Please reply to: Zoe McLeod, Associate, Sustainability First
Email: zoe.mcleod@sustainabilityfirst.org.uk

August 2019

Dear Mary

Ofgem's Draft Consumer Vulnerability Strategy 2025

Sustainability First is a think tank and charity that works in the energy, water and waste sectors. We have significant experience of consumer and public interest issues, regulation and the demand side (www.sustainabilityfirst.org.uk). Our final Project Inspire *Energy for all, innovate for all*[1] report, published in January 2018, contains extensive research on vulnerability in the energy sector. Our Fair for the Future Project workshop in June this year also examined the issue of *Fairness: Expectations and Roles and Responsibilities in Energy and Water*.[2] In addition, this Autumn we will be publishing a discussion paper on *What is Fair – How should we pay for the energy system of tomorrow?* which will touch on some of the themes raised in Ofgem's vulnerability strategy.

General comments

- We warmly welcome Ofgem's updated consumer vulnerability strategy. We have worked with your team in its development and thank them for such an open and collaborative approach.
- We broadly **support the five proposed priority areas.** It is helpful that you have clearly set out 18 outcomes that Ofgem expects industry to deliver by 2025 and how you will measure them. We **hope that the final strategy will also include an ambitious set of specific targets**. This is particularly important in light of the National Audit Office recommendation that the regulator's high-level intended consumer outcomes are 'underpinned by detailed indicators or targets' that can be used to measure performance in protecting the interests of consumers[3].
- We encourage Ofgem to be **more ambitious when defining its <u>own role</u> on vulnerability** and, to support this in practice, propose a sixth theme – for **Ofgem to '*Develop a strategy and embed a culture <u>internally</u> that understands and responds to the diverse needs of all energy customers, including those in vulnerable situations and / or with additional needs'.*** Absent this, we are concerned that addressing vulnerability is seen as an 'add on' to policy decision-making and not an **integral part of a holistic approach to meeting its consumer duties**.
- The **framing of the strategy appears to be quite narrow** given that this is intended to be an Ofgem-wide strategy lasting to 2025:

[1] https://www.sustainabilityfirst.org.uk/images/publications/inspire/Energy%20for%20All-%20Innovate%20for%20All%20(summary).pdf
[2]https://www.sustainabilityfirst.org.uk/images/publications/fair_for_the_future/24071_F4TF_Fair_STRAWMAN_v8a_WEB_MID-SIZE1.pdf
[3] NAO, Regulating to protect consumers in utilities, communications and financial services markets (2019)

- It states that the regulator's vision is "*to enable an energy market that delivers positive and fair outcomes for all consumers including those in vulnerable situations*." However, there is **no mention of climate change, sustainability, or intra and inter-generational social inequality and insecurity in the strategy. We are concerned that it is therefore insufficiently future facing** and needs to more explicitly recognise the **cumulative distributional impacts of changes in costs and charges across the energy system** and **new energy costs** such as those associated with cooling.
- We consider that the strategy could be strengthened if it was framed in terms of UK delivery of the **United Nations Sustainable Development Goals** (SDGs), acknowledging the interplay between vulnerability and fairness[4]. We note that the recent 2019 UN SDSN assessment of UK delivery of the goals indicates that progress on reducing inequalities is stagnating.[5] This context needs to be taken into account when making decisions about an essential service such as energy. Further, there is a risk of the strategy being out of step with developing corporate thinking in this area as many companies are now using the SDGs to frame their strategies.
- Linked to above, the **approach appears to be heavily supplier centric**. **Further consideration is needed to the role of network and transmission companies**, especially electricity distribution companies in supporting consumer vulnerability. This would be timely given the upcoming opportunities presented by RIIO2 and the work already underway by distribution and transmission companies. As part of this strategy Ofgem could also make **better use of the network independent Customer Engagement Groups to deliver improvements on vulnerability**. We would be happy to discuss this further with Ofgem.

- We support Ofgem continuing to use the **terms *'consumer vulnerability' or 'customers in vulnerable situations'*** as these terms are now established in the regulatory, research and policy arenas. However, it may be worth being explicit with energy companies that you would not expect their public facing communications to be framed in this way for the reasons mentioned in the document e.g. customers not self-identifying as having a vulnerability and associated stigma.
- We strongly **support Ofgem <u>not</u> changing the definition of vulnerability to make it 'less dynamic'.** As noted, this would not do justice to the many types of vulnerable situations consumers face. It is worth emphasising that many companies are already effectively operationalising this definition by using the now agreed industry vulnerability needs codes, consumer vulnerability identification training, and making better use of data and strategic partnerships in this area.
- Ofgem says that it has "not seen compelling evidence" to expand the scope of the definition of consumer vulnerability to include microbusiness. We have some **reservations about this and the lack of focus on microbusiness vulnerability in the strategy** given the lack of understanding of the impact of vulnerability on people running small businesses and those around them. There is a **risk of a consumer protection gap**:
  - It is well recognised that small businesses can face the same energy market **engagement challenges** as domestic customers. It is worth noting that since 2000 there has been an increase in 2.2m businesses (+63%) despite a drop in overall business growth in 2018. The majority of this increase was due to non-employing businesses, which accounted for 87% of

[4] https://www.un.org/sustainabledevelopment/sustainable-development-goals/
[5] https://s3.amazonaws.com/sustainabledevelopment.report/2019/2019_sustainable_development_report.pdf

the overall increase[6]. Changing working patterns, and financial vulnerability from unemployment and welfare reforms, can all be factors prompting an individual to start a non-employing business.

- Once consumers sign a business contract they are no longer covered by the licence conditions introduced to deliver against the **Equalities Act**; businesses do not have to consider any vulnerable circumstances.
- We are unclear if in practice customers using a **shared business supply** (e.g. those living above a shop, pub, part of church) are covered by existing consumer vulnerability protections.
- Ofgem's microbusiness strategic review insight on billing and metering, alongside supplier practices in the domestic sector, would suggest a likelihood that not all companies are treating **customers in debt** fairly or as effectively as they might do[7].
- On the network side, **customers in vulnerable situations can also be affected by outages from non-domestic customers**. A non-domestic customer might be providing energy to a heat network, care home or business premise where vulnerable customers live for example. **Ofgem and network companies should consider how consumer vulnerability can be better reflected in networks' asset prioritisation programmes, outage responses and reporting.** There are lessons to be learned from the water sector following the 2018 'Beast from the East'. Ofwat flagged a number of water company failings following this event, including inconsistent approaches to identifying and supporting customers in vulnerable situations, inaccessible support and a lack of up to date data[8].

- While we don't propose changes to the **consumer vulnerability definition** at this time, this definition **needs to be set within a more nuanced framing to be appropriate for an Ofgem-wide forward-looking strategy**. For example, in addition to the points raised above, we'd welcome acknowledgement that **not just individuals but also communities can be in vulnerable situations** e.g. because they are in rural areas or isolated areas, due to lack of advice and support services etc. This is particularly relevant on the network side where more community and place based solutions could be encouraged. In this context, it is important to recognise that people may see issues with their energy from a **citizen rather than a pure consumer perspective.**

Response to specific questions

Question 1: Do you agree with the five priority themes and the outcomes we will aim for (as set out in chapter 3-7 and annex 2)?

We broadly support the proposed five themes.

In addition, we strongly recommend a sixth theme - **for Ofgem to have a strategy to embed vulnerability and inclusivity within its own organisation so that it has a culture that understands and responds to the diverse needs of consumers in GB.** This was a theme identified in the Ofgem 2015 Consumer Vulnerability Strategy Progress Report that has not been fully implemented[9]. The supplier-centric nature of this strategy is in part a reflection of the siloed approach to vulnerability within Ofgem that needs to be addressed.

[6] https://www.fsb.org.uk/media-centre/small-business-statistics
[7] https://www.ofgem.gov.uk/system/files/docs/2019/05/for_publication_research_synthesis_0.pdf
[8] https://www.ofwat.gov.uk/pn-26-18-hard-lessons-water-sector-following-beast-east-review/
[99] https://www.ofgem.gov.uk/sites/default/files/docs/2015/09/cvs_progress_report_for_website_final.pdf

It is **important for the regulator to 'walk the talk' and show leadership** in this area. To do this Ofgem needs to build a better understanding of the needs of customers in vulnerable situations among all its staff at all levels and ensure this is applied in practice and integrated into all decision making. The format of the strategy events at the start of the year sent a strong signal to stakeholders and staff but needs to be maintained. The proposed analytical framework will be an important tool to support this, but this should be part of a wider strategy. Action will be needed to disseminate this framework and ensure it is applied in practice. **A strategy might include**:

a) Improving **recruitment** - ensuring a diverse workforce in terms of perspectives, knowledge, skills and backgrounds at all levels.
b) Expanding staff **training** e.g. vulnerability information during the induction, thus sending a clear message of the importance of vulnerability to all staff from day one; encouraging volunteer days working with third sector organisations that support customers in vulnerable situations so staff who might not have had any exposure to the challenges faced by some customer segments gain first-hand insight of their experiences.
c) Developing a programme of **Board engagement** on vulnerability e.g. board members attending research sessions where they hear directly from consumers about the experiences they face. E.ON does this and customers really welcome the opportunity to feedback directly to senior leaders.
d) Collecting, sharing and using **leading indicators** on vulnerability so that policies take account of **cumulative and future facing distributional impacts** – not just piecemeal data or that based on existing (or even previous) patterns of need.
e) **Inclusivity champions** in all teams sharing the latest key stats, information and success stories and encouraging inclusive communications.
f) **Staff goals and remuneration**, including senior manager's pay linked to inclusive approaches and consumer vulnerability.
g) **Accessible communications** – Ofgem ensuring it has a fully accessible website e.g. using software such as Recite Me and following inclusive principles in its communications.
h) **Appropriate consultation** – ensuring that where policies could have significant impacts on customers in vulnerable circumstances there are tailored communications aimed at stakeholders working with those groups, rather than, for example, having distributional impacts buried in lengthy, technical consultations.
i) A cross-organisation **vulnerability steering group** – to provide strategic direction across all parts of Ofgem and E-Serve.

Below are more detailed comments on the themes.

Theme 1 – Identification of vulnerability and smart use of data

We strongly support this theme.

In addition to encouraging companies to carry out their own research, it is important that Ofgem emphasises the **need to capture, analyse and use business as usual data**. For example, not all companies collect research such as complaints data broken down by different vulnerability demographics thus precluding them from understanding if there are any particular challenges that certain groups of customers face. Also, for this to be meaningful companies need to have mechanisms to capture, update and share research and data within their organisations, and the **expertise and skills to turn this into actionable insights**. This is a gap for many companies.

We'd also welcome the regulator introducing **a new outcome** – **setting an expectation that all companies will proactively share their research and insight across the energy and other sectors such as water (with industry, and the third sector) when it is in the interests of consumers.**

Unlike Outcome 1C, which appears to be focussed on companies sharing data about which customers have vulnerability risk factors, this proposed outcome is about **sharing vulnerability research data, learning and insight.** Such a move would be particularly valuable as: vulnerability engagement is relatively expensive; network companies and suppliers share customers; and smaller suppliers have less capacity to carry out meaningful research. There is a huge amount of granular information being held by companies which is not being shared but could help to inform our understanding of vulnerable customers' experiences and therefore inform the steps that can be taken to improve their experience. Historically companies have shared learning but frequently this is at a very high level only. **Ofgem may want consider incentives for this kind of collaborative working**, especially where the competitive drivers discourage it[10].

We particularly support all **initiatives to improve the accuracy of PSR data held by companies** and the timeliness with which information is updated on the company's registers and shared between the companies. We support Ofgem monitoring and providing targets for this.

As well as acting on current powers which already allow suppliers to identify those in financial difficulty and need most protection from price rises, **Ofgem must also work with the UK Government to extend powers under the Digital Economy Act to allow energy network companies to undertake direct data matching processes with the Department for Work and Pensions (DWP), independent of licenced gas and electricity suppliers.** This could lead to much more effective direct support being provided to vulnerable customers and would facilitate the targeting of the Fuel Poverty Network Extension Scheme (FPNES)

Theme 2 - Supporting those struggling with their bills

See response to question 2 on page 8 below.

Theme 3 – Driving significant improvements in customer service for vulnerable groups

We **support** this priority and the work programme under it. In particular Outcome 3C, "we want **new companies entering the market** to be able to provide an adequate level of customer service to customers in vulnerable situations." This was a recommendation of Sustainability First's Project Inspire. In recent years too many companies have entered the market that were not adequately prepared to offer a safe or acceptable minimum level of customer service so this is a welcome step.

We make a few additional comments below:

- Ofgem must do more to **tackle poor performance among suppliers in the market in terms of treatment of people in vulnerable situations**, by having stronger ongoing monitoring in place. Monitoring will only be effective if it's backed up by effective compliance and enforcement activity. Ofgem's vulnerability strategy should set out how it will more effectively safeguard

[10] https://www.sustainabilityfirst.org.uk/images/publications/inspire/Energy%20for%20All-%20Innovate%20for%20All%20(full).pdf – Page 103-4 outlines energy suppliers and networks views on sharing insight and learning

consumers in vulnerable situations when problems are identified. It does not seem appropriate for customers in vulnerable situations who are less likely to switch to have to face large variances in minimum protections and services dependent on who their energy company is.

- Ofgem should considering outlining an **outcome/output that all companies have a consumer vulnerability strategy that covers both current and future consumers**. This could include: mechanisms to map and identify vulnerability in their areas and horizon scan future risks; ways to promote the PSR services; vulnerability stakeholder engagement to ensure strategic partnerships; training of staff to identify vulnerability etc.
- Ofgem's strategy rightly raises the issue of **digital exclusion** both for current and future consumers. A **first simple step to facilitate this would be for Ofgem to ensure that 'no internet use', is a vulnerability needs code on *all* company's PSR registers**.
- We particularly support 5.18 which focusses on providing **greater transparency of market providers' performance in supporting consumers in vulnerable situations**. Sustainability First's Project Inspire highlighted the potential strength of reputational regulation in driving improved performance.

Theme 4 – Encouraging positive and inclusive innovation

We strongly support this theme and welcome Ofgem's focus on Sustainability First's Project Inspire Innovation Flight Path tool.

We recommend some finessing of Outcome 4B, so that it reads '*we expect suppliers and networks to demonstrate **practical** innovative measures **which improve support and service provided to customers and consumers** in vulnerable situations.'* It is important that Ofgem addresses the failings of previous vulnerability innovation incentives and drives the right behaviour. Sustainability First's research found that some network incentives encouraged a focus on 'visibly wizzy things' that looked good rather than what was most needed by customers in vulnerable situations in terms of minimum service levels and the consolidation of existing approaches[11]. In addition, before incentivising innovation Ofgem needs to ensure that the fundamental structures are in place within companies to support vulnerability else there is a risk of innovation being poorly designed and targeted. E.g. the company has a vulnerability strategy; a vulnerability stakeholder data base; a mechanism to capture data and the skills to interpret data and turn it into insights etc.

Theme 5 – Working with others to solve issues that cut across multiple sectors

We welcome Ofgem's recognition of the need to work across boundaries with third sector organisations, other regulators and the government. However, we encourage Ofgem to be more ambitious in its role**.** In particular to commit to:

1. **Show more leadership** including advocating on behalf of consumers where needed and when it helps to deliver Ofgem's statutory duties. Ofgem's Strategic Narrative says that *"we do not direct overall policy in this sector, however where we think there are important policy gaps we **can** call them out*"[12]. In order for customers in vulnerable situations to be protected

[11] https://www.sustainabilityfirst.org.uk/images/publications/inspire/Energy%20for%20All-%20Innovate%20for%20All%20(full).pdf – see page 118 for views on network incentives.
[12] https://www.ofgem.gov.uk/system/files/docs/2019/07/our-strategic-narrative-2019-23.pdf

the regulator, with its body of knowledge and expertise, should go beyond this – **committing to actively "call them out" and advocate on behalf of consumers**. For example:

- it would help to deliver a more inclusive smart energy system if BEIS introduced an inclusivity standard for smart products and services.
- As per recommendation 9 of Sustainability First's Project Inspire report, it would be in customers interests and help promote competition if price comparison sites met minimum standards, and provided information on supplier service for customers in vulnerable circumstances that allowed cross industry comparison of performance and could inform switching decisions.
- Given its statutory duties as the independent regulator, and the public expectations placed upon it, Ofgem should not remain silent on these issues. Signaling to others where they need to take action, particularly in fast moving markets where boundaries and responsibilities are blurring, is an important part of this. For example, non-licensed entities such as third-party intermediaries may subsequently become more important in future considerations for vulnerability.

2. **Be more proactive** – Given the **changing nature of the energy system**, it is particularly important that Ofgem regularly monitors the experience of customers in vulnerable situations, considers how and where it can take proactive action to the benefit of customers, and **highlights to key decision makers and others where things are and aren't working** and what improvements can be made. For example:
   - Ofgem should facilitate a discussion as to what **suppliers, network companies and transmission companies' respective roles should be on affordability**. Some transmission operators and DNOs are already having these discussions with customers and stakeholders as part of their RIIO2 business plan engagement, but there is no collective view emerging and nobody taking a leadership role. This also needs to factor in BEIS debates on the potential future role of networks in delivering energy company obligations.
   - **E-serve could capture the customer contributions made in the Energy Company Obligation (ECO) scheme**. These customer contributions are a significant barrier to the lowest-income households receiving support that they dearly need. This would help build understanding as to how much these schemes are helping the most vulnerable, which in turn would help policy makers to improve future schemes.

3. **Facilitate and encourage the pooling of resources and knowledge between sectors and the development of 'joined up' solutions** e.g. cross-sector consumer vulnerability insights and good / innovation practice sharing or **'one-stop' solutions**.[13] Building understanding of the impact of increasing **electricity dependency** on vulnerability across all sectors is likely to increase in importance (e.g. impact on the travelling public during the outages on 9th August 2019 or on mobile phone users in the Storm Desmond Lancaster floods in 2015).[14]

[13] See, for example, this case study from The Thriving Communities Partnership in Australia https://www.sustainabilityfirst.org.uk/images/publications/fair_for_the_future/SF_The_Thriving_Communities_Partnership_Case_Study_26.3.19_FINAL_1.pdf

[14] https://www.gresham.ac.uk/lectures-and-events/living-without-electricity

Question 2: Do you agree with our approach on affordability? While we recognise this is a concern for many consumers in vulnerable situations, we think addressing wider affordability pressures is mainly a matter for government to address?

We broadly agree that actions "primarily intended to redistribute *substantial* costs are a matter for government" however the regulator, as a principle expert in this sector should still take a leadership role, flagging if and where redistribution of some costs might be a fairer outcome and potentially a better solution. . This is particularly important where Ofgem policy decisions which have other goals, such as the current reforms of network charging, also have significant distributional impacts. In such cases it is imperative that Ofgem does not simply leave it to government to identify and implement mitigating actions where customers in vulnerable circumstances are adversely affected.

It is vital that Ofgem takes account of the **cumulative distributional impacts** of its decisions and does not deal with changes to costs and charges in a piecemeal manner - or deep in technical annexes.

Our Fair for the Future project has identified four dimensions of fairness that may be relevant to this question. A possible principle for dealing with **procedural fairness** could be that the: greater the a) distributional impacts; and b) degree of ethical or political judgement, the greater the importance in the decision-making process of accountability, transparency and consistency – and the decision maker having a democratic mandate. For **distributional fairness**, principles could include: costs should be met by those who benefit from the service, who are best able to manage the risks, and who cause pollution; and the need for a joined-up and cumulative approach to long-term fairness and affordability. Possible principles for **fair opportunities** might include a focus on delivering long-term public interest outcomes which can help identify emerging boundary issues and discover the mutual interests/co-benefits that may help overcome these, as well as strategic current and future customer/citizen journey mapping which can clarify roles/accountabilities.

Sustainability First will be returning to these issues in further Fair for the Future Project papers and in our forthcoming *What is Fair – How should we pay for the energy system of tomorrow?* discussion paper.

In addition to the areas mentioned we encourage Ofgem to:

- Do more to tackle poor performance and non-compliance with financial vulnerability protections.
- Strengthen outcome 2B so it outlines a long-term ambition to end self-disconnection of households with prepayment meters with a target to match.
- Strengthen outcome 2C so that it is clear that the expectation is for companies to take proactive action to identify and help those who are financially vulnerable *before* they fall into payment difficulty, as well as taking prompt action once they develop a debt. As part of this outcome set clear targets to reduce the number of customers in arrears and to reduce the level of debt repayments set by suppliers (particularly small and medium suppliers). Suppliers should be required to ensure that all customers have access to services to check benefits entitlements before debt repayment plans are agreed or signpost appropriate income maximisation services when repayment plans are reviewed.
- Outcome 2D outlines that Ofgem wants new gas connections for consumers who are not on the gas grid to be better targeted, to make sure those who need it most can benefit from the scheme and save on their heating bill. The quickest and most effective way to deliver this is to include it within the scrutiny guidance for the gas network customer engagement groups. The groups are well placed to report on current targeting activity and to challenge the

companies to improve their approach. We would be happy to discuss how this could be done further.

- Consider providing more information its annual vulnerable consumers in the energy market report on company performance against voluntary approaches e.g. the smart metering installation code of practice (SMICOP) and EUK's proposed new vulnerability charter to ensure greater effectiveness, transparency, and accountability.
- Require companies to have a set of common PSR needs codes for financial vulnerability to facilitate identification of customers in financial difficulties.
- E-serve needs to capture customer contributions made in the ECO scheme, which are a significant barrier to the households that are on the lowest incomes receiving support that they dearly need.
- Review the experiences of micro-business customers in financial difficulty in particular non-employee businesses.
- Ofgem conducted some research on affordability to support its 2013 strategy. This found that whether a customer had control over their energy consumption and when and how they paid their bills were key factors in helping energy to remain affordable. With this in mind, we'd encourage Ofgem revisit the back-billing protections for both domestic and small business customers and also review all company practices such as this that might trigger debt.
- Citizens Advice research identified that consumers in energy arrears felt undervalued and not respected by their supplier and that suppliers can be inconsistent across their communications with customers in arrears. Suppliers should improve their standard debt communications and ensure these customers are offered a clear package of support. The third sector have been calling for improved communications for customers in debt for a number of years without success. Ofgem should compel suppliers to trial new approaches to debt letters, which include different behavioural approaches, if this cannot be achieved voluntarily.

Ofgem has invited views on the reintroduction of **social tariffs** following Energy UK's Commission for Customers in Vulnerable Situations recommendation. This option needs to be considered as part of a systematic review of the wider support available to customers in fuel poverty and financial difficulties, including the Warm Home Discount and the price cap. It is not a simple assessment, and there are many lessons that can be learned from social tariffs' previous implementation.
. Again, we will be touching on this issue in our forthcoming *What is Fair?* Discussion Paper.

Question 3: What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term? How should any such further measures be funded?

We refer Ofgem to Sustainability First' Project Inspire report which outlines ten steps that can be taken to ensure energy customers in vulnerable situations are protected in the longer term and can access the benefits from smart technologies[15]. In addition, we encourage Ofgem to:

- Consider **enduring protection for vulnerable consumers following the removal of the wider tariff price cap.**
- Ofgem will also need to think about **how its regulatory remit may change during the period of the strategy.** We think consumers should be equally protected no matter where they buy

[15] https://www.sustainabilityfirst.org.uk/images/publications/inspire/Energy%20for%20All-%20Innovate%20for%20All%20(full).pdf – see page 167

their energy. Ofgem should take appropriate action in the near term, while the scope of regulation is considered by the future retail market design review. The Competition and Markets Authority has recommended that Ofgem become the designated regulator for **district heating**. The regulatory design for this market will need to include a consideration of vulnerability, the extent to which gas and electricity market protections are applicable, and any specific risks consumers using this technology face which may need additional rules.

- We also support Citizens Advice's call that Ofgem should **work with the energy networks and other stakeholders to build a full inventory of the emerging ways that future markets and systems might generate unfairness and leave consumers (current and future) behind in the energy transition.** We consider that for the transition to occur, it must be seen as 'fair.' Absent this, there is a risk that there will be a public backlash that may delay the move to net zero.

Question 4: Do you agree with our proposals for the first year of the strategy?

Yes. In addition, we encourage Ofgem to explore how it can better use the independent **customer engagement groups to support its work on vulnerability in network and transmission companies.**

- We particularly welcome the commitment to a) "create an analytical framework to consistently assess the impact of our policies on particular groups of consumers in vulnerable situations" which builds on the conclusions of the roundtable Sustainability First hosted with Grid Edge Policy looking at the distributional impacts of the Targeted Charging Review and in particular the impacts on low income customers. But it is critical that this framework does not solely focus on 'particular groups of customers' through the archetypes but looks to build a richer evidence base about customers' energy consumption patterns and how they interplay with vulnerability risk factors more broadly. Through the Public Interest Advisory Group on access to smart meter data (PIAG) which Ofgem co-funded we have highlighted the need for Ofgem to have access to aggregated and anonymised data if it is to avoid "flying blind" into the energy transition. In particular we have highlighted the need for Ofgem to have access to a sample of anonymised smart meter data records linked to socio-demographic data to enable it to understand the distributional impacts of policy proposals such as half-hourly settlement and to monitor the way the market responds. While the archetypes represent a helpful initial step Ofgem should commit over the coming year to develop a more comprehensive picture of its data requirements going forward. Ofgem will also need a strategy to promote the new framework internally so, unlike the last distributional impact tool created, policy makers in Ofgem know it exists and use it in practice.
- Re **c)**. We would expect that the development of a **future protection scheme** to take a significant period of time due its importance and complexity. Because of this, and given that it may be needed in place as early as January 2021, Ofgem should develop and consult on this replacement scheme over the next year.
- **d) Formalising the Ability to Pay principles is particularly welcome** – despite the guidance being available for many years it can be hard to find and not all suppliers know it exists.
- The proposed requirement **e)** for **gas network companies to adhere to a vulnerability principle,** similar to the obligation placed on gas and electricity suppliers is very welcome but this must **also apply to electricity distribution companies**. An outcomes based approach will be essential to enable companies to respond to local needs, allow flexibility for the future and potential for innovation.

We hope that you have found these comments helpful. Please do get in touch if you would like to discuss further.

Yours sincerely

Zoe McLeod

Associate

Sustainability First