



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Decision Paper

On

**The Provision of Services
To Vulnerable Customers by Suppliers and Network
Operators in the Natural Gas and Electricity
Industries**

Includes Report on Consultation Paper

CER/05/248

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Table of Contents

1	Introduction	3
1.1	Background.....	3
1.2	Legislative Background.....	3
1.3	Commission’s Decision – Main Points	3
1.4	Paper Structure	5
1.5	Next Steps.....	5
2.	Definition of vulnerable customers.....	6
2.1	Supply interruption	6
2.1.1	Electricity Life Support (Priority) Customers.....	6
2.1.2	Other Supply Interruption	6
2.1.3	Elderly Customers	6
2.2	Special Communications	6
3.	Registering Vulnerable Customers	7
3.1	Collection of data.....	7
3.2	Storing Data.....	7
3.3	Maintenance of Data.....	7
3.4	Data Protection.....	8
4.	Provision of services.....	9
4.1	Electricity Life Support (Priority) Customers.....	9
4.2	Elderly Customers	9
4.3	Password Schemes	9
4.3	Communications	10
4.4	Emergency Reporting.....	10
4.5	Pre payment meters.....	10
5.	Implementation & Reporting	11
5.1	Suppliers Code of Practice	11
5.2	Implementation	11
5.3	Reporting	11
	<i>Appendix 1: Respondents’ Comments.....</i>	<i>12</i>

1 Introduction

1.1 Background

On 13th October 2005, the Commission for Energy Regulation (the Commission) published its Consultation paper (CER/05/217) setting out guidelines for services to vulnerable customers in the gas and electricity markets. The paper also consulted on how information would be collected. Responses to this consultation paper are published on the Commission's website. The Commission appreciates comments received during its consultation process. Responses were received from:

- Bord Gáis Energy Supply
- Bord Gáis Networks
- ESB Customer Supply
- ESB Networks
- Airtricity
- Money Advice and Budgeting Service (MABS)
- Age Action Ireland
- Members of the Public

1.2 Legislative Background

Statutory Instrument (SI) 452 of 2004 for Gas and SI 60 of 2005 for Electricity increases the Commission's responsibility toward consumer protection, including the protection of vulnerable customers.

The Commission has now decided the safeguards that should be put in place for vulnerable customers (including the elderly and disabled). These safeguards include measures to help vulnerable customers avoid having their supply of gas or electricity disconnected. At this time suppliers of natural gas to domestic customers are required by Condition 26 of the Natural Gas Supply Licence to develop a code of practice for vulnerable customers. It is anticipated that this will also be included in the review of the Electricity Supply Licence.

1.3 Commission's Decision – Main Points

1. Application

This decision applies to suppliers and network operators serving domestic customers in the gas and electricity markets.

2. Definitions

Vulnerable customers are defined as follows:

- Those reliant on electrical life support equipment
- Elderly
- Visually/hearing/mobility impaired customers

3. Collection of Vulnerable Customer Data

- Vulnerable customers must register as such through their supplier.

- Suppliers will use a standard application form. An additional application form is required for registering customers that use life support equipment.
- Forms will be available through suppliers and network operators but must be returned to the supplier who is responsible for completing the customer's registration.
- Suppliers must retain customers' details and record their vulnerable status in the central database held by the Gas Point Registration Operator or Meter Registration System Operator.
- A method of registering vulnerable customers in the gas central database needs to be developed.
- Suppliers must update customer information every two years from the date a customer registers.
- Data collection will comply with relevant Data Protection requirements.

4. Services for Vulnerable Customers

The provision of services is broken into two different categories.

- *Customers vulnerable to supply interruption*
 - Electricity suppliers must register customers on life support equipment. These customers cannot be de-energised at the request of a supplier. De-energisation can only occur must for safety reasons or where requested by the customer.
 - Suppliers cannot request the de-energisation or disconnection of elderly customers (living alone, with another elderly person or with minors) in winter months (1st November – 31st March).
 - Suppliers should make provision for customers who may become vulnerable as a result of prolonged disconnection or de-energisation in their Code of Practice on Disconnection or De-energisation.
 - If a network operator finds that a customer is vulnerable on arrival at the premises for the purpose of disconnection or de-energisation, the network operator shall have the discretion to withdraw from the premises and notify the supplier.
- *Customers with special communication requirements*
 - Suppliers and network operators must develop a standard method of communicating with customers with visual impairments (see page 11).
 - Suppliers and network operators must develop a communication method for customers with hearing impairments which would be similar to offering a phone service to customers with regular hearing.

- Network operators are required to develop an emergency reporting mechanism for customers with hearing impairments.
- Network operators are required to develop a method for customers to validate callers to their home. Where a supplier uses agents or representatives to call to domestic premises they will also be required to develop a verification process.

5. Implementation and reporting

- Suppliers of domestic customers must develop a Code of Practice for Vulnerable Customers detailing the services they offer to their customers.
- Suppliers and network operators must submit implementation plans to the Commission for review and approval.
- Suppliers and network operators must report annually on the services offered.
- Suppliers and network operators will deal with vulnerable customers on a case by case basis and provide the highest level of service possible at all times in advance of full implementation.

1.4 Paper Structure

This paper sets out the decisions the Commission has made relating to services to be offered to vulnerable customers. First, the paper defines vulnerable customers. It then outlines how customer data will be collected. The third section of the paper describes the required services for vulnerable customers. This is followed by the implementation and reporting requirements. A summary of key comments received in relation to the consultation paper and the Commission's responses can be found in Appendix 1.

1.5 Next Steps

The Commission will establish a working group to develop standard application forms which will be used to record customer details. In electricity, suppliers can use these forms once they are approved by the Commission since the IT support mechanisms are already in place. In gas the database needs to be developed to store this information.

Suppliers and network operators are now required to develop the services contained in this document. The Commission expects all suppliers of domestic customers, in the gas and electricity markets, to submit a code of practice for vulnerable customers by 28th February 2006. This code should cover all requirements in this document. Where implementation of a particular service is not possible at that time, the supplier is expected to provide an implementation plan. Network operators are required to produce an implementation plan by 28th February 2006 detailing the services they are required to offer. The Commission will work with suppliers and network operators individually and through the appropriate industry forums to ensure that enduring services are put in place to protect vulnerable customers.

2. Definition of vulnerable customers

The Commission has decided that services for vulnerable customers shall be categorised as those customers vulnerable to supply interruption and those who have special communication requirements. The following paragraphs sets out the definition of a vulnerable customer.

2.1 Supply interruption

2.1.1 Electricity Life Support (Priority) Customers

These are persons who are reliant on life-supporting equipment in the home that is operated using electricity.

2.1.2 Other Supply Interruption

Some customers may also be considered as vulnerable to supply interruption where they use gas and/or electricity sources for heating or cooking. This category encompasses elderly and disabled persons who may become at risk where prolonged lack of gas or electricity occurs.

2.1.3 Elderly Customers

Elderly customers are defined as those who are of state pensionable age (66 years). An elderly person must be living alone, with other elderly persons or with minors to avail of the provision that elderly customers are not disconnected or de-energised in winter.

2.2 Special Communications

Some customers require special communications arrangements to be put in place. The following customers are covered by this section:

- Customers with visual impairments
- Customers with hearing impairments
- Customers who are vulnerable in the home (elderly, mobility & visually impaired)

3. Registering Vulnerable Customers

During the consultation process, the Commission received many comments from interested parties on the process of registering vulnerable customers and retaining their data. The following sections set out the Commission's decision on how data should be collected and stored.

3.1 Collection of data

The Commission has decided that a standard application form will be used by vulnerable customers to register that they have a hearing, mobility or visual impairment or that they wish to be registered as an elderly customer. Customers on life support equipment will be required to fill in an alternative application form. These forms will be developed in the appropriate industry forums for gas and electricity for approval by the Commission.

The form will be available to customers on request from their supplier. Network operators will retain a stock of application forms in case customers specifically contact them requesting to be registered. Regardless of where a customer requests a form, once a customer has filled in the form they will be required to return it to their supplier for registration.

Any suppliers currently serving the domestic market are required to collect vulnerable customer data on their existing customers once the supporting process is finalised and in operation.

3.2 Storing Data

Suppliers will need to keep the information on the vulnerable customer registration form to make sure that customers receive additional services they are registered for. This data will also be forwarded by the supplier to the network operators as the operators may also need to use this information when dealing with customers. The network operators hold the central customer databases in gas and electricity.

In the electricity market, information will be recorded through the relevant IT market message. A medical flag or a customer care category can be associated with a particular customer. A method of registering information needs to be developed in the gas market.

As the network operators hold the complete database of all customers they will also hold the complete database of vulnerable customers.

3.3 Maintenance of Data

Suppliers will be required to check the data they hold on vulnerable customers every two years from the date a customer registers. At this time they will be required to update, where necessary, customer information for the central database.

3.4 Data Protection

The Commission sought information from the Office of the Data Commissioner regarding the maintenance of data on vulnerable customers. The Commission was advised that the information contained on the standard form could be passed on to network operators as long as the form indicates this and as long as the information is used for the purpose indicated.

When questioned on whether the data could transfer to a new supplier in the event of the customer changing their supplier, the Commission was advised that this information could transfer with other customer data as it would be used for the original purpose.

4. Provision of services

4.1 Electricity Life Support (Priority) Customers

The Commission has decided that persons on electricity life support, where registered, shall not be de-energised by request of their supplier. De-energisation may only occur where the customer requests it or de-energisation is effected for safety reasons.

Where it emerges, after a de-energisation request is made by a supplier, that a person living at a premises due for de-energisation is reliant on electricity powered life support, the network operator should withdraw from the premises and inform the supplier. The supplier should then contact that customer and complete the registration process to ensure they are correctly categorised and to arrange an alternative to de-energisation.

In addition, these customers should be made aware of the need to have alternative arrangements in place to cater for exceptional circumstances where de-energisation may occur unexpectedly; e.g. storms. Suppliers should inform customers of this need when capturing their information for the first time and when data is being updated every two years.

4.2 Elderly Customers

The Commission has decided that elderly customers shall not be subject to a supplier requested de-energisation or disconnection in the winter months (1st November – 31st March) unless this is required for safety reasons or is requested by the customer. This provision only applies to elderly customers living alone, with other elderly persons or with minors. Suppliers should also include this provision in their code of practice for disconnection or de-energisation.

4.3 Password Schemes

There were mixed opinions on the provision of password schemes to vulnerable customers. Those who would have to administer the schemes felt that this was an unworkable service; however members of the public expressed support as they had felt threatened in their homes.

In light of the responses received, the Commission is of the view that those who are vulnerable in their home should feel secure and a method of verifying representatives' authenticity when they call to visit would provide this. However, the Commission recognises that there may be alternatives to a password scheme which may be more appropriate and manageable to operate.

The Commission now requires both Network Operators to investigate options available and propose the most appropriate method to verify a caller to the home. Once options have been examined the Commission will approve the most suitable option in Quarter 1 2006. In the event that suppliers use agents or representatives to call to domestic premises they will also be required to provide a verification process for customers.

4.3 Communications

The Commission has decided that it is a requirement for suppliers and network operators to develop methods of communicating with visual and hearing impaired customers. All suppliers and network operators are required to provide the option to nominate a third party to receive any correspondence on the customer's behalf. The customer choosing this option will nominate the third party on the standard application form.

The Commission has decided that suppliers and network operators must provide at least one additional method of communicating with visually impaired customers, which could include Braille bills, talking bills, phone calls. They also must develop services for hearing impaired customers, which could include the provision of minicom, text messaging or the production of videos using sign language.

The following is the list of communications to be provided in non standard format for visually impaired customers:

- Domestic Customer Terms & Conditions
- Customer Charter
- Customer Codes of Practice
- Domestic Tariff Information
- Personalised Domestic Customer Communications (As approved by the Commission)
- Outage Notification (standard format to designated address)
- Any letter to a customer informing them of a change in services or tariff
- Any insert to customers that has been required by the Commission

4.4 Emergency Reporting

The Commission has decided that network operators for gas and electricity are required to provide a method for persons with hearing impairments to report emergency situations. The individual network operators should now forward suitable options and associated costs to the Commission for approval.

4.5 Pre payment meters

In a separate work programme, the Commission is considering the extent to which pre payment meters should be accommodated in the gas and electricity markets. Currently, the use of pre payment meters is restricted. To the extent that suppliers have the option of using pre-payment meters, suppliers must consider the ability of a customer to utilise this technology. For example where a customer has a mobility or sensory impairment, which may cause difficulties when using such a meter, an alternative payment method should be used.

The Commission has decided that, to the extent pre payment meters are an option in the electricity and gas retail markets, suppliers are required to assess the suitability of using this technology for the particular customer concerned.

5. Implementation & Reporting

5.1 Suppliers Code of Practice

Suppliers are now required to produce a Code of Practice for Vulnerable Customers. This code should contain details of the services provided by the supplier for vulnerable customers, details on how to register as a vulnerable customer and contact details to allow customers obtain more information on services available. This code should be available in non standard format for visually impaired customers.

5.2 Implementation

The Commission expects all suppliers to produce a code of practice and an implementation timeframe for their proposed services by 28th February 2006. This time frame should show how long each service will take to develop and where these services are dependent on other market projects e.g. development of a database for gas.

Implementation of initial services is expected by the end of Quarter 2 2006. Should a supplier or network operator have issues around implementing aspects of their services, the implementation plan will be agreed with the Commission as appropriate. It is expected that suppliers and network operators will deal with vulnerable customers on a case by case basis and provide the highest level of service possible at all times in advance of full implementation.

5.3 Reporting

All suppliers and the network operators shall be required to submit an annual report on their provision of services to vulnerable customers. This report should include the number and category of customers registered as vulnerable customers. It should also include the types of service offered and their uptake.

Appendix 1: Respondents' Comments

Comments received from interested parties, together with the Commission's response, can be summarised under a number of different headings.

1. Password Scheme

There were mixed comments received in relation to the password scheme. Members of the public indicated they believed that the provision of a password scheme was a good idea to allow people more security in their homes. However those who would have to administer the scheme raised the issues of security and maintenance of passwords.

The Commission notes customers' support for a verification service. However, given comments received, the Commission also recognises that a password scheme may not be the best solution to this. As such the Commission now requires both network operators to examine options for verifying callers to the home and will approve the most appropriate option in Quarter 1 of 2006.

2. Pre-payment metering

Four respondents referenced the need for the Commission to develop a policy on pre-payment metering.

The Commission is currently developing a policy on pre-payment metering for both the gas and electricity markets.

3. Flexibility in Networks Codes

Responses were received from two parties who indicated they did not feel that there should be flexibility with respect to the Bord Gáis Networks Code of Practice on Disconnection.

The Commission does not support this view. The reason for the flexibility is to ensure that no vulnerable customer is disconnected inappropriately. In the event that a network operator calls to the home to disconnect a customer and discovers at that time they are a vulnerable customer they may withdraw from the premises and contact the supplier. In the absence of flexibility, the person carrying out the disconnection may be forced to disconnect someone who would suffer extensively due to this action.

The Commission has decided that approved procedures will be put in place to support the network operator and this process will be closely monitored to ensure that no abuse of this policy takes place.

4. Language Barriers

Two respondents referenced the increasing number of non-English speaking customers in Ireland. They believed that these customers should be included as vulnerable customers.

The Commission notes the comments received and will review them independently of this document to see where the provision of information in different languages would be appropriate.

5. Disconnection of elderly customers in winter

There were mixed views on the Commission's proposal that elderly customers should not be disconnected or de-energised in winter months for non-payment. One respondent believed that the low extremity of an Irish winter did not merit this proposal, while others believed the period of time covered should be extended until May.

Taking account of all responses, the Commission is of the view that the period 1st November to 31st March is appropriate at this time. The Commission will monitor this arrangement on an ongoing basis.

6. Establishment of Specific Body

One respondent suggested that the Commission develop a separate body to work on issues and develop common services and standards in relation to vulnerable customers.

The Commission has been charged with the responsibility for vulnerable customers in SI 452 of 2004 and SI 60 of 2005. As such we will work with individual industry participants, network operators and appropriate representative bodies where appropriate to ensure enduring services will be put in place to provide for vulnerable customers.

7. Call Back Service for Electricity Life Support Customers

ESB Networks was concerned that this service could only be provided using an automated system and that this system is as yet not widely used. As such ESB Networks was of the view that this approach may not be successful.

The Commission recognises the concerns shown by ESB Networks and has removed this as a required service. However, the Commission would like ESB Networks to monitor available technology with a view to implementing this service when a reliable technology provider emerges.