

Utility Regulator

Queen's House
14 Queen Street
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By Email Only

07/01/2025

Budget Energy/Flogas Response to Consultation on Licence Modifications and Code of Practice on Customer Service for Domestic Energy Suppliers

Dear Rebecca,

Budget Energy, Flogas Natural Gas, and Flogas Enterprise Solutions welcome the opportunity to respond to the Utility Regulator's consultation on proposed licence modifications and the new Code of Practice on Customer Service for domestic energy suppliers.

We support the overall objectives of improving customer service and transparency. However, we believe that a balanced, flexible approach is essential to ensure these changes work effectively for both suppliers and customers. Prescriptive requirements may lead to operational challenges and unintended consequences; a principles-based approach, that allows for some flexibility, gives sufficient operational headroom to adapt, innovate and deliver excellent service in a competitive energy market.

Condition 27: Terms and Conditions of Electricity Supply Contracts

Providing a range of payment options benefits customers and improves accessibility. We are of the view that the current provisions are effective, and any additional requirements should remain clear and practical to implement and with sufficient lead times to make any changes.

Condition 27b: Processes for Setting Fixed Direct Debits

We agree on the importance of accurate and fair calculations for fixed direct debits. A flexible approach that considers different customer behaviours and usage patterns is essential. Overly prescriptive measures may result in inefficiencies or limit the ability to adapt to individual circumstances.

We have concerns regarding the definition of "the best and most accurate usage information." Clarification is needed on this language, which is open to interpretation—specifically, how is "best" determined? At a minimum, we believe it should be based on what the supplier considers to be the best available information.

With regard to the section under Point 4, we strongly feel that the approach is flawed. There are numerous other relevant factors influencing energy usage—such as electric vehicles (EVs), heating sources, and other behavioural or structural aspects of the household—that are not adequately reflected. Size and number of occupants are insufficient indicators of energy usage. Additionally, with the shift toward electrification, this condition is at risk of becoming outdated very quickly. A principles-based approach would be more appropriate than the proposed current prescriptive measures. For example, evidence of recent usage (past three months) should be used as a benchmark, and where that is unavailable, details about the property, its occupants, and its energy usage could be considered.

Relying solely on a recent meter reading is insufficient; it must be supplemented with historic usage data. It is our view that a supplier should always prioritise evidenced historic usage as the most accurate basis for calculating a direct debit. However, the proposed condition appears to force a departure from this reliable mechanism toward a less accurate methodology. We request additional clarification on the Estimated Usage

Factor (EUF) versus Actual Usage Factor (AUF) calculations for determining accuracy, and as part of this it would be helpful for the Utility Regulator to clarify the overarching objective of a fixed direct debit framework across all suppliers to ensure consistency and fairness.

Condition 27c: Processes for the Return of Customer Credit.

We agree that timely refunds are important, but it's equally important to allow flexibility in how "excessive credit" is defined, so it can reflect individual customer preferences and billing cycles. Some customers may prefer to keep credit on their account to help reduce future bills, rather than receiving a refund. It's important that the process maintains this choice and gives customers the option to decide whether to retain credit or request a refund. We also recommend replacing the term "licensee" with "supplier" in point 3, as it is more consistent with the language customers are familiar with and avoids confusion.

Additionally, when assessing credit balances, it's crucial to consider the customer's individual usage patterns. Instead of referencing "winter months" as a default period of higher energy use, the process should account for the customer's own periods of highest usage. This approach ensures fairness for customers whose energy consumption peaks at different times of the year, depending on their specific circumstances or energy needs.

Condition 31a: Code of Practice on Customer Service

We always want clear and consistent communication with customers, particularly those in vulnerable circumstances. The Code should allow suppliers the flexibility to adopt approaches tailored to their customer base, ensuring effective implementation without compromising service quality.

Condition 38: Provision of Information to Customers

The proposed timelines for final bills and refunds must reflect practical considerations, such as resolving final meter readings and administrative processes. Factoring in the practical changes we would feel is a reasonable approach, that should help maintain efficiency while meeting customer expectations.

General Observations and Phased Implementation Request

1. While we agree with the proposed changes, the April 2025 implementation date may pose challenge. We suggest a 6-month phased rollout to allow us adequate time for system upgrades if required, training, and embedding new processes. Furthermore, all suppliers will just be exiting the current winter charter phase at the end of March 2025 and will require time to analyse and review the impacts of that across the customer base and implement changes.

2. Cost Implications

These changes will result in increased operational costs for suppliers. We urge the Regulator to consider the potential financial impacts of any proposed changes and compare costs to any benefits arising to ensure that increased regulation is not driving increased costs for customers.

We appreciate the opportunity to provide feedback and look forward to working with the Utility Regulator to ensure these proposed changes are implemented in a way that supports customers, maintains operational efficiency and aligns with the overarching goals of fairness and transparency in the NI retail energy market.

Yours sincerely,

Paul McNulty
Senior Regulation Analyst
On behalf of the Flogas Group