



## ***Action for Warm Homes***

**National Energy Action Northern Ireland's response to the Utility Regulator's Supplier of Last Resort (Electricity) Consultation on Dealing with Customer Credit Balances**

**June 2017**

## About NEA

NEA is the national charity working to ensure affordable energy for disadvantaged energy customers. NEA's strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers, including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government, and develops practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth. NEA's educational and training initiatives have recently won the National Ashden Award, which recognised the importance of improved knowledge and understanding of domestic energy efficiency among consumers and communities, and their work to up skill the workforce across the energy industry.

## Introduction

NEA NI is pleased to respond to this consultation on dealing with customer credit and balances in cases of supplier failure. Lessons have been learned from the unfortunate closure of Open Electric in 2016, therefore it is timely to ensure customers are protected under the existing Supplier of Last Resort (SoLR) process.

As competition increases, it is more apparent that in the case of a supplier ceasing to operate, there must be mechanisms in place to protect the consumer. As the document shows, a number of similar mechanisms are in place within other sectors which compensate consumers. We envisage that supplier failure will be a rare occurrence, and we commend the Regulator for taking this precaution in the event of any future suppliers closing.

**Q1. Do you agree that the scope of any protection measures implemented to resolve issues with regard to outstanding credit balances due to a SoLR event should only apply to domestic customers? Please provide supporting information and evidence for your response.**

Having reviewed the factors affecting the non-domestic market, we agree with the Utility Regulator's (UR) assertion that indeed businesses are likely to be in a position to make their own informed choice, and be aware of the risks about switching to a new supplier and therefore are not required to be within the scope of the protective measures.

**Q2. Which of the proposed approaches do you consider most suitable for resolving the issue of the coverage of the protection for customers' options with outstanding credit balances. Please provide supporting information and evidence for your response. If you have an alternative proposal, please provide sufficient detail for further analysis.**

We feel that in line with the current position in GB, a full reimbursement should be provided to customers with remaining credit and this should either be paid directly to the customer or added to their credit with the SoLR. This also reflects the principles in other sectors as outlined in the document (5.9).

We do not feel that capping is fair on the customer and a differential should **not** be made between keypad and credit customer. With regard to customers who have already switched

but still have a remaining balance owed to them; according to the information on the [OFGEM website](#), these customers in GB still receive their full recompense, so we feel that they should be included and afforded the same rights.

**Q3. If you consider that capped domestic reimbursement is the most suitable approach for resolving the issue of coverage for outstanding credit balances, please provide your views on how the capped amount should be calculated.**

N/A.

**Q4. Which of the proposed approaches do you consider most suitable for resolving the issue of payment options for outstanding credit balances. Please provide supporting information and evidence for your response. If you have an alternative proposal, please provide sufficient detail for further analysis.**

We agree with the UR and propose the combination of levy and SoLR. We feel that this is the fairest method of balancing part of the responsibility with the supplier. The customer ultimately pays either through bills or through the Public Service Obligation (PSO).

**Q5. If you consider that the SoLR should pay a fixed amount per customer acquired through the SoLR event, please provide your views on how the amount paid for each customer should be calculated.**

We note that the average payment is likely to be around £100 per customer, so it may be simpler to incur a split percentage of half each. The GB proportion, as mentioned in the example, was undisclosed therefore it may just be fairer for a straightforward 50/50 split.

## **Data Management**

We note the document makes recommendations on a pre-agreement to simplify the transfer of data in the event of supplier failure. This would be one of the most important aspects to ensure the smooth transition to the SoLR, and we are pleased to see this included in the document.

To conclude this, we believe this is a valuable process which ultimately seeks to ensure that customer protections are in place and are equitable. Unfortunately, as outlined there will be

losers i.e. those customers who have just switched, yet monies still remain with the failed supplier. As outlined above, we believe this is inequitable and in order to gear customers up in awareness of switching, we recommend that customers who are switching should be made aware of these potential issues. While rare, they can occur and customers should be provided with clear advice on the pros and cons of the process.

**Response submitted on behalf  
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