

SSE Airtricity response to Best Practice Framework consultation

15th September 2023

Introduction & background

SSE Airtricity welcome this opportunity to respond to the consultation from the Utility Regulator (UR) on the Best Practice Framework. SSE Airtricity continues to be supportive of the significant commitment from the UR to codify the energy industry's protections for vulnerable customers and once again state our support for standardisation of the principles applied across industry for these customers. As a large supplier, we have extensive experience in dealing with customers in both acute and long-term vulnerability and can share that experience with the UR in developing the principles-based approach now proposed for the upcoming Code of Practice (CoP).

We acknowledge that the UR has already taken our feedback from previous consultations into account such as the distinction between tangible and intangible vulnerabilities and the new proposal for a two-tier customer register. We re-emphasise that it is not the role of suppliers to record customer vulnerability 'just in case' without a correlating benefit and so we welcome the distinction being made between these two groups.

Throughout this document you will see we have key themes which underpin our response. These can be grouped into:

1. Empowering customers to self-identify as needing supports
2. Prioritising tangible outcomes for customers
3. Resource and costs remaining proportionate to customer benefit

Empowering customers to self-identify as needing supports

As the UR is aware, we have invested significant resource over the past two years in our Affordability workstreams and through this we have learned how best to maximise the supports already available both internally and through third parties. We have further deepened relationships with third party advice agencies to allow warm referrals into the business as despite our repeated efforts there remains a cohort of customers that will not accept supports directly from suppliers, even if they would benefit from these.

Agencies such as Advice NI and Consumer Council have access to customers through grass roots that we simply cannot reach and therefore as an industry we must utilise all channels of referrals and information sharing to truly reach the people who need help the most. It is incumbent on the customer to make themselves known to us and opt-in to the variety of supports we have available – this allows us to provide the best assistance possible, tailored to their needs and removes any risk on our part of assuming

vulnerability where there is none. As a supplier and wider industry, we can provide a suite of supports for customers, but it is premised on the customer feeling informed enough to 'raise their hand' and request such support.

It should also be noted that while we have minimum standards across suppliers set out in our Licences and existing Codes of Practice, SSE Airtricity already goes above and beyond these standards. For example, the current CoP protects customers on the energy care register from disconnections in winter for debt, however SSE Airtricity are signatories of the voluntary Energy Engage Code where we commit to never disconnect any customer who engages meaningfully with us. This affords protection from disconnection to all customers regardless of the vulnerability status. This allows suppliers the flexibility to treat each customer on a case-by-case basis with tangible supports, rather than prioritising some households because they meet this new broader criteria and/or simply have the wherewithal to register. We believe it is best to prioritise outcomes based on the customer's circumstance rather than labelling certain cohorts as vulnerable without any tangible benefit.

Prioritising tangible outcomes for customers

The proposed CoP goes some way to achieving this as it allows suppliers to utilise the processes we already have embedded and focus on the outcome for customers. As this is the first time an outcome-based CoP has been implemented by the UR, we stress at the outset that any future audits must take the spirit of the Code into consideration. Suppliers have been afforded an opportunity to deliver for customers based on these principles and this is only achievable if we have certainty that we will not be penalised by the UR based on how we have achieved these outcomes.

Resource and costs remaining proportionate to customer benefit

Finally, as these measures are operationalised by industry, the UR must remain mindful of the costs associated with both the implementation and future obligations on suppliers, which will ultimately be passed on to the customer base. Any additional measure must therefore be considered in terms of its customer benefit and proportionality of costs associated. Where there is no measurable benefit to customers, these measures should be reconsidered. In addition, specifically for our regulated gas supply business the deliverables of this programme will require dedicated resource. Upon completion of the proposals, SSE Airtricity Gas Supply will be submitting our resource requests to deliver this programme which has not been catered for in our current Supply Price Control allowances.

We recognise that this project is comprised of two separate deliverables, one is the Code of Practice and the second is the centralisation of registers across NI. We will take each of these in turn, focusing first on the points raised in the proposed Code.

Code of Practice

Vulnerability definition

The UR has provided a new definition of vulnerability which is designed to capture a broader range of customers. We acknowledge the merits of widening the scope to cover every eventuality, however such a broad definition could be interpreted as applying to the majority of our customer base. With such a wide definition and potentially exponential list of vulnerable customers, suppliers run the risk of prioritising a wide cohort and therefore diluting the services afforded to those who should genuinely benefit from being given elevated protections. For example, the definition as it stands will include those who are dependent on medical equipment or require assistance with reading their bill etc., however it could also now include a customer with a child under five years old or going through a bereavement. Such a broad definition could result in a wide cohort of customers being added to a register without any tangible benefit to them. It's simply not clear why the UR is proposing that having children under five means the customer is somehow less able to achieve fair outcomes in the energy market.

For this broad definition to be efficiently operationalised, the UR must empower suppliers to deliver tangible outcomes based on the customer's needs rather than focusing on compliance with individual measures and classification of customers as vulnerable on a register.

This can be achieved by training customer facing teams to look out for signs of vulnerability and create a space for the customer to share information about their circumstances, allowing agents to adjust their processes accordingly, rather than storing data 'just in case'. This case-by-case approach to vulnerability is most relevant in relation to existing processes such as debt recovery & disconnection. For example, if a customer had a young child in the home, it would not be appropriate for suppliers to capture that on the account at sign-up as there is no additional service that the supplier would offer in that circumstance. However, at a later stage if the customer falls into debt and is in an escalated debt recovery process, it would be proportionate for the supplier to enquire if there were young children at the property before disconnection. Vulnerability circumstances and the capturing of such data must be linked to a service or action on the customer's account. Capturing data that is on the basis of a potential future vulnerability is customer profiling and must not be endorsed.

As suppliers, we will engage sensitively with customers to ensure that they feel comfortable sharing pertinent information with us, we will adjust accordingly and if appropriate make a note of that on their account. However, this category of intangible, transient vulnerability causes difficulty around identification, classification, storage, maintenance and sharing.

Therefore, suppliers must be empowered to apply logic and subjectivity to provide the appropriate and relevant outcomes depending on the circumstances of the customer, particularly if this is a permanent (age/disability) or a temporary vulnerability (stress, bereavement, financially struggling).

Customer engagement

A key aspect of Code is the principle that it must be at the customers discretion to determine the protections or supports they require. As an industry, we offer a suite of supports that require a customer to inform us of their circumstances so we can make an informed decision to best support them. This will allow a more tailored approach as not every protection should apply across the customer base in equal measure. By empowering the customer, we remove the risk of suppliers assuming a reason for vulnerability and instead create the environment for a customer to only share information that is pertinent to the tangible support available.

As of now, the defined characteristics of vulnerability (pensionable age, chronically sick and registered disabled) can be explained to customers, and it is evident when the criteria have been met. The current opt-in mechanism for registers works well as it empowers the customer to make an informed decision on whether they would like to be included in a register and the tangible benefits associated with that. Even with the characteristic nature of the current registers, some customers still opt-out of registration despite the best efforts of suppliers. This could be attributed to a stigma associated with the registers or a perception that the register and supports are 'not for them'.

Expanding the definition to include transient and less tangible vulnerability makes it more difficult for suppliers to identify if the criteria has been met. It is not possible for suppliers to either identify vulnerability, nor is it appropriate for suppliers to make this determination on their behalf. A necessary part of this new Code is to empower customers to engage with suppliers to assess appropriate protections and supports rather than placing the onus entirely on industry to identify.

Costs

SSE Airtricity is committed to delivering protections for vulnerable customers as evidenced by our extensive work on our recent affordability workstream. We are supportive of the Code of Practice to be implemented and a proportionate, cost-effective suite of measures for customers. Any changes to process will carry a cost in either resource or system updates and therefore there must be an associated benefit to customers. As any costs are ultimately passed on to the customer base, these must therefore be proportionate to the customer benefits. There are significant new requirements for staff training and promotion of registers etc. listed within the proposed Code and while we agree with the benefits there are costs associated with delivering these. We suggest that where possible, suppliers should coordinate our efforts to minimise costs, examples of this could be staff training, industry research or promotion of care registers through a centralised campaign. Finding efficiencies will be key to keeping the cost of delivering this Code proportionate for the end consumer.

Cost minimisation is particularly important for regulated businesses such as SSE Airtricity Gas Supply as we do not have the flexibility to add new requirements or resources without amending our Supply Price Control allowances. Any amendments are subject to approval by the UR.

As we move to implementation of the new Code of Practice and the costs associated become apparent, we will be engaging with the UR Price Control team to seek recovery of additional costs required to remain compliant.

Call handling targets

The new Code introduces a classification of ‘affordability and vulnerability-themed’ calls. This is not a classification which we use. Instead, all customer facing agents are trained to offer supports for customers in vulnerable circumstances and therefore any call can be considered as affordability or vulnerability themed. In order to manage our call centre efficiently, all call metrics are monitored. These metrics are used to ensure we are sufficiently resourced and deliver a functional call centre for all customers. This has been recently reinforced to suppliers with the UR’s new supplier guidance on call centre metrics which includes a target for call handling averages. The UR is requiring suppliers to simultaneously reduce call handling averages and also remove monitoring for specific calls. This is an inconsistent message to suppliers and one we cannot consistently train out to agents.

The UR should therefore remove the prohibition of call handling targets for calls that may be “affordability or vulnerability themed”.

Disconnections and debt

Another key element to be mindful of is the potential disengagement of certain customers if the winter disconnection moratorium is extended to the level set in measure 5.1 and 5.2. This will result in an exponential increase of customers qualifying for the winter disconnection moratorium and therefore removing any incentive to engage with their supplier. The fact that this measure is in place in itself is suggesting that suppliers do not engage with customers in financial difficulty and is undermining the requirements and proactive work we do to engage with any customer before we put them forward for disconnection.

We treat disconnection for debt as a last resort and so have robust debt recovery processes in place to ensure we do not disconnect any household which could be considered vulnerable. We already apply this high standard of protection for customers such as those on the current register, as well as others who could be considered vulnerable including households with small children or with some other form of transient vulnerability. SSE Airtricity however overlays these criteria with the principles in the Energy Engage Code. Meaning that household makeup alone is not the only determining factor when considering disconnection protections. Provided a customer genuinely engages with us they will never be disconnected regardless of their vulnerability status. Relying on the makeup of the household rather than customer’s engagement will lead to customers exploiting these protections and reducing the likelihood of them ever repaying their debt. This is not a financially sustainable position for suppliers.

Amending household makeup to include children under 5 (Measures 5.1 & 5.2) will also be impossible for suppliers to manage. We cannot proactively identify the makeup of a household, nor can we keep this information up to date.

Capturing information relating to children is particularly risky from a data protection perspective as children are given additional protections under the GDPR. It is therefore not appropriate or possible for suppliers to capture this information or use it on to determine approach to disconnection. In addition, we note that for our current customer base it's not clear how we could capture such information and manage this on an ongoing basis.

As suppliers we are entitled to recover the costs associated with the energy we supply. By setting the criteria for protection from disconnection to such a wide range of households then the UR is effectively removing the onus on these customers to pay their bills or engage with us. This will lead to a larger proportion of bad debt which is ultimately paid for by the entire customer base.

We therefore require the UR to remove this 'under 5' element of these measures as it not manageable for suppliers to either establish or keep up to date. The existing engagement-based approach to disconnection will deliver a more robust protection for a wider group of customers with a lower risk of being exploited by a disingenuous few.

Centralised Registers

The UR's latest proposal for a centralised register for vulnerable customers is welcomed by SSE Airtricity as this will streamline the process of record keeping across utilities and eventually across Northern Ireland. We recognise the potential efficiencies that can be achieved however in order to realise this, significant work remains to be undertaken by industry including the UR.

Timelines and working group

The UR needs to recognise that any restructuring of the registers is a significant change in process for utilities in NI and this will require a dedicated working group to further consider the implications for customers. Within the consultation document there is acknowledgement that this will be delivered in two phases, however the pathway to that end position is unclear.

In order for these registers to be effective, we must allow sufficient time and resource to carefully consider and agree on the desired outcomes of registers.

The UR has suggested in the consultation that the holders of the future registers should be a DNO and we agree with this. NI Water and NIE Networks already hold centralised information on all households in Northern Ireland and therefore are best placed to hold a single register. For the gas register, we agree that a DNO should also hold this and are aware that there is an upcoming meeting to establish a working group for the gas register. The universal NI register must be held by either NI Water or NIE Networks and the UR should issue a clear direction to nominate one of these organisations to provide clarity to industry.

We recommend that the UR should first set up an NI working group to develop the industry procedures and then this can be subsequently split into utility specific working groups as needed.

This will foster consistency across utilities rather than allowing the gas and electricity working groups to begin independently from each other. The criteria for recording vulnerability are subjective and so will naturally vary between a supplier and DNO and then again between electricity, gas or water customers. A single WG, set up by the UR will aid in consistency of industry procedures and keep all key stakeholders informed and on track. The industry working group should include representatives from each of the three utilities and be guided by the UR.

There are also a number of measures in the proposed Code of Practice that can only be implemented after a new register has been designed. The UR therefore needs to allow for a glidepath of these measures until after new centralised registers come into effect.

Data Protection

There are significant data protection considerations in establishing new registers as there will be new transfers of personal data between organisations. Any processing of personal data is subject to data protection legislation and therefore an update to this processing must be considered in consultation with a representative of the ICO as an advisor to the Working Group. Industry will require a legal basis to collect, process and share this personal data therefore a clear direction is required from the UR to establish such a legal basis for processing. This could be achieved through the formal establishment of industry procedures and a working group.

Consent to join registers

The current customer opt-in model for registers must be replicated on any enduring solution as suppliers cannot be responsible for assuming vulnerabilities on behalf of customers. We understand the UR is keen to capture a higher percentage of the population on the registers however this should not be predicated on suppliers/DNOs applying any type of profiling of customers to add them to the register. This is a data protection risk as well as having the potential to offend customers. The action of centralising the registers will result in an increase in overall numbers particularly where there is a tangible support associated with registration. We strongly advocate for the customer to be educated on the supports available and empowered to ask for the supports that best suit them. This can include being added to the register or not. Suppliers will play their part in promoting and sharing of registers but they should be treated as one of the many options available to customers. This comes back to our earlier point on the importance of customer engagement with the industry as the most effective method to protect them. By educating the customer on the role of the register they can also recognise when they no longer need the protections and un-register by informing the register holder.

The above approach will also eliminate any need for profiling of customers as the UR has suggested in the consultation. As suppliers, we should not be applying any sort of profiling to our customer accounts as we cannot accurately determine vulnerability based on the limited information we legitimately hold as a supplier. No supplier should have an onus placed on us to use data in this manner. It is both in contradiction to data protection principles as well as unreliable as a mechanism to determine needs.

Keeping registers current

With a consent-based register, you then also eliminate the need for register holders to contact customers to check in on their vulnerability status. Adding this obligation to industry is not proportionate based on the limited return it will offer customers. In reality, we are much more likely to offend a customer by contacting them on regular basis to check on their vulnerability status. With an increased number of customers meeting the criteria for registration, this obligation to contact will also overwhelm any supplier/ DNO that must complete it. A more suitable alternative is for agents to share measures available as necessary depending on why they are in contact and make the customer aware of how to re-contact if their circumstances change and they need more or less assistance.

Matrix of Principles and Measures

We have also provided a matrix of comments we have on the individual measures listed within the proposed Code of Practice.

Conclusion

SSE Airtricity supports the work by the UR to codify the additional measures for customers who could be considered vulnerable. This proposed Code of Practice will allow alignment across industry and a more empowered customer who will be aware of the far reaching supports available.

We trust the UR will allow suppliers the flexibility to deliver these consumer protection outcomes as well as the resources required to implement and deliver these new obligations to remain compliant.

We look forward to continuing our engagement with the UR and industry on the development of the new register and ask the UR to continue to provide clear guidance on the matter before deputising industry with delivery.