

Ofgem
02/10/2020

Response to Statutory Consultation: Extending protections for non-E7 restricted meter customers (SLC 22G)

I am writing to provide the views of the Energy Consumer Commission in Scotland to Ofgem's Statutory consultation on extending protections for non-E7 restricted meter customers (SLC 22G)

The Energy Consumer Commission (ECC) is a newly established independent group, including membership with significant experience in national consumer bodies, local groups and academia. The commission is the Scottish Government's Strategic Leadership Group for Energy Consumers and aims to strengthen the voice of Scottish consumers in energy decision making.

The Commission welcomes Ofgem's extension of the license conditions which aim to protect consumers using certain types of restricted meters. These consumers have consistently paid higher costs for their energy and a renewed focus on protecting them is something the commission is highly in favour of. We strongly support the inclusion of the provision to extend the relevant conditions beyond June 2025 should the need arise.

Unfortunately, it has become apparent that the current license conditions do not go far enough in supporting restricted meter consumers. There is still a genuine lack of choice for those on restricted meters meaning that only small numbers of consumers choose to switch tariff or supplier even where they are aware that the remedy exists. Teleswitch meters are a significant issue in Scotland with the Highlands and Islands seeing a comparatively large number of these meters which do not yet have a technological solution to persistent connection issues. Due to these factors, we believe that extending the remedy is the right decision but, in order to support this, additional steps must also be taken to reduce detriment for consumers using these meters.

Firstly, the commission believes that the energy industry should be obligated to increase the knowledge of the license condition amongst consumers. Knowledge of the CMA remedy and the subsequent license condition is low and we see the key cause of this is inadequate communication from the industry rather than a lack of

engagement from consumers who have limited understanding of this complex arrangement.

Furthermore the licence condition only applies to suppliers with more than 50,000 customers. This further complicates the situation and we believe that the condition should apply evenly to all those with restricted meters. We do not believe that any consumers should be left behind or suffer detriment where they may have made decisions to switch without an understanding of the full impact of doing so.

In addition to the challenges faced by restricted meter consumers, the commission would also like to stress that PPM consumers were also unsupported by the previous remedy. The Prepayment Charge Restriction Order gave these consumers protection but the value of that has eroded over time and PPM customers are generally at a disadvantage over billed consumers. We would like to see more done to support these consumers and would encourage Ofgem to be open to revisiting the effectiveness and reach of the proposed licence conditions and introducing new or amended provisions to protect the interest of consumers with non-Economy 7 restricted meters if evidence that it is no longer delivering on its original policy objectives is presented to it. This would be consistent with commitments in the Consumer Vulnerability Strategy 2025.

If extended, these license conditions require clearer and wider reaching promotion and education, better training for energy company staff, and transparency from suppliers over what is happening to these consumers over time. Ofgem must take a lead role in driving these improvements by proactively highlighting best practice amongst suppliers and expanding consumer knowledge of the restricted meter protections.

Overall, the commission supports the proposed license condition. It would like to see further actions from Ofgem and the industry to further support these consumers and ensure that they experience a fairer energy market.

Kind regards,

Lewis Shand Smith

Energy Consumers Commission, chair