

Smarter regulation: strengthening the economic regulation of the energy, water, and telecoms sectors – Multi-Sector Priority Services Register - Consultation Responses Draft (relevant section for PSR is from pages 45-48)

23) What are your views on the creation of a single, multi-sector PSR?

We believe a single, multi-sector PSR for vulnerable customers would be a beneficial and positive step towards improving the support offered to these customers. Since Covid-19 and the ongoing heightened cost of energy, we know that many more households in the UK are facing vulnerabilities, including financial vulnerabilities as well as medical. By having a single register, it would be easier for energy, water, and other essential services to identify and support these customers, especially during an emergency.

A recurring challenge for energy suppliers is being able to identify vulnerable customers when there is an absence of communication from these customers, or when eligible customers may not be aware of the support that is available to them. This is enhanced further due to vulnerable customers remaining less likely than average to engage with their energy supplier.

The creation of a single, multi-sector PSR would begin to address this challenge, allowing for data to be shared that will improve their ability to identify vulnerable customers. A single register would also help to reduce duplication, ensuring that customers are not contacted multiple times by different providers, moving towards the tell-once approach. This is also beneficial for customers who may find it distressing to have to repeatedly explain their circumstances to receive the same outcome of being on a PSR. It is important to note that the way the PSR currently works based on the honour system must remain in place if moving towards a single PSR. This is where a customer tells their service provider they have a vulnerability, taken on trust, without the customer proving it. However, while the honour system should remain, the new PSR registration process still needs to look at ways to prevent fraudulent claims, that may be used to avoid meeting obligations such as paying a debt. Suppliers obligations to identify vulnerability should be connected to the PSR register. Suppliers should not have onerous, duplicate, and costly requirements to conduct additional checks to identify or confirm vulnerability to fulfil obligations where a customer is on the PSR. This would defeat the object of the new register which is supposed to provide a definitive source of information.

A shared register would also enable suppliers to offer more targeted support to vulnerable customers, based on their specific needs. This should ultimately be the aim of the PSR, and so being able to improve targeting, as well as improving the communication that suppliers can have with their customers would be a benefit of a single, multi-sector PSR. A single multi-sector PSR should be used to help improve the targeting of existing schemes such as the Warm Home Discount (WHD) and Energy Company Obligation (ECO) as well as other potential future schemes, such as an energy supplier social tariff. A PSR, where Government auto-enroll the most vulnerable, would help to maximise the impact of schemes and avoid situations whereby consumers must take action to receive a benefit or prove their eligibility. A single, multi-sector PSR also can create greater visibility for the performance and accountability of the suppliers.

We are aware that there are some challenges when considering a single, multi-sector PSR, mainly around the use of data. This includes barriers around data sharing, the ability for customers to opt out of having their data shared with certain organisations, as well as aiming to ensure that support is

broadly available across multiple organisations to ensure that customers can trust the benefit of a universal PSR.

There needs to be an assessment of likely costs for energy suppliers associated with the set-up of a multi-sector PSR as well as the potential benefits. Any costs that suppliers incur must be planned for, ensuring that they are covered fairly and do not create any market distortion.

24) What are the best data sources of vulnerability that the PSR should use? Who should be able to input data?

Existing data sources must be used when considering a single, multi-sector PSR. A comprehensive range of data sources should be used to accurately identify and support vulnerable customers. When considering the PSR and data, the data sources should cover various aspects of vulnerability, including physical, mental, social, and economic factors.

There are already existing data sets that could be utilised across service providers, such as water, electricity, gas, and telecommunications as well as from broader public data such as from Government and credit reference agencies. These existing sets can be shared, increasing the chances of the service providers being able to identify their vulnerable customers. Alongside this, there are existing data sets that the Government hold around vulnerable customers, such as in the Department for Work and Pensions (DWP). It would be beneficial to explore how these data sets could potentially be used to share information with energy suppliers, whilst ensuring customer data protection remains. Under the legal basis of substantial public interest (SPI), energy suppliers could input data derived from customer interactions and energy consumption patterns. Alternately and to provide more certainty legislation could be introduced that places an obligation on relevant parties to provide and share relevant data to the single multi-sector PSR register. This is different to the original set-up under the legal basis of consent, where energy suppliers relied on explicitly gained consent from the customer allowing them to add them to the PSR. Some energy suppliers have begun the process of switching to SPI as a basis for sharing PSR data.

Individuals, as they can now, should still be able to self-report their vulnerability status and preferences directly onto the shared PSR. It is also important that nominated individuals can input PSR on behalf of a vulnerable customer who may be unable to express their specific needs and requirements. This would also help address the challenge of ensuring the PSR data records are kept up to date.

25) What vulnerabilities and services should the PSR cater for?

A PSR for cross-sector essential services such as energy needs to cater to a wide spectrum of vulnerabilities and services to effectively support these customers with diverse and changing needs. We know that vulnerability can be permanent or transient, and so the PSR must reflect this. It is also important that there is a degree of flexibility when considering the PSR and the services provided, as the PSR should not result in anyone feeling that they are not eligible due to not knowing exactly how the PSR can best cater for their circumstance. Broadly we would expect the services to be able to cover utility providers' current obligations, with vulnerabilities defined consistently across sectors.

The vulnerabilities the PSR should aim to cover at a minimum could be broken up into physical, mental, social, and economic vulnerabilities. Physical vulnerabilities would cover mobility impairments, sensory impairments, and health conditions. Some of these vulnerabilities may require

assistance and special consideration during power outages or disruptions to ensure that any equipment can be operated with minimal disruption.

Mental vulnerabilities will cover the needs of those with mental health conditions, learning difficulties or cognitive impairments. This can result in customers needing assistance to understand or navigate information regarding service disruptions, or to be able to communicate with their energy supplier.

Social vulnerabilities should also be considered for the PSR, which includes language barriers and social isolation. This was particularly relevant during the pandemic and lockdowns when it became difficult for vulnerable people living on their own to reach support or services such as topping up their prepayment meters in the shop.

As energy prices continue to remain around 80% higher than pre-pandemic levels and the cost-of-living crisis squeezes households across all bills, economic vulnerability is something that the PSR must cater for. This includes low-income households who may be struggling to afford their energy bills, as well as those experiencing financial hardship or debt. Financial vulnerability is an important flag for vulnerabilities, for example in the implementation of the [Prepayment Meter \(PPM\) Code of Practice](#), or when agreeing on debt repayment plans for a customer. Government data could greatly aid the identification of financial vulnerabilities and it should be a priority to utilise it. Current levels of financial vulnerability are linked to the ongoing cost-of-living crisis and are not something that energy suppliers can control or prevent, but it must be noted that there is a clear link between broader vulnerability and financial hardship. The implementation of a multi-sector PSR will not be able to solve financial vulnerability for customers and this can only be addressed via a targeted meaningful government social tariff.

Considering these different vulnerabilities, suppliers should be able to offer a range of services through the PSR that can consider the customer's individual needs. This includes providing support services, such as providing accessible information about service disruptions and support available to vulnerable customers through multiple channels in a range of formats (email, phone, text messages, post, large text, multiple languages etc.) A competitive market driven by innovation is the most effective way to ensure new customer support solutions are generated that work for individual supplier's customer bases.

Energy suppliers also need to offer specific assistance to enable vulnerable customers to access their account and supply. This includes nominating someone to manage their account, having a codeword for engineer visits, requesting quarterly meter readings, and having their bills explained to them.

The impact of being on the PSR varies greatly from person to person, and the outcome of being on the PSR will mean different things for different customers. For example, while it's not a blanket indicator for financial support eligibility, certain PSR characteristics can signal the need for targeted support interventions, and for example the PSR could be used to identify financial vulnerability and target affordability support.

When considering the services that the multi-sector PSR should cater for, it is important to remember that a degree of flexibility is important, as well as aiming for an outcomes-based approach. The identification of vulnerable customers is a key priority for energy suppliers, and it is

important that alongside this they are also able to identify which service would best improve the experience for the vulnerable customer in line with their obligations.

Q26) How can existing affordability support be better communicated to increase customer awareness?

The implementation of a multi-sector PSR would allow for government data to be utilised to enable auto-enrollment of customers who would be eligible for support for relevant affordability schemes. An example of this is the Warm Home Discount Scheme, where government data is used to identify eligible households who receive the Guarantee Credit element of Pension Credit or are on a low income and have high energy costs (including a range of qualifying benefits and tax credits to identify these households). This model could be used for further schemes such as the Energy Company Obligation (ECO) scheme as well as for any future targeted support – such as a social discount. Whilst we acknowledge existing affordability support measures, they currently fall short of adequately addressing the widespread financial strain currently faced by many customers. Therefore, we reiterate our call for the government to act proactively and introduce an enduring, targeted support mechanism in the form of a social discount applied directly to energy tariffs.