



Making a positive difference
for energy consumers

DCUSA Panel Chair, DCUSA Panel,
Electricity Distribution Network Operators,
Electricity Suppliers and other interested parties

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Dear Panel Chair

Authority decision to “send back” DCUSA modification proposal 209 “Resolving Unregistered Customers” (DCP209)

The DCUSA Panel submitted DCP209 “Resolving Unregistered Customers”¹ to us for a decision on 12 April 2016.

We agree with the principle of the modification, but we have identified some concerns with the associated legal text (Appendix 2 to the Change Report). In particular we are concerned about some of the text in the proposed “Resolving Unregistered Customers Code of Practice”. We are therefore sending the Change Report back to industry for further work to address the deficiencies raised below. We direct that the Change Report (and associated legal text) be revised and resubmitted.

The proposal and our initial views

DCP209 was raised by Northern Powergrid on 8 May 2014 to establish arrangements to get unregistered customers registered by a supplier. DCP209 proposes introducing a new schedule into the DCUSA. The proposed “Resolving Unregistered Customers Code of Practice” (CoP) sets out new obligations for distributors and suppliers in relation to identifying and communicating with Unregistered Customers. The key objective of this CoP is to set out an industry-wide communication process to engage with occupiers of premises where the electricity supply is currently unregistered.

While we agree with the principle of the modification, we are concerned that the legal text and, in particular, the draft CoP does not fully reflect current thinking on consumer vulnerability, and the definition of “Vulnerable Customers” is too restrictive. Implementing this CoP as it is currently worded could lead to an approach which is not fully aligned with the current licence obligations² on distributors and suppliers to establish and maintain a Priority Service Register. We understand from our reading of the Change Report that the intention is that Unregistered Customers who may be considered vulnerable should be dealt

¹ The ordinary meaning of the word customer is a person who purchases goods or a services, whereas these ‘unregistered customers’ do not have a contract with a supplier and/or are not purchasing electricity. The term is defined in the associated ‘Resolving Unregistered Customers Code of Practice’.

² See Standard Licence Condition 10 of the Electricity Distribution Licence and Standard Licence Condition 26 of the Electricity Supply Licence available at this link: <https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions>

with in a similar manner to the procedures for any domestic consumer vulnerability, but the definition and processes described in this CoP do not fully reflect that intention.

We also consider that two of the other definitions specific to this CoP are not clear enough and would benefit from redrafting. More detail on these issues is discussed below.

The issues of concern in the Change Report

We have identified the following issues in the legal text of the proposed additional DCUSA schedule (CoP):

1. The definition of "Vulnerable Customer" set out in the DCP209 CoP is currently drafted as *"an occupier who is (or who lives at the premises with another occupant who is) of Pensionable age (as defined in the Supply Licences) or disabled or chronically sick"*.

We published a decision on 29 April 2016³ approving a change to the current definition of vulnerability set out in the Smart Meter Installation Code of Practice ("SMICoP"). This change drew on text from our Consumer Vulnerability Strategy, and the Priority Services Register definition we consulted on last year.

"Vulnerable" in the SMICoP is therefore defined⁴ as:

A Customer who, due to their Personal Characteristics or Circumstance, or otherwise being in a vulnerable situation, may require Priority Services or additional support.

"Personal Characteristics or Circumstance" includes: (a) The Domestic Customer being of pensionable age (b) The Domestic Customer being chronically sick, or having an impairment, disability, long term medical condition (including but not limited to a visual, auditory, literacy or mobility impairment), or severe financial insecurity (they are unable to safeguard their personal welfare or the personal welfare of other members of the household).

In order to ensure a more consistent approach across the industry, we consider that the definition in the CoP should be further aligned with the definition from the SMICoP. This could be done by either revising the definition of "Vulnerable Customer" to be similar to that in the SMICoP, or by referring to the SMICoP definition in the CoP definition.

The DCP209 workgroup may need to revise the CoP, particularly the section "10: Treatment of Vulnerable Customers", if any areas are affected by the change to the definition or by reference to the procedures set out in the SMICoP or licence conditions.

2. The current definition of an "Unregistered Customer" in the CoP is drafted as *"a **customer** occupying Premises at which electricity is being (or has been) consumed outside of the normal Supplier registration process (sometimes referred to as "untraded")"*.

The ordinary meaning of "customer" is generally defined as someone who buys goods and services from a business. Strictly speaking, the occupier of premises where the electricity supply is not registered is not buying anything and therefore cannot be considered a customer until they have become registered. The correct usage of the term "Unregistered Customer" throughout the CoP thus depends on the definition.

We suggest that the DCP209 workgroup consider whether the word "customer" (highlighted above) could be replaced in the definition. It could possibly be restated as "the occupier at premises at which electricity ..." or something similar. However if this

³ <https://www.ofgem.gov.uk/publications-and-updates/smart-meter-installation-code-practice-change-request-034-cr034-refining-definition-vulnerability>

⁴ Note that this updated definition in the SMICoP will be implemented with effect from 27 June 2016.

creates additional complexities and clearer wording cannot be found, we could consider approving the definition as currently stated, with an added explanatory note.

3. Similarly, the definition of "Occupier" seems to contain a circular reference and would benefit from redrafting: "*Occupier means the occupier of a Premises prior to identifying the Occupier as an unregistered Customer*".

After addressing the issues discussed above and revising the DCP209 Change Report accordingly, the DCUSA Panel should re-submit it to us for decision as soon as practicable.

Yours sincerely

James Veaney
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