change supplier, causing consumer detriment. We view the sharing of this data as potentially one of the main direct consumer benefits of next day switching, so would encourage Ofgem to treat it as a key deliverable for that project.

Q4: Do you agree with our final proposals for raising awareness of the priority services, including any specific suggestions for energy companies to improve awareness?

In line with our responses above, we consider that the steps proposed to encourage take-up within the boundaries of the energy sector are reasonable. However, the changes proposed are limited, and thus seem unlikely to expand significantly the range of consumers registering on the PSR. We would suggest that further work between the energy and other sectors, co-ordinated by Ofgem, is likely to be more useful.

We also note that some companies (4.5) reported that they already used brand names to cover a range of services offered to different groups of consumers. This

could, as you note, lead to confusion, and we favour the creation of a single PSR 'brand' across all energy companies.

However, the integration of the PSR with other help for consumers may be helpful in encouraging registration, and we expand on this below.

One of Citizens Advice's projects for the coming year will be to work with the energy industry, and ideally the water industry, to build a new tool to make it easier for consumers to sign up to the energy and water PSRs.

Q5: Do you agree with our final proposals for the approach to monitoring energy company performance in this area?

The proposals seem sensible. We agree that this is an area where it is appropriate to move to principles based regulation, the principle in this case being that companies should demonstrate how they are continually improving the service they provide to consumers in vulnerable situations. However, we also recognise the importance of this approach adding value to existing minimum specified service levels, not least so that the increasing numbers of new entrants to the retail market are clear on their responsibilities.

We also agree that it makes sense, at least in the short term, to take a qualitative approach to evaluating progress in this area, to complement - but not replace - existing quantitative data. It would be helpful to set out a process and timetable for qualitative assessment and also to explain how the findings will feed into existing incentive mechanisms for different parts of the industry, including electricity and gas distribution companies. Again, the influence of the number of new entrants to the retail market should be considered when specifying the assessment process.

In the longer term, the aim should be expand the quantitative data gathered to better reflect the range of services delivered through the PSR. Related to this, we would ultimately like to see integrated, consumer-centred reporting across the industry, so that it is possible to see the combined range of services received by different consumers.

Wider purpose and use of the PSR

Following from the discussion above, we consider that – despite clear progress within existing boundaries – there is a continuing need for a debate on the wider use of the PSR, as one piece of a jigsaw of support for consumers in vulnerable situations.

Your most recent Social Obligations Report¹ shows that 2.9m (11%) electricity consumers and 2.3m (10%) gas consumers were registered on the PSR in 2014.

1

<https://www.ofgem.gov.uk/publications-and-updates/domestic-suppliers-social-obligations-2014-annual-report>

These numbers, while significant, are limited compared to those who are in theory eligible; over 12m pensioners are eligible for Winter Fuel Payments, for example². Further, the headline numbers on the PSR are considerably greater than the 1m households registered for specific services provided by suppliers³.

As you recognise in this consultation, this suggests a mismatch between the needs and / or expectations of those who have registered and the services currently provided to them. The Consumer First panel research you published in 2013⁴ to inform the PSR review shows that panel members, while positive about non-financial services, concentrated initially on affordability in discussions about vulnerability, and the report suggests that some discussion was necessary before a discussion of specific PSR issues could take place. Further, as noted above, there is an implication that some supplier are grouping the services they offer, going beyond current PSR requirements, presumably because they consider that this encourages take up. Both of these suggest that consumers take a more holistic view of support.

Following from this, Citizens Advice considers⁵ that vulnerability in the energy sector in practice relates to both the personal circumstances of individual consumers but also to their housing tenure and quality and ability to access lower cost payment methods and tariffs. Further, our experience shows consistently that consumers in vulnerable situations in relation to energy very often experience problems in other areas as well. We believe that greater integration between these issues and different sectors would be more helpful for consumers than current approaches, and we welcome and will continue to contribute towards joined up working. It would also be useful to better understand both consumers' and suppliers' perspectives in this area.

This is important in the context of the current consultation because, while the PSR itself is only part of the overall picture, it does provide the obvious place from which discussions could extend. As we suggested previously, these discussions could explicitly link the use of the revised PSR to affordability via better information on housing energy efficiency levels and access to lower cost tariffs.

²

<https://www.ofgem.gov.uk/publications-and-updates/domestic-suppliers-social-obligations-2014-annual-report>

³ ibid

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<https://www.ofgem.gov.uk/publications-and-updates/ofgem-consumer-first-panel-year-5-first-works-hops-held-january-and-february-2013.-research-inform-ofgems-review-priority-services-register>

⁵ As set out the appendix to our previous response