

By email only

Energy Supplier Customer Service Levels Consultation Paper 2024

Utility Regulator
Queen's House
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28 May 2024

Budget Energy welcomes the opportunity to comment on the Utility Regulator's (UR) consultation on Energy Supplier Customer Service Levels. Budget Energy is a leading energy provider based in Derry, Northern Ireland. With over 100,000 customers we are dedicated to bringing a cost-effective choice to the Northern Ireland electricity market. Budget Energy is owned by Flogas Ireland and is part of DCC Group. Budget Energy has also contracted with a strong portfolio of renewable energy generation across solar, wind and anaerobic digestion sources.

We acknowledge that the UR's consultation on Customer Service Levels represents a refresh or step towards achieving improved customer service standards by addressing some key metrics including call wait times, call abandonment rates, and potentially inadequate staffing levels of contact centres. The consultation also looks at consistent processes for setting and reviewing fixed direct debits, and fairer practices across all suppliers. And lastly it looks at reliable refund processes for customer credits, reducing the need for customer requests and ensuring returns of excess payments.

We acknowledge customer behaviour has changed recently due to the significant increase in wholesale energy prices and there has been a significant increase customer contact to their energy suppliers during and post energy crisis. While we broadly welcome some suggestions, we do feel that some of the proposals are too prescriptive, and we would strongly encourage the UR to propose a more evidence-based approach. We feel a less prescriptive approach to customer service proposals could help facilitate more competition and drive innovation in the Northern Ireland (NI) energy sector.

Budget Energy is of the view that if the UR intervenes with a range of new guidelines that are too narrow or prescriptive, the impact could hinder innovation or growth. The proposals within this consultation together with the range of new prescriptive requirements within the new vulnerable customers code of practice, could have an unintended adverse impact of reducing consumer choice in the market as suppliers will need to redirect potential investment on new products and services to the implementation of the range of new requirements.

While we completely understand and support a customer centric view, we believe that the natural development of competition in a market should result in enhanced customer protection and greater choice. However, Budget Energy has a general concern as to the direction of travel within the retail energy market in Northern Ireland. There appears to be little, or no regard given to the development of competition and the benefits this should bring. If we look at other jurisdictions (e.g. in Great Britain) where competition has grown significantly, there are a wide range of different suppliers offering a range of innovative solutions for

customers. The continued singular focus on customer protection and associated compliance enforcement will not attract new companies or new offers into the market. Indeed, Budget Energy believes that it could discourage existing suppliers from expanding their services or offerings.

We would like the UR to clarify the challenges it is trying to address within this consultation as it is our view that the increase in customer contact was purely a result of recent UK government schemes and the energy crisis. Budget Energy believes that a more evidence-based approach focusing on outcomes is possibly more beneficial with a forward-looking view, rather than looking back at previous events. Any intervention should be evidenced, proportionate and justified.

Lastly, we are concerned that the proposed changes will require an increase in full-time equivalents (FTEs) for suppliers. If not researched and substantiated by the UR, this expansion on already existing licence conditions and Codes of Practice will come with associated costs. Therefore, we again strongly urge the UR to ensure that any alterations or additions to Codes of Practice, or amendments in licence conditions are implemented gradually and incrementally. This phased approach allows for the integration, staff training, and addressing any unforeseen challenges that may emerge.

Budget Energy has reviewed the consultation paper and has provided responses, per section with general comments which also address each proposal.

A. Consumers in vulnerable circumstances

Q1. Do respondents agree with proposals 1 to 3 set out in Section 3.9 Consumers in vulnerable circumstances?

Please provide rationale and evidence to support your view.

- **Please ensure you identify which specific requirement your response relates to.**
- **Include any additional requirements that could be included.**

A. General Comments on Section A 'Consumers in vulnerable circumstances.'

We acknowledge there may be potential benefits to the new proposals. However, we strongly believe there isn't an immediate need for changes or intervention by the UR on such a scale. We are concerned that new regulatory standards may drive up costs for suppliers and could distract from innovation or serving our existing customers while we try to comply with what the UR may impose. We feel there is no one-size-fits-all approach for customer services. Many of the points addressing vulnerability lack detail or provide enough clarity from the UR regarding specific definitions of vulnerability, or the varied types of vulnerability, and the transient nature of these vulnerabilities make it difficult to understand the UR's specific concerns in this consultation. We, of course, are willing to discuss and work through any proposals to find a solution that is fair for customers and the supplier community in Northern Ireland.

Proposal 1.

We currently aim to ensure that consumers in vulnerable circumstances can easily identify a method of contacting us. Currently, we display our contact methods on our website, bills, letters, other communication channels, and our social media. Additionally, we provide multiple contact options, including phone, email, live chat, and postal mail. We review and assess the effectiveness of these contact methods through customer feedback (CSAT) and performance metrics to ensure they meet the needs of our vulnerable customers.

Proposal 2.

Budget Energy can foresee many challenges in developing and implement a system to identify and arrange enquiries from consumers in vulnerable circumstances. The definition within the BPF is very broad. We are aware of the challenges of the changing nature of vulnerability and the fact that it may not be easy to define these categories so it would be our preference that the UR specifies whatever scenarios they have concerns about and explain those in detail. This would give suppliers the opportunity to highlight the support we already provide or can provide. Such a wide ranging and broad definition will result in implementation difficulties. Also, we feel a dedicated separate telephone line would not be practical, creating a two-tier system for customers, and a system that could be gamed or easily bypassed by customer seeking to be served faster.

We would like to emphasise that all our agents receive comprehensive training to recognise and respond appropriately to the needs of vulnerable customers. However, we seek clarification on the full aim of this policy proposal. Would a more evidence-based, measured approach be more suitable in this circumstance?

Proposal 3.

We currently have freephone telephone number for all consumers and those in vulnerable circumstances. We also inform eligible customers about this service through various direct communication, e.g. annual prompt, winter readiness booklets, our website, and other formats.

We regularly review and promote this service to ensure all eligible customers are aware and can benefit from it. Furthermore, we also make customers aware of the Northern Ireland Electricity emergency contact details outlined in the CoP's which can assist outside of business hours.

Q2. Do respondents agree with proposals 1 to 11 set out in Section 3.11 Customer contact centre services?

- **Please provide rationale and evidence to support your view.**
- **Please ensure you identify which specific requirement your response relates to.**
- **Include any additional requirements that could be included.**

B. General Comments on section B 'Customer contact centre services.'

We acknowledge the potential benefits for vulnerable customers in some of the proposals outlined in section B, Customer Service Contact Centre Services, however, we feel that 11 proposals or amendments may be excessive and could hinder our ability to respond effectively to customers during critical times, especially if resources need to be diverted from other areas of the business. Additionally, given that suppliers already adhere to many of the steps outlined in our licence conditions and codes of practice, many of these are already being implemented and adhered to currently.

Proposal 1.

We agree with this proposal and are committed to its implementation. As outlined by the UR we aim to ensure we have and maintain robust internal capabilities, systems, and processes for delivering our customer contact centre services, this is evidenced by very recently implemented a new ERP system. This modern and up-to-date system represents a significant investment by the company and our parent organisations, which we feel highlights our intent to not only meet but exceed the required standards for internal capabilities. We would like to highlight that the new ERP system enhances Budget Energy's entire business but specifically operations by automating and streamlining many processes and removes our reliance on third parties for certain business activity, the new system allows for the freeing up agents to take more calls and assist customers more efficiently and therefore delivering a more enhanced a customer experience. In addition, the new system supports our current customer base and is scalable to accommodate our growing customer numbers. We feel we can utilise this technology to ensure efficient and effective customer services.

Proposal 2.

We agree with this proposal and as previously outlined in section one, we currently provide multiple contact options, including phone, email, live chat, and postal. Our contact details and opening hours are on website, bills, and annual statements. Furthermore, on almost all communications, contact details and ways to get in touch are provided and encouraged.

Proposal 3.

We already have measures in place to support vulnerable customers, and already operate later operating hours, with a live chat service available on a Saturday. We also open on a Bank Holiday Monday to ensure our Pay as you go Customers in particular are able to remain on supply following the weekend. We are always reviewing our opening hours, and what we are seeing at present is that Saturday opening may not be best use of our resources. Demand run rate for the past 13 weeks is just over 6 contacts per hour for the 4 hours we are open. Demand between suppliers is likely to be different based on the customer's payment type. As we have such a high proportion of customers on PAYG tariffs, demand for services is at its highest when there is a risk of credit running out - i.e. mid to late mornings.

Proposal 4.

We acknowledge there are potential benefits of the amended requirement and believe we could effectively implement if this was adopted. We acknowledge that consumers must be able to reach our customer contact centre easily without experiencing excessive call wait times. However, in some circumstances it is unavoidable. For example, recent government schemes, in which NI suppliers played a key role, placed a huge burden on suppliers. This meant huge demand on customer service centres and longer than usual wait times were largely outside of our control and unavoidable. We acknowledge that the UR have outlined a 'no more than a 4-minute wait time,' we agree that the average wait time should not be excessive. However, we recommend that this wait time be measured as a quarterly average to account for any unforeseen system issues or other unexpected events that may occur on any given day or week.

Proposal 5.

Triaging all calls to prioritise vulnerable customers makes sense in theory, but in practice, it places a significant financial burden on suppliers and agents, especially with the growing number of vulnerable customers and an aging NI population, pushing more into a technical vulnerability position. For example, the increase in financially vulnerable customers and the higher proportion of keypad customers among smaller suppliers present unique challenges. UR guidance is needed on how suppliers should review and list different vulnerable customer groups so that, during busy times, suppliers know which groups should take precedence. We feel a one size fits all approach won't work across NI for the supplier community and may have a negative impact on other areas of customer services, which could drive wait times or impact other metrics as an unintended consequence.

Proposal 6.

We agree that customer service staff should be adequately trained. We have a full suite of agent training, that develops staff on many levels, from soft listening skills to complaint identification and handling. Furthermore, we also have refresher training for continuous improvement with policies and procedures supporting staff should they fall short of the standards that are set, to assist them and our customers.

Proposal 7.

We feel this is a goal to work towards but simply too rigid as a policy and will come with an inevitable additional cost to set up and maintain. Hiring new full-time equivalents (FTE) or diverting other resources to this area could mean a reduced service elsewhere within the business. We feel it's not always feasible to call back in such a short timeframe, especially during periods of high call volumes during peak times, such as major outages, particular billing periods or cycles. The demand for a call back service may exceed the capacity of the business making it difficult to meet the 24-hour turn-around time. Therefore, we strongly advise the UR to provide evidence of how this will better serve the customer or make these best endeavours goals rather than a one-size-fits-all proposal. Furthermore, some customer enquiries require additional time to resolve, especially complex billing issues or technical problems or issues that may reach across several departments. Often many calls or systems need to be fully reviewed to give that extra quality and we may need a longer timeframe to resolve issues to a satisfactory level. We suggest that the specific timeframe is removed, and that each supplier should define the timeline in which their customers will receive a call back.

Proposal 8.

We broadly agree with the proposal to ensure that call abandonment rates are not excessive, with some caveats. This metric should be measured over a quarterly period to account for unforeseen system issues or other short-term factors that may temporarily impact call abandonment rates. Additionally, UR should consider factors outside the supplier's control that could affect these rates and factor that into any new proposal or regulatory requirement.

Proposal 9.

At Budget Energy, providing excellent customer service is a core value, and we train our staff to the highest standards to manage their roles effectively. We ensure our teams are equipped with the necessary tools and technology to perform efficiently. We acknowledge the UR's guidance that a customer's call must never be intentionally disconnected during contact centre operating hours, except in circumstances beyond our control, such as technical issues or instances where a customer is abusive or threatening.

In adherence to this guidance, our processes include making every effort to return dropped calls promptly. If an agent is unable to call back, detailed notes are left on the customer's account outlining the call information and any necessary next steps. Additionally, if a customer wishes to express dissatisfaction regarding a dropped call, our standard complaints procedures are in place to review and resolve the issue promptly.

Proposal 10.

We believe this approach is overly prescriptive and rigid. We have outlined the reasons above for having very narrow timeframes or service levels of this nature, we would welcome a best endeavours basis to respond or acknowledge or for 48 hours taking account of the supplier's customer contact centre opening hours. This would allow suppliers to adequately respond in this timeframe.

Proposal 11.

Regarding the UR's proposal that suppliers implement a triage system for written contacts, we support the intent to prioritise urgent inquiries to ensure that consumers receive the appropriate support in a timely manner.

However, we foresee several challenges in implementing this system. We would welcome guidelines from the UR on how to prioritise vulnerable groups. This would help the supplier community understand how to prioritise customers during challenging periods. For instance, clarity is needed on whether financially vulnerable customers should have the same priority as medically vulnerable customers.

Currently, implementing the suggested key word searches for identifying vulnerable customers would be a very manual task, as we do not have the automated capability. Manually triaging all written channels (live chat, email, social media) may inadvertently force suppliers to reduce the number of available channels to

offset the manual effort required. This could limit customer choice in how they contact suppliers and potentially cause delays for non-vulnerable customers beyond the standard SLA.

Adding an automated system to triage would incur additional costs for suppliers. We believe that agreeing on an SLA of two working days for a first contact from suppliers would be fairer, ensuring that all customers receive a timely response.

Q3. Do respondents agree with proposals 1 to 3 set out in Section 3.12 Supplier processes for setting fixed direct debits?

- **Please provide rationale and evidence to support your view.**
- **Please ensure you identify which specific requirement your response relates to.**
- **Include any additional requirements that could be included.**

C. General comments on Supplier processes for setting fixed direct debits

Budget Energy broadly support the proposals outlined in Section C. 'Supplier processes for setting fixed direct debits', however we don't feel there is a need for intervention from the UR at this stage which may have the unintended consequence of reducing competition in the NI energy market

Proposal 1.

Our current operations already include the processes outlined. We feel that since these practices are in place and operational, we do not see the need for further intervention by the Utility Regulator (UR).

Proposal 2.

We support Proposal two. Currently we review this information within a 6-month review stage. We are committed to enhancing the communication of payment plans.

This approach ensures that customers are well-informed and provide transparency with their payment arrangements.

Proposal 3.

We agree with Proposal 3 and have already implemented this process as outlined. We urge the regulator to maintain the process without further amendments or additions, as it is working effectively. Our established system aligns with the proposal's objectives, ensuring consistency and reliability for our customers in relation to fixed direct debits.

Q4. Do respondents agree with proposal 1 set out in Section 3.13 Supplier processes for return of customer credit?

- **Please provide rationale and evidence to support your view.**
- **Please ensure you identify which specific requirement your response relates to.**
- **Include any additional requirements that could be included**

D. General comments on supplier processes for return of customer credit

Budget Energy agrees with the proposal. We currently provide customers with options to manage credit on their fixed Direct Debit (DD) accounts. We feel this is no need for a new proposal from the UR with this already existing process

Q5. Do you have comments on the proposed approach for implementation, monitoring and reporting as set out in Section 4?

- **Please clearly detail what aspect that your comments relate to.**
- **Please provide rationale and evidence to support your view.**

Budget Energy suggests that suppliers are provided with sufficient time to implement any new requirements. Given the recently published Vulnerable COP, suppliers will need a good 12 months to implement the changes proposed within this consultation. Many of the new requirements (and amended requirements) will require significant system and process changes. Suppliers will need to budget for these changes and will need a longer lead in time.

We have raised concerns at the start of our response in relation to the range of new specific requirements being introduced by the Utility Regulator in such a short space of time. We firmly believe that the outcome of this will be a reduction in the level of innovation and new products in the market as suppliers must divert funds associated with any new product/ service/ improvement to implement these new requirements. The standardisation of customer facing services will not attract investment nor will it provide the best outcome for customers. Considering this, we suggest that the Utility Regulator considers how it can promote competition in the market and ensure that suppliers can continue to innovate. If this does not happen there is a risk that more suppliers will exit the market, that no new suppliers will enter, and that Northern Ireland customers will not benefit from the multitude of benefits that result from a competitive market.

Q6. Do you agree that where this document has an impact on the groups listed, those impacts are likely to be positive in relation to equality of opportunity for utility consumers?

It is our view that the listed groups are likely to be positively impacted in terms of equality of opportunity. If the proposals are implemented correctly and over a reasonable timeframe that allows for natural competition and growth, they should result in better service for everyone. As a supplier in Northern Ireland, we understand the vital role we play in supporting our communities, and we welcome the positive impacts on listed groups.

Q7. Do you 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.

No, we do not believe the proposals need to be refined to meet the equality provisions. We have provided our detailed views and comments throughout our responses, and we hope they are considered.

Consultation next steps

We would welcome a workshop to discuss the UR's proposals further, especially the specific policy options on ease of contact and to identify what the UR's main policy aims are.

Yours sincerely

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on behalf of the Budget Energy Regulation Team