

28th May 2024

Michael Legg
Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Dear Michael,

Thank you for the opportunity to respond to the Energy Supplier Customer Service Levels consultation. firmus energy supports efforts across the industry to improve customer service standards and constantly strives to improve consumer outcomes. We remain committed to working with the Utility Regulator and other stakeholders to support consumers through challenging times. firmus energy agrees with the Utility Regulator's development of best practice principles and measures to guide industry to better identify, support and protect consumers in vulnerable circumstances. We agree that those requiring additional support should be able to easily access it, however difficulties arise with the practical application of specific proposals in the context of the wider definition of what vulnerable means. We have some reservations about specific elements of this consultation, the materiality of the changes required, the cost and resource implications for suppliers and the potential consequences for customer and supplier outcomes. firmus energy believes that some of the suggested proposals do not necessarily represent the best interests or needs of customers. The increased costs of implementing will be borne by all consumers including the vulnerable. Each proposal is addressed individually below.

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.

New requirement 1. Domestic consumers, in particular those in vulnerable circumstances, must be able to easily identify a method of contacting their energy supplier that meets their needs. The effectiveness of these methods must be regularly reviewed by suppliers.

firmus energy believes all customers should be able to easily identify a method of contacting their supplier that meets their needs and supports implementing whatever additional sign posting may be necessary to ensure those in vulnerable circumstances can readily do so.

firmus energy already offers a range of contact methods for those who are digitally excluded, those who prefer to communicate digitally or those with special communication needs. firmus energy is a JAM card friendly organisation and we aim to ensure our agents are trained in how best to

communicate with customers who may need more consideration and assistance. In response to the recent decision paper on the Code of Practice for Consumers in Vulnerable Circumstances we are currently exploring ways of expanding the range of contact services to facilitate an increasing array of special communication needs. We are mindful of the costs involved in expanding the available methods of contact and seek to efficiently implement solutions that effectively meet the actual needs of our customer base. We would welcome further information from the Utility Regulator demonstrating the numbers of customers under each of these categories and the specific gaps that have been identified in methods of contact provided for each. This is necessary to ensure additional measures implemented have been assessed by a cost benefit analysis and to ensure disproportionate cost and effort is not attributed to a categorisation with small numbers of customers impacted. Ongoing review will help ensure the options offered best meet customers' needs. Significant updates to website and web services take time, resource, and cost to implement and we would ask that the Utility Regulator are cognisant of how such development can best be factored into suppliers' strategic and operational plans.

firmus energy notes the Utility Regulator's specific reference to Webchat and screen reader functionality and agree that while both serve to provide advantageous contact options for customers who may have specific requirements, the technical complexities in implementation prohibit these options being executed quickly as a near term solution. Webchat systems need to integrate seamlessly with existing customer services infrastructure to ensure real time responsiveness and data security. Screen readers need to comply with accessibility standards which requires detailed technical development. Both require specialist developers and software tools to ensure appropriate design and a user-friendly experience with the associated allocation of financial and human resource. It is essential to ensure rigorous testing and compliance and to ensure all staff are appropriately trained as Webchat differs extensively from traditional phone or email support. Furthermore, the GDPR implications of customer correspondence, especially the vulnerable, needs careful consideration. firmus energy are supportive of both options being introduced to enhance customer service offerings to vulnerable customers, but need to set realistic expectations that the timeframe to effectively implement these solutions is likely to be years rather than months.

New requirement 2. *Suppliers must have processes in place to identify and prioritise enquiries from domestic consumers in vulnerable circumstances who may require immediate assistance, or representatives acting on their behalf and in their interest. This should include adequate training to ensure these processes are being followed sufficiently (discussed under requirement 6 in customer contact centre services).*

The proposal to prioritise vulnerable customers first is worthy but has the potential to create a two-tier service system and could lead to negative customer experiences. There are practical difficulties in implementing such an approach. To ensure a vulnerability fast track option is not exploited by those not eligible for the service, there needs to be a mechanism to ascertain that those using this option are entitled to. Some level of policing is required to ensure an immediate assistance option is not seen as a loophole for the general public to be served faster, thereby negating the value in offering a priority service. If agents take a call routed through a vulnerability immediate assistance option and are then required to determine signs of vulnerability to ensure the option is not being exploited, it

will be a poor customer experience if agents then have to advise the customer that they are not entitled to use the service and are redirected to the appropriate channel.

Further challenges are presented in being able to ascertain whether a customer needs immediate assistance. More guidance or direction is required than has been given in the consultation paper regarding what constitutes requiring immediate assistance and if this measure is to be enforced further direction is essential. firmus energy believe we offer all customers immediate assistance if they find themselves requiring our help whether in vulnerable circumstances or not. Measures are already in place to assess each customer contact and evaluate the immediacy of the response required. New call answering standards proposed elsewhere in the consultation place pressure on response times for contact centres. Adding another tier of expected accelerated response places even more pressure on teams that can only realistically be addressed by having more resource available. With more resource comes more cost, which ultimately hits customers. For telephone contacts expanded Interactive Voice Response (IVR) options can be implemented for customers in vulnerable circumstances to allow priority response. If suppliers experience a high uptake of this option, there is real potential for such a solution to then impact service levels for non-priority channels answered. There will also be time and costs associated with amending and testing the IVR.

The definition of domestic customers in vulnerable circumstances is broad and covers a wide remit of needs making it very difficult to develop data, analytics, and system automation to prioritise customers within our queues. There are also concerns that this proposal has the potential to result in a wide variety of interpretations, therefore the requirement needs to be further clarified to ensure genuine prioritisation of those customers that need it. There is potential for suppliers to take different approaches to achieving this requirement leading to inconsistency in its application.

A better approach is to answer the phone to everyone in a reasonable amount of time and train customer facing staff to provide a robust and tailored service, particularly to vulnerable customers and their representatives.

While firmus energy accepts that vulnerable customers may need representatives to act on their behalf, for suppliers, this presents data protection implications. We cannot readily disclose information about a customer's account, even if the representative states there is vulnerability. Robust processes need to be in place to obtain confirmation from the customer with regards to who the representative is, what we can disclose and for how long the person can act as a representative.

The Utility Regulator has laid out an expectation that suppliers have a clear policy on how to take into account customers' circumstances and characteristics when determining how to prioritise customer contacts and that agents must be trained to identify signs of vulnerability. There is too much emphasis in this requirement for suppliers to identify vulnerabilities and focus on supporting characteristics or circumstances even if the customer does not proactively indicate a vulnerability or self-identify. Context is important here - the customer is contacting a gas supplier, and we will fully support their query and assist with helping to resolve any gas supply issues they may have. Even with training, our teams are not fully qualified to identify vulnerability concerns if the customer themselves do not want to disclose them. This is potentially very sensitive information and making these types of judgements and recording these details even minimally when the customer has chosen to not self-identify could present suppliers with difficulties. Suppliers can, and will record vulnerabilities self-identified by customers, or the more obvious signs of vulnerability, but anything further could result in an incorrect diagnosis of a vulnerability or recording information that a

customer has not consented to. This is further complicated by the transient nature of many vulnerabilities. Energy supplier customer service staff are not healthcare professionals or financial advisors and are not qualified to give such advice. Facilitation of signposting to additional agencies, if the customer agrees is a more appropriate level of support.

New requirement 3. *Suppliers must implement appropriate processes/services to provide a freephone telephone number for domestic consumers that are in vulnerable circumstances. Eligible customers must be made aware of and directed to free methods of contact as soon as their supplier is aware of their eligibility.*

firmus energy see no practical way to deliver a freephone telephone number specifically for domestic consumers in vulnerable circumstances. Enforcement of a freephone number for one particular customer demographic would be subject to manipulation, impossible to restrict and potentially open to claims of discrimination. While firmus energy see the rational and merit behind offering a free telephony service to those having difficulty paying their bills, customers may not use the systems or policies in place as they are intended to, meaning they are more challenging and costly to deliver than anticipated. There are practical difficulties in implementing if agents take a call on a freephone line and are required to determine signs of vulnerability, it will be a poor customer experience if we then have to put them to the back of another queue if they don't hit the certain requirements.

firmus energy already offer other no charge options for customer contact such as email, webforms and office drop in. A large number of people use mobile phone services with unlimited phone calls and as firmus energy have a lo-call number, these customers will not be charged to contact us. If the Utility Regulator is resolute in enforcing use of a freephone number, the alternative is to make freephone lines available to all customers at all times, but this comes at a cost, which in isolation may be absorbable, but in the context of all enhanced services proposed by the Utility Regulator may be excessive.

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

firmus energy believe providing excellent customer service is critical, and customers should expect their supplier to be easy to contact and to provide them with appropriate assistance. firmus energy has always put customers first and takes great care to ensure a customer focused approach across all areas of our business. While we welcome greater consumer protections, we would urge caution against a prescriptive Code of Practice enshrined in licence that places focus on fixed target metrics rather than encouraging a holistic approach to ensuring consumer needs can be met and where possible resolved on first contact.

Forced standards such as dedicated phone lines, extended opening hours, prescribed maximum call wait times and complex triage are likely to impose significant additional costs on suppliers and

require significant lead time to develop and implement. The ability to resource effectively to meet these proposals would require material and substantial changes to customer operation functions, including changes to employment contracts. Given the materiality and fundamental changes to how suppliers will be expected to operate under proposals 1 to 11 we would expect these to be supported by a robust and conclusive impact assessment from the Utility Regulator to justify the specific measures being put into licence under a Code of Practice.

Some of the changes proposed are material and complex and disproportionately impact smaller suppliers who do not have large, targeted, multifaceted call centres and rely on a small number of staff to deal with a wide remit of customer issues.

Unamended requirement 1. *At an overall level, suppliers must ensure they have and maintain robust internal capability, systems and processes to enable them to adequately deliver their customer contact centre services.*

firmus energy agree that robust internal capability, systems and processes are essential for delivery of excellent customer contact centre services and adequate resource is a fundamental aspect of this. Customers increasingly prefer a range of channels to communicate and firmus energy is pleased to be able to provide suitable options for our customers. We could caution that this can be achieved effectively without adding layers of complexity to how suppliers must respond to customers. Such complexities increase resourcing requirements and may not deliver tangible additional benefits for customers.

As the Utility Regulator has suggested, firmus energy use contact centre KPIs to address possible gaps in service and have successfully improved these metrics while retaining excellent levels of customer service and resolution at first point of contact. We have concerns that an increased focus on call handling KPIs, with the weight of licence compliance to support it, will promote emphasis on managing the metrics to the detriment valuable customer interactions. Adjustments may very well be made to resources, processes and systems so KPIs meet licence targets, but this may be at the expense of the customer experience. The key consideration for suppliers in attaining excellence in customer service is not how quickly a call is answered, but how quickly and effectively the customer's query is resolved. Improved call response times and lower abandonment rate do not give any indication as to how effective customer contact and resolution of customer issues has been. Focus should be on having a balance between call wait times and call duration being sufficient for the customer to achieve a satisfactory result. This is especially relevant when customers are experiencing upheaval and have more complex concerns, such as when government support schemes were introduced during the energy crisis.

New requirement 2. *Customers must be able to easily identify methods of contacting their suppliers.*

We agree that customer enquiry service information should be easy to find and customers should be able to easily identify methods of contacting suppliers. Our telephone number and customer contact

email address are prominently displayed on our website and on all written correspondence and we are reviewing ways to make contact more accessible for those with specific communication needs.

New requirement 3. *Suppliers must ensure customer contact centre services are open at times that meet the needs of their domestic customers.*

One of firmus energy's biggest concerns relates to Utility Regulator expectations that suppliers should be operating extended opening hours including consideration of seasonality. The consultation paper offers no further insight as to how the Utility Regulator has determined what domestic consumer needs are not being met by current opening hours.

This proposal that suppliers operate longer opening hours in winter or by opening 2 hours a day outside of 09.00 – 17.00 Monday to Friday or 7 hours in total over the weekend represents significant cost implications to facilitate plus challenges in attracting and retaining staff. If suppliers are required to extend customer contact opening times and are to ensure the phone lines and other forms of customer contacts can be manned by adequately trained teams to meet our current high service standards, this would require material and substantial changes to customer operation functions, including changes to employment contracts, amends to IVR, and office opening times, each at significant additional cost. An alternative may be a 'minimum standard' out of office hours approach e.g. outsourcing phone lines to agents with basic understanding and training, which is unlikely to improve customer outcomes. firmus has previous experience of operating extended contact centre times using third party agents and moved away from this model because it effectively became an answering service unable to benefit customers who still had to rely on a call back from appropriately trained team members to resolve their issues.

In addition, the expectation that suppliers' opening hours take account of seasonality and higher customer contact volumes over winter is unworkable, particularly for smaller supplier with a local call centre supporting locally employed staff. Additional seasonal staff would be required with associated recruitment and training costs. The time and cost taken to fully train staff to properly service customers cannot be justified by short term seasonal contracts.

There seems little justification that extended opening hours will meet customers needs over and above what current standard opening hours provide. Trends in how customers expect and prefer to interact with their suppliers indicate movement toward email, online and social media platforms as means of resolution that can be accessed at times that suit customers. We note that the requirement should 'meet the needs' of domestic customers and firmus energy's consumers increasingly prefer to contact us via methods other than phone. We therefore suggest our contact methods outside of office hours can be tailored to our customers' needs and preferences, via email for instance rather than manned contact centres. Customers can contact us by email or webform and request a call back at a time that suits them. Response times can be carefully managed to ensure customers get prompt resolution with no negative impact to the customer service experience.

Amended requirement 4. Consumers must be able to reach their supplier's customer contact centre easily without experiencing an excessive call wait time to speak to an operative (not over an average wait time of four minutes).

[We reviewed call wait time data and found that the three top performing suppliers average call wait time was below four minutes (between the period October 2023 – January 2024). We therefore consider this wait time to be achievable for all suppliers.]

firmus energy focus on outcome and resolution at first point of contact and we do not want this approach to be compromised by suppliers having to meet prescriptive metrics that do not serve to improve customer outcomes. The Utility Regulator does not present evidence to suggest that the specific thresholds it appears to be suggesting will actually drive better customer outcomes. While three suppliers are cited as top performing, it is not made clear if this performance indicator is solely in relation to call wait times or if any aspect of customer query resolution has also been considered. The four-month timeframe performance was observed over is a limited time span, at a comparatively stable time within the energy market. To fully understand what is achievable for suppliers, benchmark metrics used to set standards need to be observed over a period of years, taking into account significant events that have material impact on customers. Furthermore, the Ofcom average call waiting time example cited in the consultation paper for mobiles, landline and broadband is not comparable. These services are not impacted in the same way as providing domestic customers with heating and are not subject to the same global market forces that can rapidly change price in the same way energy is. The telecoms industry does not have an equivalent crisis to fuel poverty.

While it is encouraging that top performing suppliers have average call wait times under four minutes, these times must be looked at in the context of number of agents available and the number of calls received. Recruitment and full training take time and money and it is not feasible to have a reserve bank of agents to quickly ramp up should there be increased levels of customer contact. Suppliers frequently experience rapid escalation in calls as customers react to news stories or specific incidents. While we can be prepared for known events such as tariff changes or increased winter contact, and there can be certain expectations around call wait times in business-as-usual circumstances, it is not reasonable or practical to expect the same set metrics to be achieved in exceptional circumstances. firmus energy currently meet the four minute standard and will always aim to deliver best in class customer service however we cannot man a contact centre for circumstances beyond our control.

As the Utility Regulator has proposed the metrics will form part of licence compliance there is real risk of degradation of service provided to customers in an attempt to ensure calls are answered on time, the very opposite of what is intended for customer service levels. More details are required on exactly what KPI metrics the Utility Regulator propose to use to determine compliance and any such metrics need to take into account customer outcomes and not call wait times in isolation.

New requirement 5. Suppliers to implement a triage system for all calls.

firmus energy do not believe there is a need to implement a formal triage process for all incoming calls. We aim to resolve all calls as promptly as possible and introducing a triage system will impact those pushed further down the queue as those calls considered higher priority come in, diminishing the customer service experience for those affected. If suppliers are able to provide a high standard of customer service overall and improve call waiting times in line with proposal elsewhere in the consultation document, no customer should be waiting an excessive amount of time.

As previously mentioned, this proposal also risks creation of two tier service levels. Many customers will be quick to realise how to play the system thereby rendering it less effective, not delivering the desired outcomes and placing additional strain on call centres.

While the Utility Regulator has suggested suppliers develop IVR systems to facilitate a level of automated triage, it must be noted that this solution, like so many others proposed, comes at a cost, and requires development and additional resource to implement. Nowhere in the proposals has the Utility Regulator indicated an assessment has been carried out to determine the costs faced by suppliers in implementing all the suggested proposals and how they expect suppliers to absorb or pass on these costs. Contact centres will need to ensure adequate resource can be allocated so that while priority lines are being manned, other queues also get answered in reasonable time. More specific guidance is required from the Utility Regulator regarding what needs or situations establish the required levels of urgency for calls to be prioritised.

Unamended requirement 6. *Customer contact centre operatives must be adequately trained to ensure they can provide accurate and consistent information to consumers.*

firmus energy agrees with this requirement and always endeavour to ensure staff receive appropriate training to enable high levels of customer service and resolution on first point of contact where possible. Processes are in place to ensure calls can be transferred to another agent in cases where resolution cannot be provided by the first responder, these handovers will always be warm. Cases will always arise that, due to their nature, they cannot immediately be resolved and in these instances firmus will agree to follow-up with the customer at a time and by a method that suits them best.

New requirement 7. *Call back services must be offered by all suppliers and acted upon in no more than 24 hours.*

firmus energy has reservations about the value provided to customers by a dedicated call back telephony line and in the consultation paper, the Utility Regulator has does not offer evidence that this service is one that customers have identified is required. firmus energy customers can currently request a call back service via email. It is our experience that offering a dedicated phone line by which customers can request a call back does not help provide an overall improvement of customer service. While it may improve call answer times and call abandonment rates, the customer has

ultimately not been helped on first contact and has to wait a longer time for resolution overall. It will necessitate a restructure of systems and process all at an additional cost. The requirement to make three separate call back attempts would need a full-time outbound team. This would either divert resource away from incoming calls and negatively impact overall customer service or require additional manpower to ensure an adequately resourced outbound call team at considerable extra cost. Having used this service in collaboration with a third party we can confirm there is no guarantee this service will provide customer satisfaction. Even if three call back attempts are made, if the customer cannot be reached, they will need to call their supplier again, prolonging the issue.

Unamended requirement 8. *Suppliers must ensure that their call abandonment rate is not excessive (not above 12.5%).*

While firmus energy agree that supplier call abandonment rates should not be excessive, we believe the parameters governing what is considered an abandoned call need to be refined to ensure suppliers are not penalised by factors beyond their control. There should be a minimum ring period before which a customer hang up can be counted as abandoned. A customer hanging up within the first 30 seconds does not give the supplier an adequate time to reasonably answer the call and has a different inference than a customer hanging up after a longer period of ring time. It is also not helpful to include out of hours abandoned calls in the metrics as suppliers have little control over this and it does not allow for a fair reflection of the service provided to customers during operating hours.

firmus energy would like to note that the examples cited by the Utility Regulator for Northern Ireland Water, TSO and DNOs are not comparable to energy suppliers. These organisations have much less customer contact than suppliers and therefore call volumes would be substantially lower.

Unamended requirement 9. *A customer's call must never be disconnected when they contact their supplier during their customer contact centre operating hours (apart from circumstances outside of the supplier's control).*

firmus energy agrees with this proposal and will never intentionally end or drop a customer call outside of abusive or threatening customer behaviour. Should a customer call unintentionally be disconnected due to connectivity issues, firmus energy will always attempt to call the customer back to ensure resolution of the enquiry.

Amended requirement 10. *Written customer contacts (all mediums of written contact with consumers including webchat, social media platforms and emails) must receive timely responses within a maximum of 24 hours.*

firmus energy agree that all written customer contact should be answered or acknowledged within 24 hours.

New requirement 11. *Suppliers must implement a triage system for written contacts.*

firmus energy's current processes facilitate regular review of customer emails throughout the day and prioritise those that are urgent. We have found this has been more than enough to sufficiently identify those requiring immediate response.

firmus energy have reservations about how effectively a formal triage system can be implemented for written contacts. Suppliers receive a large volume of written contacts daily across many channels, about a very wide variety of issues, effectively triaging this volume and range would be very difficult. If carried out manually, the triage process itself will use up valuable time that could be dedicated to better serving customers. An effective formal triage system requires knowledgeable staff who can quickly and accurately assess priority and it will be very difficult to ensure implementing the triage system itself does not create bottlenecks.

The Utility Regulator has suggested the use of data analytics, this will be costly and timely to implement, could be technically difficult and expensive to integrate with suppliers' systems and requires high levels of accuracy in language processing and understand context. As customer issues evolve and change, the triage system must be updated to ensure it operates effectively. The Utility Regulator has not identified that suppliers are failing their customers in this regard, and are not giving customers the right support at the right time when responding to written contact. No evidence been given that the proposed measures will address observed shortcomings in suppliers' processes, nor has any firm direction been given as to how they expect this will enhance supplier ability to give customers the right support at the right time. firmus energy is of the opinion there needs to be more robust justification for implementation of such a resource intensive or technologically expensive solution.

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.

Amended requirement 1. *Suppliers must take all reasonable steps to ensure that when setting the fixed direct debit for a new customer, it is based on the best and most accurate information: the fixed direct debit value must be calculated specific to the individual customer and based on up-to date and accurate information. • For new customers, payments must be based on a number of factors, which includes information provided by the customer. This must, as a minimum, include the following: i. Up*

to date meter reading; ii. Size of the property; iii. How many people live at the property; and iv. Take account of any other relevant information provided by the customer.

firmus energy agrees that all reasonable steps should be taken to ensure that when setting the fixed direct debit for a new customer, it is based on the best and most accurate information and believe our processes are robust and use all information readily available when setting direct debits.

firmus energy welcomes the Utility Regulator's intention to create consistency across supplier's processes but would urge caution in setting criteria that are overly prescriptive and set in licence. While specific factors have been outlined in section 3.12 to inform the calculation of direct debits, there is still scope for variation in how suppliers apply these factors in calculations and consistency is not guaranteed. New licence conditions should be unambiguous and not open to interpretation. Updating current systems to include specific measures in direct debit calculation will require system development, dedication of necessary resource, take time to implement and bring with it additional cost that will ultimately be borne by the customer. There are no guarantees that information provided by customers will be accurate and if reads are also being used on a regular basis to adjust payments, this information will supersede that which may be captured regarding size of property, number of residents or other information provided by the customer, rendering this data somewhat invalid.

firmus energy suggests that a property's Annual Quantity (AQ), as determined each year by the Distribution Network Operators, is an industry accepted standard that reflects the size of a property, is based on meter reads and after a period of time, the usage pattern of the number of people who reside there. New gas connections will have a standardised AQ applied. We believe this is a readily available and sound basis on which to establish initial direct debit calculations and one that can be adopted consistently by all suppliers. We accept that in cases of change of tenancy or changes to personal circumstances it may take time for the AQ to reflect these variations, but we have always and will continue to work with customers at an individual level to ensure payments are reflective of use and achievable.

When setting fixed direct debits, firmus energy will always use the latest read information and account balance to modify payments, thereby ensuring the process is dynamic and reflective of consumption and payment patterns and based on best and most accurate information. At any stage, including when direct debits are first being set up, the customer specify the monthly amount they wish to pay and firmus energy will set payments at this value. This ensures a flexible and customer centric approach.

Unamended requirement 2. *For any fixed direct debit payment plan (new and amended) suppliers must provide clear and accessible information to the consumer on how this payment plan operates.*

- *When signing up a customer to a fixed direct debit payment plan, the supplier must clearly explain how the fixed direct debit operates. This must be clearly articulated to the customer at the point of sign up (verbally if in person or via phone or written if online) and confirmed in writing by the customer's chosen method of contact. The supplier must include the following information (as a minimum):*

- i. How the customer's fixed direct debit has been calculated;*

- ii. *That the fixed direct debit value can change over the course of the contract and that it will be reviewed at regular intervals (to ensure it is reflective of customers actual usage either lower or higher);*
- iii. *How and when the supplier will review the fixed direct debit;*
- iv. *How and when the customer can request a review of the fixed direct debit;*
- v. *How the customer can help improve the accuracy of the fixed direct debit e.g. by providing meter reads at regular intervals to ensure there is an accurate record of actual usage; vi. That a fixed direct debit payment plan can result in overall account credit or debit if the energy usage is different to that expected; and*
- vi. *What options the customer has if they accrue credit (to include how to request payment of their credit (see 3.13) and processes for discussing with the supplier any debt that has accrued on the account).*

firmus energy advocates transparency in all customer interactions, clarity is one of our company values that we endeavour to uphold in all communications and processes. We agree that customers should be appropriately informed on how payment plans operate but believe care must be taken to do this in a way that is accessible and understandable for customers without being overly complicated or technical.

It is standard practice to confirm set up of direct debit payment plans by letter and the content of these letters can be readily modified to incorporate the information suggested by the Utility Regulator. Modifying processes to ensure this information can be communicated by alternate methods of contact will require systems development, once more incurring additional costs, resource, and time for suppliers to implement and it should be considered what benefit this brings the majority of customers when compared to receiving the information by letter. The direct debit guarantee scheme stipulates that confirmation of direct debt must be sent to customer in writing, it therefore simplifies and streamlines the process for the customer to ensure additional information relating to direct debits is communicated at the same time in the same format.

firmus energy take care to ensure customers are appropriately and fully informed in all verbal communication, but it must be noted that not all customers wish to have detailed and somewhat complicated information explained over the phone and doing so in all cases may serve to lengthen call times and impact other areas of customer service such as available agents, call wait time and abandonment rates. In our experience, some customers are wary of and dislike discussing financial matters over the phone. We would suggest that this is approached on an individual call basis, similar to the approach taken to informing customers of the direct debit guarantee. We offer to read this to the customer or send it to them to read in their own time and the customer decides their preference.

Amended requirement 3. *Reviewing the fixed direct debit - the fixed direct debit review must be conducted on a regular basis at set regular intervals (a minimum of six months) and the value must be based on up-to-date accurate information.*

a) Suppliers must conduct a regular review of fixed direct debits to ensure they accurately reflect the customer's actual energy usage. This must occur

- i) at least every six months (as a minimum) or*
- ii) if there is a trigger such as a build-up of excess credit, or*
- iii) following a customer request.*

b) Customers can submit their own meter reads to their supplier, these must be used by the supplier to review their fixed direct debits to ensure the value is based on accurate information and not estimated reads.

c) If a supplier changes a customer's fixed direct debit (e.g. due to a tariff change or a supplier-initiated review) the customer must receive clear, informative and timely communications on the fixed direct debit change, including the supplier's reason for the change. This communication must be sent by the customer's preferred means of contact. The communication cannot be solely through information on the face of the bill (as per requirement 2).

d) In addition to the six-month review, suppliers must have controls in place to identify and trigger a review when a customer has excessive credit or debit amounts accrued (further detail on what is deemed excessive is defined under supplier processes for return of customer credit).

The process by which direct debit payments are set in firmus energy includes a regular review at each 3-month billing cycle to take into account latest read information, including customer provide reads and account balances. We also respond to customer requests to review payment amounts and will work with customers on a case-by-case basis to ensure payments are affordable while also confirming customers are aware that reducing monthly payments may result in building up debit balances that can impact future payment calculations. firmus energy is therefore in agreement with proposal 3a and 3b.

firmus energy do not agree with proposal 3c, there is no need for excessive customer contact by multiple channels when a customer's direct debit payment changes. When fixed direct debits are implemented for a customer, firmus energy take care to point out that payment amounts will be reviewed on each billing cycle and customers will be updated of the new amounts payable on their bill. It is our experience that customers prefer streamlined forms of communication and do not wish to be bombarded or overwhelmed by multiple updates from various sources. What is important is that the customer is kept clearly informed and if this can be achieved by existing forms of contact, such as the bill, then this benefits the customer by streamlining sources of information, benefits the supplier by preventing additional cost and processes and also has an environmental benefit by reducing the amount of post. Any changes to the current process would require systems development at substantial cost.

firmus energy agree that customers should not accrue excessive debit or credit amounts unnecessarily. The methodology used by firmus energy when reviewing direct debit payments will always consider the customers' account balance and factor this into the calculation for future payment amounts along with forecast usage. This should mitigate against excessive balances being held. The seasonal nature of gas consumption means customers can often build up credit over summer months and have debit on their account when consumption is higher in the winter.

It is important customers understand this is how the payment calculation works and know that any credit balances held temporarily will serve to spread the cost of their gas more evenly over the 12 months of the year.

Returning credit on an ad hoc basis works against the current in-built methodology therefore increasing the volatility of subsequent direct debit amounts. This is likely to cause increased customer frustration and confusion. Therefore, any controls put in place to trigger an additional review of balances outside the current methodology must ensure this does not happen.

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.

Unamended requirement 1. *Customer Credit – customers on a fixed direct debit must not have excessive credit on their account and any accrued customer credit must be easily obtained from their supplier.*

a) Excessive credit is defined as the monetary value in excess of an average three-month period of usage over a 12-month period (therefore taking account of seasonal usage).

b) Any customer in credit can, on request, receive payment of their credit in a timely manner and this must not require multiple contacts by the customer. This must take account of the latest actual meter reads and coverage of an imminent bill. The payment must be made within a maximum of 28 days from the request being made by the customer (or as soon as is practical).

c) Excessive customer credits must trigger a review by the supplier to ensure the customer's fixed direct debit is set at the correct level. If the customer is paying in excess of their usage, the supplier must either reduce the customer's fixed direct debit or refund the customer's credit (dependent on the customer's preferred option)

While firmus energy agree that customers should not accrue excessive debit or credit amounts unnecessarily on their accounts and customers should be easily able to have credit returned on request, we do not agree there is a need to implement this proposal in this way as the issue it is attempting to address does not consistently apply to all suppliers.

The methodology used by firmus energy when reviewing direct debit payments will always consider the customers' account balance and factors this into the calculation for future payment amounts along with forecast usage. The calculations are designed in this way so that monthly payments will be less volatile and credit balances will reduce future payments.

The seasonal nature of gas consumption means customers can often build up credit over summer months and have debit on their account when consumption is higher in the winter. Defining excess credit as the monetary value in excess of an average three-month period of usage over a 12-month period does not adequately consider the seasonal fluctuations of usage and may prompt return of

credit in the summer months which will then substantially increase fixed direct debit payments in the winter months increasing the volatility of subsequent direct debit amounts. Customers opt for fixed direct debit payment as a means of preventing the large swings in payments seasonal usage creates.

firmus energy will always return credit to customers when it is requested. We take care to explain to customers the impact this will have on increasing future monthly payment amounts. It is important customers understand this is how the payment calculation works and know that any credit balances held temporarily will serve to spread the cost of their gas evenly over the 12 months of the year.

To be able to facilitate the Utility Regulator proposal and return credit amounts in excess of an average three-month period of usage over a 12-month period, the firmus energy methodology behind the existing operation of budget direct debits will need to be revised and significant development will be required to implement this proposal at substantial cost. We currently do not have an automated means of identifying excess credit as defined in the consultation and a manual solution would not fully address the requirement without a fundamental change to fixed direct debit processes. Our current process reviews and modifies direct debit payments at each billing cycle, thereby helping to safeguard against accrual of excessive credit.

Direct debit payments are reviewed and modified with each billing cycle, this helps safeguard against excessive credit too.

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.

Proposals in this consultation, along with the actions set out in the decision paper on the Code of Practice for Consumers in Vulnerable Circumstances place significant additional obligations on customer facing staff to capture and record a much wider range of customer information in relation to vulnerability, specific additional needs, contact and call back preferences. Implementation of these changes along with the associated collation, monitoring and reporting requirements they place on suppliers substantially increases the overall levels of administration required to service customers and ensure regulatory compliance. firmus energy has serious concerns about the practical aspects of implementing these new proposals. The scale of the proposed changes to how customer service centres operate, recalculation of how fixed debits are applied and prescriptive measures for return of credit all require extensive system changes, additional resource and manpower and substantial changes to internal processes.

firmus energy believes that Codes of Practice are excellent tools for consumer protection and standardising approach across suppliers, playing a vital role in creating a fair and transparent energy market. However, as compliance with the Codes of Practice carry the weight of licence adherence, we have concerns about the scale of changes suppliers will be required to implement to ensure compliance and the overly prescriptive approach to setting direct debits, return of credit and customer contact metrics. firmus energy is of the opinion that this overly prescriptive approach is not necessary. Many suppliers provide excellent customer service, and the proposals instigate change that may not be necessary across the industry and will not enhance the customer experience, but will place financial and resource pressures on suppliers, particularly smaller suppliers who do not

have the backing of large, multi-team, divisional call centres. The cost, time and resource required has real potential to result in degradation of service instead of enhancement.

The basis of this consultation and the subsequent proposal made appears to be anecdotal without reference to specific supporting surveys or Northern Ireland consumer feedback. Changes to Supply Licences to implement defined standards must be based on more concrete evidence. Clear definition of specific issues identified by customers is essential. Only then can potential solutions be explored with a full impact assessment carried out on the cost implications for both suppliers and customers and whether customers are willing to pay for proposed changes to customer service via potentially higher tariff. It would be more beneficial to evaluate customer satisfaction levels and numbers of complaints relating to the issues the consultation paper seeks to address and amend the guidance and new licence conditions so they only apply to companies which have not met an acceptable standard of service for their customers. Companies that have shown they can be trusted to provide great service could continue to do so and dedicate time and effort to developing and enhancing their own customer offering. Those that have let customers down could be given clear direction by Utility Regulator on what measures are required to address the issues customers are having.

firmus energy asks that the Utility Regulator takes into consideration that while its work force has expanded significantly to implement new proposals and monitor the wide range of additional requirements being placed on industry, suppliers do not have the same scope to increase resource for additional demands for implementation and reporting. Additional Statement of Licence Compliance reporting, plus retrospective annual submission to monitor new Codes of Practice will require development of new processes and reporting, all of which require resource. It is not clear how Utility Regulator expect suppliers to be able to allocate and maintain the levels of resources required to ensure compliance with the number and magnitude of changes that are being proposed.

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?

firmus energy aims to treat all our customers equally ensuring that they receive a great level of customer service. We understand that some customers may have characteristics or circumstances necessitating identification of additional needs for which we will provide additional services so as to ensure equality of opportunity in the service provided. We are supportive of the proposals that help guarantee this.

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

firmus energy agree the measures proposed within this paper meet the equality provisions.

We trust this response proves useful in the Utility Regulator's approach to Energy Suppliers' Customer Service Levels. If there are any aspects to this response you would like to discuss further, please do not hesitate to contact me.

A handwritten signature in blue ink, appearing to read 'Mark W. Stevenson'.

Mark Stevenson

Director of Regulation