



Anthony Pygram
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Head Office
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Sent by email to:
CDconsultations@ofgem.gov.uk

Josh.henderson@sse.com

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Dear Anthony

Thank you for the opportunity to respond to Ofgem's call for evidence regarding prepayment self-disconnection and self-rationing.

SSE understands the concern around ensuring that prepayment customers enjoy the positive trends that are otherwise being seen in the market. As part of this, it must be carefully understood what the data on prepayment customers is representing as part of then potentially suggesting any work that suppliers should undertake.

A response to each question is provided in Annex 1 below. Key observations at this point include:

- Ofgem must have a full view of potential disconnection reasons.
- The difference between non-purchase and self-disconnection must be understood.
- Purchasing patterns are not indicative of future behaviour.
- The trend of reducing consumption complicates identifying self-rationing.
- Short-term assistance must be complemented with more enduring support.

SSE has welcomed the chance to participate in workshops to complement this call for evidence and will continue to engage as more details are revealed in 2019. Comments



provided here should also be considered under the separate review of the Social Obligation Reporting which is also concerned with indicators relating to self-disconnection.

Yours sincerely

Josh Henderson
Regulation Analyst

Annex 1: SSE response to call for evidence

Q1: Are there any categories that we have not captured in Table 1? We 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.

Ofgem have captured most of the expected categories. Other categories that should be included are:

- Theft
- Free-vend
- Holiday Homes
- Vacant properties

Ofgem should also make the distinction that non-purchase in these additional categories may not always indicate self-disconnection. These categories have not previously been included recording these issues and it is only after speaking with customers that the difference between non-payment as opposed to self-disconnection can be established. As a result, it should be noted that these differences cannot be reported on.

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

SSE's process of monitoring is based on estimating the time of the next purchase being made. Using this historical information means it may not always be indicative of future behaviour. Nevertheless, when a prepayment meter has been installed the supply is monitored after the first 10 days to ensure purchases are being made.

As part of filtering the information we have to review, we consider information that customers provide us about the status of their property. For example, a customer informing us of having a holiday home would be excluded from any efforts we make to monitor for no purchases being made. This is helpful for us then being able to focus our efforts on customers in the most need.

These efforts result in being able to identify instances where having a prepayment is no longer the right option for the customer. This has then allowed assistance with credit being provided or a reduction in the debt recovery rate where applicable. In some cases, it has also resulted in the prepayment meter being swapped for a credit meter.



Regrettably, even with the best intentions, these communications can result in complaints if the customer becomes dissatisfied with incorrectly being identified as having self-disconnected.

Self-rationing is more difficult to monitor since there is no insight available of what an appropriate level of purchasing would be for the customer. This is complicated further by the trend of consumers reducing their consumption and the potential that even significant spends may not reflect the consumer's needs.

Q3: We 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.

Resolving this can involve the use of different solutions such as providing a goodwill payment, applying a credit with an expectation of being repaid or reviewing the debt recovery rate when the prepayment meter is being used in this way.

During any contact from a customer, our advisors are encouraged to listen for any indicators that could suggest the customer is struggling with topping up their meter even if this may not be the initial or main purpose for the call. This also then helps to select a solution that is based on being informed by the customer and understanding their own individual circumstances.

We're aware that Citizens Advice have previously found that a minority of customers sought help after self-disconnecting. However, suppliers remain dependent on customer engagement in order to make an appropriate assessment of their situation

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

Given the reliance on customers contacting us, this is the point where we can usually assess their ability to pay and whether they are experiencing any vulnerable circumstances.

Energy efficiency and debt management advice can be signposted as needed and as part of maintaining the focus on the individual. Specifically, this can be in the form of Warm Home Discount reviews, benefit entitlement checks and referrals to Step Change. The Step Change referrals can be generated from different channels to increase the likelihood of their services being accessed where necessary. This includes signposting in written communications, during phone calls, and will also be extended to the use of 'warm leads' where customers can be transferred directly to a Step Change advisor.



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

Attempts at assistance need to be based on individual circumstances and short-term measures for relieving customers being off supply do not offer the full required solution.

SSE has an internal policy for assisting customers experiencing a lack of funds which also includes signposting to the provision of additional help. These circumstances are reviewed on a case-by-case basis and take the individual customers circumstances into account and their expected usage with any funds being allocated dependent on individual need.

It is important to note the short-term nature of this sort of help since providing credit can result in a debt having to be repaid. Friendly periods can extend for several days when falling over weekends and bank holidays which then results in the same period needing to be recovered.

Q6: We 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.

While discretionary credit can have a short-term benefit, more sustainable support must be based on addressing the customer's wider circumstances. As part of this, SSE can provide referrals for benefit entitlement checks as a way of ensuring that enduring support can be provided.

Suppliers should also consider seasonal variances and so SSE encourages customer to top-up at least once a week throughout the year to ensure that standing charge is at least being cleared even during the summer when gas consumption will have otherwise reduced significantly. SSE has updated a number of customer facing communications including letters, emails and information on our website to explain the importance of topping up regularly.

Suppliers must also be able to take the right approach for more one-off and exceptional situations as well. The 'Beast from the East' earlier in 2018 was a challenge and responded to with emergency visits to provide top-ups and temporary credit being provided when customers were unable to do this as they normally would.

Improved opportunities are also expected to come with the continued Smart meter roll-out. Establishing a customer's suitability for having a Smart meter is something that is already discussed and availability of different top-up methods improved accessibility for customers in all circumstances.



Q7: We 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.

Benefit changes are already affecting some customers' ability to cover their energy costs as their payments result in irregular amounts being provided to them. Stakeholders closest to these changes should be involved in understanding these consequences as well.

Whatever collaboration occurs in the future, there should be an inclusion of making sure that suppliers are promoted as a valid source of assistance for customers in vulnerable situations.