**Energy Consumers Commission**

Scottish Government

**Energy Consumers Commission consultation**

**October 2020**

**1. Do these objectives support the aims of the Commission in the first year?**

Broadly, yes. However, the Energy Consumers Commission (ECC) should consider including ‘Informing Consumers’ as an objective. If ‘improved circumstances for consumers’ is a core aim particularly for vulnerable consumers, then we believe improving consumers understanding of the energy market and their rights is essential and should form a fundamental part of this.

Age Scotland welcomes the focus on grassroots organisations as this will be beneficial when trying to identify and engage with groups that often are considered hard to reach.

**2. Are the objectives clear and achievable?**

These appear clear and achievable, particularly so for “support” and “direct”. The objective which seeks to strengthen the consumer voice within energy market decision making is important and laudable - how this can be achieved, and noticed by consumers, requires more clarity.

If “Informing Consumers” was included as an objective of the ECC, it would also fit well with the aims and the themes identified by the ECC.

**3. Are these the correct themes to focus on in our work to improve outcomes for consumers in Scotland?**

Yes, focusing on these themes would allow the ECC to work to improve outcomes for consumers in Scotland.

**4. Would you recommend the addition or removal of any themes of focus?**

Yes, we would recommend explicitly including ‘improving consumers’ understanding of the home energy market and their rights’ as a theme. This should include outreach to vulnerable consumers in particular, but with a general focus on improving consumer confidence in engaging with energy suppliers and seeking energy efficiency installations. It should also include a focus on scam awareness, an improved accreditation and quality assurance scheme for consumers and clearer redress pathways for consumers who fall foul of scams and rogue traders.

An area that consumers have been particularly vulnerable to has been energy efficiency scams, and there have been high-profile cases of this happening that are still unresolved, such as consumers targeted by Home Energy & Lifestyle Management Ltd (HELMs). The lack of clear redress mechanism is concerning and the ECC could have an important role to play in advocating for clear and better supported pathways to seek redress where mis-selling and poor-quality work has been installed.

With the rise in scams that rely on the confusion surrounding energy provision and the need for many homes to install energy efficiency measures to reach the Scottish Government’s climate targets, it will be essential that the ECC considers an information campaign to improve the ability of consumers to manage their energy usage and know where to turn for help as a core part of their work.

In addition to this, the ECC could have an important role in advocating for the adoption of ethical business practices from companies that offer energy efficiency and retrofit installations as recommended in the Citizen’s Advice Scotland Consumer Protection Report.[[1]](#footnote-1) The current landscape of different accreditation schemes in the energy efficiency installation field is too difficult for consumers to navigate and is too poorly regulated that it does not provide adequate consumer protection. This situation makes it easier for rogue companies to mis-sell to consumers using legitimate looking credentials.

Arguably, the theme ‘Engagement with Decarbonisation’ requires informing consumers to be a core part of its work. The ECC would be able to improve outcomes in this area through engaging with key stakeholders and grassroots organisations to understand the best ways to engage with consumers on these topics.

Organisations that work with consumers and vulnerable consumers are likely to have insight into ways that engage and help inform consumers of their rights, how to switch provider and how to consider whether energy efficiency measures could be beneficial to their home.

Producing information in many different formats, such as easy read, audio, braille, and a variety of different languages, as well as a focus on keeping traditional forms of communication open, such face to face and hard copy leaflets, as well as offering digital methods will be essential when ensuring that no one is left behind in the transition to net zero energy. The ECC should play a strong role in sharing best practice with energy companies, the Scottish Government and other stakeholders.

**5. Are the relevant aspects of these themes captured in the descriptions above?**

Yes, although there is considerable crossover within the themes that are not explicitly noted. For example, there is more of a consideration for the impact of COVID-19 on vulnerable consumers than within the section on energy debt. Yet with the loss of income that so many households have faced during the lockdown and the potential for higher energy usage through the colder months, COVID-19 will have a drastic impact on energy debt levels too. Although this is likely to have had the greatest impact on vulnerable consumers who may well have been in a more precarious situation before the pandemic struck.

Hundreds of thousands of older people in Scotland have spent much longer in their own homes between March and August than they ordinarily would have if it weren’t for the government advice on shielding and self-isolation. As such, there will be considerably higher usage of household energy during peak hours. Affordability of these increased bills may become more of a challenge for those on low or fixed incomes who haven’t been able to budget for this unexpected cost.

Age Scotland’s national housing survey research, conducted before lockdown, shows that 20% of respondents either “always struggled to pay” (7%) or “sometimes struggle to pay” (13%) their home energy bills. [[2]](#footnote-2) For those with health conditions and disabilities, these figures are higher. 27% of those with a long-standing health problem and 35% with a disability stated that they ‘always struggled to pay’ and ‘sometimes struggled to pay’ their fuel bills.

The need to help consumers to build an understanding of energy debt is mentioned. In order to help consumers try and avoid debt in the first place we need to see a concerted effort to help consumers become better informed about their energy use and options to switch to better tariffs. For instance, according to Ofgem, there are more than 10 million UK households on Standard Variable Tariffs and while the energy price cap could be beneficial to many of them, large number of consumers are paying more than they need to. This could also impact consumers’ understanding of energy efficiency installations or measures that they could take to lower their energy outgoings.

Vulnerable consumers that use Pre-Payment Meters (PPM) were in a severely disadvantaged position as COVID-19 hit and the ensuing lockdown meant that they were often unable to go to shops to purchase top ups for their meters, particularly those who were shielding. Those on PPM are now more likely to be in debt due to the coronavirus pandemic, with this being caused by a mixture of reduced incomes and energy companies sending out pre-loaded top up cards to those who were experiencing difficulty topping up. According to Ofgem, those who were struggling to top up experienced issues due to the shop they usually use being shut, self-isolating at home, and no transport available to take them to the shop. These were issues that weren’t related to income, but reduction in income also impact people’s ability to top-up.

For consumers who are digitally excluded there will need to be a greater emphasis on phone lines that are adequately staffed so that those who are unable to access information online still have the ability to contact their energy provider. As further waves of COVID-19 infection appear and restrictions on face to face contact change every few weeks, it is important that businesses adapt their practices quickly and efficiently to working under these conditions. It was acceptable that some businesses were offering a reduced phone service initially when the pandemic first hit, as they responded to a new environment but if this is still the case during the winter of 2020 then older and vulnerable consumers will be adversely affected.

It is good that off-grid customers are also specifically mentioned within the themes of work. Age Scotland’s research into the housing needs of older people in Orkney[[3]](#footnote-3), which is off the main gas grid, highlighted that 45% of respondents used oil and 25% used solid fuel to heat their homes. The cost of these heating methods will come at a premium. 12% of respondents either “always struggle to pay” or “sometimes struggle to pay” their home energy bills.

**6. Will the combination of approaches described be appropriate and effective?**

Yes, it would be particularly beneficial if the first approach ‘Research and campaigns’ has an explicit focus on campaigns as the ECC will be in a unique position to advocate for better support and information for consumers.

A core part of the approach that the ECC should take will be both improving the energy literacy of Scotland’s population and involving consumers, including vulnerable consumers, in the setting of policies and priorities for the ECC.

It will be essential that engaging with consumers is done using multiple platforms and that there is not an over-reliance on digital means of engagement.

**7. Will the projects described adequately address the identified themes given the budget and timescale available?**

With the short timescales involved, avoiding duplicated work and focusing on where the ECC can provide better outcomes for consumers is essential.

It will be important that the ECC still holds public engagement sessions. It will be important not to only rely on digital engagement as that would exclude a large number of consumers, as there may be around half a million older people who do not use the internet in Scotland. Other methods the ECC may want to consider is group telephone calls.

Age Scotland is supportive of the aim to get more people registered on the Priority Services Register (PSR) and our helpline works to do this. It would be beneficial if some of the engagement with the PSR looked at how it could be made more useful for companies when they need to identify customers at risk. The criteria to join the PSR are broad, and perhaps consideration should be given as to whether a customer is or has been in the COVID-19 shielding category or is considered ‘higher risk’ would enable energy providers to further target their support to a core group that is very likely to need extra support. Introducing accessible phonelines for the most vulnerable to contact their energy supplier would be hugely beneficial.

The ECC should focus on improving outcomes for consumers and with a real focus on the consumer journey.

It is important that the ECC considers how it will incorporate scam awareness into its outreach to consumers, especially in relation to boosting consumer engagement with the green recovery and net zero targets. The rates of energy efficiency scams in Scotland are high and rely on the complexity of the energy efficiency market and through the confusing array of Trustmark schemes that help to make companies look legitimate.

**8. Do you agree that the ECC can play a useful role in connecting grassroots organisations to high level decision making?**

Working with community-based organisations could certainly prove very beneficial to the ECC’s work, especially with regards to informing the ECC of the consumer’s experience.

There could be scope for the ECC to help connect grassroots organisations to high level decision making, this is likely to vary across organisations in relation to their capacity beyond the core service or engagement that they have with their local community.

**9. How can the ECC best integrate grassroots bodies into its work?**

If the ECC was trying to engage with older people throughout Scotland, then Age Scotland would be able to help facilitate this. We have over 500 member groups that we help support through our organisation. These are local community groups that bring together older people with similar interests or who are looking to make friends.

**10. Does the timeline identify the appropriate areas for ECC advocacy** **activity over the coming year?**

Yes

**11. Will the described series of engagement adequately incorporate industry, regulator and other voices into the process?**

Yes

**12. Will the identified actions appropriately meet the objectives of the ECC?**

Yes

1. https://www.cas.org.uk/system/files/publications/fit\_for\_the\_future\_-\_consumer\_protection\_report.pdf [↑](#footnote-ref-1)
2. https://www.ageuk.org.uk/scotland/our-impact/policy-and-research/political-briefings/national-housing-survey/ [↑](#footnote-ref-2)
3. https://www.ageuk.org.uk/scotland/our-impact/policy-and-research/political-briefings/orkney-housing-survey/ [↑](#footnote-ref-3)