

## **OFGEM**

### **STATUTORY CONSULTATION: EXTENDING PROTECTIONS FOR NON-E7 RESTRICTED METER CUSTOMERS (SLC 22G)**

### **SUBMISSION FROM THE SCOTTISH FEDERATION OF HOUSING ASSOCIATIONS (SFHA)**

**OCTOBER 2020**

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#### **Introduction**

SFHA welcomes the opportunity to respond to the consultation on extending protections for non-E7 restricted meter customers (SLC 22G).

SFHA is the voice and membership body for housing associations and co-operatives in Scotland. Our ambition is that everyone has a good home in a successful community, with a range of high quality, affordable, safe, and accessible homes that meet people's changing needs and aspirations throughout their lives. Housing associations and co-operatives are central to achieving this, going way beyond the bricks and mortar, with social justice built in and delivering from generation-to-generation.

#### **Response**

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SFHA is aware of separate consultation responses from two of our member organisations, Hjaltland Housing Association and Lochalsh and Skye Housing Association, and support the proposals and recommendations set out in these submissions. In addition, we are members of the Highlands & Islands Housing Associations Affordable Warmth Group (HeeHaw) and would also endorse this group's submission.

SFHA strongly endorses the proposal to extend the protections offered by SLC 22G beyond December 2020. As is acknowledged in the consultation paper, conditions for those consumers with non-E7 restricted meters has not improved anywhere near significantly enough for it to be appropriate to remove the protections. Doing so would

only serve to significantly worsen outcomes for those consumers, many of whom are tenants of SFHA members.

While well intended, the remedy has unfortunately not improved the situation for consumers with non-E7 restricted meters. Of particular concern for SFHA and our members in the Highlands and Islands is those tenants who are essentially 'stuck' on the Total Heat Total Control (THTC) tariff due to the reliance on electricity as a heat source in this area. Evidence collected by our members, alongside that published by both Citizens' Advice Scotland and Changeworks, demonstrates not only a low incidence of tariff switching among THTC customers – but also a lack of understanding that they are able to switch. This can be attributed to a lack of effort on the part of suppliers to not only make customers aware of their options, but also to help them easily navigate these. We know from staff working within our member organisations that there is often a lack of understanding among advisers working for suppliers as to the options available to restricted meter customers. While our members' tenants can rely on the support of their housing association and/or other third sector partners to navigate options, it is concerning that many others – particularly those living in the private rented sector – will not be aware of the options available to them.

It will not be sufficient to merely extend the remedy as is until 2025, however. Alongside an extension, we would want to see a plan as to how the situation for non-E7 restricted meter consumers will be improved by 2025 – with clear review points and milestones built in. It would be inexcusable to simply continue until 2025 and then have to extend the remedy again, due to a lack of progress. The Scottish Government has set challenging targets to reduce levels of fuel poverty in the country by 2040, and these will not be achieved without significant improvement of the situation for people living in rural and remote areas, where levels of fuel and extreme fuel poverty are significantly higher. The COVID-19 pandemic will unfortunately only exacerbate this situation as people are forced to spend more on energy costs while an economic recession is forecast. It was encouraging to see energy suppliers enter into the BEIS agreement in March in order to support consumers at this time; it would be good to see them continue this way of working by addressing the disadvantages which THTC customers, for example, continue to face.

Despite the BEIS agreement, some of our members reported challenges faced by tenants in engaging with energy suppliers at the start of lockdown. This was particularly true of those with pre-payment meters and we are disappointed that the consultation paper does not propose to include pre-payment meters within the extension of the remedy. While this was accepted originally due to the protections offered by the Prepayment Charge Restriction Order, the fact that this is no longer in operation means that it is imperative that pre-payment meters are now included in the extension to the remedy.

We note that one of the reasons the remedy requires to be extended is the delay of the rollout of smart meters. As with communications around the remedy and restricted meter tariffs, we would argue that the lack of public awareness and understanding around smart meters is a key reason for this. There is a real need to ensure that smart meters work for all consumers if the rollout is to be successful; some of our members' tenants are among the most vulnerable in society and having access to so much information about their energy consumption – compounded with the real likelihood of falling incomes in the near future – without the accompanying understanding of this, and options for e.g. switching tariffs to manage costs, could bring a real risk of increasing self-disconnection. Especially for THTC customers, who are extremely limited in their options to switch, even if they do know how to.

In summary, SFHA strongly endorses the proposed extension to the protections for non-E7 restricted meter customers (SLC 22G) beyond December 2020.

In addition, we would like to see:

- a detailed programme of work to ensure that another wholesale extension of the remedy is not required in 2025, which includes regular progress reports on how outcomes for affected consumers are being improved
- a public awareness campaign with regards to the remedy, which clearly communicates its aim to affected customers – and their rights under it
- more transparency from energy suppliers regarding when the remedy is used and how they communicate it to customers
- the publication of a list of all obligated suppliers, i.e. those with more than 50,000 customers
- the inclusion of pre-payment meters within any extension to the remedy
- a regulatory requirement on all electricity suppliers to make all their single-rate electricity tariffs equally available to and readily accessible by all customers on restricted meters