Centre for Sustainable Energy

Consumer Vulnerability Strategy: Refresh

Closing date: 5 November 2024

About Us

The Centre for Sustainable Energy (CSE) is a charity (charity 298740) supporting people and organisations across the UK to tackle the climate emergency and end the suffering caused by cold homes. We do this by sharing our knowledge, practical experience, and policy insights. For over 40 years, we have supported people to take effective action on energy in their homes. We help communities and local councils to understand energy issues, set priorities, and put plans into action. Our research and analysis focus on making the energy system greener, smarter, and fairer. Through our advice line, home visits and one to one support, we support around 15,000 people a year to reduce their bills and make their homes more energy efficient.

We deliver fuel poverty services for two of the electricity network operators and six local authorities. Through these services we support thousands of people of low incomes who often have multiple vulnerabilities. They are unable to navigate the energy market without our support. Our support helps them find an amicable solution to their issue which ultimately helps the energy supplier by lowering their unserviceable debt, reducing customer service enquiries, and reducing the number of interventions they face from the ombudsman. Our response here is informed by the experience of the thousands of people we speak to in fuel poverty every year, and our own research exploring the path to net zero and ending fuel poverty.

Q1. Do you agree that we should not prioritise updating the vulnerability definition?

Yes / No / I'm Not Sure

Give us your views about how we define vulnerability

We agree that for the time being, there is no need to update the definition. The definition is sufficiently broad to cover most aspects of vulnerability. We also agree that risk factors for vulnerability can be complex and multi-dimensional, and vulnerability can be temporary and dynamic and triggered by life events. We are pleased to see the inclusion of "language exclusion" in the description of vulnerability.

However, the rise in smart tariffs and technologies that are rapidly changing the energy system are also changing the distribution of costs and benefits between consumers, and the offers available to them. If people find that they do not have access to smart energy offers or are left behind, then they are more likely to fall into vulnerability. Further detail is set out in answer to question 11.

If the rise of smart energy tariffs and technologies starts to result in significant new patterns of disadvantage and harm, it may in the future justify revising the vulnerability definition to capture these.

Q2. Do you agree with our proposals to retain the five themes?

Yes / No / I'm Not Sure

Yes, we agree with the retention of the five themes.

However, we note that the fourth theme - Encouraging positive and inclusive innovation - is given the lowest priority. We feel this is a mistake given that the target of a zero-carbon electricity system by 2030, along with the impending introduction of half hourly bill settlements, is likely to bring about a very rapid evolution of the energy market.

Our concern is that if we do not design inclusively now and anticipate the changes coming, then this new energy market will have unfairness locked into it.

We would encourage Ofgem to monitor the ability of all consumer segments to access and benefit from innovative products and tariffs, and to act where there is evidence that some consumers are excluded from these while effectively paying for others to do so.

We support the introduction of clear indicators of success for each theme, and the clarity on how success will be measured. However, we would also like to see a greater emphasis on enforcement. It is not clear how Ofgem intends to ensure that energy companies meet the requirements set out in the strategy, or what sanctions might apply should suppliers not deliver the desired outcomes.

What has lacked in the past is enforcement and effective redress. Currently, the consequences for energy suppliers for poor practices are insignificant and do not result in an improvement. Vulnerable customers are left with symbolic goodwill payments that fall far short of the harm caused by the supplier's poor practice or failure to meet requirements. We think more effective redress is required when the Ombudsman finds poor supplier practice, especially for those in vulnerable situations.

Q3. Do you agree with our proposal to retain 'working with partners to solve issues across multiple sectors' as a cross-cutting theme?

Yes / No / I'm Not Sure

Yes, we agree with the retention of this theme but are concerned about the lack of outcomes, a definition of success and a defined work programme. Without clarification, this theme could easily get sidelined. We would like at least one outcome of each of the other themes to be concerned with working with partners to integrate this approach across the strategy.

We support the proposal to share PSR data between utility sectors and the 'tell us once' model of vulnerability data sharing.

We consider there is untapped potential for providers of energy advice services to act as trusted intermediaries on behalf of consumers, as there are now many organisations beyond Citizens Advice capable of offering consumers expert energy advice. For example, CSE's Horizon Scan Research Project 2023 (see report and database here) found there were 349 organisations providing energy advice and support in the area covered by National Grid Electricity Distribution, and only 70 of these were local Citizens Advice teams. We understand that it would not be practical to enable any local organisation offering energy advice to have a direct line with suppliers to help resolve issues for vulnerable customers. However, there are a range of professional energy advice organisations who should be given the status of trusted intermediaries (like CSE but not limited to us). To address this, we propose that Ofgem establish and maintain a list of suitably qualified and experienced energy advice organisations that are approved as trusted intermediaries. This could be managed through an open and transparent process with criteria for registering to become a trusted intermediary clearly published. We suggest that this is added to the work programme under this theme.

Q4. Do you agree with our proposed outcomes for Theme 1? (Yes/No/partially)

Q5. Give us your views on how we define success and measure the progress of these outcomes

We agree with the two sub-outcomes under theme 1. However, the operation of the PSR needs the following further refinement.

Notification of entry to PSR

Customers are not always aware that they have been placed on the PSR. We are aware that some energy companies do this already, e.g. National Grid Electricity Distribution, but we are not aware of any energy suppliers that do this. This means that many of the vulnerable customers we support are unaware of the additional support and protections they are entitled to through a PSR registration, causing unnecessary harm to these customers. To address this, we propose that customers should be clearly notified if they have been added to the PSR and be sent details of the services and benefits available to them, via post or email (based on their stated preference). If their details are shared with other organisations, customers should know which organisations know about their vulnerable circumstances, and what the benefits are of being on each of their PSRs.

We recommend that sub-outcome 2 be amended to read as follows:

> Sub-outcome 2: Vulnerable customers should have sufficient understanding of and easy access to the support and services available to them, including via the PSR, *and should be informed they have been placed on the PSR.*

The measure and sign of success would be as follows:

Measure: reporting on number of leaflets sent out compared to number of new PSR sign ups that year.

We welcome the new change for suppliers to report on the Customer Satisfaction and Complaints Metric scores for customers on the Priority Services Register.

Preferential customer support for PSR customers

Under sub-outcome 2, it is not clear what benefit consumers get from energy providers from being on the Priority Services Register. Our experience is that with most energy providers, PSR customers get no extra support in resolving issues or understanding their bills. If a non-digitally literate PSR customer wishes to tell their supplier about a change in their circumstances, they should be able to get through to them easily over the phone. However, we find that PSR customers can be waiting up to an hour to speak to their supplier and that these calls often get cut off.

We would like to see minimum standards for what suppliers offer their customers on PSR and for this to be communicated in an accessible way. As an example, PSR customers should have direct access to a specially trained team of customer service agents for support with their energy use, billing, debt, etc.

We therefore propose an additional sub-outcome to clarify the additional support energy companies should offer PSR customers:

Sub-outcome 3: Vulnerable consumers signed up to the PSR should have preferential access to over the phone customer service advice.

Measure: low percentage of abandoned / failed calls

Success: low average waiting times for customers in vulnerable circumstances to have their call answered and circumstances updated over the phone.

Success: Low statistics of failed or abandoned calls.

Creation of Joint Priority Services Register

We welcome the creation of a joint PSR, though with the proviso that an agreed standard should be created for cleansing PSR data and sharing data between organisations. We are aware of variations between DNOs in how they cleanse and maintaining their PSR data. If a "Tell us once" approach is to be adopted and be successful, PSR data kept must be reliable and must be kept up to date.

Q6 Do you agree with our proposed outcomes for Theme 2? Yes/no/I'm not sure

Q7. Give us your views on how we define success and measure the progress of these outcomes

We agree with both sub-outcomes under theme 2, however would make the following comments.

Consumer satisfaction and understanding of bills:

Considering the speed with which tariffs are evolving, we feel Ofgem should revisit their work on billing. The lack of a consistent approach to structuring bills makes understanding them difficult for consumers and energy advisers alike. Flexible and smart tariffs promise to make billing even more complicated.

If suppliers are reluctant to standardise their bills, we propose that a standardised summary page with key information is sent to all PSR customers along with the suppliers' bills to all PSR customers.

Clear billing is a particular issue for vulnerable customers, but all customers have a right to expect bills that are easy to understand.

Additionally, where a bill states whether a customer would be better off on another tariff it needs to use all available tariffs (including smart ones) for comparison, not just similar tariffs. This would help identify cheaper options for vulnerable customers whose usage already suits a time-of-use tariff, but who might otherwise not engage in smart energy services.

It is encouraging to see debt relief schemes such as British Gas' "You pay: We pay" scheme being trialled. In our experience, however, these currently lack transparency and create confusion for customers we support. Further, there is limited information about the scheme, and no method for trusted energy advice organisations (refer to our response to Q3) to refer vulnerable customers into it.

Customers self-disconnecting is the ultimate demonstration that debt management and debt support measures have failed we would therefore propose an additional measure to be reported on:

Measure: number of people self-disconnecting.

The best way for customers to have accurate bills is for them to have a working smart meter. Please see Question 11 on theme 4 for details of our proposals to improve the number of working smart metes and in turn the uptake of smart meters by consumers in vulnerable circumstances.

Q8. Do you agree with our proposed outcomes for Theme 3? Yes/no/I'm not sure

Q9. Give us your views on how we define success and measure the progress of these outcomes

We support sub-outcomes 1 and 2 but would include the following.

Energy companies should be required to provide interpreting services for those vulnerable customers who need it. We support many customers who have difficulty in communicating in English, and when liaising on their behalf with energy suppliers we must fund the necessary phone-based interpreting services ourselves. The charity sector should not have to pick up this financial burden.

As noted in response to question 5, we find that PSR customers can wait up to an hour to speak to their supplier and that these calls often get cut off. Similarly, customers with mental health conditions might not be capable of repeatedly calling, waiting in long queues, and chasing to get problems resolved, and may effectively be excluded. They need the support of support agencies such as CSE to resolve issues. We believe energy companies should be required to provide dedicated support from a suitably trained and qualified team for vulnerable customers.

CSE is sometimes authorised to contact an energy company on a customer's behalf, but we frequently find that even where this is the case, this permission is frequently lost, delaying and limiting the help we can provide. We would like to see a more reliable process for storing and retrieving this information but both water and energy companies, potentially overseen by Ofgem or integrated into the proposed shared PSR list.

As discussed in response to question 7, we would support standardised bill summary for all customers, a standardised, simplified bill format for PSR customers, or at least minimum standards for bills.

Q10. Do you agree with our proposed outcomes for Theme 4?

Yes, No, not sure

Q11. Give us your views on how we define success and measure the progress of these outcomes

Yes, we agree with the outcomes associated with theme 4. The success criteria and measures will allow Ofgem to look at innovation solutions in the retail sector and to evaluate how easily different products, services and tariffs can be taken up and accommodated by diverse customers. This is welcome.

Our research on the HOMEflex Code of Conduct has shown that inclusive innovation and consumer protection can build confidence in the smart energy market and widen access[1]. Consumer confidence in suppliers impacts on the willingness of vulnerable consumers to engage in the transition to net zero as they cannot afford to take risks. As we have said in our response to Q2, we would like to see a greater focus on enforcement from Ofgem.

We welcome the inclusion of a success measure 'internal monitoring of new products and services to assess inclusiveness of design.' CSE runs its own smart energy products and services assessment in our Smart and Fair programme of market monitoring and know that this is a powerful way to evidence how well different consumer groups are served by the smart energy market. We hope that in Ofgem taking on this role they can regulate the emerging market effectively to ensure that inequalities are not exacerbated. We would encourage Ofgem to consider CSE's Smart Energy Capabilities Lens[2] as a tool that supports this assessment. Alternatively, Ofgem could require energy suppliers, demand side response service providers (DSRSPs) and even smart appliance manufacturers use proactively assess their own products, tariffs and services and report on any customer segments are being excluded. The HOMEflex Code of Conduct[3] makes similar recommendations for DSRSPs.

However, CSE's Smart and Fair programme has found that, to lower barriers and reduce disadvantage (two of the success criteria for theme 4), innovation driven by principles of equity and inclusion is needed beyond just the design of consumer offers. Inclusive innovation is needed around network planning and infrastructure investment decisions. We need to ensure that wealthier consumers in neighbourhoods with higher demand and faster electrification trajectories are not prioritised without considering the impacts on poorer consumers in neighbourhoods that do not see the same level of investment but incur the costs of an increasing system. Innovation is also needed in the procurement of flexibility by DSOs and NESO to examine, for example, whether assets delivering community benefits or wider societal benefits can be prioritised over assets that do not deliver these benefits, for example community owned or run flexibility assets and services. Innovation in engagement and support services is needed as well, for example allowing trained energy advisors access to vulnerable clients' smart meter data (with their consent) to be able identify the best solutions for their individual circumstances, as we have proposed in Ofgem's recent consultation on the Consumer Consent Solution.

Therefore, we suggest that in addition to consumer insight and behavioural science research, Ofgem develops a method of distributional impacts assessment to understand not only the uptake of products and services, but the outcomes and wider impacts of system change on households in vulnerable circumstances. We would particularly like to see Ofgem evidence and model how the costs and benefits of a hugely increased electricity

[1] CSE (2023) HOMEflex Qualitative Research. A report for Flex Assure and Scottish and Southern Electricity Networks [HOMEflex Qualitative Research Report - Centre for Sustainable Energy]
[2] Smart & Fair: Working with the smart energy capabilities lens - www.cse.org.uk/resource/smart-and-fair-working-with-the-smart-energy-capabilities-lens/
[3] HOMEflex_Code_Final_web_Ver1.pdf

system are spread across different consumer groups. This will contribute to the 'reduce disadvantage' metric.

Our Smart and Fair programme has also found that there is a lack of clear terminology to describe smart energy offers, making it hard to compare similar offers, or understand the differences between offers. In addition to confusing terminology, there is also little descriptive information or transparency about expected costs and benefits. This impacts people's ability to navigate the market and makes it hard to know which products and services work together. Research from Citizens Advice has flagged the importance of testing messaging about smart energy offers and the risk that different demographics will interpret information provided differently (Citizens Advice, 2020). They have also argued for a national information campaign, independent net zero advice service and public information on smart tariffs (Citizens Advice, 2023a). Our research suggests that in addition to these factors, we need to mandate standardised information that flexibility service providers and manufacturers of smart energy products publish and agree a simple methodology to produce costed examples for smart energy offers which will allow households to understand how products, services and tariffs combine to affect household running costs. This will aid consumers, but also allow more effective oversight of the market by consumer advocacy organisations.

For the 'lower or eliminate barriers' measure we suggest that Ofgem capture the forms of support available, including the availability of smart energy advice and community based or local support. Vulnerable households will not be able to benefit from innovative solutions if they cannot rely on trustworthy smart energy advice to support them.

CSE considers that government should fund the provision of personalised smart energy and low carbon technology advice and invest in the training of advice organisations. Our Smart and Fair programme shows a need to upskill energy advisors about smart energy offers and low carbon technologies so they can help people navigate the increasingly complex energy market. Advice is key to support households effectively participate in the transition and will ensure faster take up and more effective use of low carbon technologies. The importance of smart energy advice will increase as we move to market wide half hourly settlement and time-of-use tariffs become more widespread.

In the absence of the provision of independent, market-wide advice, energy providers should take a capabilities-based approach to engaging with domestic consumers, recognising the diverse factors that affect a household's ability to access different smart energy offers and effectively participate in emerging energy markets. This will require a change in approach from energy providers who must go further to understand their customers' capabilities to benefit from smart and flexible offers and technologies. They should also use the capability lens to proactively assess the offers they have available.

The smart meter roll out is key to the smart energy transition and net zero but the high proportion of non-working smart meters and difficulty getting issues resolved is a barrier to engaging in the smart energy transition, particularly for those in vulnerable circumstances. This is because consumers in vulnerable circumstances are less likely to be able to advocate for themselves to get issues resolved, and they are also less likely to take the risk and agree to having a smart meter installed due to having heard of the high instance of issues households are having with them.

We propose an additional measure of success:

Measure: proportion of smart meters working in smart mode.

Suppliers should be required to report on how many of their smart meters are functioning correctly and how many are broken or faulty – and to provide this breakdown by meter type (Economy 7 or standard) and payment type (credit or prepayment). Broken/faulty smart meters cause a lot of harm for vulnerable customers, erode trust in the technology and delay the smart energy transition.

Another approach to reducing the barrier to entry for vulnerable customers would be a requirement to include smart tariffs in the check energy suppliers are required to do to make sure their customers are on the cheapest available tariff, as we have explained in our response to Q7. It is difficult for many vulnerable customers to compare their smart meter data against potential smart tariffs – whereas their energy supplier has access to the smart meter data and could use it to quickly identify when a customer could benefit from a smart tariff with no or minimal shift in their consumption patterns.

Q12. Do you agree with our proposals for suppliers to present how they are helping consumers in vulnerable situations?

Yes, we welcome the proposal to require annual presentations from energy providers on how they are delivering good outcomes for their vulnerable consumers. We think it essential that interested stakeholders be present e.g. consumer groups and charities, and that an effective means is provided for them to feed back to Ofgem on the quality of the suppliers' data. We suggest that ahead of the presentations, suppliers submit a written summary of their response, enabling stakeholders to pose questions, raise issues and interrogate the answers effectively.

Q13. Do you agree with our proposal to publish our findings from these presentations? Yes /No /I'm not sure

Give us your views on our proposal to publish our findings from these presentations?

We welcome greater transparency in reporting annually on the actions in the strategy against the published themes.

We would like to see Ofgem share data and statistics in a way that is easy to access and to understand by vulnerable consumers and by the organisations that support them. For example, presenting the measures reported against by energy suppliers in a clear table that aids comparison will help improve transparency and help foster trust in the energy system. We would welcome seeing data disaggregated for each supplier. Metrics should also include the number of consumers self-disconnecting or proactively engaged by supplier. Such data would be useful for our advisors to have when someone is switching. It would also be useful for switching sites to have these metrics available so that customers can chose suppliers who are most likely to meet their needs.

Q14. Do you agree with our proposal for a live Strategy on our website?

We welcome the creation of a 'live' online Strategy to reflect changing priorities and projects. We suggest the content is organised to allow organisations to easily find up to date information and to understand quickly what changes have been made to previous versions. There also should be a consideration of Search Engine Optimisation when designing the website.