

Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

Email to: [CDconsultations@ofgem.gov.uk](mailto:CDconsultations@ofgem.gov.uk)

10 December 2018

### **Prepayment self-disconnection and self-rationing: a Call For Evidence**

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, storage and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy is fully committed to supporting customers who may self-disconnect or self-ration. During our interactions with customers we advise them to engage with us if they are experiencing financial difficulty, or have a change in circumstances that impacts their ability to manage their prepayment meter (PPM). However, one of the biggest challenges we face is where customers do not engage with us or seek advice.

The limited technical capability of the existing legacy PPM infrastructure means that suppliers are only able to monitor a customer's vending activity, rather than their real-time consumption. This results in challenges for suppliers to accurately identify where customers may be at a greater risk of self-disconnection or are choosing to self-ration their supply.

Nonetheless, EDF Energy has a number of initiatives in place to identify and support customers who may be at risk of self-disconnection. We continuously review these services to ensure that we are responding to customer feedback, and identify areas of continuous improvement. We focus on offering services to customers to match their individual characteristics and preferences. However, these services must be offered and used in circumstances where a genuine need has been identified, and should not become a default expectation from customers, as this could exacerbate any problems they are experiencing.

We provide support to customers in a number of ways. These are explained in more detail in Annex 1, but include:

- Emergency 'friendly' non-disconnect periods
- Credit for customers who don't have funds available
- Debt repayment holiday
- Receipt messaging to remind customers to keep their meters topped up in the warmer months
- Contact with customers who have not vended for a period of time

EDF Energy values the expertise that can be provided by independent third parties, particularly where a customer may not feel comfortable engaging directly with their supplier. Where appropriate, we signpost customers to our partner organisations, where they receive additional expert support and advice; including in financial management, debt relief and energy efficiency.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact myself or Gavin Anderson on 0785 294 8087

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Paul Belmont".

**Head of Customers Policy and Regulation**

## Annex 1

### EDF Energy's response to your questions

**Q1: Are there any categories that Ofgem have not captured in Table 1? Ofgem welcome views and evidence on the main causes of self-disconnection and groups of customers who are more likely to self-disconnect and experience detriment.**

Table 1 outlines the main causes of self-disconnection that we are aware of. We do not have any additional categories to suggest.

Customers are often unaware that they will continue to accrue standing charges outside of periods of energy use. This is a key reason for self-disconnection. For example, there can be seasonal variations in vending behaviour, particularly for gas customers, who may not need to top-up in the summer months. Customers also accrue standing charges while on holiday, if they are away from a property for a long period of time or if they are evacuated from their premises for any reason.

Self-disconnection does not always mean that a customer is in a vulnerable situation. In some circumstances this may be an active choice by customers who do not wish to vend, for example a holiday home, but are aware and content that their meters will need to be topped-up when they next choose to use energy.

**Q2: Ofgem seek views and evidence on how self-disconnection and self-rationing is being monitored for customers on traditional PPMs. Ofgem welcome views on how effective current practices are.**

With the current legacy PPM infrastructure, suppliers are only able to access vending information. However, we are unable to see how this is then used and managed on the meter. Legacy PPMs do not have a remote connection, therefore suppliers are not able to monitor any real-time information that would allow us to identify when a customer has disconnected, or is running low on credit.

EDF Energy monitors customer vending activity to identify potential issues that customers may be experiencing. If the customer has not vended in 14 days, we contact them to offer support. We review and alter, as necessary, the 14 day parameter at various times of year, and for different customer groups, e.g. those identified as being in a potentially vulnerable situation. While we are able to monitor customer vends and tailor this to their characteristics and preferences, we need to balance this with not frustrating customers. A customer not vending is not always a cause for concern. Some customers, for example, will choose to do larger top-ups on an infrequent basis.

We place a strong emphasis on responding to feedback received from customer interactions. We focus on ensuring that all staff are trained to identify triggers where customers may be at risk and are able to respond to these based on the customers individual circumstances.

Monitoring of customer's vending activity can be effective in identifying situations where a customer may need additional support. Lack of vending activity can also be an indication of other scenarios, such as, theft, empty premises or faulty meters.

Monitoring of self-disconnection and self-rationing will improve, as more customers access pay as you go using a smart meter. Smart meters allow suppliers to link directly to a customers meter and better understand when they may be at risk. Being able to see customers current balance will allow suppliers to provide more tailored, point in time, support. The meter and associated devices are equipped with a number of configurable alarms and alerts, allowing suppliers to better inform customers where they may be at risk. We will be able to monitor, and report, in much more detail to identify and manage those customers who may be regularly accessing their emergency credit or self-disconnecting.

Furthermore, smart metering provides suppliers with greater opportunity to tailor products and services to pay as you go customers, to help them better manage their energy. Topping up the meter is also easier, with the ability to offer online top up, automatic top ups and other innovative services. Where appropriate, suppliers will be able to switch a customer to and from pay as you go mode remotely, without needing to visit the premises.

**Q3: Ofgem seek evidence of examples where PPM customers were at risk of self-disconnection or who self-disconnected for affordability and/or operational and/or forgetfulness reasons, the impact on these customers, and how the situation was resolved.**

EDF Energy has a number of tools and approaches which aim to identify self-disconnection and self-rationing. Through our routine correspondence and specific seasonal correspondence, we actively encourage customers to contact us if they require support. Where a customer indicates that they are struggling to repay a debt through their PPM, we can reduce their weekly recovery rate, or stop their debt repayment, until the customer is in a more financially stable position.

We actively take steps to prevent self-disconnection occurring in the first place. For example, we completed a receipt messaging initiative earlier this year, to remind customers to keep their meter topped up over the warmer months. This initiative was available to customers who vended their key at Paypoint or Post Office, covering 94% of

our customer base. As explained in our response to Q2, we also contact customers who have not vended for a period of time, and ask them to contact us if they need support.

As discussed in Q4, emergency 'friendly' non-disconnection periods, and discretionary credit is also available to mitigate the risks of self-disconnection. We may also refer our customers, free of charge, to our independent partners IncomeMax, Plymouth Citizens Advice or the EDF Energy Trust Fund, for financial advice or support. Please see Q7 for more information on these services.

Before installing a PPM, we take steps to ensure it is safe and reasonably practicable for the customer. Where we are made aware of a change in the customer's circumstances, meaning that a PPM is no longer the most appropriate option, we will exchange or re-locate the meter free of charge.

**Q4: Ofgem seek views on what great support service looks like for customers at risk of self-disconnection or who self-disconnect. Ofgem welcome examples of supplier good practice in dealing with self-disconnection and self-rationing.**

It is essential each situation is considered on a case by case basis, with outcomes being tailored to each customer's individual characteristics and preferences.

While reporting can provide some insight into customer behaviours, it is not able to provide effective real time triggers, due to the limitations of the existing PPM infrastructure. Customer engagement is the most effective means of identifying circumstances where extra support may be required. However, despite encouraging customers to contact us, we recognise that they may not always do so.

In order to ensure customers have different options available to them, EDF Energy has partnered with a number of organisations, including Citizens Advice Plymouth and IncomeMax. Our partner organisations provide independent, expert, advice and support to customers who may be experiencing difficulty with maintaining supply via their PPM.

**Q5: Ofgem welcome views from all stakeholders on the emergency, friendly, and discretionary credit functions. How well do you think these features work?**

The existing legacy PPM architecture offers limited options and flexibility to suppliers. Despite these limitations, we evaluate how best to support customers on an ongoing basis.

All EDF Energy PPMs are equipped with an emergency credit facility, which is available to be used by customers where they are not able to top up their meter. In addition, we offer 'friendly non-disconnection periods' which means a customer's supply will not disconnect

overnight, on bank holidays or Sundays, so long as the customer has previously vended using a EDF Energy key.

Discretionary credit is available via a credit 'wind on', either by means of an operative visit to the property or by making credit available to collect on the PPM network. This service is offered, where appropriate, following contact from the customer. Any credit provided will be repaid by the customer through an affordable repayment plan.

It is important that customers are able to access a range of services based on their needs. However, this must be evaluated on a case by case basis, in order to ensure that the customer has a genuine need, and to prevent customers from becoming over reliant on these services. The effectiveness of these services can largely depend on whether they are managed and accessed appropriately by customers. For example, if a customer regularly uses the emergency credit on the meter, this may place them into a cycle of having to constantly repay the emergency credit, while also meaning it may not be available when it is genuinely needed. In addition, many customers are unaware that when they utilise emergency credit they are not charged a standing charge. This means that once they top up and move out of emergency credit any unrecovered standing charges will be also recovered.

Where customers contact us and are regularly requesting discretionary credit, or indicate they are struggling to top-up, our Customer Service Advisors are trained to identify the most appropriate option for the customer, which may include suggesting alternative payment methods. We are conscious that repeated use of discretionary credit could place a customer further into debt, and may indicate a broader issue with the customer's ability to manage their energy needs effectively. In these circumstances, we will work with customer in order to identify a manageable and sustainable solution.

**Q6: Ofgem welcome examples of any recent good practice examples on steps taken to provide sustainable support to PPM customers who self-disconnect and/or self-ration.**

Our staff are trained to identify any triggers that indicate when a PPM customer may be at risk of self-disconnection. Once the risk is identified, we can offer appropriate support to the customer to prevent or mitigate the risk of self-disconnection in the future. Where appropriate, this includes referral to our independent expert partners, including Citizen's Advice Plymouth and Income Max. Once referred, customers will receive tailored support, including benefit entitlement checks, energy efficiency advice and debt management advice.

Where a customers personal circumstances are appropriate they can be referred to the EDF Energy Trust. This independent charity offers financial support to customers and

provides grants to tackle energy debts. Since its launch in 2003, the Trust has issued more than 39,000 grants to support customers in debt.

EDF Energy has a dedicated vulnerability team which provides expert advice and support to customers. Our strategy and practices regarding vulnerable customers is reviewed to identify areas of continuous improvement. We have demonstrated this recently by entering into a reciprocal agreement with E.ON and npower, which allows PPM customers to collect replacement electricity and gas charging devices from an additional 3500 charging outlets.

**Q7: Ofgem welcome views on how you perceive the collaboration between stakeholders should operate and what type of organisations you believe will play a central role in this process.**

Collaboration with partners that offer financial advice and support is vital, to prevent self-disconnection for PPM customers with affordability issues. Our independent partners Citizen's Advice Plymouth and IncomeMax provide support to our customers in, including those with a PPM, who may be at risk of self-disconnection.

Citizen's Advice Plymouth is a freephone, independent, telephone debt advice service for EDF Energy customers in vulnerable circumstances. The service is focused on the reduction of energy debt, through a holistic package of services integrating energy debt casework, benefit entitlement checks and energy efficiency advice, together with additional support through partnership working. Using targeted referrals from EDF Energy's debt and PPM teams ensures that this service is directed to those customers most in need.

Our delivery partner, IncomeMax, provides a comprehensive, independent and expert benefit entitlement check and support service. The service aims to maximise household benefits and income, to give customers more money to manage their overall costs, including energy. The service also provides customers with energy advice to make energy more affordable.

We have engaged with Mind and the Alzheimer's Society, via their Dementia Friends initiative, to improve the service we deliver for customers in vulnerable situations and to improve our understanding of mental health issues. We have deployed training to our specialist Priority Service teams, and rolled out the Dementia Friends training programme to our Customer Services teams and wider colleagues, allowing them to better understand and identify circumstances where customers may be self-disconnecting due forgetfulness or mental health issues.