

Notice and Decision on Licence Modifications for Setting Direct Debits, Return of Customer Credit and a New Code of Practice on Customer Service for Domestic Energy Suppliers

Utility Regulator Decision Paper
27 February 2025



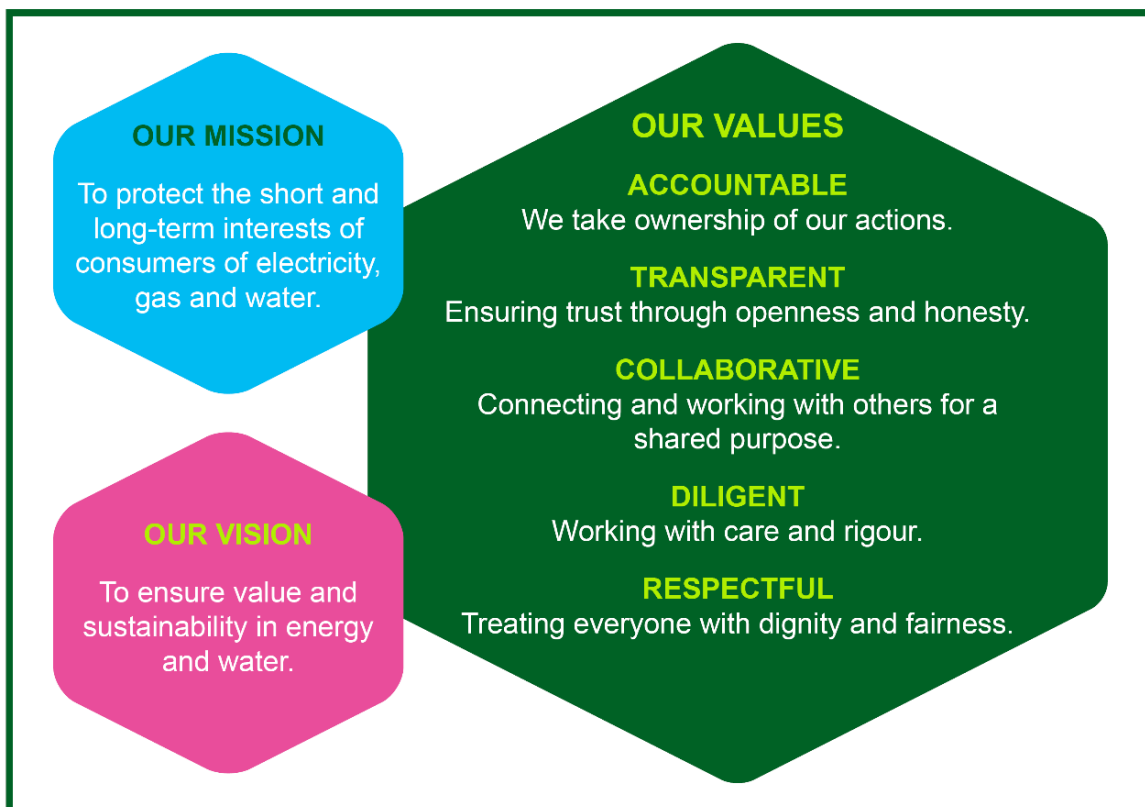
About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive and two Executive Directors lead teams in each of the key functional areas in the organisation: CEO Office; Price Controls; Networks and Energy Futures; Markets; Consumer Protection and Enforcement. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.



Abstract

On 26 November 2024, we published our consultation and notice on the proposed licence modifications for Setting Direct Debits, Return of Customer Credit and a New Code of Practice (CoP) on Customer Service for all domestic gas and electricity licences. This paper sets out our final decisions on the licence modifications for all domestic gas and electricity supply licence holders.

Audience

This licence modification decision paper will be of interest to domestic gas and electricity supply licence holders, organisations representing consumer interests and domestic consumers.

Consumer impact

The objective of the licence modifications is to remedy customer service level failings impacting a significant number of energy consumers across Northern Ireland. Implementation of our decisions will require consistent good practice across all energy suppliers, increase the level of consumer protection, and improve the standards of service that domestic customers receive from their energy supplier in key customer service areas. This includes consumers in vulnerable circumstances, customer contact centre services, processes for fixed direct debits and the return of customer credit.

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Executive Summary

It is critical that consumers are afforded the appropriate protections throughout their engagement in our energy markets, including the levels of customer service that they can expect from their energy supplier. We have sought to improve the standards of service provided by energy suppliers for all consumers, in particular those in vulnerable circumstances. This work will address the concerning reports first noted in Q4 2022 regarding energy supplier customer service levels.

On 25 March 2024 we published a consultation paper on Energy Supplier Customer Service Levels. This consultation paper outlined our proposed mandatory requirements for energy supplier domestic customer service levels across four key areas: consumers in vulnerable circumstances; customer contact centre services; setting fixed direct debits; and return of customer credit. Following consultation, we published our final decisions on 26 November 2024. We confirmed that the proposals set out in the consultation paper would be implemented through a new CoP and new/amended licence provisions across all gas and electricity domestic supply licences.

Alongside the publication of our decision paper on 26 November 2024, we published our statutory notice and consultation on the proposed licence modifications required to enact our decisions. We received four responses to the consultation which have been published alongside this decision paper with relevant commercially sensitive information redacted in one response. All representations have been considered. We thank energy suppliers and other stakeholders for their input to date.

This paper sets out our final decisions on the licence modifications following consideration of the responses received. The final licence modifications for each licence affected are presented in the appendices of this paper. The requisite legal notices to licensees setting out the final licence modifications, required under the Electricity (Northern Ireland) Order 1992 and the Gas (Northern Ireland) Order 1996, are also presented in the appendices. The full amended licences incorporating the new CoP on Customer service and processes for setting direct debits and return of customer credit will be available on our website shortly. The licence modifications will take effect from 24 April 2025.

1. Background

- 1.1 In Q4 2022, we were made aware of a rising number of complaints and concerning reports regarding domestic energy supplier customer service levels; specifically in the areas of customer contact centre services, the setting of fixed direct debits and the return of customer credit. In response to these concerns, we conducted a review of supplier performance in the areas noted above. During our review, a number of potential failings in some (not all) suppliers' customer service levels were identified.
- 1.2 From November 2022 we have been monitoring suppliers' customer contact centre performance on a monthly basis. Analysis of the submissions from suppliers has offered an important insight into market wide customer contact centre performance, provided further context to the reports we had received from individual customers and consumer representative bodies, and is an evidence base for enhancement of our regulatory framework in these areas.
- 1.3 To address these issues, in March 2023 we issued an open letter¹ to all domestic gas and electricity suppliers, setting out our concerns in relation to the performance of their customer contact centres. We also held two roundtable meetings with all domestic suppliers and consumer representative bodies to discuss the issues and options for resolution.
- 1.4 In September 2023 we published a Guidance Note for domestic energy suppliers to set out our expectations on customer service levels. In developing the guidance, we reviewed best practice examples in the delivery of customer contact centre services, fixed direct debit setting and processes for the return of customer credit.
- 1.5 On publication of our September 2023 guidance, we committed to the development of a consultation on mandatory requirements to strengthen our regulatory framework. The consultation paper on Energy Supplier Customer Service Levels was published on 25 March 2024². This consultation outlined our proposed mandatory requirements for energy supplier domestic customer service levels across four key areas: consumers in vulnerable circumstances; customer contact centre services; setting fixed direct debits; and return of customer credit.
- 1.6 Following consultation, we published our final decisions on 26 November 2024³. The decision paper sets out our rationale for our decisions following analysis of all available information including the consultation responses received. We confirmed that the proposals set out in the consultation paper

¹ [Supplier open letter from CEO ref Call Centre Issues](#)

² [Consultation - Energy Supplier Customer Service Levels](#)

³ [Decision Paper - Code of Practice on Energy Supplier Customer Service Levels](#)

will be implemented through a new CoP and both new and amended licence conditions across all gas and electricity supply licences.

- 1.7 Before making any licence modifications we are required to consult on our proposals under and in accordance with Article 14(2) of the Electricity (Northern Ireland) Order 1992 and Article 14(2) of the Gas (Northern Ireland) Order 1996.
- 1.8 Accordingly, on 26 November 2024 we consulted on the licence modifications we proposed to make to gas and electricity supply licences⁴ to enact our decisions.
- 1.9 We received 4 responses to our consultation. These responses were from:
- The Consumer Council for Northern Ireland (CCNI)
 - Budget Energy/Flogas Natural Gas/Flogas Enterprise Solutions
 - Firmus Energy
 - Power NI
- 1.10 A summary of the comments received, and our responses, are set out in Section 2. For transparency, we have summarised the responses to the consultation paper and our comments in the applicable sections of this paper. It is not possible to detail every comment and respond to each one individually. As a result, we have included those comments that are most significant or opinions that have been shared by several respondents.

2. Proposed Licence Modifications

Overview

- 2.1 We consulted on a range of licence modifications as set out below:
- Introduce a new licence condition within all domestic gas (Condition 2.18a) and electricity (Condition 27b) licences in relation to suppliers' processes for setting fixed direct debits.
 - Introduce a new licence condition within all domestic gas (Condition 2.18b) and electricity (Condition 27c) licences in relation to suppliers' processes for the return of customer credit.
 - Introduce a new licence condition within all domestic gas (Condition 2.11a) and electricity (Condition 31a) licences that requires

⁴ [Consultation on Electricity and Gas Licence Modification - Customer Service](#)

compliance with the new CoP on Customer Service. The new CoP on Customer Service is a mandatory CoP; compliance with all requirements is necessary⁵.

- Amend Condition 27(14)b: Terms and Conditions of Electricity Supply Contracts, in all domestic electricity licences to reflect the cross reference to the licence condition on the processes for setting fixed direct debits.
- Amend Condition 38(13)b: Provision of Information to Customers, in all domestic electricity licences to reflect the cross reference to the licence condition on the return of customer credit.
- Amend Condition 2.18.14b: Terms and Conditions of Gas Supply Contracts, in all domestic gas licences to reflect the cross reference to the licence condition on the processes for setting fixed direct debits.
- Amend Condition 2.19.13b: Provision of Information to Customers, in all domestic gas licences to reflect the cross reference to the licence condition on the return of customer credit.

2.2 We received four responses to our consultation. In general, the comments were supportive of the proposed licence modifications. Some suppliers provided specific comments which are addressed in the sections below.

Code of Practice on Customer Service

Stakeholder feedback

- 2.3 Responses from suppliers and consumer bodies remain mixed in relation to the CoP on Customer Service. The majority of these related to specific measures within the CoP itself, the decisions upon which have been finalised in the decision paper published on 26 November 2024⁶. We have provided comments in response to the additional feedback received on the CoP in order to further clarify our position.
- 2.4 Both groups of stakeholders commended the objective of improving customer service levels across the industry, and likewise welcomed the amendments to selected measures, but some retained issues with the specifics of individual implementation in certain areas.
- 2.5 One supplier highlighted their commitment to achieving ‘clear and consistent communication with customers’, especially those in vulnerable circumstances. This same supplier highlighted that ‘the Code should allow

⁵ Please note licensees can still go above and beyond the requirements outlined in the CoP.

⁶ [Decision Paper - Code of Practice on Energy Supplier Customer Service Levels | Utility Regulator](#)

suppliers the flexibility to adopt approaches tailored to their customer base, ensuring effective implementation without compromising service quality'. Another supplier recognised the UR's requirement to 'balance transparency and effective monitoring with the impact of regulatory burden'.

- 2.6 Potential cost implications of the new measures were raised by two suppliers, one largely in the context of the published CoP. The other supplier urged the UR to 'compare costs to any benefits arising to ensure that increased regulation is not driving increased costs'.
- 2.7 One supplier raised concerns around the homogenisation of policies as a result of these measures; explaining that their performance in the areas of customer service and inclusivity has to date been a differentiating factor for them in the market. They stated that mandating such measures can therefore 'limit the operation of the market', in the absence of the ability to differentiate on price due to UR-implemented price controls.
- 2.8 One supplier queried the proposed implementation date, citing concerns relating to internal process amendment (e.g. system upgrades, training, and embedding new processes) and the need to exit the winter charter commitments at the end of March 2025 (requiring time to analyse and review its impacts across the customer base and implement changes).

UR Response

- 2.9 The UR agrees that flexibility and balance is required in order to allow suppliers to effectively implement the CoP on Customer Service, and it is for this reason that the specifics of implementation have been left up to the individual supplier. All licensees retain the ability to go beyond the requirements of the Code and exceed the measures required in order to deliver the best service to their customers and continuously improve.
- 2.10 We recognise the concerns of some suppliers regarding cost implications, but consider the broader consumer interest is best served through consistent customer service measures across all suppliers, especially relating to vulnerable consumers. Our feedback and rationale in relation to the existing published CoP is detailed further below.
- 2.11 As already covered in our November 2024 decision paper response we expect all energy suppliers to continue to identify ways in which they can differentiate themselves in the market and deliver ever better standards of customer service performance beyond the mandated minimum requirements. For example, in March 2024 the British Standards Institute (BSI) launched a new Kitemark for Service Excellence, which is considered to be a mark of quality and distinction. Whilst we are not mandating obtaining the Kitemark at this juncture, the attainment of the benchmark may be one

way in which a supplier may choose to demonstrate how they are providing an effective customer service experience that meets and exceeds customers' expectations.

- 2.12 Although the date for implementation of the licence modifications is April 2025, supplier reporting to the UR on the new measures will not be required until six months following their implementation. Suppliers must ensure that they implement any changes in their systems and processes required as a result of the licence modifications when they come into effect.

Measure 3 of the CoP on Customer Service

Measure 3 - Suppliers must implement appropriate processes/services to provide a freephone telephone number for domestic consumers that are on the Customer Care Register (CCR) and a local (low cost) phone number for those domestic customers who are experiencing financial difficulty. Eligible customers must be made aware of and directed to a suitable method of contact as soon as their supplier is aware of their eligibility.

Stakeholder feedback

- 2.13 The requirement to 'implement appropriate processes/services to provide a freephone telephone number for domestic consumers that are in vulnerable circumstances' was commended by one consumer body.
- 2.14 However, one supplier felt concerned that 'the only way to ensure that any proposed new telephone numbers meet the right customers would be to introduce a freephone number for all customers', and stated that along with that comes associated cost implications. This supplier highlighted that introducing a freephone number for all customers would require 'a significant upgrade to telephony, updates to [the supplier's] website and customer literature including bills and letters'. The supplier noted that the initial costs for implementation would be significant, alongside ongoing annual costs to service the freephone number, which will ultimately be borne by customers. An indicative cost for the provision of this service was provided. Note, due to commercial sensitivities, this information has been redacted from the published consultation response.

UR Response

- 2.15 The UR emphasises that in order to meet the mandated measure, suppliers need to as a minimum 'provide a freephone telephone number for domestic consumers that are on the CCR and a local (low cost) phone number for those domestic customers who are experiencing financial difficulty'. If a

supplier decides to provide a freephone number for all customers, this goes beyond the requirements of the CoP.

- 2.16 Our rationale for providing a freephone number for those individuals on the CCR has not changed; we addressed these concerns in our November 2024 decision paper. We highlighted the benefits of restricting the freephone number to those on the CCR(s), as individuals on the CCR will be recorded on a database which will be subject to review and amendment every two years (at minimum). Currently all suppliers hold and maintain their own CCRs. Through the Best Practice Framework (BPF)⁷ programme, changes to the CCR structure will be implemented with the longer-term aim of moving to a single cross utility CCR.
- 2.17 We also addressed suppliers' comments and concerns around the cost implications. We appreciate the reservations of suppliers in relation to cost. Our view has not changed. Our measure ensures that vulnerable customers and those suffering financial hardship receive affordable and practical methods to contact their suppliers while making sure that the cost implication is as low as possible for suppliers. We also recognise that some suppliers already offer a freephone or low cost number, further reducing any financial impact of the required measure. As highlighted in our decision paper there are already requirements for suppliers to identify customers in vulnerable circumstances within the existing mandatory CoP for Consumers in Vulnerable Circumstances, which was implemented in licences through the licence modification process in November 2024.
- 2.18 This measure provides the space for suppliers to implement this requirement in an efficient manner and in a way that best suits the existing operations of the supplier.

Measure 9 of the CoP on Customer Service

Measure 9 - Call back services must be offered by all suppliers and acted upon within two working days.

Stakeholder feedback

- 2.19 Responses to the measure requiring a call back within two working days (amended from 24 hours) were mixed. A consumer body commented positively on the requirement, which 'will improve the call back times we reported on earlier this year'. A supplier critiqued the measure overall and

⁷ <https://www.uregni.gov.uk/publications/best-practice-framework-decision-code-practice-consumers-vulnerable-circumstances>

were not supportive of a call back option being mandated for suppliers to implement, feeling that it was unjustified. They cited ‘unnecessary pressure on contact centre resources’ and believed that the introduction of a call back service would ‘ultimately lead to issues with customer service in the future’. They also highlighted potential impacts on ‘call volumes, wait times and abandonment rates’, as well as cost implications due to ‘telephony upgrades, IT changes, review of resources and additional reporting requirements’.

- 2.20 This same supplier noted that we appeared to ‘contradict previous requirements to ensure customers do not experience excessive wait times and the need to triage calls’. They proposed that if wait times are to be kept to a minimum, then there is little justification for providing a call back service.

UR Response

- 2.21 The UR highlights that the wording of the requirement is flexible in order to allow suppliers to implement this measure within the bounds of their existing customer contact system. It is not necessary or expected that suppliers have a call back option in use at all times during the year. The offering of the service may only be required during times of unforeseen high call levels, which any supplier can benefit availing of. The provision of a call back service helps to ensure that customer calls are managed in an effective and efficient manner and at a time that suits the customer’s needs. The flexibility afforded in the Code also helps to ensure that other customer service targets can continue to be met.
- 2.22 In response to the supplier feedback above, we also note that the requirement to triage calls was removed from the final decision published in November 2024.
- 2.23 An earlier response from a supplier in the March 2024 consultation on the CoP itself highlighted that ‘it is not feasible to have a reserve bank of agents to quickly ramp up should there be increased levels of customer contact’. The requirement to have a call-back system in place should address this issue, as it will allow suppliers the flexibility to have the call back system in operation at a time that suits their business needs and also offers the customer the option to receive a call back instead of waiting in a queue. We emphasise that the measures introduced in the CoP should be considered holistically and not individually. The combination of all the measures set out in the CoP minimises the possibility of a reduced level of service for each call, as calls can be spread throughout the day in the event of an unforeseen incident or sudden increase in call volume.

Measure 7 and Measure 10 of the CoP on Customer Service

Measure 7 - 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).

Measure 10 - Suppliers must ensure that their call abandonment rate is not excessive (not above 12.5%).

Stakeholder feedback

- 2.24 One supplier still has 'reservations regarding the proposed modifications in relation to mandated metrics for call handling'. These metrics include a call wait time not longer than four minutes, and an abandonment rate of less than 12.5%. This supplier states that they focus on the quality of response to the customer and resolution at the first point of contact. They are concerned that the mandatory nature of the metrics may prove a risk as suppliers attempt to answer calls within timescales.
- 2.25 One supplier also highlighted in response to these measures that as the CoP becomes embedded there will be a need to review to ensure that it is delivering the best possible outcome for the customer.

UR response

- 2.26 We appreciate that suppliers have differing operational aims and objectives for their contact centres. For example, one supplier highlighted that their primary focus is on the quality of the response to the customer and first contact resolution.
- 2.27 However, as a consequence of our ongoing monitoring of supplier Customer Service Key Performance Indicators (KPIs) since November 2022, we consider that the two metrics (Measure 7 and Measure 10) are key indicators of customer service performance. From the evidence gathered to date, an average call wait time of 4 minutes and an abandonment rate below 12.5% is both reasonable and achievable for all suppliers. The introduction of a call back service to use as each supplier sees fit will also assist suppliers in achieving these metrics on a month by month basis.
- 2.28 The CoP will be subject to ongoing review in order to ensure that it is delivering the best possible outcomes for the customer, with amendments made as necessary. This may include amendments to the targets for KPIs.

Processes for setting fixed direct debits

Stakeholder feedback

- 2.29 One supplier agreed with the licence amendment in principle, citing the ‘importance of accurate and fair calculations for fixed direct debits’. They stated that a flexible approach that considers different customer behaviours and usage patterns is essential.
- 2.30 They raised concerns regarding the definition of "the best and most accurate usage information" and felt that the approach is flawed, as there are numerous other relevant factors which influence energy usage - such as electric vehicles (EVs), heating sources, and other behavioural or structural aspects of the household. They also stated that with the shift towards electrification, the licence condition is at risk of becoming outdated.
- 2.31 It is their view that a supplier should prioritise evidenced historic energy usage as the most accurate basis for calculating a direct debit. The supplier gave an example that 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.

UR response

- 2.32 We welcome this supplier’s response to the proposed licence modification. We agree that a flexible approach that considers different customer behaviours and usage patterns is essential, and it is for this reason that we have included an element of supplier discretion by including point (iv) of the licence modification. This enables suppliers to ‘take account of any other relevant information provided by the customer’. This gives suppliers the discretion to tailor their direct debit setting process to each individual customer based on other relevant information that is available. This discretion is important whilst maintaining mandatory requirements to ensure that there is a consistent process to ensure direct debit setting processes are accurate and fair for all consumers. The mandatory aspects include: providing an up to date meter reading; the size of the property; and the number of people who live at the property.
- 2.33 We do not agree that this licence condition is at risk of becoming outdated by excluding considerations such as EV charging. Allowing the supplier to include factors they deem necessary, and taking account of any other relevant information provided by the customer, will ensure that the licence condition will remain current regardless of industry changes or a consumer shift towards electrification. The broad nature of point (iv) is intended to future-proof the licence modification, ensuring that any new technologies are legitimately considered as part of setting a fixed direct debit.

2.34 We appreciate the supplier's comments and concerns around the definition of "the best and most accurate usage information". To clarify, the term 'best' is used in its natural sense, i.e. the best possible information available to a supplier, taking into account the aforementioned requirements of subsection 4. The requirements listed are the minimum we expect from suppliers. However, suppliers are free to consider additional relevant information on usage patterns, such as Actual Usage Factor (AUF) / Estimated Usage Factor (EUF) / Annual Quantity (AQ) when setting fixed direct debits.

2.35 As highlighted in our decision paper published in November 2024, we believe that the minimum requirements listed are essential in ensuring fixed direct debit values are accurately calculated specific to individual customers. In addition, supplier processes should be documented with training provided for relevant staff so that there is a consistent approach for all customers.

The objective of the direct debit setting framework is to ensure that customers are placed on an accurate direct debit payment plan which is reflective of their annual energy usage. The licence modifications should ensure that consumers have a balance of zero or as close to zero as possible at the end of a rolling twelve month period. If direct debits have been calculated accurately from the outset, then no excess credit or debit should build up on the customer's account. The review period of at least every six months will capture those direct debit plans which may need adjusted over the customer's contract to realign with the customer's actual usage. The processes for the return of customer credit will ensure that customers on a fixed direct debit do not have excessive credit on their account and any accrued credit (excess or otherwise) is easily obtained from their supplier.

Processes for the return of customer credit

Stakeholder feedback

2.36 Two suppliers and one consumer body responded to this proposed modification. The consumer body welcomed the clear definition of excessive credit, which will help protect consumers from excessive credit balances and ensure refunds are easily obtained from their supplier.

2.37 One supplier raised concerns with the definition of excessive credit, commenting that this definition may result in more frequent changes to a customer's direct debit, leading to significant customer uncertainty. The supplier highlighted that they already have an 'excessive credit' check in place and any credit deemed excessive will either be used to reduce monthly payments or will be refunded if accounts meet 'Auto Refund' parameters. The supplier also highlighted that using the criteria set in our proposed licence modification for setting a direct debit make it difficult for a customer to

get into a position of having an excessive level of credit.

- 2.38 Another supplier noted the importance of allowing flexibility in how “excessive credit” is defined, so it can reflect individual customer preferences and billing cycles. They said that some customers may prefer to keep credit on their account to help reduce future bills, rather than receiving a refund. They also suggested that when assessing credit balances, it is crucial to consider the customer’s individual usage patterns instead of referencing “winter months” as a default period of higher energy use.

UR response

- 2.39 The fixed direct debit payment model can deliver significant consumer benefits, particularly in smoothing out energy bills across the year thereby improving affordability and predictability. Credit balances are an intrinsic feature of the fixed direct debit payment model whereby ordinarily customers overpay for their energy in summer before underpaying in winter. We believe that the definition of excessive credit as included in the licence modification will ensure that consumers are protected from paying in excess of their annual usage, while ensuring that the direct debit payment model functions as intended.
- 2.40 In addition, we expect the requirements which (i) ensure the setting of fixed direct debits is based on the best and most accurate usage information, and (ii) ensure that direct debit reviews are conducted on a regular basis, will reduce the likelihood of consumers accruing excessive credit balances in the first instance. However, it is important that a clear definition of excessive credit exists which will act as a ‘safety net’ in the event of any failings, to ensure customers are protected from paying in excess of their annual usage.
- 2.41 We acknowledge the concerns raised that, in some circumstances, a customer’s period of highest energy usage may not fall over the winter months. However, no further analysis or statistics were provided outlining the percentage of these customers and/or the potential implications of applying the definition. That said, we are confident that the definition of excessive credit will ensure that domestic suppliers will ensure that customer usage is reflective of annual consumption patterns. There are additional requirements in place to ensure that the setting of fixed direct debits are tailored to individual customer needs and regular reviews are conducted to ensure that the level of the fixed direct debit is as accurate and reflective of a customer’s usage.
- 2.42 We acknowledge that customer choice is important and that some customers may prefer to keep credit on their account to help reduce future bills. As previously noted, credit balances are an intrinsic feature of the fixed direct debit payment model. The processes for setting, reviewing and amending

fixed direct debits ensure that customers are placed on an accurate direct debit payment plan and prevents the build up of excess credit or debit on the customer's account. The current definition of excessive credit allows for customers to accrue credit, while ensuring that they are not paying in excess of their annual energy usage. We have incorporated and allowed for customer choice in the licence requirements. If the customer is paying in excess of their usage, the Licensee must either reduce the customer's fixed direct debit or refund the customer's credit, depending on the customer's preferred option.

3. Licence Modification Decision

3.1 Following careful consideration of the responses received and all other available information, we have made no amendments to the proposed licence modifications for gas and electricity supply licences. The licence modifications for the relevant gas and electricity licences are presented in this section. The numbered licence conditions for each type of licence, and the legal notice to modify a licence, are set out in separate appendices to this paper.

Electricity Supply Licence Modifications

3.2 We are amending all electricity supply licences to include three new licence conditions that will reflect: the introduction of the CoP on Customer Service; processes for setting fixed direct debits; and processes for return of customer credit.

3.3 We are also amending existing licence conditions to include a relevant cross reference to our new licence conditions in relation to the processes for setting fixed direct debits and return of customer credit.

3.4 The affected licences are outlined below:

Affected Licences	Condition
<ul style="list-style-type: none"> AES Ballylumford Limited 	Include three new licence conditions as follows:
<ul style="list-style-type: none"> Board Gáis Energy Limited 	
<ul style="list-style-type: none"> Budget Energy Limited 	Condition 27b: Processes for setting fixed direct debits;
<ul style="list-style-type: none"> Click Energy 	
<ul style="list-style-type: none"> Electric Ireland (ESBIE NI Ltd) 	Condition 27c: Processes for the return of customer credit;
<ul style="list-style-type: none"> Electricity Supply Board (ESB) 	
<ul style="list-style-type: none"> ElectroRoute Energy 	Condition 31a: Code of Practice on Customer Service.
<ul style="list-style-type: none"> Energia Customer Solutions NI Limited 	
<ul style="list-style-type: none"> firmus energy (Supply) Limited 	
<ul style="list-style-type: none"> Flogas Enterprise Solutions Limited 	

• Gaelectric Green Energy Limited	<p>Include amended licence conditions as follows:</p> <p>Condition 27 (14)b: Terms and Conditions of Electricity Supply Contracts;</p> <p>Condition 38 (13)b: Provision of Information to Customers</p>
• Go Power (LC Power Limited)	
• LCC Group Limited	
• Orstead Onshore Green Energy NI Limited	
• Power NI (NIE Energy Ltd)	
• Share Energy Trading Ltd	
• SSE Airtricity Energy Supply Limited	
• Statkraft Markets GmbH	
• 3T Power Limited	

Condition 27: Terms and Conditions of Electricity Supply Contracts

14. The Licensee shall ensure that its standard terms and conditions provide Domestic Customers with a choice of payment methods, including as a minimum making payment:

- (a) in arrears (at such frequency as is set out in the terms and conditions);
- (b) by direct debit (at such frequency as is set out in the terms and conditions). Refer to Condition 27b for the processes for setting fixed direct debits; and
- (c) in advance through a prepayment meter.

Condition 27b: Processes for setting fixed direct debits

1. This Condition shall apply where the Licensee supplies, or offers to supply, electricity to Domestic Premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall) comply with the obligations set out in this licence condition.

Setting fixed direct debits

3. The Licensee 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 usage information; the fixed direct debit value must be calculated specific to the individual customer and based on up-to-date and accurate information.
4. For new customers, payments must be based on a number of factors as outlined below, 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.
5. For any fixed direct debit payment plan (new and amended), Licensees must provide clear and accessible information to the customer on how this payment plan operates.
6. When signing up a customer to a fixed direct debit payment plan, the Licensee 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 Licensee 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 Licensee 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
 - (vii) What options the customer has if they accrue credit (to include how to request payment of their credit (as per Condition 27c) and processes for discussing with the Licensee any debt that has accrued on the account).

Reviewing fixed direct debits

7. The Licensee 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.

8. Customers can submit their own meter reads to their Licensee, these must be used by the Licensee to review their fixed direct debits to ensure the value is based on accurate information and not estimated reads.
9. If a Licensee changes a customer's fixed direct debit (e.g. due to a tariff change or a Licensee-initiated review) the customer must receive clear, informative, and timely communications on the fixed direct debit change, including the Licensee'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 Condition 27b(5)).
10. In addition to the six-month review, Licensees 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 Condition 27c: Processes for the return of customer credit).
11. In this Condition:

Fixed direct debit	means individual customers' energy payments are calculated to spread the cost throughout the year. On a fixed direct debit the customer pays a set amount each month.
Excess Credit	means credit balances above the level the Licensee needs to collect to cover a customer's underpayment over the winter months.
Agents or Subcontractors	means any person directly or indirectly authorised to represent the Licensee in its dealings with customers or other Licensees.

Condition 27c: Processes for the return of customer credit

1. This Condition shall apply where the Licensee supplies, or offers to supply, electricity to Domestic Premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall) comply with the obligations set out in this Licence Condition.
3. 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 Licensee.

- a) Excessive credit is defined as credit balances above the level the Licensee needs to collect to cover a customer's underpayment over the winter months.
 - 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 (or earlier if practical) from the request being made by the customer.
 - c) Excessive customer credits must trigger a review by the Licensee 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 Licensee must either reduce the customer's fixed direct debit or refund the customer's credit (depending on the customer's preferred option).
4. Where a Domestic Customer terminates the Contract in accordance with its provisions, the Licensee shall return any credit in accordance with Licence Condition 38(13)b.
 5. In this condition:

Fixed direct debit	means individual customers' energy payments are calculated to spread the cost throughout the year. On a fixed direct debit the customer pays a set amount each month.
Excess Credit	means credit balances above the level the Licensee needs to collect to cover a customer's underpayment over the winter months.
Agents or Subcontractors	means any person directly or indirectly authorised to represent the Licensee in its dealings with customers or other Licensees.

Condition 31a: Code of Practice on Customer Service

1. This Condition shall apply where the Licensee supplies, or offers to supply, electricity to Domestic Premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall)

comply with the obligations applicable to it under the Code of Practice on Customer Service.

3. The Authority, following consultation with the Licensee, the General Consumer Council and any other person who in the opinion of the Authority is likely to be interested or affected, may from time to time make such modifications to the Code of Practice on Customer Service, as the Authority considers are necessary or expedient.
4. In this Condition:

Code of Practice on Customer Service means the relevant document of that name, prepared and published from time to time by the Authority, relating to customer service.

Vulnerable or Vulnerability means 'A consumer is deemed vulnerable when their personal characteristics or circumstances reduce their ability to engage effectively and achieve fair outcomes. A vulnerable consumer is significantly less able to protect or represent their interests and significantly more likely to suffer detrimental impacts on their health, wellbeing or finances'.

Agents or Subcontractors means any person directly or indirectly authorised to represent the Licensee in its dealings with customers or other Licensees.

Condition 38: Provision of Information to Customers

Final Bill or Statement

13. Where a Domestic Customer terminates the Contract in accordance with its provisions, the Licensee shall:
 - (a) send a final bill to the Domestic Customer within six weeks of the Licensee ceasing to provide a supply of electricity to the Domestic Customer; and
 - (b) use best endeavours to refund any outstanding credit to the Domestic Customer within eight weeks of the Licensee ceasing to provide a supply of Electricity to the Domestic Customer via an appropriate mechanism. Refer to Condition 27c for processes for the return of fixed direct debit customer credit.

Gas Supply Licence Modifications

- 3.5 We are amending all gas supply licences to include three new licence conditions that will reflect: the introduction of the CoP on Customer Service; processes for setting fixed direct debits; and processes for return of customer credit.
- 3.6 We are also amending existing licence conditions to include a cross reference to our new proposed licence conditions in relation to the processes for setting fixed direct debits and return of customer credit.
- 3.7 The affected licences are outlined below:

Affected Licences	Condition
• SSE Airtricity Gas Supply (NI) Ltd	Include three new licence conditions as follows:
• Firmus Energy (Supply) Ltd – Ten Towns	
• firmus energy (Supply) Ltd – Greater Belfast Area	
• Flogas Enterprise Solutions Limited	Condition 2.11a: Code of Practice on Customer Service;
• Electric Ireland	
• Go Power	
• Flogas Natural Gas Limited	Condition 2.18a: Processes for setting fixed direct debits;
• Energia	
• Power NI Energy Limited	
• SSE Airtricity Energy Supply (NI) Ltd	Condition 2.18b: Processes for the return of customer credit.
• SSE Energy Supply Limited	
• Shell Energy Europe Limited	
• Viridian Energy Limited	Include amended licence conditions as follows:
• Board Gáis Energy Ltd	
• AES Ballylumford Limited	
• British Gas Trading Limited	Condition 2.18.14b: Terms and Conditions of Gas Supply Contracts;
• Coolkeeragh ESB Limited	
• ElectroRoute Energy Trading Limited	
• ESB Gas Supply Licence	Condition 2.19.13b: Provision of Information to Consumers
• EP NI Energy Limited	
• EP Commodities	
• Ceres Energy Limited	
• Ceres Energy Limited	

Condition 2.11a: Code of Practice on Customer Service

1. This Condition shall apply where the Licensee supplies, or offers to supply, gas to Domestic Premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall)

comply with the obligations applicable to it under the Code of Practice on Customer Service.

3. The Authority, following consultation with the Licensee, the General Consumer Council and any other person who in the opinion of the Authority is likely to be interested or affected, may from time to time make such modifications to the Code of Practice on Customer Service, as the Authority considers are necessary or expedient.
4. In this Condition:

Code of Practice on Customer Service means the relevant document of that name, prepared and published from time to time by the Authority, relating to customer service.

Vulnerable or Vulnerability means ‘A consumer is deemed vulnerable when their personal characteristics or circumstances reduce their ability to engage effectively and achieve fair outcomes. A vulnerable consumer is significantly less able to protect or represent their interests and significantly more likely to suffer detrimental impacts on their health, wellbeing or finances’.

Agents or Subcontractors means any person directly or indirectly authorised to represent the Licensee in its dealings with customers or other Licensees.

Condition 2.18: Terms and Conditions of Gas Supply Contracts

2.18.14 The Licensee shall ensure that its standard terms and conditions provide domestic consumers with a choice of payment methods, including as a minimum making payment:

- (a) in arrears (at such frequency as is set out in the terms and conditions);
- (b) by direct debit (at such frequency as is set out in the terms and conditions). Refer to Condition 2.18a for the processes for setting fixed direct debits; and
- (c) in advance through a prepayment meter.

Condition 2.18a: Processes for setting fixed direct debits

1. This Condition shall apply where the Licensee supplies, or offers to supply, gas to Domestic Premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall) comply with the obligations set out in this licence condition.

Setting fixed direct debits

3. The Licensee 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 usage information; the fixed direct debit value must be calculated specific to the individual customer and based on up-to-date and accurate information.
4. For new customers, payments must be based on a number of factors as outlined below, 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.
5. For any fixed direct debit payment plan (new and amended), Licensees must provide clear and accessible information to the customer on how this payment plan operates.
6. When signing up a customer to a fixed direct debit payment plan, the Licensee 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 Licensee 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 Licensee 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
- (vii) What options the customer has if they accrue credit (to include how to request payment of their credit (as per Condition 2.18b) and processes for discussing with the Licensee any debt that has accrued on the account).

Reviewing fixed direct debits

7. The Licensee 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.
8. Customers can submit their own meter reads to their Licensee, these must be used by the Licensee to review their fixed direct debits to ensure the value is based on accurate information and not estimated reads.
9. If a Licensee changes a customer's fixed direct debit (e.g. due to a tariff change or a Licensee-initiated review) the customer must receive clear, informative, and timely communications on the fixed direct debit change, including the Licensee'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 Condition 2.18a(5)).
10. In addition to the six-month review, Licensees 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 Condition 2.18b: Processes for the return of customer credit).
11. In this Condition:

Fixed direct debit

means individual customers' energy payments are calculated to spread the cost throughout the year. On a fixed direct debit the customer pays a set amount each month.

Excess Credit means credit balances above the level the Licensee needs to collect to cover a customer's underpayment over the winter months.

Agents or Subcontractors means any person directly or indirectly authorised to represent the Licensee in its dealings with customers or other Licensees.

Condition 2.18b: Processes for the return of customer credit

1. This Condition shall apply where the Licensee supplies, or offers to supply, gas to Domestic Premises.
2. The Licensee shall (and shall procure that its agents or sub-contractors shall) comply with the obligations set out in this licence condition.
3. 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 Licensee.
 - a) Excessive credit is defined as credit balances above the level the Licensee needs to collect to cover a customer's underpayment over the winter months.
 - 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 (or earlier if practical) from the request being made by the customer.
 - c) Excessive customer credit must trigger a review by the Licensee 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 Licensee must either reduce the customer's fixed direct debit or refund the customer's credit (depending on the customer's preferred option).
4. Where a domestic customer terminates the Contract in accordance with its provisions, the Licensee shall return any credit in accordance with Licence Condition 2.19.13b.
5. In this Condition:

Fixed direct debit means individual customers' energy payments are calculated to spread the cost

throughout the year. On a fixed direct debit the customer pays a set amount each month.

Excess Credit means credit balances above the level the Licensee needs to collect to cover a customer's underpayment over the winter months.

Agents or Subcontractors means any person directly or indirectly authorised to represent the Licensee in its dealings with customers or other Licensees.

Condition 2.19: Provision of Information to Consumers

Final Bill or Statement

2.19.13. Where a domestic consumer terminates the Contract in accordance with its provisions, the Licensee shall:

(a) send a final bill to the domestic consumer within six weeks of the Licensee ceasing to provide a supply of gas to the domestic consumer; and

(b) use best endeavours to refund any outstanding credit to the domestic consumer within eight weeks of the Licensee ceasing to provide a supply of gas to the domestic consumer via an appropriate mechanism. Refer to Condition 2.18b for processes for the return of fixed direct debit customer credit.

Reasons

3.8 In Q4 2022, we were made aware of a rising number of complaints and concerning reports regarding energy supplier customer service levels, specifically in the areas of customer contact centre services, the setting of fixed direct debits and the return of customer credit. We conducted a review of supplier performance and a number of potential failings in some suppliers' customer service levels were identified. As a result, in September 2023 we published a Guidance Note for domestic energy suppliers to set out our expectations on customer service levels. At this time we committed to the development of a consultation on mandatory requirements to strengthen our regulatory framework in this area. The aim of this was to improve the standards of service provided by energy suppliers for all consumers over the longer term, including those in vulnerable circumstances.

3.9 We believe that good customer service is not negotiable and investing in

customer service is one of the key elements to long-term supplier success. We believe that the introduction of a CoP on Customer Service and new licence conditions for the processes for setting fixed direct debits and return of customer credit will lead to both new and innovative technologies and creative problem solving, which will ensure customers receive the best customer service and lead to successful outcomes for suppliers.

Effects

- 3.10 The CoP on Customer Service and new licence conditions will place obligations on domestic gas and electricity suppliers in Northern Ireland to achieve what we consider to be the minimum level of customer service that energy suppliers must provide to their domestic customers. This will ensure that all consumers across Northern Ireland are protected when liaising with their energy supplier and receive supportive, timely and accurate customer service. The CoP also includes additional requirements which will provide protections for those customers in vulnerable circumstances. Our licence modifications for the setting of direct debits and return of customer credit will ensure that customers are paying only what they should for their energy and that all customers are treated equally across all domestic suppliers.

4. Next Steps

- 4.1 This paper sets out our decisions following consultation on modifications to implement licence conditions for setting direct debits, return of customer credit and the Code of Practice on Customer Service. The modifications will take effect from 24 April 2025.
- 4.2 Whilst the date for implementation of the licence modifications is April 2025, supplier reporting on the new measures to the UR will not be required until six months following their implementation. Suppliers must ensure that they implement any changes in their systems and processes required as a result of the licence modifications.
- 4.3 We will be publishing an information paper detailing our monitoring and reporting requirements. This paper will include relevant monitoring and reporting requirements for both the CoP for Consumers in Vulnerable Circumstances and the CoP on Customer Service Levels and will enable us to streamline the requirements where possible. This paper will be published after the licence modifications take effect.
- 4.4 Suppliers should continue to submit both their REMM data⁸ and their

⁸ This includes REMM submissions in relation to the Code of Practice on Provision of Services for persons who are of pensionable age, disabled or chronically sick.

monthly call centre performance metrics⁹ until the new monitoring and reporting requirements have been established.

- 4.5 We will monitor the effectiveness of the new CoP and licence requirements in ensuring that suppliers' customer service remains at levels which are deemed acceptable and provide appropriate protections for those customers in vulnerable circumstances.
- 4.6 Where the UR considers it necessary to amend the CoP it will consult on any proposed changes. Depending on the nature of these amendments, the consultation may be restricted to those companies holding an electricity or gas supplier licence, or may include key stakeholders (e.g. consumer groups), or may be a public consultation.

5. Appendices

Appendix Number	Description
Appendix 1	Electricity Suppliers Licence Decision Notice
Appendix 2	Gas Suppliers Licence Decision Notice
Appendix 3	Code of Practice on Customer Service

Glossary

AQ	Annual Quantity
AUF	Actual Usage Factor
BPF	Best Practice Framework
CCNI	The General Consumer Council for Northern Ireland
CoP	Code of Practice
EUf	Estimated Usage Factor
EVs	Electric Vehicles
FOIA	Freedom of Information Act
KPIs	Key Performance Indicators
REMM	Retail Energy Market Monitoring
UR	Utility Regulator

⁹ Submitted monthly to C&E Analyst