

# CONSULTATION ON THE IMPLEMENTATION OF ENERGY SUPPLIER CODES OF PRACTICE

April 2014



## About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water.

### Our Mission

Value and sustainability in energy and water.

### Our Vision

We will make a difference for consumers by listening, innovating and leading.

### Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

## Abstract

This is a wide-ranging and important Utility Regulator consultation on how energy (both gas and electricity) suppliers must interact with their customers. The purpose of this consultation paper is to seek views and comments on the proposed minimum standards guidance for energy suppliers' Codes of Practice. These Codes of Practice will ensure that customers, and in particular vulnerable customers, are protected in their relationship and dealings with electricity and natural gas suppliers. The paper consults on the following Codes of Practice:

- Code of Practice on Payment of Bills
- Code of Practice on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick
- Code of Practice on Complaints Handling Procedure
- Code of Practice on Services for Prepayment Meter Customers\*.

## Audience

This document is most likely to be of interest to regulated supply companies in the energy industry, consumer organisations, community and voluntary organisations, natural gas and electricity consumers, government and other statutory bodies. The Utility Regulator welcomes stakeholder views and comments on all the proposals set out in this consultation paper.

## Consumer impact

On implementation these minimum standards will:

- Reduce customer confusion. At present all suppliers have different Codes of Practice. This can leave customers confused about the standard of service that each individual supplier can be held to by the Utility Regulator.
- Maintain a level of freedom for suppliers to compete with each other by offering a superior service. Some suppliers said that they did not want uniform Codes as this could reduce their ability to compete on the basis of service. While the minimum standards will provide a consistently high level of protection below which no supplier will be allowed to drop, suppliers are free to excel by exceeding the Codes.
- Empower customers by providing more information on what all suppliers must do.
- Ensure that Codes are monitored and enforced to increase customer confidence that they are protected.

\*This is called Code of Practice for Prepayment Consumers in the Gas Supply Licence. While some licences may refer to consumers rather than customers, for the purposes of this consultation, consumers will be taken to have the same meaning as customers.

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# 1. Introduction

## **Purpose**

This consultation document seeks stakeholder views relating to Energy Supplier Codes of Practice. Through this process we are seeking to:

1. collect and discuss stakeholder views in relation to the content of the Codes and how the Codes should be monitored;
2. ensure that energy consumers are protected by minimum standards of protection via the Codes; and
3. ensure energy suppliers, and other stakeholders, are aware of the importance we place on customer protection via the Codes, and of supplier responsibilities to adhere to Codes under their licence conditions (as modified by recent Third Package licence modifications).

## **Background**

The Utility Regulator's Social Action Plan 2009 set out our intention to develop guidance on providing high levels of consumer protection with relation to Codes of Practice, in particular to help deal with customers in debt or in danger of falling into debt. Responses to the 2009 Social Action Plan consultation and subsequent research by the Utility Regulator also highlighted the need for this important work. Since then the Utility Regulator has updated all licence conditions relating to Codes of Practice to ensure that they meet the requirements of the Third Energy Package (The Third European Internal market for Energy package of Directives and Regulations) (IME3). This included licence changes which, among other things, provided high levels of customer protection by improving consumer information, improving provisions in relation to debt and ensuring that all Codes of Practice can be monitored, reviewed and enforced. Our work on updating the licences has now been completed and interim Codes of Practice have been put in place. This paper is intended to ensure that all licence holders are clear about their responsibilities in relation to Codes of Practice and ensure minimum consistent standards of protection.

## **Strategy**

The recent legislative requirements under IME3 placed a new and enhanced focus on “high level of consumer protection” by regulators, together with effective market monitoring regimes. Recent experiences in the GB energy supply markets show the importance of effective market monitoring and the need to review the effectiveness of competition in protecting consumers. They also show the importance of regulators being in place to protect customers where the market fails.

These requirements link directly with our primary statutory duties around consumer protection and the objective stated in our recent Forward Work Programme to protect the long-term interests of consumers.

Initial key requirements have already been mandated in new licence conditions by the Utility Regulator to form the bedrock of our customer protection regime. These include: new Supplier Codes of Practice requirements; Tariff Transparency; and Enhanced Customer Information Requirements.

The Utility Regulator is now developing three flagship projects to build upon the foundations laid by IME3. These projects are: Retail Energy Market Monitoring (REMM); Review of the Effectiveness of Competition; and the Consumer Protection Strategy. The Consumer Protection Strategy will replace the Social Action Plan and is expanded to cover all domestic energy and water consumers. Our aim is to develop a strategy which will protect all regulated energy and water customers with a particular focus on vulnerable customers who tend to benefit least from competitive markets.

It is our intention that the work on Codes of Practice and the Consumer Protection Strategy will interlink, using the input from stakeholders on the Codes of Practice workshop and consultation to contribute to development of the Consumer Protection Strategy. Similarly, we will use any information and contribution from stakeholders gathered during the scoping and research phase of the Consumer Protection Strategy towards the Codes of Practice consultation if appropriate.

This consultation paper discusses and consults on issues pertaining to the following supplier Codes:

- Code of Practice minimum standard guidance on Payment of Bills.  
Shall apply to all domestic customers and shall have due regard for customers who are struggling to pay bills, are in danger of falling into debt or are already in debt.
- Code of Practice minimum standard guidance on Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick.  
Shall apply to domestic customer groups listed.
- Code of Practice minimum standard guidance on Complaints Handling Procedure.  
Shall apply to all persons both domestic and non domestic, including business customers
- Code of Practice minimum standard guidance on Services for Prepayment Meter Customers.  
Shall apply to all domestic customers.

There will be an additional consultation on the Code of Practice on the Efficient Use of Electricity and Gas under separate cover which will be developed in keeping with the outcome of the current DETI Energy Bill Policy Consultation and the Energy Efficiency Directive.

### **Why review Codes of Practice?**

Energy suppliers have historically been required to have Codes of Practice in relation to various aspects of their energy supply. Following the licence modification process from IME3, we consulted on new licence arrangements governing the content, review, standardisation across electricity and gas, and enforceability of the Codes. Following the IME3 modifications which went into effect in September 2012, we issued a direction to all supply licensees in accordance with each relevant licence

condition, to prepare and submit interim Codes of Practice. As a result of this process, and through consultation with CCNI, we approved these interim Codes.

At the time of interim approval, we said that we would subsequently produce guidance on Codes of Practice. As previously advised to licensees, this guidance is a result of a full and comprehensive review of the changes required, taking into account best practice (as informed by each supply licensee's relevant Code). This guidance will include interpretation of the relevant licence conditions and detail of the minimum standards which are required in order to ensure consistency and standardisation across suppliers, including high levels of customer protection. In addition, we also advised all suppliers that they will be required to review their interim Codes and apply for full approval for each revised Code, once the guidance for minimum standards is consulted on and agreed.

While it is clear from the interim Codes exercise that suppliers are generally committed to providing good customer service, they are confused about some elements of the licence conditions and have expressed concern regarding the consistency of the interpretation of the relevant licence conditions. It was also clear from the process of providing interim approval that licence holders have very different approaches to, and interpretations of, the licence conditions. This is not good practice and has the potential to leave customers confused as well as leading to licence compliance issues. The intention of the minimum standards guidance is to remove uncertainty and ensure consistency with regards to interpretation of the licence conditions related to Codes of Practice. In addition, the minimum standards guidance will provide clarity and high levels of customer protection, give suppliers confidence regarding the consistency of the interpretation of the licence conditions, and enable consistent and proportionate monitoring of licence compliance. The full consultation and standardisation exercise will help to ensure consistency and high levels of consumer protection across the energy supply sector. Therefore, we expect suppliers to welcome this guidance which will provide clarity and consistency with regards their obligations.

Our decision to provide guidance on minimum standards for Codes of Practice and instigate a review of suppliers' Codes is also supported by our previous research. In January 2010 we published our research report "Helping customers to avoid/manage

debt”<sup>1</sup>. One of the findings of the research was that despite evidence of good practice among suppliers, there is inconsistency. It was suggested that this inconsistency leads to confusion and varying levels of consumer protection for energy consumers. It was proposed that increased uniformity in relation to Codes of Practice would help to improve the situation. Suppliers indicated that the ability to offer superior customer service was essential to promote competition. Bearing this in mind we have decided not to mandate specific universal Codes which would be identical for all suppliers but have decided on the “middle way”, i.e. a guide to the minimum standards that will be acceptable for Codes of Practice. Where a particular licence condition or part of a particular licence condition is not fully explained in this paper that is because we consider that the wording within the licence does not require any further interpretation. Suppliers should of course comply with the licence condition in its entirety.

Importantly, suppliers will be free to offer customers higher levels of protection than those outlined in the Codes minimum standard guidance, but we will not approve any Code that falls short of Codes guidance. In addition we will, where necessary and appropriate in the future, amend the Code minimum standard guidance to take into consideration such things as feedback from stakeholders and licensees on their experience of the operation of the Codes in Practice, changes in technology or any other change which is relevant. We will consult on any future amendments to the Codes minimum standard guidance before making such amendments. As set out in condition 35 (3) of the electricity licences and condition 2.13.3 of the gas licences, we will require all suppliers to review, update and submit for approval, their individual Codes of Practice following any changes to the Codes minimum standard guidance. The intent of this guidance is also to provide licence holders with information on what we will expect in terms of monitoring and compliance for the relevant licence conditions. This will include detail of what information will need to be collected, how often the information will need to be submitted and the objective of collecting the information. These indicators will form part of a wider market monitoring framework (known as REMM – Retail Energy Market Monitoring) which we will be working on and consulting on in 2014-15. REMM will take into consideration monitoring

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<sup>1</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Debt\\_Publication\\_June\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf)

obligations pursuant to the supply licences (for example the monitoring requirements consulted on here to enable compliance with Codes), EU obligations, good practice recommendations and guidelines, and previous experience of other National Regulatory Authorities.

A key aspect of the modifications implemented under IME3 was to allow for the review and updating of the supplier-related Codes of Practice required under energy supply licences. The previous IME3 consultation and decision documents<sup>2</sup> set out the background to our decisions in these areas.

**Q.1 Do respondents agree that customers and suppliers will benefit from a consistent approach to interpretation of the licence conditions?**

**Q.2 Do respondents believe that the minimum standards guidance for Codes of Practice is the right approach? Please provide supporting information and evidence for your response.**

It should be noted that these Codes of Practice are in addition to, and not a substitute for existing legislative consumer protection. Nothing in these Codes of Practice is intended to, or should be deemed to, constitute an exemption from the suppliers' legal obligation to comply with any and all relevant legislation, statute, statutory instrument, regulation or order (or any provision thereof) or any subordinate legislation.

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<sup>2</sup> [http://www.uregni.gov.uk/uploads/publications/UR\\_Implementation\\_of\\_IME3\\_July\\_11.pdf](http://www.uregni.gov.uk/uploads/publications/UR_Implementation_of_IME3_July_11.pdf)

<sup>2</sup> [http://www.uregni.gov.uk/uploads/publications/Implementation\\_of\\_EU\\_Third\\_Energy\\_Package\\_Notification\\_of\\_proposed\\_final\\_decisions.pdf](http://www.uregni.gov.uk/uploads/publications/Implementation_of_EU_Third_Energy_Package_Notification_of_proposed_final_decisions.pdf)

<sup>2</sup> [http://www.uregni.gov.uk/publications/ime3\\_final\\_decisions\\_september\\_2012](http://www.uregni.gov.uk/publications/ime3_final_decisions_september_2012) and [http://www.uregni.gov.uk/publications/ime3\\_licence\\_modifications](http://www.uregni.gov.uk/publications/ime3_licence_modifications)

## Purpose of this Consultation

The development of Codes of Practice was covered under IME3 through Conditions 30 – 35 and Condition 40 in the electricity supply licence<sup>3</sup>; and Conditions 2.8 - 2.13 and Condition 2.21 in the gas supply licence<sup>4</sup>; and state that suppliers must produce Codes of Practice to be approved by the Utility Regulator. In keeping with Condition 35 in the electricity supply licence and Condition 2.13 in the gas supply licence, the Consumer Council must be consulted during the drawing up of these Codes. After consultation with the Consumer Council, suppliers must submit their Codes to us for review and formal approval.

The purpose of the Codes of Practice is to ensure that customers are afforded high levels of protection in their relationship and dealings with suppliers. The Codes should have the effect of ensuring that gas and electricity customers, and in particular vulnerable customers, get the protection that they need.

We will not approve Codes which do not meet the minimum standard for Codes of Practice. Suppliers may go further in their own Codes of Practice offering further consumer protection if desired. Each supplier's compliance with their Codes of Practice will be monitored (on an ongoing basis) when the final Codes have been approved. Evidence of a failure to comply with the provisions of any of the Codes of Practice will be considered as evidence of a potential breach of licence condition and will be investigated accordingly. Where necessary and appropriate, enforcement action may be taken and in some circumstances fines or penalties imposed.

In order to encourage and facilitate full stakeholder engagement in this consultation process, we will hold a workshop during the consultation period. Both industry representatives and stakeholders from consumer and community and voluntary organisations will be invited to attend in order to discuss the proposed Codes of Practice minimum standards guidance and encourage debate on the development of

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<sup>3</sup> Please note that all electricity supply licence conditions cited in the consultation are from the Power NI Supply Licence [http://www.uregni.gov.uk/publications/electricity\\_supply\\_licence\\_nie\\_energy\\_ltd](http://www.uregni.gov.uk/publications/electricity_supply_licence_nie_energy_ltd)

<sup>4</sup> Please note that all gas supply licence conditions cited in the consultation are from the Airtricity Gas Supply NI Ltd Licence [http://www.uregni.gov.uk/uploads/licenses/2013-04-30\\_Airtricity\\_Gas\\_Supply\\_NI\\_Ltd\\_\(PSL\)\\_Supply\\_Licence.pdf](http://www.uregni.gov.uk/uploads/licenses/2013-04-30_Airtricity_Gas_Supply_NI_Ltd_(PSL)_Supply_Licence.pdf)

the Codes. A provisional date of **22<sup>nd</sup> May 2014** has been set for this workshop and details will be available on our website in due course.

### **Next Steps**

Once all the responses to this paper are received and analysed, we will issue a decision paper setting out the Codes of Practice minimum standards guidance and the ongoing monitoring requirements. Within three months of publication of the decision paper, electricity and gas supply companies will be required to review existing Codes and prepare and submit to the Utility Regulator for approval revised Codes which meet the Codes of Practice minimum standards guidance. Prior to submitting the revised Codes to the Utility Regulator for approval, each supply company must consult with the Consumer Council pursuant to electricity supply licence condition 35 and gas supply licence condition 2.13. We will then make reasonable endeavours to approve the Codes of Practice as soon as practicably possible.

We will continue to work with stakeholders and partners such as the Consumer Council and the Fuel Poverty Partnership on the wider issues of debt and fuel poverty and consumer issues.

### Section 75 of the Northern Ireland Act 1998

As a public authority, the Utility Regulator has a number of obligations arising from Section 75 of the Northern Ireland Act 1998. These obligations concern the promotion of equality of opportunity between:

- i. persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- ii. men and women generally;
- iii. persons with disability and persons without; and
- iv. persons with dependants and persons without.

The Utility Regulator must also have regard to the promotion of good relations between persons of different religious belief, political opinion or racial groups. In the development of its policies the Utility Regulator also has a statutory duty to have due regard to the needs of vulnerable customers i.e. individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes and, for electricity only, individuals residing in rural areas.

In order to assist with equality screening of the proposals contained within this consultation paper, the Utility Regulator requests that respondents provide any information or evidence in relation to the needs, experiences, issues and priorities for different groups which they feel is relevant to the implementation of any of the proposals. Furthermore, the Utility Regulator welcomes any comments which respondents might have in relation to the overall equality impact of the proposals.

**Q.3 Do respondents agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?**

**Q.4 Do respondents consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.**

## How to Respond

The Utility Regulator welcomes industry and other stakeholder views and comments on all the proposals set out in this consultation paper. Your response will be most useful if it is framed in direct response to the questions posed, though further relevant comments and evidence received will also be welcome. In particular evidence regarding costs, benefits and the equality impact of individual requirements is sought.

The consultation period will close on **Monday 28<sup>th</sup> July 2014**.

Responses to this consultation should be forwarded to reach the Utility Regulator on or before **12.30 pm on Monday 28<sup>th</sup> July 2014** to:

Sinead Dynan

The Utility Regulator

Queens House

14 Queen Street

Belfast

BT1 6ED

Email: [Sinead.dynan@uregni.gov.uk](mailto:Sinead.dynan@uregni.gov.uk)

Your response to this consultation may be made public by the Utility Regulator. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation's IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.

Information provided in response to this consultation, including personal information may be subject to publication or disclosure in accordance with the access to information regimes; these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA). If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things with obligations of confidence.

In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Authority.

This document is available in accessible formats. Please contact: Sinead Dynan (Sinead.dynan@uregni.gov.uk)

## 2. Background to the Consultation

In July 2009 the European Union issued the Third Energy Package of EU legislation aimed at liberalising the EU internal energy markets and ensuring adequate customer protection ('the Third Package' or IME3). The Third Package had a new and deliberate emphasis on ensuring that customers, and in particular vulnerable customers, are afforded high levels of protection in their relationship and dealings with suppliers.

Alongside DETI, the Utility Regulator has responsibility for the implementation of this legislation in Northern Ireland. DETI introduced the formal Third Package enabling legislation in spring of 2011. In preparing the licence modifications to implement the regulations, we gave due consideration to the responses received to consultations conducted in July 2011<sup>5</sup> and March 2012<sup>6</sup>, as well as representations made at the workshops, individual meetings and other correspondence.

In developing the final decisions on licence modifications we analysed and considered all contributions. The DETI Minister approved the final set of licence modifications<sup>7</sup> which were published in September 2012 and they are now binding.

One of the outcomes of the licence modifications is the high levels of protection for customers via amended or new Codes of Practice which energy suppliers must adhere to. The development of Codes of Practice is covered under Conditions 30 – 35 in the electricity supply licence and Conditions 2.8 - 2.13 in the gas supply licence. These conditions state that suppliers must: produce Codes of Practice following consultation with the CCNI; have the Codes approved by the Utility Regulator; review the Codes of Practice when requested to do so by the Utility Regulator; and resubmit reviewed Codes for approval. In addition, suppliers must provide us with information and assistance as is reasonably required by the Utility

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<sup>5</sup>[http://www.uregni.gov.uk/uploads/publications/UR\\_Implementation\\_of\\_IME3\\_July\\_11.pdf](http://www.uregni.gov.uk/uploads/publications/UR_Implementation_of_IME3_July_11.pdf)

<sup>6</sup>[http://www.uregni.gov.uk/uploads/publications/Implementation\\_of\\_EU\\_Third\\_Energy\\_Package\\_Notification\\_of\\_proposed\\_final\\_decisions.pdf](http://www.uregni.gov.uk/uploads/publications/Implementation_of_EU_Third_Energy_Package_Notification_of_proposed_final_decisions.pdf)

<sup>7</sup>[http://www.uregni.gov.uk/publications/ime3\\_final\\_decisions\\_september\\_2012](http://www.uregni.gov.uk/publications/ime3_final_decisions_september_2012) and [http://www.uregni.gov.uk/publications/ime3\\_licence\\_modifications](http://www.uregni.gov.uk/publications/ime3_licence_modifications)

Regulator to monitor the implementation of the Codes. Pursuant to licence condition 35 paragraph 10 in the electricity supply licence and condition 2.13 paragraph 10 in the gas supply licence, this assistance shall include providing statistical data at such times and in such a format as we reasonably require, and this condition also permits the Utility Regulator access to relevant documentation held by the Licensee. Although licence conditions regarding Codes of Practice were already in existence, the amended licence conditions, Condition 35 (3) and Condition 35 A in the electricity supply licence and Condition 2.13 .3 and Condition 2.22A in the gas supply licence provide for greater regulatory responsibility to approve, monitor, review and enforce suppliers' Codes of Practice on consumer protection.

Following the IME3 modifications which went into effect in September 2012, we issued a direction to all supply licensees in accordance with each relevant licence condition, to prepare and submit interim Codes of Practice.

From the start of the interim approval process, suppliers were advised that the interim Codes would only remain in place until such times as the Utility Regulator developed guidance on the minimum standards. This is what we have now completed and are consulting on. Following the final decisions on minimum standards guidance, suppliers will be required to review their Codes (following consultation with CCNI) and submit them to us for final approval.

In the development of the Code of Practice minimum standard guidance we have worked with the Consumer Council. In keeping with Condition 35 in the electricity supply licence and Condition 2.13 in the gas supply licence, energy companies must consult the Consumer Council during the drawing up of these Codes which must then be submitted to us for approval. This guidance does not go further than the existing licence conditions. Rather it confirms and clarifies what the licence conditions require and will allow clear, unambiguous and enforceable interpretations of licence and Code requirements for both customers and suppliers. This guidance also includes details on how the Codes will be monitored on an ongoing basis for licence compliance.

In developing the Codes we have examined existing research conducted in Northern Ireland and further afield and looked to other regulatory authorities as points of reference of good practice. We note that Ofgem has been providing energy companies with guidance<sup>8</sup> on content of Codes of Practice since 2000. Ofgem continues to monitor and review Codes of Practice and recently published a Consumer Vulnerability Strategy<sup>9</sup>.

Our own research<sup>10</sup> which was conducted by independent research companies also contributed to the development of this paper.

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<sup>8</sup> <http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/247-31may00.pdf>

<sup>9</sup> <https://www.ofgem.gov.uk/ofgem-publications/75550/consumer-vulnerability-strategy.pdf>

<sup>10</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Debt\\_Publication\\_June\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf)

<sup>10</sup> [http://www.uregni.gov.uk/uploads/publications/GSS\\_Report\\_May\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/GSS_Report_May_2010.pdf)

<sup>10</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Customer\\_Research.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Customer_Research.pdf)

### 3. Codes of Practice Content and Coverage

The provision of Codes of Practice is set out in the electricity and gas supply licences and shall apply as follows:

- Code of Practice minimum standard guidance on Payment of Bills  
Shall apply to all domestic customers and will have due regard for customers who are struggling to pay bills, are in danger of falling into debt or are already in debt.
- Code of Practice minimum standard guidance on Provision of Services for Persons who are of Pensionable Age or Disabled or Chronically Sick.  
Shall apply to domestic customer groups listed.
- Code of Practice minimum standard guidance on Complaints Handling Procedure  
Shall apply to all persons both domestic and non domestic, including business customers.
- Code of Practice minimum standard guidance on Services for Prepayment Meter Customers  
Shall apply to all domestic customers

After the decision paper on the above Codes minimum standard guidance has been published, all individual natural gas and electricity supply companies will be required to review their individual Codes of Practice in consultation with the Consumer Council. The revised Codes must then be submitted to us for approval. **We have indicated in the Annexes what should be included as a minimum in each Code of Practice in order to be compliant with the specific licence conditions. We will not approve any Code of Practice which falls short of the standards outlined in the minimum standards Codes guidance.** However, suppliers will be encouraged to exceed the minimum standards outlined in the Codes guidance as they wish (for example in order to differentiate themselves from other suppliers in terms of their customer protection aims).

## 4. Monitoring and Enforcement of Codes of Practice

This section describes our current energy supply market monitoring, our plans to widen the monitoring framework and how the Codes of Practice will be monitored going forward (and how this will fit into the wider framework).

### ***Market Monitoring***

In terms of energy supply market monitoring, we have established a current market monitoring regime which collects and analyses information on some key basic data which we consider a priority for the electricity and gas retail sectors. Although limited, this gives us a good basic insight into some of the main indicators such as market shares, domestic market activity, the number of competing suppliers and price/tariffs. This information has been released quarterly through the Quarterly Transparency Reports<sup>11</sup> (QTRs) since February 2011.

Market monitoring is important for the following reasons:

1. The Third Package legally requires National Regulatory Authorities (NRAs) to monitor the efficient functioning of the competitive market. This is a duty under which the NRAs will be held accountable (on how we effectively and efficiently discharge this duty).
2. Market monitoring provides transparency to the wider community (energy consumers and stakeholders) who are all impacted by how the energy retail markets operate.
3. It ensures that NRAs are demonstrating they are doing their job in a credible way as protectors of the interests of consumers.
4. Enables risks to be identified and addressed proactively.
5. It helps decision makers to make better-informed regulatory and energy policy decisions.

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<sup>11</sup>[http://www.uregni.gov.uk/publications/view/utility\\_regulator\\_publishes\\_retail\\_energy\\_market\\_monitoring\\_report/](http://www.uregni.gov.uk/publications/view/utility_regulator_publishes_retail_energy_market_monitoring_report/)

As a result in 2014-15 we intend to consult with our stakeholders on a suggested “wider monitoring framework” to enable us to fulfil all of the above, which we refer to as Retail Energy Market Monitoring (REMM).

In doing so, we will take into consideration monitoring obligations pursuant to the supply licences (for example the monitoring requirements consulted on here to monitor ongoing compliance with Codes), EU obligations, good practice recommendations and guidelines, and previous experience of other National Regulatory Authorities.

### ***Monitoring compliance with Codes of Practice***

Effective monitoring and reporting are essential to track progress in customer protection, identify issues that need resolving and highlight areas for future action. In terms of compliance with the operation of the Codes the following licence conditions are relevant:

- Condition 35 paragraph 10 in the electricity supply licence and Condition 2.13 paragraph 10 in the gas supply licence states that, suppliers must provide the Utility Regulator with information and assistance as is reasonably required by the Utility Regulator to monitor the implementation of the Codes. This assistance shall include providing statistical data at such times and in such a format as the Utility Regulator reasonably requires, and this condition also permits the Utility Regulator access to relevant documentation held by the Licensee.
- Condition 36 in the Electricity Supply Licences and Condition 2.23 in the Gas Supply Licences specify that licensees shall keep records of the operation of arrangements set out in the Codes of Practice.
- Furthermore, Condition 36 in the electricity supply licence and Condition 2.23 in the gas supply licence details specific information to be recorded by licensees on a quarterly basis and submitted to both the Utility Regulator and the Consumer Council and published by the licensee.

The purpose of monitoring and collecting this data is to determine if suppliers are complying with the Codes of Practice and to ensure that customers are being protected. Our intention is that information collected will be fit for purpose to ensure

that Codes of Practice are being complied with and that we can use the information to present a meaningful picture of supplier performance in these areas. In developing the monitoring requirements, we have looked at the reporting arrangements outlined by Ofgem and CER.

Having considered the core principles of proportionality and accountability we will only ask for information which will help us achieve our statutory duties with respect to the Codes of Practice. We will ensure that the monitoring and data provision activities will not be overly burdensome to suppliers and we will request information which will help us identify how suppliers are complying with the Codes of Practice. We will ensure an organised system of data collection by setting out a timetable for information requests which will be well known in advance.

It is our intention that any information requirements will be considered in line with market monitoring and information requests in the wider sense and will ensure that the same information is not requested multiple times by different parts of the organisation. Where we require information for purposes other than the monitoring of Codes of Practice, for example other aspects of retail market monitoring, we will only ask for the information once. We will ask for the same information from all companies subject to the Codes of Practice. We will work to ensure that definitions relating to the information collected are consistent where appropriate across the organisation so that reporting and monitoring is fair. We will ensure that any actions taken to ensure Codes are complied with are fair and consistent.

With regard to the investigation of breaches of Codes of Practice, there are a number of 'funnels' or options in relation to where a trigger might originate. It is anticipated that a trigger, whereby we are made aware that there may be non-compliance with the Code, is likely to occur where there is evidence of ongoing non-compliance, a system failure or evidence of a "cluster" of complaints emerges. An example of this is perhaps where an organisation such as CCNI receives a number of ongoing complaints in relation to the same practice or same supplier. A potential breach may also be discovered as part of the monitoring exercise where it becomes evident that suppliers are not compliant with the Codes.

In the event that this happens, it will provide the trigger for an investigation to establish if the company or companies are not adhering to a Code. In this instance, companies may be asked to provide evidence to show that they have been adhering to Codes. If we determine that a Code of Practice has been breached, a licence breach investigation will be undertaken. This will, include an assessment of the requirement for enforcement action.

For monitoring the Codes of Practice, we have adopted a proactive approach and identified specific information which suppliers will be required to submit to us to allow us to monitor compliance. These requirements are detailed below.

### ***Monitoring Reporting Requirements***

This section includes a proposed table of monitoring requirements pursuant to Condition 35 (10) in the electricity supply licence and Condition 2.13.10 in the gas supply licence which states that suppliers must provide the Utility Regulator with information and assistance as is reasonably required by us to monitor the implementation of the Codes. This assistance shall include providing statistical data at such times and in such a format as the Utility Regulator reasonably requires, and this condition also permits the Utility Regulator access to relevant documentation held by the Licensee. This data will form part of a wider market monitoring framework (known as REMM – Retail Energy Market Monitoring) which we will be working on and consulting on in 2014-15

In terms of ascertaining what is reasonably required for the purposes of ongoing monitoring, the table sets out the following:

- Indicator – the reference name for each indicator
- Unit – specifies how the indicator should be recorded,
- Period – relates to how often the indicator will be monitored
- Description – further details on the indicator
- Objective of collection – details why this indicator should be monitored (note that some of these are already licence requirements (pursuant to Condition

36 in the electricity supply licence and Condition 2.23 in the gas supply licence.)

**Q.5 Do respondents agree that the effective monitoring of Codes of Practice is essential? Are there any additional areas that should be covered in relation to monitoring, reporting and compliance?**

**Q.6 Respondents are asked their opinion on the proposed banding for Indicator 11 and 12, Customer Debt. Some price controlled suppliers already collect and submit information at this level of detail. Respondents are asked if it is appropriate for non-price controlled suppliers to also provide information at this level of detail. We would ask respondents to provide supporting information and alternative suggestions.**

**Q.7 Respondents are asked their opinion on what monitoring information should be published. We would ask respondents to provide supporting information on their proposal and be mindful of customer transparency as part of their response.**

### Compliance with Codes of Practice

Indicator	Unit	Period	Description	Objective of collection
1 Code of Practice on Payment of Bills	Text	Annual Submission	Have you complied with all aspects of your Code of Practice on Payment of Bills?	To monitor compliance with the Supplier's Code of Practice as a breach of the Code of Practice would be considered a breach of licence condition.
2 CoP on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick	Text	Annual Submission	Have you complied with all aspects of your Code of Practice for persons who are of Pensionable Age or Disabled or Chronically Sick?	To monitor compliance with the Supplier's Code of Practice as a breach of the Code of Practice would be considered a breach of licence condition.
3 CoP on Complaints Handling Procedure	Text	Annual Submission	Have you complied with all aspects of your Code of Practice on Complaints Handling Procedure?	To monitor compliance with the Supplier's Code of Practice as a breach of the Code of Practice would be considered a breach of licence condition.
4 CoP on Services for Prepayment Meter Consumers	Text	Annual Submission	Have you complied with all aspects of your Code of Practice on Services for Prepayment Meter Consumers?	To monitor compliance with the Supplier's Code of Practice as a breach of the Code of Practice would be considered a breach of licence condition.
5 Customers on register*	Number	Annual submission (recorded quarterly)	Number of customers listed on customer care registers	To know how many customers <sup>12</sup> are identified by suppliers who may have specific needs with regards to their energy supply. This will allow us to assess trends.

\* Indicator currently collected under Condition 36 in the electricity supply licence and Condition 2.23 in the gas supply licence

<sup>12</sup> As defined in Condition 31 in the electricity supply licence and Condition 2.11 in the gas supply licence

## Monitoring of Codes of Practice

Indicator	Unit	Period	Description	Objective of collection
6 Services offered*	Number/ Text	Annual submission (recorded quarterly)	Number of different (and description of) services offered to customers on customer care registers	To help identify to what extent suppliers are providing the appropriate support to customers <sup>13</sup> , and aligning to their customers' specific needs.
7 Steps to publicise register	Text	Annual submission	Steps taken to publicise customer care registers	To ensure that all customers are informed of the existence of the customer care register and that the range of services offered to customers on these registers are accessible.
8 Annual Safety Inspections (Gas Only)	Number	Annual submission	How many safety inspections of the gas appliances and other gas fittings have been completed in accordance with licence condition 2.11.3(f)?	To monitor compliance with obligation to complete safety inspections and monitor trends in the numbers of inspections required.
9 Non-keypad Smart meters	Number	Annual submission	Number of non-Keypad smart meter customers	To keep track of development of Smart Metering deployment.
10 Customers per payment method*	Number	Annual submission (recorded quarterly)	Number of domestic customers using each payment method (budget direct debit, variable direct debit, cash/cheque, prepayment towards credit bill, PAYG, or any other payment methods offered), and total number of domestic customers.	To monitor the percentage of customers using the different methods of payment offered by the suppliers.
11 Customers in debt	Number	Annual submission	Number and amounts of domestic customers in debt <sup>14</sup> , split by: Less than £100 £100 - £299 £300- £600 Greater than £600	To monitor trends in the levels of supplier debt in order to assist in identifying if the CoP on Payment of Bills is helping to reduce the number of customers falling into debt.  This information will also be used to know if supplier's processes are allowing them to identify customers in difficulty paying bills early enough.  Also, to highlight potential system failure in preventing high debt build up.

<sup>13</sup> As defined in Condition 31 in the electricity supply licence and Condition 2.11 in the gas supply licence

<sup>14</sup> For the definition of debt see chapter 5.

\* Indicator currently collected under Condition 36 in the electricity supply licence and Condition 2.23 in the gas supply licence

### Monitoring of Codes

Indicator	Unit	Period	Description	Objective of collection
12 Customers in debt	Number	Annual submission	Number and amounts of domestic customer in debt <sup>14</sup> , split by the age of the debt as follows: Less than 30 days 30-89 days 90-182 days 183-365 days Greater than 365 days	To monitor trends in the levels of supplier debt in order to assist in identifying if the CoP on Payment of Bills is helping to reduce the number of customers falling into debt.  This information will also be used to know if supplier's processes are allowing them to identify customers in difficulty paying bills early enough.
13 Customers in debt	Number	Annual submission	Average amount of debt <sup>14</sup> per customer in debt.	Also, to highlight potential system failure in preventing high debt build up.
14 Customers in debt	Number	Annual submission	Number of domestic customers in debt <sup>14</sup> , split by current payment method (budget direct debit, variable direct debit, cash/cheque, prepayment towards credit bill, PAYG, or any other payment methods offered).	
15 Repayment of debt via instalments	Number	Annual submission	Number of domestic customers repaying debt via instalments, split by: cash instalments, direct debit instalments, prepayment meters, or third party deductions (e.g. fuel direct)	To follow how management of debt is being handled, and if suppliers are arranging debt repayment facilities which give customer repayment options.
16 Requests for repayment adjustment	Number	Annual submission	Numbers of requests for an adjustment to prepayment rates, and number of cases where the supplier has agreed to it following a request from a customer	To indicate how suppliers are taking into account customers experience in debt repayment, and if they are engaging properly with customers and taking account of their circumstances

### Monitoring of Codes

Indicator	Unit	Period	Description	Objective of collection
17 Disconnections for debt and number of disconnections for tampering	Number	Annual submission	Number of domestic properties disconnected for debt <sup>15</sup>	Debt disconnections applicable to gas customers only, to track disconnections in NI and compare to other regions (Rol ad GB) Numbers for disconnection due to tampering is applicable to both electricity and natural gas suppliers.
	Number	Annual submission	Number of domestic properties disconnected due to tampering.	
18 PPM's <sup>16</sup> for non payment of debt	Number	Annual submission	Number of prepayment meters installed to recover outstanding debt, split by: PPM's set to recover maximum repayment (40%), and PPM's set to recover amounts below the maximum level	A large number of prepayment meters installed to recover outstanding debt may flag that there are issues with the supplier's adherence to their CoP on Payment of Bills.  The split will identify if suppliers are considering individual customers' circumstances and arranging repayment levels below the maximum amount when appropriate.
19 Customers referrals to advice agencies	Number	Annual submission	Number of customers being referred to appropriate advice agencies	To help identify to what extent suppliers are taking customer situations into account and providing the appropriated support and signposting to customers in debt

<sup>15</sup> Note for Electricity customers there is currently a policy of non disconnection for domestic customers, therefore for electricity this number should be zero. However for gas the figures will need to be collected.

<sup>16</sup> PPM's: prepayment meters

### Monitoring of Codes

Indicator	Unit	Period	Description	Objective of collection
20 Complaints*	Number	Annual submission (recorded quarterly)	Number of complaints <sup>17</sup> received, whether made in writing, in person or by telephone received by the Licensee, and number of complaints resolved by the Licensee	Complaints are an important indicator of the health of the market. The level of complaints will help us to understand how satisfied energy customers are. Also, they could help us to identify where action is needed. Note that in REMM we will consult on splitting this indicator into several categories. However we would propose this initial complaints categorisation:  Billing Prepayment/Keypad Meters Supply Switching Metering Sales/Marketing Customer Service Request for Information
21 Complaints Compensation	Number	Annual submission	Number and total amount of compensation payments made to customers in relation to complaints (if applicable)	To monitor the effectiveness of the Supplier's complaints handling procedure and the company's compliance with their compensation arrangements as required under the Code of Practice on Complaints Handling.
22 Enquiries	Number	Annual submission	Number of enquiries and number of responses made to enquiries	To help us assess the level of customers' engagement with the retail market. Note that in REMM we will consult on splitting this indicator into several categories

<sup>17</sup> For the definition of a complaint see chapter 7

\* Indicator currently collected under Condition 36 in the electricity supply licence and Condition 2.23 in the gas supply licence

## **Consideration of Costs and Benefits associated with Codes of Practice**

We are of the view that the requirements of the Codes, whilst they may be detailed, in the main will be activities that should be already carried out by suppliers in order to be compliant with existing Codes of Practice and other licence conditions. We also understand that some suppliers may need to improve their current processes to ensure they comply with the Codes minimum standards guidance. The benefits will include:

- high levels of customer protection through reduced customer and supplier confusion;
- increased transparency;
- greater consistency across suppliers; and
- improved customer confidence in the operation of the energy supply market.

We have considered the implications of the proposed requirements of the Codes and whether or not they are likely to impose significant costs on suppliers. It is also worth noting that any cost implications were considered during the development of the licence modifications and during the extensive consultation conducted on the implementation of IME3. Our opinion is that there should not be any significant additional costs to suppliers. However, where stakeholders can produce robust evidence for any additional costs they may incur as a result of implementing the Codes or the monitoring requirements, we will take this into consideration. Your response will be most useful if it is framed in direct response to the question posed below, though further relevant comments and evidence received will also be welcome.

**Q.8 Respondents are asked to provide information in relation to changes in practice which may be required. In particular we will take into consideration appropriate evidence in relation to costs and benefits. It will be most beneficial if responses regarding changes in practices and associated costs and benefits first state the individual Code and particular requirement in question, secondly set out why the change in practice is required, and thirdly set out any evidence regarding costs and benefits linked to the change in practice.**

### **Publication of Codes of Practice**

An essential part of improving customer protection is ensuring that customers are aware of the Codes of Practice and how to access them. The minimum requirements in relation to publication of Codes of Practice are that:

- A copy of the Codes minimum standards guidance will be published on our website. Suppliers shall publish their own approved Codes of Practice on their websites.
- Suppliers shall send up to date copies of their Codes of Practice to advice giving organisations, charitable organisations and all other organisations that request them.
- Suppliers shall provide a copy of their Codes of Practice to any customer who asks for it or to the representative of the customer free of charge.
- Suppliers shall upon receipt of a reasonable request supply a copy of the Codes in an alternative format such as Braille free of charge.

**Q.9 Do respondents think that the publishing requirements outlined cover all relevant areas? Are there any further comments that respondents have with relation to publishing Codes of Practice?**

**Review of Codes of Practice.**

Suppliers shall review Codes of Practice in line with Condition 35 (3) in the electricity supply licence and Condition 2.13.3 in the gas supply licence which states that suppliers shall “whenever requested to do so by the Authority, review any Code and the manner in which it has been operated, with a view to determining whether any modification should be made to that Code or to the manner of its operation”

## 5. Code of Practice on Payment of Bills

The draft Code minimum guidance on Payment of Bills is attached as Annex 1 to this paper. The purpose of the Code of Practice on Payment of Bills is to provide guidance to suppliers to help all domestic energy customers cope with energy bills and avoid and/or manage debt. Furthermore, if the Code is applied correctly this should help to prevent suppliers from accruing bad debt. In the long term, suppliers should endeavour to focus on debt prevention and providing sustainable solutions to customers. The attached Code of Practice guidance on Payment of Bills is a minimum standard that gas and electricity licence holders should adhere to in the attempt to assist those customers having difficulty paying their bills. Suppliers may go beyond the minimum standards guidance in their own Code of Practice, offering further consumer protection if desired.

In 2009 we consulted widely on the Social Action Plan and among the issues identified was the impact of energy debt on vulnerable consumers and concern for those consumers struggling to pay utility bills. In response to this, we made a commitment to set up a working group to look at developing a Code of Practice on helping customers to avoid and manage debt. We established a steering group which consisted of the energy suppliers and the Consumer Council. With the help of the steering group we commissioned and published independent research and recommendations on the issue of debt, and discussed the findings of this research with stakeholders.

The independent research and report was completed by Social Market Research in partnership with Advice NI and the Social Research Centre. It was published on our website in June 2010. It is available at the following address;

[http://www.uregni.gov.uk/publications/view/helping\\_customers\\_avoid\\_manage\\_debt](http://www.uregni.gov.uk/publications/view/helping_customers_avoid_manage_debt)

The research indicated that 77% of consumers in debt acknowledged that being in arrears to their energy company was a problem. The report indicated that much good practice is already evident in the procedures of current energy suppliers. However, it

highlighted inconsistencies between suppliers and made a number of recommendations which related not only to suppliers but also to the wider issue of debt. An overarching theme from several stakeholders was support for a harmonised approach to helping vulnerable customers avoid and manage their way out of debt. The recommendations of the independent research report have been considered and, where appropriate, used in the development of the Code of Practice minimum standard guidance which is attached in Annex 1 for consultation.

It is proposed that the Code will be structured under the following headings:

- a) Identifying customers in difficulty
- b) Providing information on Energy Efficiency
- c) Payment arrangements and monitoring
- d) Prepayment meters<sup>18</sup>
- e) Methods and procedures to avoid disconnection
- f) Providing accurate and timely bills
- g) Special provisions for customers<sup>18</sup>

*a) Identifying customers in difficulty*

Our research in helping customers to avoid and manage debt highlighted this as a priority area for a Code of Practice. The research indicated that seeking to identify the most suitable payment method, potential debt problems and possible self-disconnection issues requires a clear understanding of customers' circumstances. In addition, it suggested that suppliers' ability to identify customers in debt might be increased by closer collaboration with other organisations who are working with the customer; enhanced training of energy supply staff (particularly those working with customers); and further enhancement of customer-focused ethos. Enhanced training of energy supply staff to enable them to identify customers who may be having difficulty in paying bills, and a company culture that supports an empathetic approach

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<sup>18</sup> Included in this licence condition, however to avoid duplication, the relevant guidance has been covered in the appropriate code, i.e. Code of Practice on Provision of Services for persons who are of Pensionable age or Disabled or Chronically Sick and the Code of Practice on Services for Prepayment Meter Customers.

to customers will enable customers in difficulty to be identified and allow the customer to approach the company before any debt gets out of hand.

Furthermore, it was suggested that identifying risk factors in relation to debt would aid in the early detection of those customers in difficulty or at a risk of having difficulty paying their bills.

**Q.10 Do respondents think that the section of the Code in Annex 1 relating to identifying customers in difficulty covers all relevant areas? Are there any further comments that respondents have with relation to identifying customers in difficulty?**

*b) Providing information on Energy Efficiency*

Stakeholder groups involved in the “Helping consumers in debt” research indicated that many households are actively trying to become more energy efficient to help save on fuel costs, thus helping to avoid debt in the first instance. This highlights the importance of developing a Code of Practice on providing information on energy efficiency to customers. All suppliers currently have in place an interim Code of Practice on the Efficient Use of Electricity and/or Gas. Guidance on minimum standards for the Code of Practice on the Efficient Use of Electricity and/or Gas will be developed and consulted on but this consultation has been postponed until the outcome of the DETI Energy Bill Policy Consultation and the Energy Efficiency Directive<sup>19</sup>.

*c) Payment arrangements and supplier monitoring of debt*

Research participants suggested that all customers across all customer segments should be aware of all payment methods available. There was concern about the high levels of debt repayment experienced by some

<sup>19</sup> [http://www.detini.gov.uk/energy\\_bill\\_consultation\\_document\\_-\\_11\\_june\\_2012\\_2\\_.pdf](http://www.detini.gov.uk/energy_bill_consultation_document_-_11_june_2012_2_.pdf)  
[http://ec.europa.eu/energy/efficiency/eed/eed\\_en.htm](http://ec.europa.eu/energy/efficiency/eed/eed_en.htm)

customers, the time allowed for customers to repay any debt and how ability to repay was assessed. Additionally, the lack of consistency across suppliers regarding debt repayment was seen as an issue.

The original research also highlighted the need for further use of Third Party Deductions or Fuel Direct as a means of debt repayment for customers having difficulty paying their bills.

Currently one supplier in Northern Ireland is on the creditor list for Third Party Deductions via Fuel Direct.

**Q.11 Do respondents think that the section of the Code Annex 1 relating to payment arrangements and monitoring covers all relevant areas? Are there any further comments that respondents have with relation to payment arrangement and monitoring?**

**Q.12 Is there any further information you wish to provide in respect of Fuel Direct or Third Party Deductions?**

## Fuel Direct

Fuel Direct is where part of a specified benefit may be deducted for direct payment to the fuel supplier for gas and electricity. According to the Social Security Agency's Decision Makers Guide<sup>20</sup>, this can happen if;

1. there is a debt (the original debt for mains gas) or electricity and the claimant still needs fuel **and**
2. the debt is for an amount not less than the rate of Income Support personal allowance for a single person aged 25 or over **and**
3. it is in the interests of the claimant or family that third party deductions be made.

*1 SS (C&P) Regs (NI), Sch 8A, para 6(1)<sup>21</sup>*

According to the guide, debt in this context includes disconnection and reconnection costs and any legal costs arising from that debt. Third Party Deductions cannot simply be made on request. There must be evidence to show that other attempts to budget properly have failed.

Fuel Direct deductions will be made if it is in the overriding interests of the claimant of their family for third party deduction to be made where

1. the debt is unlikely to be paid before disconnection is threatened **or** has resulted in the threat of disconnection **or** has resulted in disconnection **and**
2. no other source of fuel is available for the same purpose **and**
3. there is no other suitable way of dealing with the debt.

Third party deductions will always be in the interests of the family where there is a risk to health or safety. For example, there may be a risk where the family includes:

- people over 70
- people who are disabled
- children under 11
- people who are long term sick.

The Social Security Agency does not consider the above list to be exhaustive.

<sup>20</sup> Social Security Agency's Decision Makers Guide <http://www.dsdni.gov.uk/dsd-tpp-guide.pdf>

<sup>21</sup> <http://www.legislation.gov.uk/ukxi/1987/1968/schedule/9/made>

*d) Prepayment meters*

The research conducted on helping customers avoid or manage debt highlighted that prepayment meters can be a helpful option for customers wishing to budget for their energy use. Concerns were raised that some customers were still unclear how to use prepayment meters and credit facilities and that there still existed a risk of self-disconnection and self-rationing, especially for low income households. It was suggested that there should be consistent practices across suppliers with regard to customers purchasing credit and receiving emergency and/or friendly credit for prepayment meters. This highlights the importance of developing a Code of Practice on providing information on prepayment meters to customers. The relevant requirements for Prepayment Meters are covered in the Code of Practice on Services for Prepayment Meter Customers which is consulted on under chapter 8 of this paper.

*e) Methods and procedures to avoid disconnection*

Currently, disconnection for debt in the domestic electricity market is not permitted, however, gas suppliers may disconnect for debt. Disconnection for reasons of debt should only be used as a last resort for suppliers, and the Code identifies the methods and procedures which should be followed to ensure that customers are given the opportunity to avoid disconnection and enter into an appropriate repayment agreement. Research indicated that a clear understanding of customers' circumstances, potentially closer collaboration with other organisations who are working with the customer, better trained staff and further enhancement of customer-focused procedures would help prevent disconnection. The Code aims to ensure that there is sufficient protection for customers in difficulty to protect them from disconnection.

In the event where disconnection does occur, it is our intention to ensure that customers who wish to reconnect to supply do not face prohibitive costs which they are unable to meet. We are proposing that suppliers should ensure that disconnection/reconnection costs are not onerous and only reflect the actual

cost incurred and that customers are allowed to repay these charges over an appropriate period of time. We recognise that suppliers do not have control over the charges that distribution companies make for reconnection, therefore, we will always assume that it is reasonable to pass these costs on. Charges made by distribution companies are subject to other controls not linked to Codes of Practice.

**Q.13 Respondents are asked for their opinion on the proposals for disconnection and reconnection fees. We would ask for supporting information on any comments made.**

**Q.14 Do respondents think that the section of the Code in Annex 1 relating to methods and procedures to avoid disconnection covers all relevant areas? Are there any further comments that respondents have with relation to identifying customers in difficulty?**

f) *Providing accurate and timely bills.*

Research in both NI and GB<sup>22</sup> has suggested that inaccurate bills or a lack of meter reading can contribute to the build up of debt for domestic consumers. Furthermore, our research indicated that insufficient information on customer bills and prolonged use of estimated consumption for bills were also contributing to customers falling into arrears. The Code aims to address issues relating to meter reading and accuracy, and complements other licence conditions introduced under IME3 which deal with supplier obligations in relation to meter readings. In addition, the issue of back billing has been addressed in the Code where limitations will be set on the circumstances where customers can be billed for previously unbilled energy consumption.

<sup>22</sup> <https://www.ofgem.gov.uk/ofgem-publications/57449/debt-and-disconnection-best-practice-review.pdf>

This will bring Northern Ireland in line with GB consumer protection on this issue.

**Q.15 Do respondents think that the section of the Code in Annex 1 relating to providing accurate and timely bills covers all relevant areas? Are there any further comments that respondents have with relation to providing accurate and timely bills?**

*g) Special provisions for customers.*

Our research in 2010 highlighted existing good practice with regard to the existence and use of customer care registers, the design and deployment of customer care schemes and the ongoing efforts that are made to ensure that the range of services offered (e.g. from meter installation through to letters, bills etc) are accessible for customers. However, weaknesses were also identified such as, under the current arrangements, customers have to come forward and declare their needs to the energy supplier or be identified by someone else (e.g. such as an advocate). Stakeholders suggested that: suppliers need to be proactive in the identification of customers with additional needs; that services should be closely aligned to the specific needs of customers and that there should be more frequent reviews of the entries on critical care registers and customer care registers. Such information highlights the importance of developing a Code of Practice on Provision of Services for persons who are of Pensionable Age, or Disabled or Chronically Sick. The relevant requirements for customers who are of pensionable age, who are disabled or who are chronically sick are covered in chapter 6 of this paper.

**Q.16 Are there any other areas which the Code on Payment of Bills should cover?**

## *Debt*

In order to correctly implement and monitor the Code on Payment of Bills it is essential to have an established and consistent definition of debt which applies to all suppliers across gas and electricity. In Northern Ireland, regulated energy suppliers will be required to work to the common definition of debt for the purposes of this Code of Practice. However we note that 'debt' may be defined in other ways for the purposes of switching processes etc.

When considering how to define debt in the context of the Codes of Practice we considered how debt was defined by other organisations including Ofgem<sup>23</sup> and CER<sup>24</sup>. However, in order to provide a high level of protection to customers who are experiencing difficulty in paying bills we are proposing the following definition of debt be used for the Code of Practice on Payment of Bills:

*“any amount which remains unpaid outside the payment terms in the supplier’s terms and conditions. For example, if a customer’s payment for a bill is due within 14 days from the date of the bill, then this amount would be defined as debt if it remained unpaid from day 15.”*

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<sup>23</sup> <https://www.ofgem.gov.uk/ofgem-publications/57397/debt-review-report.pdf>

<sup>24</sup> [http://www.cer.ie/docs/000885/Market%20Monitoring%20in%20the%20Electricity%20and%20Gas%20Retail%20Markets%20Consultation%20Paper\(CER13302\).pdf](http://www.cer.ie/docs/000885/Market%20Monitoring%20in%20the%20Electricity%20and%20Gas%20Retail%20Markets%20Consultation%20Paper(CER13302).pdf)

- Q.17 Do respondents agree that a consistent definition of debt across suppliers, for the purpose of the Code of Practice on the Payment of Bills, should be established?**
- Q.18 Respondents are asked their opinion on the proposed definition of debt with regards to the Code of Practice on Payment of Bills or suggest an alternative definition which may be used across all suppliers. We would ask respondents to provide supporting information as to why a specific definition would be appropriate and be mindful of monitoring procedures as part of their response.**
- Q.19 Respondents are asked to provide any additional comments on the attached draft Code minimum content, which they feel will help to improve the Code.**

### *Self Disconnection and Self Rationing*

Research conducted by Consumer Focus<sup>25</sup> suggests that instances of self-disconnection appear to be highest amongst vulnerable customers. Low income is a major factor in instances of self-disconnection and self-rationing although there can be self-disconnection for a variety of reasons.

We are aware it can be problematic for energy suppliers to obtain accurate information on levels of self-disconnection and self-rationing of any customer or customer group. However, we would welcome suggestions on how suppliers might monitor self-disconnection.

- Q.20 How could Suppliers monitor self-disconnection and self-rationing in customers?**

<sup>25</sup> <http://www.consumerfocus.org.uk/files/2010/10/Cutting-back-cutting-down-cutting-off.pdf>

## 6. Code of Practice on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick

The draft Code minimum standard guidance on the provision of services for persons who are of Pensionable Age or Disabled or Chronically Sick is attached as Annex 2 of this paper. The purpose of this Code of Practice is to help domestic energy consumers who may have particular requirements with regard to their energy use and payment for their energy. Customers may find that their situation can exacerbate as well as cause vulnerability and may need additional support. Suppliers may go beyond the minimum standards guidance in their own Codes of Practice, offering further consumer protection to this group if desired.

Currently, all of the energy suppliers make efforts to identify customers who are of pensionable age, disabled or chronically sick and maintain customer care customer registers as required under their supply licences. While community and voluntary representatives commend the work suppliers currently do, they highlighted some weaknesses in the existing arrangements. Specifically, stakeholders indicated that they believe that customers must come forward and self-identify to energy suppliers if they are eligible<sup>26</sup>. This can lead to many customers being unable to avail of the services provided because they have not identified themselves to energy suppliers. Reasons why customers may not identify themselves to energy suppliers could include lack of awareness of the services available and reluctance to ask for help. Evidence from research cited previously and examples of good practice elsewhere have been taken into consideration where appropriate and are included in the draft Code minimum standard guidance which is attached in Annex 2 for consultation.

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<sup>26</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Debt\\_Publication\\_June\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf)

## Structure

The Code minimum standard guidance will be structured under the following headings:

- a) Type of Customers
- b) Services Provided
- c) Disconnecting customers who are of pensionable age, disabled or chronically sick
- d) Awareness raising of services provided

### *a) Type of Customers*

This Code of Practice is specifically for persons who are of pensionable age or disabled or chronically sick.

### *b) Services Provided*

Some customers may have specific needs with regard to their energy supply. The Code of Practice guidance details the minimum standard of special provision required for customers who are of pensionable age or disabled or chronically sick which will meet both physical and communication needs.

Suppliers will be required to provide, on request and free of charge, a copy of the Code of Practice on provision of services for persons who are of pensionable age or disabled or chronically sick. Where it is reasonable and practical to do so, suppliers shall upon request provide a copy of the Code in an alternative format.

**Q.21 Do respondents think that the section of the Code in Annex 2 relating to the services provided covers all relevant areas?**

*c) Disconnecting customers who are of pensionable age, disabled or chronically sick*

In electricity no customers are disconnected for debt and it is clear in gas supplier policy statements that efforts are made to avoid disconnecting these customers. However, there is evidence which suggests that self-disconnection and self rationing are highest among vulnerable customers. Furthermore, research has shown that self-disconnection can have a negative impact on the mental and physical wellbeing of particular vulnerable groups, especially older people or those with an illness or disability<sup>27</sup>. Our own research<sup>28</sup> showed those households that are in arrears are likely to have someone with a long-term illness or disability and 56% of vulnerable customers we surveyed said they use less energy than they need in order to keep their bills down.

In GB, the Energy Retail Association (ERA) has established the ERA Safety Net<sup>29</sup> which includes a commitment to never knowingly disconnect vulnerable customers. Where a customer has been disconnected and then is identified as vulnerable, the supplier will reconnect that customer as a priority. Compliance with the Safety Net is independently audited.

Through this Code of Practice, we aim to ensure that NI consumers are afforded the same level of protection as GB consumers.

**Q.22 Do respondents think that the section of the Code in Annex 2 relating to disconnection of customers who are of pensionable age, disabled or chronically sick covers all relevant areas? Are there any further comments that respondents have with relation to disconnection?**

<sup>27</sup> NEA (2009), "What scope is there for the development of a new fuel payment method in the UK?" A solution for vulnerable energy consumers

<sup>28</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Debt\\_Publication\\_June\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf)

<sup>29</sup> <http://www.energy-uk.org.uk/publication/finish/30/308.html>

*d) Awareness raising of services provided*

Research we conducted in 2008<sup>30</sup> with CCNI indicated that overall awareness of services for older, disabled and chronically sick customers is low with 73% of customers who are eligible for these services unaware of them. Furthermore, at that time, take-up of these services among older people (65 plus) or those who have, or are living with a person with, a disability/long-term illness was low, further reinforcing the need for better communication of these services. It is important that the information reaches those customers who are most in need of these services. The Code will encourage promotion and hopefully uptake of these services.

**Q.23 Do respondents think that the section of the Code in Annex 2 relating to raising awareness of services provided covers all relevant areas? Are there any further comments that respondents have with relation to awareness raising?**

**Q.24 Are there any other areas which the Code of Practice on provision of services for persons who are of pensionable age or disabled or chronically sick should cover?**

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<sup>30</sup>[http://www.uregni.gov.uk/uploads/publications/Joint\\_Research\\_Report\\_Final\\_Energy\\_Co\\_Schemes.pdf](http://www.uregni.gov.uk/uploads/publications/Joint_Research_Report_Final_Energy_Co_Schemes.pdf)

## 7. Code of Practice on Complaints Handling Procedure

The draft Code minimum standard guidance on Complaints Handling Procedure is attached as Annex 3 of this paper. The purpose of the Code of Practice on Complaint Handling Procedure is to ensure that **all customers, domestic and non-domestic**, are aware of their rights with regard to dispute settlement with their energy supplier. In addition, the minimum standards guidance will ensure that suppliers have clarity with regards to their obligations to complainants during the complaints handling process. Complainants should benefit from suppliers' transparent, simple and inexpensive procedures for dealing with complaints. In particular, all consumers shall have a right to a good standard of service and complaint handling by their energy service provider.

A complaint is a communication, between a company and an individual (or their representative) which indicates dissatisfaction with a specific matter. A transparent and robust complaints procedure will benefit a company, highlighting problematic customer service areas which need attention, but also empowering consumers allowing for more accountability from suppliers.

The Directives<sup>31</sup> indicate that people should be aware of their rights to refer, in the first instance, a complaint to their supplier and to expect such complaints to be managed and dealt with according to a speedy, effective, transparent, simple and inexpensive complaints procedure. It is also important for people to know that the Consumer Council, and in certain cases the Utility Regulator, can assist in the resolution of complaints should the complainant remain unsatisfied with the supplier's response.

Stakeholders have suggested that aligning gas and electricity provisions will ensure consistency in the treatment consumers receive as regards the interpretation of the

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<sup>31</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0094:0136:EN:PDF>  
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0055:0093:EN:PDF>

Directives. It is vital that people are provided with information on their right to avail of dispute settlement procedures. The provision of this information will have a positive impact on customers, particularly those who may have been unaware of the protection available. It ensures the public remain informed and understand our role and the role of suppliers and CCNI in this regard. Furthermore, stakeholders have also suggested that consistency across suppliers will increase transparency of complaints systems and lead to an increase in customer service levels.

From 1 April 2014 the Gas (Individual Standards of Performance) Regulations (Northern Ireland) 2014<sup>32</sup> come into force. These Regulations set out a level of service which gas supply and distribution companies must provide to their customer or pay compensation for failing to meet. The Regulations include a level of service for dealing with complaints and gas supply companies are, as a minimum, required to replicate that level of service within their Code of Practice.

In June 2010, the European Regulators' Group for Electricity and Gas (ERGEG) published "Guidelines of Good Practice on Customer Complaint Handling"<sup>33</sup> following a request from the European Commission (EC), linked to the EC initiative of monitoring performance of consumer markets. The Guidelines aim to provide national regulators with input on how to translate Third Package provisions at an operational level. In GB, the "Consumers, Estate Agents and Redress Act 2007" which changed how energy consumers were represented, required Ofgem to develop new complaints handling regulations that are binding upon regulated suppliers. These updated complaints handling procedures came into effect on 1 October 2008. Although there is evidence of good practice in the Northern Ireland regulated energy market, we seek to ensure that NI energy consumers have access to high levels of consumer protection through the Complaints Handling Procedure. To this end, NI Code minimum standard guidance has been developed and benchmarked against GB and European guidelines. This has been included in the

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<sup>32</sup> <http://www.legislation.gov.uk/nisr/2014/60/contents/made>

<sup>33</sup> [http://www.energy-regulators.eu/portal/page/portal/EER\\_HOME/EER\\_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CUSTOMERS/Custom%20Complaint%20Handling/CD/E10-CEM-33-05\\_GGP-ComplaintHandling\\_10-Jun-2010.pdf](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT/CLOSED%20PUBLIC%20CONSULTATIONS/CUSTOMERS/Custom%20Complaint%20Handling/CD/E10-CEM-33-05_GGP-ComplaintHandling_10-Jun-2010.pdf)

draft Code minimum standard guidance which is attached in Annex 3 for consultation.

## Structure

The Code minimum standard guidance will be structured under the following headings which are consistent with the high levels of consumer protection highlighted by both Ofgem and ERGEG.

- a) Definition of complaint
- b) Accessibility of Complaints Handling Procedure
- c) Transparency
- d) Effectiveness
- e) Alternative Dispute Resolution

### a) *Definition of complaint*

It is important for monitoring and also the complaints handling procedures that a complaint has a common definition which all suppliers work to. This definition will be determined by the Utility Regulator in consultation with suppliers and by the Consumer Council. Consultation with the Consumer Council highlighted the importance of making any definition of a complaint accessible and in plain English.

We are proposing that a consistent definition of a complaint should be used across suppliers to allow for transparency for consumers and ability to compare performance in dealing with complaints.

The definition of a complaint used by Ofgem which derives from the 2008 GB regulations is:<sup>34</sup>

*“complaint” means any expression of dissatisfaction made to an organisation, related to any one or more of its products, its services or the manner in which it has dealt with any such expression of dissatisfaction, where a response is either provided by or on behalf of*

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<sup>34</sup> <http://www.legislation.gov.uk/uksi/2008/1898>

*that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter;”*

The CCNI currently has a statutory role to investigate energy complaints on behalf of consumers. The CCNI definition of a complaint as detailed in their Complaints Handling Policy is:

*“any communication from a consumer or a consumer’s representative alleging that an action or inaction of the company, or a service or lack of service provided by the company and/or agent, has **fallen below his or her expectation**, even if communicated in mild and friendly terms.*

CER, in its Natural Gas and Electricity Supplier Handbook<sup>35</sup> defines a complaint as:

*“The expression (through various possible channels, letter, email, phone call, physical claim) of a customer’s dissatisfaction and his/her explicit expectation for a response or resolution.”*

The handbook then clarifies that an explicit expectation is where the customer states they are seeking some action to address their concern, even if they are unable to identify and state what action is required.

In addition to these, the ERGEG guidance suggests the following for definition for complaints

*“The expression (through various possible channels: letter, email, phone call, physical claim) of a customer’s dissatisfaction.”*

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<sup>35</sup> <http://www.cer.ie/docs/000484/cer12081.pdf>

ERGEG also suggests that both explicit expectations, where a customer states they are seeking action to address the concern, and implicit statements where a customer is not able to identify what action is required but has expressed dissatisfaction, should be interpreted as complaints and action should be taken to deal with them.

Having considered the above examples of definition of complaints and in order to provide high levels of consumer protection, we are proposing the following definition of a complaint to be used for the Code of Practice on Complaints Handling Procedure:

*“Any expression (through various possible channels: letter, email, phone, physical claim or other method) of dissatisfaction for any person.”*

This definition will include both explicit statements where a customer states they are seeking action to address the concern, and implicit statements where no request for action has been made but where dissatisfaction has been stated.

**Q.25 Do respondents agree that a consistent definition of a complaint for all suppliers, for the purpose of the Code of Practice on Complaints Handling Procedure, should be established?**

**Q.26 Respondents are asked their opinion on the proposed definition of a complaint with regards to the Code of Practice on the Complaints Handling Procedure or suggest an alternative definition which may be used across all suppliers. We would ask respondents to provide supporting information as to why a specific definition would be the most appropriate and be mindful of monitoring procedures as part of their response.**

*b) Accessibility of Complaints Handling Procedure*

In order to complain effectively, any person must be able to access the energy company's complaints procedure and engage with the energy company.

There must be no barriers that would discourage a person from making a complaint. Furthermore, there must be equal access to all persons, so a variety of access options must be available. This will ensure that any person, including those with no access to the internet, disabilities or with low levels of literacy have access to complaints procedures. Bearing this in mind, the procedure needs to be available to persons in more than one medium as some people do not have access to internet facilities. In addition, consumers should be advised on a regular basis of the complaints procedure and the range of channels available for making a complaint.

**Q.27 Do respondents think that the section of the Code in Annex 3 relating to the accessibility of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to accessibility?**

*c) Transparency*

The Code will ensure that the processes and procedures in place are clearly visible, easy to understand, relevant and up-to-date without placing excessive burden on the suppliers. This will ensure that everyone will have all the relevant information on how to make and escalate a complaint.

**Q.28 Do respondents think that the section of the Code in Annex 3 relating to the transparency of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to transparency?**

*d) Effectiveness*

As the Directive specifically states that consumers should be guaranteed greater consumer protection via prompt and effective complaints handling procedures, the Code guidance provides for a minimum standard ensuring that complaints are handled promptly and appropriately.

**Q.29 Do respondents think that the section of the Code in Annex 3 relating to the promptness of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to effectiveness?**

e) *Alternative dispute resolution*

Consumers must be informed of their right to go to an alternative dispute resolution provider, in the event that the complainant does not feel that their complaint has been resolved by the supplier. This will be an independent body that proposes a solution to a dispute between complainant and supplier. This service is provided by the Consumer Council for Northern Ireland. It is important that customers are made aware of this service on their bills, statements and other relevant customer literature. It is also important that the availability of this service is publicised on the company website and through frontline staff. Suppliers must make it clear that complainants can avail of this service at no cost to themselves. Suppliers may wish to inform customers of our role in determinable complaints and the escalation procedures.

**Q.30 Do respondents think that the section of the Code Annex 3 relating to alternative dispute resolution covers all relevant areas? Are there any further comments that respondents have with relation to alternative dispute resolution?**

**Q.31 Are there any other areas which the Code of Practice on Complaints Handling Procedure should cover?**

## 8. Code of Practice on Services for Prepayment Meter Customers

The draft Code minimum standard guidance on Services for Prepayment Meter Customers is attached as Annex 4 of this paper. The purpose of the Code of Practice on Services for Prepayment Meter Customers is to ensure that those customers who pay by prepayment meters (PPMs) are adequately protected and therefore, not unduly disadvantaged compared to those who pay by standard credit or by Direct Debit. Suppliers may go beyond the minimum standard guidance in their own Code of Practice, offering further consumer protection if desired.

Prepayment meters are a popular method of managing energy bills. Our research report, *Helping Customers Manage and Avoid Debt*<sup>36</sup>, found that those using prepayment meters reported a higher level of satisfaction with this payment method compared with customers using other payment methods. However, specific issues do exist for prepayment customers. Our report indicated that almost a quarter (24%) of electricity customers using prepayment meters and 41% of gas customers using prepayment meters had gone without energy in the previous 12 months because they could not afford a top up. There is also evidence that incidence of self-disconnection appears to be highest among vulnerable customers and that low income is a major factor in instances of self-disconnection and self-rationing. As with the Code of Practice on Payment of Bills, research participants suggested that the design and adoption of a common set of policies around prepayment meters would be useful in helping vulnerable customers. Based on our own research and research on Codes of Practice in GB<sup>37</sup>, and the Republic of Ireland<sup>38</sup> we have developed the draft Code of Practice minimum standard guidance which is attached in Annex 4 for consultation.

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<sup>36</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Debt\\_Publication\\_June\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf)

<sup>37</sup> <http://www.consumerfocus.org.uk/assets/1/files/2010/02/Consultancy-recommendations-to-Consumer-Focus.pdf>

<sup>38</sup> <http://www.cer.ie/docs/000484/cer12081.pdf>

## Structure

The Code minimum standard will be structured under the following headings

- a) Information Provision for Prepayment Customers
- b) Suitability of Prepayment Meters
- c) Payments for Prepayment Customers

a) *Information Provision for Prepayment Customers*

It was identified that there are some gaps in knowledge for PPM customers with regard to how PPMs work, about outstanding debt repayments and how to top up their meter or access emergency credit facilities. Our research<sup>39</sup> indicated that 31% of electricity PPM customers and 36% of gas PPM customers were unaware of the emergency credit facility and that customers with poor health, households in fuel poverty and households in receipt of benefits, had lower levels of awareness of the top up options for electricity PPMs (i.e. phone and internet) and the availability of friendly credit or emergency credit facilities than other customers. Confusion also exists about the terminology used by gas and electricity suppliers, especially around friendly and emergency credit. Generally PPM customers have less contact with suppliers than customers who use other methods of payment. Therefore, it is important that information on essential areas such as operating instructions, debt repayments, tariffs, and additional services are provided at least once a year, or on request, in a clear, simple and easy to understand format. Operating instructions should also be available on supplier websites so customers can access them at any time.

In addition to providing clear operating instructions and additional information on the use of prepayment meters, electricity suppliers must also use best endeavours to ensure that customers understand the process of how their meter is updated when there is a tariff change. This process must be aligned to the electricity industry standard. Currently electricity suppliers provide different levels of customer transparency and different timelines to support a change of rate implementation. Some electricity suppliers have also varied

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<sup>39</sup> [http://www.uregni.gov.uk/uploads/publications/SMR\\_Debt\\_Publication\\_June\\_2010.pdf](http://www.uregni.gov.uk/uploads/publications/SMR_Debt_Publication_June_2010.pdf)

the change of rate processes between tariff changes, resulting in a lack of consistency and customer confusion in the electricity prepayment market. An electricity industry standard would therefore mean that all electricity customers would be aware upfront of the processes for a change of rate (for tariff increases or decreases) and there would also be consistency between electricity suppliers if a customer switched.

The electricity industry standard proposed is that the prepayment infrastructure (Liberty system) is programmed to dispense the change of rate code (the 40 digit code), via the vending process, on and not before the 7 day period before the change in rate actually takes effect (effective from date). This process must be communicated to all electricity customers at least annually and on the supplier's website in order that customers can understand the process when there is a change in rate. (This does not apply to gas customers as gas meters do not require this action)

In both gas and electricity normal rules on informing customers of a tariff change 21 days in advance will apply.

**Q.32 Do respondents have any comments to make on the proposed industry standard to update prepayment meters for a change in tariff? Do respondents have any comments to make on how customers can be informed to ensure they understand this process?**

**Q.33 Do respondents think that the section of the Code in Annex 4 relating to the information provision covers all relevant areas? Are there any further comments that respondents have with relation to information provision?**

*b) Suitability of Prepayment Meters*

For some customers with certain vulnerability characteristics, prepayment meters can be unsuitable both with regard to physical accessibility and as a payment

method. It is essential that suppliers make sure that they identify those customers for whom a PPM may not be suitable and offer them alternative payment arrangements, such as direct debit or savings cards, which may help them budget effectively.

**Q.34 Do respondents think that the section of the Code in Annex 4 relating to the suitability of a prepayment meter covers all relevant areas?**

*c) Payments for Prepayment Customers*

Ensuring that PPM customers can adequately access payment facilities is an essential part of the Code minimum standard. Self-disconnection and self-rationing are a problem for a small but significant group of consumers with higher incidences among older, disabled or chronically sick and low income customers.

**Q.35 Do respondents think that the section of the Code in Annex 4 relating to payments for prepayment customers covers all relevant areas? Are there any further comments that respondents have with relation to payments?**

**Q.36 Are there any other areas which the Code of Practice on Services for Prepayment Meter Customers should cover?**

## 9. Summary of Questions

- Q.1 Do respondents agree that customers and suppliers will benefit from a consistent approach to interpretation of the licence conditions?
- Q.2 Do respondents believe that the minimum standards guidance for Codes of Practice is the right approach? Please provide supporting information and evidence for your response.
- Q.3 Do respondents agree that where this consultation has an impact on the groups listed above, those impacts are likely to be positive in relation to equality of opportunity for energy consumers?
- Q.4 Do respondents consider that the proposals need to be refined in any way to meet the equality provisions? If so, why and how? Please provide supporting information and evidence.
- Q.5 Do respondents agree that the effective monitoring of Codes of Practice is essential? Are there any additional areas that should be covered in relation to monitoring, reporting and compliance?
- Q.6 Respondents are asked their opinion on the proposed banding for Indicators 11 and 12, Customer Debt. Some price controlled suppliers already collect and submit information at this level of detail. Respondents are asked if it is appropriate for non-price controlled suppliers to also provide information at this level of detail. We would ask respondents to provide supporting information and alternative suggestions.
- Q.7 Respondents are asked their opinion on what monitoring information should be published. We would ask respondents to provide supporting information on their proposal and be mindful of customer transparency as part of their response.

- Q.8 Respondents are asked to provide information in relation to changes in practice which may be required. In particular we will take into consideration appropriate evidence in relation to costs and benefits. It will be most beneficial if responses regarding changes in practices and associated costs and benefits first state the individual Code and particular requirement in question, secondly set out why the change in practice is required, and thirdly set out any evidence regarding costs and benefits linked to the change in practice.
- Q.9 Do respondents think that the publishing requirements outlined cover all relevant areas? Are there any further comments that respondents have with relation to publishing Codes of Practice?
- Q.10 Do respondents think that the section of the Code in Annex 1 relating to identifying customers in difficulty covers all relevant areas? Are there any further comments that respondents have with relation to identifying customers in difficulty?
- Q.11 Do respondents think that the section of the Code Annex 1 relating to payment arrangements and monitoring covers all relevant areas? Are there any further comments that respondents have with relation to payment arrangement and monitoring?
- Q.12 Is there any further information you wish to provide in respect of Fuel Direct or Third Party Deductions?
- Q.13 Respondents are asked for their opinion on the proposals for disconnection and reconnection fees. We would ask for supporting information on any comments made.
- Q.14 Do respondents think that the section of the Code in Annex 1 relating to methods and procedures to avoid disconnection covers all relevant areas? Are there any further comments that respondents have with relation to identifying customers in difficulty?

- Q.15 Do respondents think that the section of the Code in Annex 1 relating to providing accurate and timely bills covers all relevant areas? Are there any further comments that respondents have with relation to providing accurate and timely bills?
- Q.16 Are there any other areas which the Code on Payment of Bills should cover?
- Q.17 Do respondents agree that a consistent definition of debt across suppliers, for the purpose of the Code of Practice on the Payment of Bills, should be established?
- Q.18 Respondents are asked their opinion on the proposed definition of debt with regards to the Code of Practice on Payment of Bills or suggest an alternative definition which may be used across all suppliers. We would ask respondents to provide supporting information as to why a specific definition would be appropriate and be mindful of monitoring procedures as part of their response.
- Q.19 Respondents are asked to provide any additional comments on the attached draft Code minimum content, which they feel will help to improve the Code.
- Q.20 How could suppliers monitor self-disconnection and self-rationing in prepayment customers?
- Q.21 Do respondents think that the section of the Code in Annex 2 relating to the services provided covers all relevant areas?
- Q.22 Do respondents think that the section of the Code in Annex 2 relating to disconnection of customers who are of pensionable age, disabled or chronically sick covers all relevant areas? Are there any further comments that respondents have with relation to disconnection?

- Q.23 Do respondents think that the section of the Code in Annex 2 relating to raising awareness of service provision covers all relevant areas? Are there any further comments that respondents have with relation to awareness raising?
- Q.24 Are there any other areas which the Code of Practice on provision of services for persons who are of pensionable age or disabled or chronically sick should cover?
- Q.25 Do respondents agree that a consistent definition of a complaint for all suppliers, for the purpose of the Code of Practice on Complaints Handling Procedure, should be established?
- Q.26 Respondents are asked their opinion on the proposed definition of a complaint with regards to the Code of Practice on the Complaints Handling Procedure or suggest an alternative definition which may be used across all suppliers. We would ask respondents to provide supporting information as to why a specific definition would be the most appropriate and be mindful of monitoring procedures as part of their response.
- Q.27 Do respondents think that the section of the Code in Annex 3 relating to the accessibility of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to accessibility?
- Q.28 Do respondents think that the section of the Code in Annex 3 relating to the transparency of complaints handling procedures covers all relevant areas? Are there any further comments that respondents have with relation to transparency?
- Q.29 Do respondents think that the section of the Code in Annex 3 relating to the promptness of complaints handling procedures covers all relevant areas? Are

there any further comments that respondents have with relation to effectiveness?

- Q.30 Do respondents think that the section of the Code Annex 3 relating to alternative dispute resolution covers all relevant areas? Are there any further comments that respondents have with relation to alternative dispute resolution?
- Q.31 Are there any other areas which the Code of Practice on Complaints Handling Procedure should cover?
- Q.32 Do respondents have any comments to make on the proposed industry standard to update prepayment meters for a change in tariff? Do respondents have any comments to make on how customers can be informed to ensure they understand this process?
- Q.33 Do respondents think that the section of the Code in Annex 4 relating to the information provision covers all relevant areas? Are there any further comments that respondents have with relation to information provision?
- Q.34 Do respondents think that the section of the Code in Annex 4 relating to the suitability of a prepayment meter covers all relevant areas?
- Q.35 Do respondents think that the section of the Code in Annex 4 relating to payments for prepayment customers covers all relevant areas? Are there any further comments that respondents have with relation to payments?
- Q.36 Are there any other areas which the Code of Practice on Services for Prepayment Meter Customers should cover?

## Annex 1: Code of Practice minimum standard on Payment of Bills

This Code of Practice guidance outlines the minimum actions required to fulfil the obligations detailed in the Condition 30 of the Electricity Supply Licence and Condition 2.12 of the Gas Supply Licence

### Definition of Debt

*“any amount which remains unpaid outside the payment terms in the supplier’s terms and conditions. For example, if a customer’s payment for a bill is due within 14 days from the date of the bill, then this amount would be defined as debt if it remained unpaid from day 15.”*

### Identifying customers in difficulty

- a) Distinguish, so far as is reasonably practicable, those Customers who may have difficulty in paying bills through misfortune or inability to cope with credit terms (“**Customers in difficulties**”) from other Customers in default; (Condition 30, 3 (a) Electricity, Condition 2.12.3 (a) Gas).

In order to fulfil this requirement suppliers must:

- form relationships with advice giving organisations and charitable organisations which seek to help customers who are, or may be at risk of, having difficulty paying bills. In particular, suppliers should form relationships with organisations representing those groups covered by section 75 of the Northern Ireland Act.<sup>40</sup>

<sup>40</sup> <http://www.legislation.gov.uk/ukpga/1998/47/section/75>

- seek permission from the relevant advice giving organisations to share their contact details and publish the up to date list of said contact details on their website.
- proactively seek to identify and communicate with customers having difficulty or at risk of having difficulty paying their bills. This should be done at an early stage in order to prevent the build up of debt.
- use interactions with customers to improve customer insight data to help identify customers having difficulty, or at risk of having difficulty paying their bills.
- use customer records to identify those who have experienced difficulty in the past and offer early intervention to prevent debt building up.
- increase customer awareness of debt advice services and provide proactive sign posting to advice services where they may receive assistance such as benefits entitlement checks.
- ensure appropriate training is given to all staff who come in contact with customers so they may identify customers at risk of having difficulty paying bills. They will ensure all staff who have contact with consumers, including sales, billing, credit control, customer service and field staff etc are aware of the need to identify customers having or at risk of having difficulty paying bills and ensure all relevant services are offered.
- encourage customers having or at risk of having difficulty with payments to self-identify to utility companies;
- language in correspondence should be non-threatening and supportive and all customer contact should be friendly and non-aggressive.

- ensure all records for those customers identified as having difficulty, or at risk of being in difficulty paying bills are fully updated and flagged appropriately in the supplier's information systems.
- encourage contact from customers in the event of a change of circumstances. e.g. redundancy or incapacitating illness or injury.
- If a consumer is identified having difficulty paying bills or at risk of having difficulty paying bills, a supplier may, where appropriate, with the customer's consent and in line with Data Protection provisions, refer the customer to an appropriate agency or organisation.

### **Providing information on Energy Efficiency**

b) Provide relevant information as to how Customers in difficulties might be able to reduce their bills in the future by the more efficient use of electricity (gas).  
(Condition 30, 3 (b) Electricity, Condition 2.12.3 (b) Gas).

In order to fulfil this requirement suppliers must:

- adhere to and make customers aware of the Code of Practice on the Efficient use of Electricity (Gas) and proactively provide customers with advice and services as detailed in the Code.

## Payment arrangements and monitoring

c) Make arrangements, taking into account Customers' ability to comply with such arrangements, which enable Customers in difficulties to pay in instalments the charges accrued for the supply of electricity (gas) ("instalment arrangements"). (Condition 30, 3 (c) Electricity, Condition 2.12.3 (c) Gas).

In order to fulfil this requirement suppliers must:

- make arrangements for the payment of arrears in instalments which may include instalments paid via direct debit, cash or prepayment meter or, as a last resort, third party deductions from benefits. Suppliers must make reasonable endeavours to ensure that repayments are appropriate for the customer's individual circumstances.
- establish procedures for setting repayments levels based on ability to pay. These procedures will include:
  - Staff training and appropriate instruments designed to assess ability to pay.
  - Where appropriate, agreements with independent advice giving agencies to carryout financial assessments.
  - Setting appropriate repayment levels (to include customer involvement in setting appropriate repayment levels and customer appeals procedures where they are unable to cope with repayment levels).
  - Methods of identifying those at risk of having difficulty paying their bills. Furthermore, suppliers will take into account factors which may exacerbate difficulty in paying bills such as poor literacy, numeracy or IT skills, lack of bank account or rurality.

- for standard credit and Direct Debit customers, establish a reasonable repayment period, as a minimum allowing customers to repay the debt over the same length of time it has taken the debt to accrue.

d) Detect failures by Customers in difficulties to comply with the instalment arrangements. (Condition 30, 3 (d) Electricity, Condition 2.12.3 (d) Gas).

In order to fulfil this requirement suppliers must:

- monitor debt repayments and reassess level of repayment if it is apparent that the customer is having difficulty in keeping up with the repayments.
- contact customers at least once during the repayment period, usually within 3 months of the beginning of the repayment period, to request information on ability to cope with repayments and where appropriate shall consider adjustments to the repayment level. It is advised that suppliers continue to monitor the account for signs that customers are struggling e.g. a typical vend purchase patterns.

e) Ascertain, with the assistance of any information provided by other persons or organisations, the ability of Customers in difficulties to comply with the instalment arrangements. (Condition 30, 3 (e) Electricity, Condition 2.12.3 (e) Gas).

In order to fulfil this requirement suppliers must:

- consider each individual's situation and ability to pay arrears. Where appropriate and with the customer's consent, suppliers shall use information provided by other persons or organisations to ascertain the ability of customers in difficulty to comply with payment arrangements.

- where customers are unhappy with the level of repayment, make them aware of the Consumer Council's role in dispute settlement. If requested during a complaints investigation by the Consumer Council, suppliers will provide to the Council evidence on the procedures used for assessing ability to pay.

f) Provide for Customers who have failed to comply with the instalment arrangements, or procure for them the provision of, a prepayment meter (where safe and practicable to do so. (Condition 30, 3 (f) Electricity, Condition 2.12.3 (f) Gas).

In order to fulfil this requirement suppliers must:

- where Direct Debit or standard credit customers paying by instalments fail to comply with an agreed payment arrangement, offer to provide a prepayment meter where it is appropriate to do so and in compliance with relevant licence conditions and the Code of Practice on Services for Prepayment Meter Customers.
- make such customers aware of the Code of Practice on Services for Prepayment Customers and proactively provide customer services as detailed in the Code.

g) Calibrate any prepayment meter provided, whether in accordance with paragraph (f) above or otherwise, so as to take into account Customers' ability to pay any outstanding charges due from them to the Licensee in addition to the other charges lawfully being recovered through the prepayment meter. (Condition 30, 3 (g) Electricity, Condition 2.12.3 (g) Gas).

In order to fulfil this requirement suppliers must:

- act in accordance with section C above.

h) Ensure that any calibration of the prepayment meter to recover outstanding charges due from any Customer does not operate so as to recover more than 40 per cent (except where the consumer has in writing requested for a higher percentage to apply) from each amount that is purchased by the Customer in any single transaction (and thereby transferred to the token, key or card by which the prepayment meter is operated), as payment of or towards the outstanding charges. (Condition 30, 3 (h) Electricity, Condition 2.12.3 (h) Gas).

- For the avoidance of doubt the licence details an upper limit which states that suppliers shall not force customers to accept repayment levels which exceed 40% of the customer's energy spend in a single transaction. Suppliers must not automatically set repayment rates of 40% per vend, they must first demonstrate, that they have taken steps to contact the customers and used all reasonable endeavours to take into consideration ability to pay.

### **Methods and Procedures to avoid disconnections**

i) in so far as is reasonable and practicable to do so, take all reasonable steps to avoid cutting off the supply of electricity(gas) to Domestic Premises occupied by Customers in difficulties unless it has first taken all reasonable steps to recover the charges accrued for the supply of electricity(gas) to the premises by means of a prepayment meter. (Condition 30, 3 (i) Electricity, Condition 2.12.3 (i) Gas).

Before gas suppliers disconnect for reasons of debt, in order to fulfil the above licence condition suppliers must:

- have appropriately trained staff make reasonable endeavours to contact the customer by phone or by personal visit prior to disconnection. Additionally, suppliers must inform the customer of their intent to disconnect with a reasonable estimation of date of disconnection.
- at every stage of the process, offer the customer a means to avoid disconnection by repaying the debt at reasonable instalments or by installing a prepayment meter appropriately calibrated to repay existing debt.
- make reasonable attempts during this process to identify customers who are of pensionable age, who are disabled or chronically sick or on low incomes.
- during the disconnection visit, the supplier or the supplier's agent will make final attempts to identify customers who are of pensionable age, who are disabled or chronically sick or on low incomes. This will entail a personal visit to the property at risk of being disconnected and doing a visual check for signs customers who fit the criteria. This visit needs to be made by appropriately trained personnel. If a customer's wellbeing is assessed to be at risk, disconnection should be halted and, with the customer's consent, be referred for assistance to the appropriate organisation.
- in the event of disconnection in error, for example where a customer has been disconnected during October to March but identified as being vulnerable (in accordance with Condition 31 (4)(c) in the electricity

supply licence and Condition 2.11.4(c) in the gas supply licence) after the disconnection, suppliers must make reasonable endeavours to reconnect the customer within 24 hours (on working days). Where such a disconnection is made in error the supplier must not apply disconnection or reconnection charges to the customer.

- where a customer has been disconnected due to debt, take steps to ensure that disconnection and reconnection charges are not onerous and do not exceed the actual costs of disconnection and/or reconnection. They will take steps to ensure that disconnection and reconnection charges can be paid in line with other repayments over an appropriate period of time and total repayments (whether the debt was accrued for energy costs or disconnection and/or reconnection costs) should not exceed the 40% repayment ceiling detailed in section h.
- where a domestic customer takes their electricity or gas through a non-domestic supply for example a flat above commercial premises, make best endeavours, where aware, that domestic customers are not disconnected inappropriately if the commercial premise no longer receives supply.
- not disconnect any customer for non-payment of bill when there is an ongoing complaint or dispute in process (i.e. still classed as an unresolved stage 1 or stage 2 billing complaint with the Consumer Council).
- monitor all customers who have been disconnected and contact them to see if they wish to be reconnected.
- must keep a record of all contact with the customer and attempts to contact the customer and all actions taken in relation to disconnections and reconnections. Suppliers may be asked to supply these records to

the Consumer Council and or the Utility Regulator during a dispute or investigation.

### **Providing accurate and timely bills<sup>41</sup>**

j) Provision of information to customers. Condition 38 Electricity Supply Licence, Condition 2.19 Gas Supply Licence.

The gas and electricity supply licences state specific information requirements for customers, some of which will have an impact on payment of bills.

Suppliers will make customers aware of the information they are entitled to as detailed in Condition 38 in the Electricity Supply Licence and Condition 2.19 in the Gas Supply Licence.

In order to fulfil the above licence condition suppliers must:

- provide accurate and easy to understand bills to all credit customers.
- use all reasonable endeavours to make an actual meter read on at least an annual basis and ensure that Direct Debits accurately reflect actual consumption. In gas suppliers can do this on their own behalf, however, electricity suppliers have an arrangement with the Distribution company to make sure meters are read at least once a year.
- when unable to read the meter, meter readers shall leave clear instructions on when they will return and how customers may provide suppliers with self reads (telephone number or website address).

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<sup>41</sup> This is in keeping with the ERA Code of Practice on Back Billing for Domestic Customers <http://www.energy-uk.org.uk/publication/finish/43-code-of-practice-for-accurate-bills/412-the-code-of-practice-for-accurate-bills-back-billing-for-domestic-customers.html>

- suppliers shall clearly mark where a bill has been based on an estimated read and inform customers of the possibility of debt accrual with continued estimated meter reads.

In the event that a customer has been incorrectly under-billed as a result of errors by the supplier, suppliers will not bill the customer for the difference in what has been billed and what has been consumed for more than 12 months prior to the most current bill. This will occur where the supplier has:

- Failed to set up an account or issue bills to an account despite instructions from the customer or the Network Operator
- Based bills on estimated meter readings where no valid meter reading attempts have been made, or where customer self-reads have not been used or no opportunity has been provided for self reads.
- Based bills on inaccurate meter reading data.
- Based bills on the wrong tariff.
- Billed incorrectly based on mistakes in bill calculation i.e. where the system makes an error.
- Failed to reassess a payment arrangement (eg. Direct Debit) within 15 months or
- Failed to do anything about a query or fault raised by the customer regarding the account or meter and subsequently allowed a large debt to build up on the account.

In all instances, if there has been an error in billing in the company's favour, they must return the difference to the customer. This is not restricted to the 12 month time frame. Customers should pay for energy used and this provision is not intended as a way of avoiding payment.

### *Other Issues*

Suppliers should encourage collaborative working with customers in difficulty through early, supportive contact.

Where a third party Debt Collection Agency (DCA) or any third party contractor is used, suppliers shall ensure that the contractor adheres to the Code of Practice on Payment of Bills and adheres to OFT (Office of Fair Trading) guidelines<sup>42</sup>. Suppliers shall be held fully responsible for the actions of any third party debt collection agency acting on their behalf. Any breach of this Code by a third party DCA will be considered to be a breach by the supplier the DCA is acting for.

Suppliers should take all reasonable steps to prevent fraud and meter tampering.

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<sup>42</sup> [http://www.offt.gov.uk/shared\\_offt/business\\_leaflets/consumer\\_credit/OFT664Rev.pdf](http://www.offt.gov.uk/shared_offt/business_leaflets/consumer_credit/OFT664Rev.pdf)

## **Annex 2: Code of Practice minimum standard on Provision of Services for persons who are of Pensionable Age or Disabled or Chronically Sick**

**This Code of Practice guidance outlines the minimum actions required to fulfil the obligations detailed in Condition 31 of the Electricity Supply Licence and Condition 2.11 of the Gas Supply Licence**

### **Type of Customer**

This Code of Practice cover customers who are of pensionable age or disabled, including in particular domestic customers who are disabled by virtue of being blind, partially sighted, deaf or hearing impaired or chronically sick.

### **Services Provided**

- a) Licensee will at the request of any such Domestic Customer, where reasonably practicable and appropriate, and in each case free of charge [details in licence]: (Condition 31, 3 (a-e) Electricity, Condition 2.11.3 (a-e) Gas).

In order to fulfil the above licence condition, at the request of any such domestic customer where reasonably practicable and appropriate, suppliers must, for no cost:

- provide where necessary and appropriate special controls and adaptors for electrical and gas appliances and meters and reposition meters (including prepayment meters).
- provide special identification for employees authorised by the Licensee to visit households. This will include operation of a password scheme.

- provide advice on the use of electricity and/or gas appliances and other gas fittings (where appropriate) to any customer who requests it.
- operate a nomination or bill redirection service for those customers who wish to have their bills redirected to a nominated person in addition to a copy of the bill sent to the actual customer if requested. Suppliers must ensure that the nominated person has agreed to receive the bills.
- arrange to read the meter at least once each quarter and advise the customer of that reading where the customer or no one else in the household can read the meter.
- arrange for free annual gas safety inspection of the gas appliances and other gas fittings on the consumer's side of the meter for those customers who are of pensionable age, disabled or chronically ill. This only applies to households where all occupants are of pensionable age or disabled or chronically sick or minors. This does not apply where the landlord of the consumer is responsible for the annual inspection in accordance with the Gas Safety (Installation and Use) Regulations (Northern Ireland) 2004. The safety inspection must be undertaken by a person possessing appropriate expertise. (Gas Only)

b) The Code of Practice shall include arrangements by which the Licensee will on request and free of charge [details in licence] : (Condition 31, 4 (a-b) Electricity, Condition 2.11.4 (a-b) Gas).

In order to fulfil the above licence condition suppliers must on request and free of charge

- provide alternative formats of communications for those domestic customers who require it including provision for customers who are blind or partially sighted or deaf or hearing impaired. This will include as a minimum, terms and conditions, billing information, Codes of Practice, complaints procedures and will include having facilities available to assist blind or partially sighted, or deaf or partially deaf customers to enquire or complain about any bill, statement or service provided to them.

### **Disconnecting Customers who are of pensionable age, disabled or chronically sick**

c) The Code of Practice shall include arrangements by which the Licensee will deal with disconnections [details in licence] : (Conditions 31, 4 (c-e) and 31.6 (a-b) for Electricity, Conditions 2.11.4 (c-e) and 2.11.6 (a-b) for Gas).

In order to fulfil the above licence conditions suppliers must

- not disconnect a customer who has not paid their bill and is of pensionable age, disabled or chronically sick and lives alone or only with other persons who are of pensionable age, disabled, chronically sick or under the age of 18 during any winter period, that is to say, a period beginning with 1 October in any year and ending with 31 March in the following year.
- take reasonable steps to avoid disconnecting the supply to premises where a bill has not been paid and includes an occupant who is of pensionable age or disabled or chronically sick during any winter period, that is to say, a period beginning with 1 October in any year and ending with 31 March in the following year.

- take all reasonable steps to ascertain whether a domestic property falls within the scope of the two previous points before exercising any right to disconnect the property.
- in the case of disconnection of a domestic property maintain for at least six months or where a complaint has been made, six months after the complaint has been resolved, a record and evidence of the steps taken to ascertain whether the occupants include persons who are of pensionable age or disabled or chronically sick or minors. This evidence must be provided to the Authority on request.

### **Awareness-raising of services provided**

d) The Code of Practice shall include arrangements by which the Licensee will on request and free of charge [details in licence] : (Condition 31, 5 (a-d) Electricity, Condition 2.11.5 (a-d) Gas).

In order to fulfil the above licence condition suppliers must

- establish and maintain a register of domestic customers who are of pensionable age, disabled or chronically sick and who wish to be included on the list.
- ensure that the register holds sufficient information of the age, disability or chronic illness of domestic customers to allow their special needs or requirements to be identified.
- inform domestic customers at least annually of the existence of the register and how eligible customers can sign up to it.
- provide (free of charge) advice and information to customers on the services available from their supplier because of their age, disability or

chronic illness.

- demonstrably promote customer care registers to encourage greater identification and sign up of eligible for customers.
- encourage appropriate organisations (such as but not exclusive to advice giving agencies) to raise awareness of the existence of customer care registers amongst members and clients.
- ensure that relevant staff are adequately trained in the identification of customers who may be eligible for the customer care scheme and in treating customers in an empathetic manner and encourage customers to self-identify.
- where appropriate and in line with data protection provisions, provide information in the customer care register to any relevant party licenced to convey gas or distribute electricity to the domestic consumer's premises under the Gas Order or the Electricity Order in an appropriate form and at appropriate intervals.

## Annex 3: Code of Practice minimum standard on Complaints Handling Procedure

This Code of Practice guidance outlines the minimum actions required to fulfil the obligations detailed in the Condition 33 of the Electricity Supply Licence and Condition 2.8 of the Gas Supply Licence

### Definition of complaint

*“Any expression (through various possible channels: letter, email, phone, physical claim or other method) of dissatisfaction for any person.”*

### Accessibility of Complaints Handling Procedure

- a) The Code of Practice shall include arrangements by which the Licensee will establish and operate ***an accessible, equitable and transparent, simple and inexpensive*** complaints procedure which shall enable any person who is being supplied with electricity or gas by the Licensee or has at any time received a supply of electricity or gas from the Licensee, to bring and have ***promptly dealt*** with any complaint he may have in respect of the Licensee’s activities in providing such a supply.

The complaints procedure established and operated by the Licensee in accordance with the Code of Practice shall as a minimum:

- specify the period, which may differ for different types of complaint but which shall not be longer than three months, within which it is intended that complaints will be processed and resolved;
- be made available to any person without charge;
- facilitate the fair and prompt settlement of complaints and disputes; and
- provide for a system, where required by the Authority under Condition 29 of the electricity licence and under Condition 2.20 of the gas licence or otherwise warranted, of making a reimbursement and/or compensation payment to complainants. (Condition 33, 2 & 3, Electricity, Condition 2.8.2 and 2.8.3 Gas)

In order to fulfil the above licence condition suppliers must:

- ensure that customer facing staff are able to inform any person about the energy company's complaints handling procedure and the role and contact details of the Consumer Council.
- ensure that the relevant terms and conditions, customer statements and bills and any other applicable literature refer to the existence of the Code of Practice on Complaints Handling and should signpost people to how they can get a copy.
- provide, free of charge to any person who requests it, a copy of the Code of Practice on Complaints Handling Procedure in hard copy or where appropriate other format as agreed with the person.
- place a link to up to date details of the complaints handling procedure in a prominent position on the home page of their website
- ensure that the complaints handling procedure is sufficiently accessible to enable any person and in particular those persons with disabilities or those without internet access to lodge and progress a complaint.
- ensure that complaints procedures should be transparent and simple so that they do not deter any person from making a complaint.
- have in place low cost options for any person to make a complaint that must include but not be limited to:
  - a phone number charged at the equivalent of a local call rate
  - a Northern Ireland postal address
  - an email address or internet web page form.
- allow for complaints to be made and progressed orally (by telephone or in person) or in writing (including email).

- where a person who is of pensionable age, disabled or chronically sick or has other specific needs or someone representing such a person makes a complaint, the energy company must take additional steps as deemed necessary or appropriate to help the person resolve the complaint in an appropriate and prompt manner.
- have due regard to the Gas (Individual Standard of Performance) Regulations (Northern Ireland) 2014<sup>43</sup>. This applies to gas suppliers only.

## Transparency

In order to fulfil the above licence condition suppliers must:

- have a clearly written Code for handling complaints made by any person (including Domestic and Industrial and Commercial customers).
- ensure that the Code is concise, easy to understand and written in plain English.
- as part of the Code suppliers must include information about:
  1. The contact details for making a complaint
  2. The process for making a complaint
  3. The steps the supplier will take to investigate and resolve the complaint
  4. The timeframe in which the supplier will endeavour to resolve the complaint which shall not be longer than three months, including a prompt first answer or acknowledgement within 5 working days of the receipt of the complaint and the lead time to deal with a complaint. Gas Suppliers must take account of the Gas (Individual

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<sup>43</sup> <http://www.legislation.gov.uk/nisr/2014/60/contents/made>

Standards of Performance) Regulations (Northern Ireland) 2014 when establishing timeframes for dealing with complaints.

5. The contact details for alternative dispute resolution i.e. the Consumer Council.
  6. The arrangements for compensation arrangements (if applicable).
- set out, in the Code of Practice, the different remedies that may be available to a person under the complaints handling process such as:
    1. An apology
    2. An explanation
    3. The taking of appropriate remedial action by the supplier
    4. The award of compensation in appropriate circumstances
  - on receipt of a complaint, record:
    1. The date the complaint was received
    2. In what format the complaint was made (oral/written)
    3. The identity and contact details of the relevant person making the complaint or on whose behalf the complaint is made
    4. A summary of the complaint
    5. A summary of any advice given or action taken
    6. Whether the complaint was resolved and if so an explanation of why it is deemed resolved.
    7. The date the complaint was resolved.
    8. If the complaint remains unresolved, the supplier must record the date that the consumer was advised that they may pursue the complaint through the Consumer Council.
  - retain written records collected through the complaints handling procedure for a period of at 2 years.
  - record all complaints in keeping with agreed classification.

- allow for compensation if applicable under Condition 29 in the electricity supply licence and Condition 2.20 in the gas supply licence (if applicable). Gas Suppliers must provide compensation in accordance with the Gas (Individual Standards of Performance) Regulations (Northern Ireland) 2014<sup>44</sup>.

### **Prompt and Effective**

In order to fulfil the above licence condition suppliers must:

- establish clear timeframes, and a clear and reasonable escalation process for dealing with complaints with clear commitment to specified response times.
- ensure timely and fair investigation and resolution of complaints and show how it is intended that complaints will be processed and resolved within three months.
- allocate and maintain such level of resources as may reasonably be required to enable them to receive, handle and process consumer complaints in an efficient and timely manner.

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<sup>44</sup> <http://www.legislation.gov.uk/nisr/2014/60/contents/made>

## Alternative Dispute Resolution

b) The Licensee shall keep each of its Customers informed: (a) of the Customer's rights to initiate the Licensee's complaints handling procedure (as established in accordance with the requirements of Condition 33 for electricity and Condition 2.8 for gas); (b) that the General Consumer Council can assist in resolving complaints which the Licensee has not resolved to the Customer's satisfaction; (c) that the Customer has the right to refer complaints which relate to billing matters to the Authority where the General Consumer Council has not been able to resolve the complaint to the Customer's satisfaction; (Condition 38, 10 (a-c) Electricity, Condition 2.19.10 (a-c))

In order to fulfil the above licence condition suppliers must:

- ensure appropriate training is given to all staff who come in contact with customers or the general public so they may make any person aware of the company's complaints handling procedure.
- ensure that front-line staff are fully informed and trained on the right of consumers to use the Consumer Council if they are unhappy with how their complaint is being handled.
- ensure appropriate correspondence (such as bills, statements etc) provided to customers includes information on the right of consumers to take unresolved complaints to the Consumer Council. The information will include:
  1. The contact details of the Consumer Council.
  2. Reference to the fact that any person can utilise the scheme at no cost to themselves.

3. The person's right to go to court if they deem the solution unsatisfactory is not affected by this procedure.
- include this information in their Complaint Handling Procedure so that it is available to any person making a complaint.

## Reporting Requirements

Report on Performance. Condition 36, 2 (e) & 3 of the Electricity Supply Licence, Condition 2.23.2(e) & 2.23.3 of the Gas Supply Licence.

The gas and electricity supply licences state reporting requirements with regard to performance on complaints. In order to fulfil the above licence condition suppliers must:

- provide to the Authority and publish on an annual basis with the number of complaints received by the Licensee, whether made in writing, in person or by telephone and the number resolved by the Licensee.
- provide a copy of their complaints report free of charge to any person who requests a copy.

## Annex 4: Code of Practice minimum standard on Services for Prepayment Meter Customers

**This Code of Practice guidance outlines the minimum actions required to fulfil the obligations detailed in Condition 34 of the Electricity Supply Licence and Condition 2.9 of the Gas Supply Licence**

### Information Provision for Prepayment Meter Customers

(a) provide advice, information, services and facilities, including the availability of emergency credit, which will assist the Domestic Customer to avoid being without a supply of electricity (gas) at particular times or in particular circumstances; Condition 34, 3 (a) Electricity Supply Licence, Condition 2.9.3 (a) Gas Supply Licence.

In order to fulfil the above licence condition suppliers must

- provide an explanation of what a prepayment meter is and will ensure that customers receive instructions on the use and operation of the prepayment meter before it is installed or at installation.
- use best endeavours to ensure that customers understand the tariffs and charges for using a prepayment meter, in particular a comparison between the prepayment tariff and other available tariffs and the supplier's policy on refunding credit balances.
- provide details on the amount of emergency credit associated with the meter and an explanation of how emergency credit works.

- provide details of how to access information on vending facilities in the customer's area, including the location and hours available.
- ensure that where a prepayment meter is installed in order to collect outstanding debt, the supplier makes reasonable endeavours to ensure that the customer fully understands the terms and conditions of the repayment arrangement before the installation of the prepayment meter and the implications for their payments and outstanding debt (i.e. the actual amount to be deducted along with per cent of debt) and what to do if they have difficulty maintaining debt repayments.
- provide customers with information about how debt will be recovered i.e. on a per vend basis but advise that times of lower usage may be a good opportunity to reduce their debt.

(b) instructions for the operation of the prepayment meter system, including token availability, emergency credit and other such facilities; Condition 34, 3 (b) Electricity Supply Licence, Condition 2.9.3 (b) Gas Supply Licence.

In order to fulfil the above licence condition suppliers must

- when the meter is installed and upon request at any other time, at no charge, provide instructions on how to operate the meter which are expressed in clear, simple and concise language, and in a format which makes it easy for a person not familiar with the operation of a prepayment meter to understand. These instructions must also be available on the suppliers' website.
- provide instructions on how and where payments to the account can be made.

- ensure that customers understand when to expect their change of tariff number sequence and how to use it. Suppliers must adhere to relevant procedures when issuing change of tariff number sequences to customers.
- if requested, must use its best endeavours to provide the operating instructions in a language other than English or another format such as Braille.
- where applicable, provide details on how the customer can access up to date information on the amount of their debt, the likely length of time to repay the debt and how their tariff for debt recovery has been calculated.
- ensure that the customer can reasonably access facilities to top up the prepayment meter. (Suppliers will consider issues such as internet access, mobility issues and the geographical coverage and location of nearest outlets where prepayment meter top ups are available).

d) details of where the Customer may obtain information or assistance if the prepayment meter or any device used to allow the Charges for the Supply of Electricity(Gas) to be paid through the prepayment meter is not operating effectively; Condition 34, 3 (e) Electricity Supply Licence, Condition 2.9.3 (e) Gas Supply Licence.

In order to fulfil the above licence condition suppliers must:

- provide the telephone number(s) for advice on use of meter, complaints and emergency service.

## Suitability of Prepayment Meters

c) details of the advantages and disadvantages of prepayment meters, including situations or types of Customer for which they are particularly suited or unsuited; Condition 34, 3 (c) Electricity Supply Licence, Condition 2.9.3 (c) Gas Supply Licence.

In order to fulfil the above licence condition suppliers must:

- list in the code of practice the advantages and disadvantages of a prepayment meter taking different customer groups into consideration
- proactively seek to identify any customer for whom a prepayment meter may not be suitable especially customers who are of pensionable age, disabled or chronically sick.
- proactively seek to ensure that customers are aware of alternative payment methods.
- for customers that are in debt, point out the benefits of prepayment meters in debt repayment. Forced installation of prepayment meters should be used as a last resort in the debt recovery process in order to avoid disconnection.
- assess the suitability of prepayment meters for a given customer (especially customers who may be of pensionable age, disabled or chronically sick). It is important that customers are capable of using any metering technology that is provided safely and that they can access the meter and access a location to purchase top-ups for their prepayment meter.
- ensure that for customers with a disability or older customers, that the meter is located in a position which is accessible to the customer and that the customer is able to operate the meter (for example are the

buttons and display screens accessible for those with sight impairment or other disabilities). Where necessary and appropriate the supplier will arrange for the provision of special controls or adaptors to enable the customer to operate the meter.

- must not install a prepayment meter in a household where a life support system or critical care medical equipment is required<sup>45</sup> (electricity only).
- Where the supplier becomes aware that an existing prepayment customer is experiencing difficulties physically using the meter or accessing top up facilities, the supplier should work with the customer to make an alternative arrangement for payment.
- ensure that customers are aware that if they do choose to change supplier their options for vending may change

### **Payments for Prepayment Customer**

d) details of any additional charges which may be payable for the use of prepayment meters and the basis on which these charges are calculated; Condition 34, 3 (d) Electricity Supply Licence, Condition 2.9.3 (d) Gas Supply Licence.

In order to fulfil the above licence condition suppliers must:

- make customers aware of any additional charges payable for the use of a prepayment meter and how these additional charges are calculated.

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<sup>45</sup> <http://www.nie.co.uk/Customer-information/Critical-care-register>

- advise customers of any charges which will be made for replacement of lost cards and the amount of such charges.

e) information about the procedures the Licensee will follow when removing or resetting the prepayment meter, including the timescale and any conditions for removing or resetting it. Condition 34, 3 (f) Electricity Supply Licence, Condition 2.9.3 (f) Gas Supply Licence.

In order to fulfil the above licence condition suppliers must:

- provide customers with information on procedures, timescales and any other conditions for resetting or removing a prepayment meter.
- where appropriate, provide instructions on how to obtain a refund of remaining credit when the prepayment meter contract is terminated.
- consider a greater level of emergency credit for those customers on a customer care register (in accordance with the licence condition Condition 31 electricity supply licence, Condition 2.11 gas supply licence) who may have periods of incapacitating illness.