



Action for Warm Homes

NATIONAL ENERGY ACTION (NEA) RESPONSE TO CONSULTATION ON DATA SHARING REGULATIONS FOR A SAFEGUARD ENERGY TARIFF

Introduction to this response

NEA is a charity that works to end fuel poverty and tackle exclusion in the energy market both locally and nationallyⁱ. As noted within our recent response to the Ofgem work plan consultationⁱⁱ, this year (2017-18) has seen some key improvements in the treatment of domestic energy customers, particularly those living on low incomes or whose particular vulnerabilities can be exacerbated by the current functioning or arrangements in the energy marketⁱⁱⁱ. In particular, NEA has welcomed the new Vulnerable Customer Safeguard Tariff. We estimate however that over half a million households are missing out on potential energy bill savings of £260 this winter because, whilst eligible, they will not receive a Warm Home Discount (WHD) rebate or be safeguarded under Ofgem's Safeguard Tariff^{iv}. These households are mostly working-age, fall into the lowest income deciles and are already facing thousand pound gaps between their incomes and the essential cost of living^v. Protecting these households is NEA's key priority and we therefore welcomed the fast-track consultation when it was published on the 12th February. NEA would now urge the Government to work with Ofgem and suppliers to:

- Respond to this consultation urgently and amended the data-sharing powers under the Digital Economy Act so that households eligible for the Warm Home Discount, even those with smaller suppliers, receive protection from the safeguard tariff
- Obligate all suppliers over 50,000 customers to deliver the Warm Home Discount Core Group rebate and until such time as this occurs continue to urge suppliers under the existing 250,000 customer threshold to apply rebates on a voluntary basis

NEA also notes within this response the opportunity to allow local authorities, public sector health bodies and energy network companies to undertake direct data matching process with the Department for Work and Pensions (DWP), independent of licensed gas and electricity suppliers. At present it is not possible for these key groups to do this without being subject to the enhanced General Data Protection Regulations or a time consuming appraisal of the household's circumstances and securing individual 'opt in' consent. Invariably, given the risk adverse nature and time constraints on these organisations this is currently judged by the vast majority as 'too difficult' or 'too time consuming'. This prohibits the contribution these key bodies can make to supporting those in or at risk of fuel poverty.

Response to the consultation questions:

- 1. Do you agree that a safeguard tariff imposed by Ofgem for vulnerable consumers on standard variable and fixed-term default tariffs should be added to the list of fuel poverty measures for which public authorities can share data with gas and electricity suppliers for the purpose of assisting households in fuel poverty?*

Yes. As noted above, the current ambiguity on whether this is already possible is having a hugely damaging impact for low income consumers this winter. Expecting vulnerable customers to apply to suppliers for the safeguard tariff or the Priority Services Register (PSR) will be ineffective. In addition, as noted below, further powers should be sought for assisting those in or at risk of fuel poverty.

- 2. Do you have any comments on the wording of the draft amendment?*

The wording within the draft regulations appears to meet the criteria of the policy intent stated within this consultation. NEA would however seek further clarity of what benefits will be assessed during the direct data matching process with the Department for Work and Pensions (DWP). NEA would also stress the key importance of making it clear that the new data sharing power can also be applied and accessed by smaller energy suppliers for the purposes of providing the safeguard tariff.

NEA would also like to see Section 36(3) of the Digital Economy Act further expanded to allow local authorities, public sector health bodies and energy network companies to undertake direct data matching process with the Department for Work and Pensions (DWP), independent of licensed gas and electricity suppliers. As noted above, at present it is not possible for these key groups to do this without being subject to the enhanced General Data Protection Regulations or a time consuming appraisal of the household's circumstances and securing individual 'opt in' consent. Invariably, given the risk adverse nature and time constraints on these organisations this is currently judged by the vast majority as 'too difficult' or 'too time consuming'. Unless addressed, this will lead to a postcode lottery where some citizens' data can be shared to better identify and assist vulnerable households who are most at risk of the direct impacts of morbidity associated with cold homes while others can't be, even if it's for a similar or identical purpose.

In specific reference to expanding current powers to energy network companies, the GB energy regulator Ofgem currently requires energy suppliers and Distribution Network Operators (DNOs) to identify customers who are of pensionable age, disabled or chronically sick and offer appropriate services, the GB-wide Priority Services Register (PSR). Whilst licence obligations may vary across energy supply businesses, electricity and gas network companies, the services which are available include:

- Bills and meter readings provided in Braille, large type or audio tape
- Moving a meter free of charge to make it easier to access
- Having controls or adaptors provided to make meters or appliances easier to use

- Free quarterly meter readings where householders are unable to read the meter themselves
- An annual safety check of the householder's gas appliances (unless a tenant, in which case this the landlord's obligation)
- Priority reconnection if supply is interrupted and advance notice of any interruption
- Alternative facilities for cooking, heating and medical equipment that is reliant on electricity if energy supply is interrupted
- A password protection scheme for energy suppliers contacting the household
- Arranging for bills to be sent or copied to a third party, such as a carer, who can help read and check for accuracy
- Free advice and information about the services available on grounds of age, disability or chronic illness.

Following a review of the PSR by Ofgem, eligibility has changed from a 'category' approach to a model based on 'need'. Energy suppliers, DNOs and potentially Gas Network Operators (GDNs) will be obligated under the new PSR to identify and help those in need. Allowing network companies to directly access information from central Government about the support energy suppliers can provide to eligible households in their area would help them identify some of the most vulnerable customers and deliver more bespoke solutions to them.

This is particularly acute in the case of GDNs who will now be required to identify ECO eligible households and often have to disconnect gas supply at properties as the boiler is deemed to be unsafe. Our current research to date shows this removes one hazard with another (living with an unsafe gas appliance to having no access to essential heating, hot water etc). If this situation is not quickly resolved this can prompt multiple issues, particularly for more vulnerable residents unable to afford to replace the affected boiler/space heaters. Where the property is either privately rented or social housing, tenants could be required to notify their landlord that the gas leak or Carbon Monoxide (CO) risk has been identified by a gas engineer and it can be some time until the gas appliance is either repaired or replaced. Despite being in rented accommodation, the onus can be placed on the tenant to see if they are eligible for support to national schemes and arrange these works (or in a limited number of instances even pay the costs). These instances are particularly the case when the landlord cannot be contact or there may be a dispute over the nature of the works or the cost of ancillary repairs. If GDNs was able to determine eligibility for the Energy Company Obligation criteria more consistently and efficiently at the point of a disconnection, the aforementioned risks and delays could be reduced.

In making the case for these expanded powers (and implicit within our support for the more narrow proposals within the consultation) NEA recognises that extending current data-sharing practices with energy companies (or to a lesser extent the other aforementioned groups) could be perceived by the public as contentious. Whilst NEA has highlighted the clear proportionate benefit of enabling energy suppliers, local authorities, health bodies or network companies to identify and deliver practical help to struggling energy consumers it is critical that clear legislative safeguards are put in place.

NEA therefore believes it is important that the enforcement, legislative controls and criminal penalties noted within this consultation ensure this sensitive information should only be used for the purpose of improving the well-being of the individuals whose data is being shared by central Government. It is essential for consumer confidence in the process that there are these appropriate protections of people's personal information. It is also critical energy companies are clear with consumers about how it is being used. We therefore hope, in addition to the legislative controls and criminal penalties, Ofgem will remain vigilant for any instances where companies might be using the data for anything other than the intended purpose.

ⁱ NEA undertakes key research, national and local advocacy and works directly with partners from local and national government, industry and the third sector to deliver practical solutions to improve the quality of life for those living in cold homes. To achieve this we work collaboratively to improve access to energy and debt advice, provide training, support and promote energy efficiency policies, local projects and co-ordinate other related services which can help change lives. Throughout 2016-17, NEA awarded £18 million of grants to support new & innovative approaches to tackling fuel poverty in local communities, helping to deliver 44 Projects in 2166 households. We have trained a massive 5325 people who will cascade their knowledge to an estimated 1.34 million people. Through Warm Zones we have also delivered energy efficiency measures to 4303 households. NEA also provides the secretariat for the All-Party Parliamentary Fuel Poverty & Energy Efficiency Group to raise awareness of the problem of fuel poverty and the policies needed to eradicate it. For more information visit: www.nea.org.uk.

ⁱⁱ For more information visit: <http://www.nea.org.uk/wp-content/uploads/2018/02/NEA-response-to-Ofgem-work-plan-consultation.pdf>.

ⁱⁱⁱ Following the Competition and Markets Authority (CMA) inquiry, a new cost cap for Pre-Payment Meter (PPM) customers was introduced; Ofgem extended the aforementioned price protection, via a new safeguard tariff, for more vulnerable customers from this winter; Ofgem responded to calls for the vulnerability principle to be strengthened with utilities now required to identify and respond appropriately to their customers' enhanced needs; Ofgem went ahead with a proposals to end high and inconsistent warrant charges for vulnerable energy consumers; Working with network companies and energy suppliers, Ofgem helped improve the Priority Services Register (PSR); Ofgem proposed actions to improve performance from suppliers to identify, respond to and prevent vulnerable consumers from falling into further debt and Ofgem issued a consultation on protecting consumers who receive back bills.

^{iv} NEA notes that in WHD Scheme Year 5 – the baseline Ofgem has used to identify safeguard tariff customers – 836,201 rebates were provided to low income and vulnerable energy consumers through the Broader Group (BG). As Ofgem is aware however, not all energy consumers eligible for WHD through the BG receive a rebate. This is because the number of BG rebates is capped, only larger suppliers are obligated to offer rebates, customers must apply for a BG rebate and applications are considered on a first come first served basis. The former Department of Energy and Climate Change (DECC) has previously estimated that the BG comprises two million households. Deducting households in receipt of a BG rebate in Scheme Year 5, NEA therefore estimates that approximately 1.2 million eligible households will miss out on both a £140 WHD BG rebate and protection under the safeguard tariff. Of those 1.2 million households, NEA assumes 35% are PPM customers and therefore already protected under the PPM safeguard tariff. This assumption is in accordance with findings from the CMA investigation into the energy market and the methodology used in Ofgem's own calculations. Of the remaining 756,469 households, NEA makes two assumptions. 1) 75% are on standard variable tariffs (SVTs), as per the CMA's findings on the proportion of SVT usage among WHD households. 2) 93% of these households are with a WHD obligated supplier, as per Ofgem's calculations.

^v Ibid, Bridging the Gap report.