

By email only

The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

27 June 2024

Dear Rachel,

**Re: Response to Consultation on Code of Practice for Consumers in Vulnerable Circumstances
Licence Modifications**

Budget Energy and Flogas Natural Gas (Flogas) welcome the opportunity to respond to the Utility Regulator's (UR) consultation on the proposed licence modifications to implement the Code of Practice (CoP) for Consumers in Vulnerable Circumstances. Budget Energy is a leading energy provider in Northern Ireland; with over 100,000 customers we are dedicated to bringing a cost-effective choice to the Northern Ireland electricity market. Both Budget Energy and Flogas are part of the DCC plc group and this consolidated response reflects the views of both businesses. In addition, Budget Energy has also contracted with a strong portfolio of renewable energy generation across solar, wind and anaerobic digestion sources. At Budget Energy and Flogas, we are committed to ensuring that our services are inclusive for everyone, but particularly for our customers in vulnerable circumstances.

Unfortunately, Budget Energy/Flogas were not in a position to respond to the consultation on the proposed requirements within the CoP for Consumers in Vulnerable Circumstances last year. We acknowledge that some of our comments within this response may overlap with items discussed within the original consultation. Nevertheless, we consider that the points we are raising are important to reiterate to ensure they have been considered fully.

Licence Format and Update Process

We have observed that the new licence format has reduced the level of detail traditionally included in other codes of practice in the supply licence. This deviation from the established process raises a question, that if it is implemented would it imply that the separate requirements document could be modified in the future without requiring an update to the licence itself or, as we would recommend, by way of an industry consultation?

If so, this approach could potentially affect the stability and predictability of the regulatory framework, with implications for both suppliers and consumers. The prospect of changes to the requirements document without corresponding updates to the licence could introduce uncertainty, complicating our ability to plan and makes changes operationally, especially if changes were introduced that were not fully consulted on, or changes were made at short notice.

This seems to mark a departure from the standard procedure, and we believe it is crucial to understand the rationale behind this change to ensure clarity and maintain a level of confidence that any changes are fully consulted on with adequate time to review and respond.

General Comments in response to Consultation for Licence Modifications.

As highlighted in recent consultation responses, it is our preference that consultations proposed by the Utility Regulator thoroughly assess the cost, benefits and associated resource implications of implementing these new standards. Suppliers are already facing significant costs associated with compliance, and full consideration of these should be taken account of in the overall modifications to avoid undue financial strain on suppliers and consumers alike.

In our view, it is vitally important that these costs are factored in, together with a realistic and phased lead time for implementation. In addition, there should be an opportunity for further review once implemented to address any potential unintended negative consequences should they arise.

Practical Challenges of Defining Vulnerability

The definition of vulnerability can be wide, varying, and transient. Furthermore, consideration on definitions regarding financially vulnerable customers poses practical challenges, particularly for small energy suppliers in Northern Ireland with a high proportion of keypad customers. Vulnerable customers are a dynamic group with fluctuating circumstances, making it difficult to consistently identify and apply the same standards of vulnerability.

While having a broad and standard definition may be beneficial in some cases, it must be considered in a way that accommodates the diverse needs of consumers and suppliers alike. As outlined, a phased implementation with a built-in review period will help identify and mitigate any unforeseen issues, ensuring that the new CoP is effective and sustainable in the long term.

We also have concerns about the potential for consumers who do not fall within the definition of vulnerability to falsely claim to be in a vulnerable situation. 'Non-vulnerable' consumers may see an opportunity associated with the supports that suppliers and networks are required to provide to consumers in vulnerable circumstances and, to the detriment of genuine cases, this could lead to them registering when such support mechanisms are not intended for their circumstances.

There is no doubt that the volume of customers on registers will increase significantly and may ultimately affect suppliers' ability to continue to provide the same level of services for those who are genuinely in need. To mitigate this risk, it may be incumbent/necessary on/for suppliers to start requesting additional supporting information from consumers to ensure that those who are genuinely in need are receiving the optimal service from their supplier. This would reduce the risks of consumers who do not fall within the definition of vulnerability registering with their supplier, thus preserving the integrity and efficacy of the support systems in place for genuinely vulnerable customers.

In conclusion, we wish to highlight the need for careful consideration of cost impacts, practical challenges of defining vulnerability, and the specific needs of smaller suppliers in implementing licence modifications. In addition, a realistic lead time will facilitate a smoother transition and enhance consumer protections more effectively.

Yours sincerely,
Paul McNulty
Senior Regulation Analyst

On behalf of Budget Energy/Flogas Energy Regulation Team.