

Energy Consumers Commission Project Plan 2021/2022

Consultation

February 2021



Title: Energy Consumers Commission Project Plan 2021/2022

RESPONDENT INFORMATION FORM

Please Note this form **must** be completed and returned with your response.

To find out how we handle your personal data, please see our privacy policy:

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Full name or organisation's name

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Yes

No

Responding to this Consultation

We are inviting responses to this consultation by 19/03/2021.

Please respond to this consultation using the Scottish Government's consultation hub, Citizen Space (<http://consult.gov.scot>). Access and respond to this consultation online at [Energy Consumers Commission 2021/2022 Project Plan](#).

You can save and return to your responses while the consultation is still open. Please ensure that consultation responses are submitted before the closing date of 19/03/2021.

If you are unable to respond using our consultation hub, please complete the Respondent Information Form to:

Consumers, Competition and Energy Company Services
Scottish Government
4th Floor
5 Atlantic Quay
Glasgow
G28LU

Handling your response

If you respond using the consultation hub, you will be directed to the About You page before submitting your response. Please indicate how you wish your response to be handled and, in particular, whether you are content for your response to be published. If you ask for your response not to be published, we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

If you are unable to respond via Citizen Space, please complete and return the Respondent Information Form included in this document.

To find out how we handle your personal data, please see our privacy policy: <https://www.gov.scot/privacy/>

Next steps in the process

Where respondents have given permission for their response to be made public, and after we have checked that they contain no potentially defamatory material, responses will be made available to the public at <http://consult.gov.scot>. If you use the consultation hub to respond, you will receive a copy of your response via email.

Following the closing date, all responses will be analysed and considered along with any other available evidence to help us. Responses will be published where we have been given permission to do so. An analysis report will also be made available.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to the contact address above or at ConsumerandCompetition@gov.scot.

Scottish Government consultation process

Consultation is an essential part of the policymaking process. It gives us the opportunity to consider your opinion and expertise on a proposed area of work.

You can find all our consultations online: <http://consult.gov.scot>. Each consultation details the issues under consideration, as well as a way for you to give us your views, either online, by email or by post.

Responses will be analysed and used as part of the decision making process, along with a range of other available information and evidence. We will publish a report of this analysis for every consultation. Depending on the nature of the consultation exercise the responses received may:

- indicate the need for policy development or review
- inform the development of a particular policy
- help decisions to be made between alternative policy proposals
- be used to finalise legislation before it is implemented

While details of particular circumstances described in a response to a consultation exercise may usefully inform the policy process, consultation exercises cannot address individual concerns and comments, which should be directed to the relevant public body.

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1. Introduction

This Project Plan sets out the intended direction for our work in the 2021/2022 financial year. We have aligned our work across four key themes as set out in our work plan,

- Energy Debt
- Supplier Best Practice and Customer Service
- Improving Outcomes for Vulnerable Consumers
- Engagement with Decarbonisation

We will build on the work carried out by the commission in the 2020/21 financial year to deliver practical outcomes and increased, more diverse engagement across the energy sector in Scotland. In doing this we will maintain a strong connection to end users and the many groups that represent them with an active focus on direct consumer engagement and ensuring fairer energy markets for consumers during the economic recovery from COVID-19.

The energy advocacy landscape is changing. In 2017, the Scottish Government was devolved powers for consumer advocacy and in order to best utilise these new powers a new body, Consumer Scotland will be established by late 2021. Consumer Scotland will be responsible for the expenditure of energy levy funding as well as the water and postal levies.

To date, energy levy money has been directed to Citizens Advice Scotland (CAS) with the Energy Consumers Commission (ECC) utilising a proportion of this in the

financial year 2020/21. This year full energy levy responsibility in Scotland is transferring to the Energy Consumers Commission but with a focus on maintaining and building on the expertise, knowledge and networks that exist within the CAS Fairer Markets team.

CAS will work with us, providing policy expertise alongside support to deliver advocacy, manage projects and deliver communications, all of this will be done with an eye on the end user for whom the levy funds are collected to serve.

Throughout 2021/2022 the impacts of the COVID-19 pandemic will continue to be felt. Beyond the immediate impacts on consumer energy costs and supplier operations this may also have an impact on engagement with decarbonisation as consumers adjust to new ways of working and new market structures. Our work will play a valuable role in building an understanding of these new challenges and opportunities throughout the year, connecting to the diverse range of consumers in Scotland, and championing their interests across the energy sector.

2. Who We Are

In May 2019, The Scottish Government committed to establishing an independent Energy Consumers Commission to enhance the voice of 'consumers who reside in Scotland' within the energy market.

We formed in July 2020 following an extended period of consultation with key stakeholders throughout the energy industry. The Commission consists of representatives with a wealth of experience in national consumer advocacy, advice bodies, academia and local groups serving energy consumers in their communities. The current membership is included in Annex A

Our 2020/2021 work plan was consulted on in October 2020 and sets out what we aim to achieve until the establishment of Consumer Scotland in late 2021, including:

- Selected opportunities for the commission to engage in focused advocacy over the coming year on a number of key themes
- Plans to support and engage with grassroots organisations.
- Specific research and campaign projects to be taken forward using funding from the energy advocacy levy in the 2020/21 financial year.

This current work plan maintains these adopted aims and objectives, detailing how we intend to use levy funding for the coming financial year 2021/22 to meet them.

3. Consumer Scotland

The Consumer Scotland Bill was introduced to the Scottish Parliament on 5 June 2019 and passed stage 3 in the Scottish Parliament on 6 May 2020. The Bill establishes a new public body – Consumer Scotland – to represent the views of consumers and take an evidence-based approach to tackling the most serious issues of consumer harm in Scotland.

The Scottish Government is working to establish Consumer Scotland by the end of 2021. This organisation will direct the spend of consumer advocacy funding in Scotland raised through levies on consumer bills in the energy, water and post sectors.

The ECC will be incorporated into Consumer Scotland following its establishment to lead on energy related work and input to relevant cross-sector projects. This process will provide an opportunity to re-assess the role and remit of the Commission following its first year and to further refine these as required.

4. Building on Previous Work

In order to advocate on behalf of Scottish energy consumers and address the key challenges and opportunities they face, we incorporate a broad range of views and take a whole system approach, using a wide definition of the energy system – including consumer interactions with networks and challenges outside of the regulated energy markets.

The key themes of focus for the our project work are

- Energy Debt
- Best Practice and Customer Service
- Improving Outcomes for Vulnerable Consumers
- Engagement with Decarbonisation

In 2020/21 the ECC and CAS work plans were designed to be complimentary in order to best represent value for energy levy spend. This work plan goes further and brings together the levy funded work done by CAS and ECC to reinforce and enhance the work done by both organisations in order to provide the greatest possible benefit for consumers.

Therefore, as well as building on previous energy consumers commission work, this work will also aim to build on CAS Energy Advocacy 2020/2021 work plan^[1], which included commitments to work towards:

- Ensuring that RII02 and network decarbonisation bring better outcomes for consumers, especially those in vulnerable situations
- Improving Outcomes for Consumers Using 'Restricted Electricity Meters'

In addition, CAS will be funded to provide a support role for the ECC, this support will consist of dedicated staff to provide the following functions under the direction of ECC members:

¹ [Energy Workplan 2020-21.indd \(cas.org.uk\)](#)

- Research, analysis and briefings for ECC members on emerging and ongoing energy consumer issues.
- Identifying and maximising opportunities to promote the needs of energy consumers in Scotland and advocate on their behalf, in line with ECC priority areas.
- Day to day management of levy funded projects set out below, including synthesis

All of these functions will align with the Commission's stated priorities described in our work plan. Where necessary, projects below will be procured to ensure maximum value for consumers.

CAS will continue their successful delivery of Big Energy Savings Week/Month, delivered in partnership with their Bureaux network and aligning with UK wide activities.

Consultation Questions

1. Do the Energy Consumers Commission's themes remain relevant in 2021/2022?

5. Projects

5.1 Grassroots organisations

We will take an inclusive, asset-based approach to better understand community involvement in the energy system.

Related themes:

- Energy Debt
- Best Practice and Customer Service
- Improving Outcomes for Vulnerable Consumers
- Engagement with Decarbonisation

As noted in our previous work plan, grassroots organisations present a route to gaining granular insight into the issues affecting otherwise un-heard energy consumers. However, there are varying degrees of capacity within grassroots organisations as well as differing levels of knowledge of the powers and responsibilities of the various actors within the energy industry.

We have an opportunity to tap into and co-ordinate the information and knowledge available in existing networks. By engaging with grassroots organisations across existing networks to share their knowledge, we can ensure that our goals will more effectively align with the outcomes needed for all Scottish Consumers.

We have begun mapping the landscape of community organisations and we will build on this through talking to community groups to pull together what knowledge, skills and contacts exist.

We will be mindful of grass roots organisations' own priorities but may explore how organisations are currently taking part in conversations and decisions on the energy sector, whether there are opportunities to facilitate greater or more meaningful

engagement, or whether there are better ways to co-ordinate the knowledge and action that exists - creating connections where appropriate between the wider social aims of organisations and the work to improve outcomes for energy consumers

5.2 Fuel debt

We will carry out work to better understand how the fuel debt landscape in Scotland impacts consumers and how this interacts with fuel poverty.

Related themes:

- Energy Debt
- Supplier Best Practice and Customer Service

The COVID-19 pandemic is envisaged to lead to an increase in fuel debt and fuel poverty in 2021/22 and beyond. Regulatory changes from Ofgem and recommendations from The Scottish Government's Social Renewal Advisory Board have clearly set out the expectation that people in debt in Scotland should be treated fairly and with compassion, providing them advice and support as required; and that appropriate and effective fuel debt mitigation measures are available to all of those most in need of such assistance, regardless of which fuel type they use.

There are existing networks of support available to consumers in Scotland with problem fuel debt. To maximise the effectiveness of this support, and the resultant impacts on energy consumers in Scotland and on levels of fuel poverty, it would be helpful to build a better understanding of what support is available across fuel types, where gaps exist, whether there are opportunities for improvements in the ways

organisations work and collaborate and what barriers exist to ongoing access to energy and energy affordability for consumers in Scotland

We will focus specifically on:

- understanding the relationship between energy debt and fuel poverty
- understanding the range of available support and/or barriers to fuel debt mitigation' across fuel types

We also believe that grassroots organisations have a key role to play in this area.

We will seek to explore how these organisations can be empowered to provide support for consumers in energy debt in the future.

5.3 Consumer vulnerability

We will build on the outcomes of our previous research on Priority Service Registers to explore practical ways that these can be taken forward.

Themes:

- Improving Outcomes for Vulnerable Consumers
- Best Practice and Customer Service

Priority Service Registers (PSRs) are records of vulnerable consumers held by suppliers and networks in order to allow priority support to be directed in the case for an emergency (e.g. a power outage) or to offer a range of additional support in regards to existing services.

Linkages between supplier and network PSRs vary and there is significant work being undertaken across Great Britain (GB) into how best to align PSRs and simplify access. Due to comparatively low uptake of PSRs in Scotland in comparison with the rest of GB and the particular profiles of consumers in Scotland, there is a need to understand how well PSRs meet the needs of Scottish consumers in vulnerable circumstances, whether eligibility criteria is appropriate and whether there are other Scottish specific actions that can be taken to promote uptake.

In 2020/21, the Energy Consumers Commission undertook research to establish a baseline understanding of how the experience of utility company priority services varies for vulnerable consumers in Scotland, and to explore whether there is potential to improve or expand upon the services currently offered or the range of vulnerabilities supported.

We will consider the findings of the research and the evidence underlying the recommendations and work in collaboration with the energy and water industries in Scotland, and other interested parties from across GB, on a coordinated response to the issues facing consumers using PSRs. This may include awareness raising, stakeholder engagement and/or further research as appropriate.

5.4 Engagement with decarbonisation

We will raise awareness among consumers directly of the opportunities and impacts of decarbonisation while engaging on high profile events, publications and decisions.

Themes:

- Engagement with decarbonisation
- Best practice and Customer Service
- Improving Outcomes for Vulnerable Consumers

Throughout 2021/2022, a number of significant events are planned that that will impact on consumers' experiences of the energy market and on Scotland's target of achieving net zero emissions by 2045. We are in an excellent position to engage with these opportunities on behalf of energy consumers and to help to engage energy consumers directly, helping to ensure the fairest possible outcome for all consumers including those in vulnerable circumstances.

Key upcoming opportunities in relation to decarbonisation and net zero over 2021/2022 include:

- **COP 26 to be held in Glasgow in November 2021**

COP 26 will be an extremely high profile event, bringing attention to the decarbonisation agenda for consumers across Scotland and an opportunity to build on this visibility to drive longer term engagement with net zero in Scotland.

- **The Scottish Government's Heat in Buildings Strategy**

The Heat in Buildings Strategy sets out the Scottish Government's actions to ensuring a transition to zero emissions from buildings by 2045. This strategy will require buy in from consumers at all stages.

- **The Heat Networks (Scotland) Bill**

This bill will open up opportunities for much greater deployment of heat networks across Scotland. Whilst heat networks are present in Scotland, the move to increase the number of consumers using this technology will naturally require a greater focus on the experience of consumers using this technology.

- **The UK Government Energy White Paper and actions stemming from it**

Published in December 2020, the Energy White Paper, sets out a range of actions that will directly impact on consumers in Scotland. These include wider roll out of auto-switching processes and facilitating innovative tariffs in the energy market. We will play an active role in understanding and responding to the effect of these changes on the unique landscape faced by Scottish energy consumers.

We will conduct focused project work on these topics, working holistically and flexibly to ensure that our work achieves the maximum benefit for consumers across a variety of different mediums and to amplify the voice of grass roots organisations in decision making. Work may include focused research, direct engagement with consumers and campaigns.

5.5 Gas and electricity networks

We will continue the work to advocate in the interests of energy consumers in Scotland on the development of the regulated energy networks.

Themes:

- Improving Outcomes for Vulnerable Consumers
- Engagement with decarbonisation

The activities of Scotland's regulated energy network operators and the rules around network operation can have significant impacts on the costs paid by consumers, the services they are provided and the opportunities they have to benefit from new technologies or business models. In addition, network operators have a responsibility to empower and protect customers in vulnerable situations, through obligations placed on them in their licences.

In April 2021, a 5-year price control for the gas and electricity transmission networks, the gas distribution network and the Electricity System Operator will commence, representing an opportunity to begin reconfiguring our energy networks for a net zero future, with the first 100% hydrogen network in GB planned for rollout as part of a trial in Levenmouth and significant upgrades to the capacity of the electricity transmission system planned across both of Scotland's transmission network areas, including the connection of Shetland's isolated electricity system to the national grid and additional high voltage direct current connection between Scotland and the rest of GB.

We will engage across the sector to ensure that the interests of consumers in Scotland continue to be represented in the delivery of these investment plans; that networks consider their role in supporting consumers through the energy transition and ensure that the services they provide for vulnerable consumers continue to meet their needs and expectations; that networks engage constructively and help Scotland's local authorities to take a whole energy system view in the design and delivery of Local Heat and Energy Efficiency Strategies; and that communities are effectively consulted, empowered and engaged when major infrastructure upgrades are undertaken.

In June 2021, Scotland's electricity distribution networks will also submit the first draft of their RIIO-2 business plans to Ofgem. Final drafts will be submitted in December 2021, and a series of Open Hearings will be held in Q1 2022 ahead of the start of the next price control in April 2023. Scottish Power Energy Networks, Scottish and Southern Energy Networks and Ofgem will continue to engage extensively with stakeholders throughout this period and, with electricity distribution costs expected to increase significantly as the networks invest to support the rollout of low carbon heat and transportation, it is particularly important that the voice of consumers is heard in the development of these plans.

5.6 Restricted and DTS meters

We will seek to ensure that all consumers with restricted meters in Scotland are adequately protected until a smart metering alternative can be provided, and that

consumers are supported with appropriate advice and assistance before, during and after the provision of an appropriate smart meter.

Themes:

- Improving Outcomes for Vulnerable Consumers
- Best practice and customer service

The proportion of consumers using non-Economy 7 restricted meters is considerably higher in both of the Scottish electricity distribution licence areas than it is in any other area of GB. In 2020/21, CAS received levy funding to advocate in the interests of energy consumers in Scotland who are supplied through non-Economy 7 restricted electricity meters – including, but not limited to, Dynamically Teleswitched (DTS) meters which make use of the Radio Teleswitch Service (RTS) signal.

The RTS signal is currently due to be retired once the current funding arrangements lapse on 31 March 2023. The withdrawal of the RTS signal could lead to significant financial and non-financial harm to many consumers with DTS meters, and in some parts of Scotland could lead to wider deleterious outcomes as circuits on the distribution networks become overloaded and levels of demand side response are reduced. It will therefore be essential to ensure that all actors within the industry are suitably aware of these risks and that all appropriate measures are taken to ensure that they are fully mitigated. We will raise awareness of these issues and may advocate for funding for the RTS signal to be extended beyond the current terminal date and encourage a high degree of co-ordination between the smart meter rollout

in Scotland and the planned withdrawal of the RTS signal. Supplier preparation plans for RTS phase out will need to be probed and influenced accordingly.

More broadly, in 2017 Ofgem introduced a series of measures that were designed to increase competition and choice for consumers with non-Economy 7 restricted meters following the CMA's finding of a series of real and perceived barriers to switching among a consumer profile that is particularly prevalent in Scotland.

However, while the CMA's modelling suggested that up to 80% of non-Economy 7 restricted meter users in Scotland could benefit financially from these interventions, in practice engagement with the Restricted Meter Remedy has been low and supplier compliance has been mixed. In addition, the exclusion of prepayment meter customers from the provisions of the Restricted Meter Remedy means that many of the most vulnerable non-Economy 7 restricted meter users in Scotland gain no benefit from Ofgem's interventions, a situation compounded by changes to the prepayment meter price cap methodology in 2019 which resulted in significant increases in the typical energy costs incurred by such consumers as well as an industry-wide shortage of replacement meter stock which prevents many consumers with prepayment non-Economy 7 restricted meters from changing to credit meters.

We will explore the above issues, highlighting the needs of Scottish consumers and opportunities to improve outcomes.

5.7 Consumer experiences tracker

We will continue to ask consumers in Scotland about their experiences with their energy supply, sharing insights and raising awareness of opportunities for improvement.

Themes:

- Best practice and customer service
- Improving outcomes for consumers in vulnerable circumstances

In 2020/21, we undertook research to establish a baseline understanding of the experiences of consumers in Scotland in the regulated and unregulated energy markets. This year we will continue that research while using the outcomes of the previous survey other available evidence to draw attention to, and encourage the sharing of, best practice across the energy sector.

The COVID-19 pandemic has highlighted already existing disparities between energy suppliers in terms of customer service, with some suppliers offering adequate, accessible communications and/or support for consumers struggling to pay their energy bills and others refraining from matching this level of support. There is less information available on the experiences of consumers in the unregulated energy markets, the support received by consumers varies depending on a range of factors and our ongoing work will explore the needs of these consumers.

We will work to understand the issues that matter to consumers and work collaboratively with other organisations who are seeking to achieve complementary goals. We will engage with representatives from across the energy industry to highlight areas of best practice and opportunities for improvement, as identified by our research and by organisations with which we work. Appropriate responses to the ongoing impacts of the Covid pandemic will be a key area of interest.

As part of this work we will seek to bring together grassroots organisations, community groups and advice agencies from across Scotland to co-ordinate the sharing of intelligence and dissemination of knowledge on supplier performance in both the regulated and unregulated energy markets. We will explore the language of consumer detriment throughout the energy sector – aiming to move towards a shared understanding of detriment applicable across organisations at various scales to simplify cross-organisation working and address consumer detriment more effectively and quickly.

Consultation Questions

2. Are these the correct areas of focus for project work to improve outcomes for consumers in Scotland?

3. Are these projects relevant to the ECC's continuing themes of energy debt, engagement with decarbonisation, supplier best practice and support for consumers in vulnerable circumstances?

4. Do you have any further comments?

6. Next Steps

The commission will consult on this Project Update for 4 weeks with a planned completion date of 17 March 2021.

7. Cost Breakdown of Levy Spending in 2021/2022

Service	Cost (approx.)
Advocacy and project management	£192, 000
Individually procured projects/campaigns	£203,000
Big Energy Saving Month	£60,000
Total	£455,000

Annex A: Membership of the Energy Consumers Commission

Chair

Lewis Shand Smith

Members

Kate Morrison

Lucy Gillie

Suzy Goodsir

Carol Masheter

Dan van der Horst

Frazer Scott

Robert Leslie

Citizens Advice Scotland

South Seeds

Greener Kirkcaldy

Soirbheas

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Energy Action Scotland

Thaw Orkney



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