

Review of the Electricity and Gas Supplier's Handbook

Submission by the Competition and Consumer Protection Commission to the Public

Consultation by the Commission for Energy Regulation

The Competition and Consumer Protection Commission (CCPC) welcomes the opportunity to comment on the revised Supplier's Handbook and to respond to the consultation questions posed in the accompanying Review of the Supplier's Handbook Decision and Further Consultation Paper (the Consultation Paper)¹.

The CCPC has been involved in the ongoing process of revising the Supplier's Handbook and we welcome the continued openness of the Commission for Energy Regulation (CER) to suggestions to protect consumer interests and strengthen competition in the market. In this submission we respond to the current consultation paper at a general level, while noting a few issues on which we have specific comment to make.

The Consultation Paper makes a large number of welcome Decisions to revise the Supplier's Handbook in a manner designed to strengthen the protection of consumers when engaging with energy suppliers. We welcome the express intent to protect the consumer, while also promoting competition between suppliers and ensuring ease of entry to the market. The consumer interest is served by a competitive market in which consumers have an expanded choice while enjoying a high level of protection.

We welcome a number of Decisions in the Consultation Paper which will make it easier for consumers to understand the options open to them when making decisions about their energy supplier. These include:

- The promotion of a greater level of transparency of, and ease of accessing, information by energy suppliers
- The use of plain and accessible language across the range of marketing and advertising communications
- Obligations to ensure consumers are provided with offers or comparisons that are inclusive of all charges

¹ CER 16287/CER 16289



- New transparency regarding the publication of tariffs on supplier websites

We share the CER's objective that consumers are enabled to access easy to understand information when making decisions. We are pleased to note the introduction of a set of enforceable, overarching principles to aid both household and non-household customers in scenarios in which the Supplier's Handbook does not provide explicit guidance to either the consumer or the supplier, and we support the broad thrust of the principles set down.

We set out below our views on a number of specific issues which are raised in the Consultation Paper.

Doorstep engagement

As the majority of contracts with energy suppliers are entered into as distance contracts – for example, online or over the phone – or as off-premises contracts – for example, at the consumer's address – it is welcome that the Supplier's Handbook incorporates the requirements of the Consumer Rights Directive (CRD). Under the CRD, consumers have the right to cancel a distance contract for the provision of services within 14 days of concluding the service contract. This is commonly known as the "cooling off period". We note that in support of the right to cancel, and reflecting the requirements of the CRD, door-to-door agents will now be required to leave a cancellation form with consumers upon completion of a sale.

While the sections of the Supplier's Handbook dealing with rights derived from the CRD are welcome, we suggest a change in some of the wording employed. The text relating to the "cooling off period" states that suppliers or their agents must "Provide the customer with details regarding the cooling off period that applies and how to go about cancelling **their request to switch supplier** within that cooling off period (in line with existing legislation)" (emphasis added). We are concerned that this wording could create an impression that the right to cancel only applies in situations where consumers are switching providers. The wording should make it clear that the right to cancel applies to all distance and off-premises contracts for energy supply concluded between a trader and consumer, including where no



switching is involved. In addition, we believe that the Handbook should require suppliers to explicitly inform the consumer of the conditions, time limit and procedure for exercising the right to cancel.

We welcome the Decision to require suppliers to ensure that their representatives adhere to the Supplier's Handbook, and bring the Codes of Practice to the attention of consumers, as a further means to strengthen consumer protection at every level of engagement between consumers and suppliers.

Decisions for consultation

The Consultation Paper outlines a number of Decisions relating to the introduction of the Estimated Annual Bill indicator for use in marketing and advertising material, a 30 Days' Notice to prompt consumers to engage with the energy market and an Annual Prompt aimed at consumers who have been with their supplier for a minimum of three years. We have a number of comments on these Decisions aimed at strengthening consumer protection.

Estimated Annual Bill

In respect of the Estimated Annual Bill we note that this proposal is supported by the initial findings of the PRICELab research carried out by the ESRI and co-funded by the CER, CCPC, Central Bank and the Commission for Communications Regulation (COMREG). We welcome the intention behind the introduction of the Estimated Annual Bill indicator to make it easier for consumers to choose cheaper energy packages from the available offerings. We recognise the complexity involved in drafting and implementing an Estimated Annual Bill indicator that will be easily understood by consumers and will be broadly applicable across different categories of consumer. In that respect we make the following comments.

We support the proposed methodology for the calculation of the Estimated Annual Bill and welcome the fact that it incorporates all relevant costs to the consumer. Efforts to link the Estimated Annual Bill to the most relevant tariff for consumers – that is, the urban rate or rural rate - appear appropriate. Regarding the presentation of the Estimated Annual Bill it is clear from the PRICELab research that how the indicator is displayed has a bearing on how it



is understood by consumers. The indicator should be displayed in marketing and advertising in a manner which causes the least confusion for consumers and allows for sufficient information to be conveyed without overloading its audience. It may be useful to engage consumer focus groups in further refining these materials. Regarding the inclusion of the Estimated Annual Bill indicator within advertising and marketing materials, we believe that it should be applied in the case of materials aimed at consumers containing a specific energy offer, or include discounts or potential savings or reference to discounts or potential savings, or claim leading positions. It should be applied in television and radio advertising.

30 Days' Notice and Annual Prompt

We welcome the introduction of the 30 Days' Notice and the Annual Prompt, both of which are aimed at encouraging consumers to consider seeking out a better energy offer. In addition, these initiatives are in line with best practice in consumer protection. The 30 Days' Notice, is being introduced to target consumers 30 days before the expiration of a fixed term contract, in instances where consumers often simply roll over onto a higher tariff where a lower tariff may have been available. The Annual Prompt is aimed at consumers who have not engaged with the energy market in a minimum of three years. Such consumers are likely to be on higher tariffs than those available in the market.

We welcome the intent of these initiatives to encourage engagement between consumers and the energy market. We are generally satisfied that these notifications will make available relevant information to consumers to encourage engagement with the energy market. In this regard, we believe that the introduction of personalised information for the consumer's usage would be more meaningful to them than the use of average consumption figures.

In regard to the content of the 30 Days' Notice², we recommend two minor modifications. In the first instance we suggest changing the wording at (f) from 'Paying too much for

² a. Date when the customer's fixed-term contract is due to expire;

b. Charges currently paid by the customer (unit rate, standing charge, prepayment rate, etc.);

c. Estimated annual bill for the customer's current energy plan (based on CER approved annual consumption figures) d. Charges which will be applied after the expiration of the fixed-term contract;

e. Estimated annual bill for the customer's new tariff based on CER approved annual consumption figures

f. This exact text: 'Paying too much for energy? Consider switching to a cheaper tariff!';



energy? Consider switching to a cheaper tariff!” to ‘Paying too much for energy? Shop around for a better deal!’. The reason for suggesting this change is that we anticipate situations in which there may not be a cheaper tariff that a particular consumer can avail of. In proposing to consumers that instead they look for a better deal, which could include other attractive advantages for the consumer beyond a cheaper tariff, they may be more inclined to engage with the energy market to seek out such a deal. In regard to the statement in the notice at (i) that ‘There are no penalties for switching!’ we suggest changing the wording to state ‘When your contract is over there are no penalties for switching!’. We note that fees may apply where a consumer switches energy supplier before the end of the period of the contract that consumer has with their supplier. We suggest that, to avoid confusion, consumers should be aware that there are no penalties for switching outside of contractual terms but that consumers within a fixed term contract, who are the targets of the 30 Days’ Notice, may be subject to fees if they act hastily.

Customer’s Ability to Pay

We welcome the introduction of a requirement on suppliers to implement a clear, transparent and fair policy to ensure that the customer’s ability to pay is taken into account when setting debt payment arrangements. We welcome the principles within the proposed requirement, including the provision that disconnection for non-payment of account be a last resort with keeping the consumer on supply as the main objective. In addition, the principles appear to set out a framework of measures which will ensure a constructive engagement between consumers - who will likely be vulnerable - and suppliers. This should provide a greater level of certainty to all parties in terms of the processes to be followed to deal with debt repayment.

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g. Estimated annual bill for alternative offers currently available (based on CER approved annual consumption figures) and details on how to enquire about availing of these offers;

h. The amount the customer stands to: a) lose if s/he defaults on a tariff at the expiry of the fixed term contract OR b) gain if s/he chooses the cheapest available energy offer;

i. This exact text: ‘There are no penalties for switching!’;

j. Information on CER accredited price comparison websites (e.g. Bonkers, Switcher, etc.) and details the customer will require to make the switch