

Vulnerability in the Energy Sector

Defining Vulnerability: **Domestic consumers**

A significant amount of work has been done by the energy supply industry to define and take action to address vulnerability in the domestic market.

Earlier in 2021, Energy UK published the **Vulnerability Commitment**, which states that suppliers will:

‘Never knowingly disconnect a vulnerable customer at any time of year, where the household has children under the age of 6 (or under the age of 16 during the Winter Moratorium, 1st Oct – 31 March) or where for reasons of age, health, disability or severe financial insecurity, that customer is unable to safeguard their personal welfare or the personal welfare of other members of the household.’

Energy UK is the trade association for the energy industry. The Vulnerability Commitment is a voluntary agreement and suppliers who sign the Commitment agree to support customers in vulnerable circumstances, and to continually improve service for all customers, particularly those most in need. The Vulnerability Commitment replaces the **Safety Net for Vulnerable Customers** which established a similar definition, and indicated that vulnerability exists where (not exhaustive):

- A customer is **caring for an elderly person** in the household;
- A customer is of **Pensionable Age**;
- A member of the household is **disabled or has a long-term medical condition** (i.e. chronic illness) and is therefore unable to support themselves;
- An informed third party, such as a carer, social worker, health visitor or physician has indicated that a member of the household may be vulnerable;
- There are **children** living in the household;
- A customer is **dependent on medical equipment** that is operated by electricity. For example, stair lifts, electric wheelchairs, defibrillators, oxygen supplies or dialysis machines.

In 2014, the Ministry of Justice published the **National Standards for Enforcement Agents** and included other members of a household who should be considered as potentially vulnerable:

- Recently Bereaved
- Difficulty understanding speaking reading English
- Pregnant women
- Single parent families

Ofgem have a clear strategy and definition of vulnerability, which is included in the licence conditions of regulated companies including the energy suppliers and DNOs.

Ofgem defines vulnerability as

‘when a consumer’s personal circumstances and characteristics combine with aspects of the market to create **situations** where he or she is:

- significantly less able than a typical consumer to protect or represent his or her interests in the energy market and / or
- significantly more likely than a typical consumer to suffer detriment, or that detriment is likely to be more substantial’

Detriment in the energy market is seen as situations that can impact on an individual's ability to pay, their quality of life, and/or their physical or mental well-being. Detriment may be on-going and long-term, or it may only occur in a particular instance, and may include consumers who are:

- struggling to afford bills
- living in a cold, energy inefficient home
- in or at risk of fuel poverty
- facing pressure sales tactics
- struggling to understand and act upon information or choices (such as getting the best deal) or
- lacking the confidence or ability to pursue a query or complaint

Ofgem describe vulnerable situations as a combination of three factors:

- Individual Characteristics
- Personal Circumstances
- Action or inaction of the supplier/organisational barriers

The **characteristics of an individual** that may make them more at risk can include (but are not limited to):

- being of pensionable age
- having a disability
- being chronically sick
- mental illness
- suffering from a cognitive impairment
- not speaking English fluently

Personal circumstances may include issues such as:

- living alone
- not having internet access
- being on a low-income
- being unemployed or being made redundant
- being a full-time carer
- being a lone parent
- leaving care for the first time
- experiencing relationship breakdown
- experiencing bereavement

The relevant characteristics of the property these individuals live in are also relevant to personal circumstances and can include:

- living in a rural area and off the gas grid
- living in private rented accommodation
- living in a cold, inefficient home

Supplier/organisational barriers can include:

- Automated phone systems with long menus
- Staff rigidly using scripts

- Lack of information about additional assistance available
- Assumptions that everyone can easily access internet and knows how to access and interpret information independently
- Late intervention/lack of contact with debt

Like all energy suppliers and the water companies, DNOs are obliged to maintain a register of consumers who are potentially vulnerable, commonly called the Priority Service Register (PSR).

The criteria listed on **Western Power Distribution's Priority Service Register**, are:

- A member of the household relies on electricity for home medical equipment. This may include:
 - Nebuliser and apnoea monitor
 - Heart, lung and ventilator
 - Dialysis, feeding pump and automated medication
 - Oxygen concentrator
- A member of the household requires the use a stair lift, hoist or electric bed

A member of the household is

- Blind or Partially sighted
- Deaf or hard of hearing
- Has a speech impairment
- Is of Pensionable Age
- Has a Physical impairment
- Is unable to communicate in English
- Has a Developmental condition
- Is unable to answer the door
- Has Dementia(s)/cognitive impairment
- Has a chronic/serious illness
- Is dependent on water for medical reasons
- Temporary conditions (e.g. bereavement), where the consumer might need extra support for a limited amount of time