

Written Response by the Welsh Government to the report of the Petitions Committee entitled A Warmer Winter - P-06-1326 The Senedd Should Scrutinise the Prepayment Meter Scandal in Wales

I would like to thank the members of the Petitions Committee for their report on the prepayment meter scandal in Wales, which has made a number of important recommendations. I am particularly pleased to see the Committee's recommendations are in line with our policy positions and actions. I have set out my response to the Report's individual recommendations below.

The Welsh Government has made clear its concerns over the use of prepayment meters for some time. I wrote to energy suppliers as far back as November 2022, and subsequently met with them, to highlight that we were finding the increasing use of forced installations of prepayment meters unacceptable. We objected on the grounds that the practice removes the ability of households to spread the cost of their energy needs evenly over a 12-month period and on the basis of overall cost as, at the time, prepayment tariffs were the most expensive methods of payment. It was clear many households would be self-disconnecting as a consequence. I was given assurances at the meeting that they would support households in Wales during the winter of 2022/23.

The prepayment scandal that arose that winter devastated households and added to the pressures families were already experiencing through the cost-of-living crisis. I was shocked and disappointed to hear the disturbing press reports of debt collectors breaking into homes, including those occupied by vulnerable people, to force-fit prepayment meters.

Following Ofgem's announcement on 10 January that three suppliers have provided evidence and assurances that they have met the regulator's conditions to restart involuntary installations, it is imperative suppliers adhere to the rules set by Ofgem and vulnerable households are protected from unscrupulous practices.

Recommendation 1

The Welsh Government should support the creation of a new social tariff for vulnerable people to provide greater support to those in the greatest need.

Response: Accept

Welsh Government has consistently and repeatedly called on the UK Government to introduce a social tariff to protect the most vulnerable householders. We call on them to follow the example set by the water industry, where companies are prohibited by law from disconnecting or restricting water supplies to households who owe them money.

When the Chancellor made a commitment in his Autumn Statement in 2022 to develop a new approach to consumer protection, including the option of a social tariff to apply from April 2024, we were cautiously optimistic that things would finally

change. We are now in another challenging winter, and it is very concerning that we have yet to see anything further on this commitment. I met the UK Minister for Energy Consumers and Affordability in November to discuss this issue and despite warm words, there was no firm commitment on a consultation or announcement.

The Welsh Government believe a social tariff can be funded in a progressive way that supports our most vulnerable without having significant negative impacts on other households. Heat and power are vital services and vulnerable people should be offered a social tariff to ensure an affordable supply.

Financial Implications – None

Recommendation 2

Welsh Government should look at how it can enhance advice services this winter, particularly those aimed at the most vulnerable in society. This could involve providing additional funding, and/or a more visible advertising campaign signposting people to advice.

Response: Accept

In response to the cost-of-living crisis, we increased funding to the Nest advice service in the winter of 2022/23. Demand for support through the freephone advice line increased from 15,000 per annum to 22,000 per annum. As the cost of energy remains a key concern to Welsh households, we have continued to fund the enhanced service this year.

We will be actively signposting to the Nest advice service through the Here to Help¹ cost of living campaign this winter.

We have also recently launched our Climate Action Wales² website, which contains tips on home energy use alongside other action people can take to reduce their impact on climate change. These include actions to reduce fuel bills and use energy more efficiently as well as installing renewable energy technologies and energy efficient appliances.

In terms of wider support, this year over £11m has been made available for Welsh Government's Single Advice Fund services. These services are a lifeline for people struggling with the cost of living, helping them to maximising their income and deal with their debts.

The Single Advice Fund is a specific project that targets advice at those in the greatest need. We continue to work closely with Single Advice Fund providers to ensure people from the most marginalised and disadvantaged population groups in Wales are getting the debt advice they need as early as possible. I am pleased the

¹ [Here to help with the cost of living | GOV.WALES](#)

² [Government Policies: Climate Change - Climate Action Wales](#)

Single Advice Fund delivery model has proven very effective at reaching people earlier, with 55% of people getting help before they are in a crisis.

I know the cost-of-living will continue to increase the demand for access to advice services and it is important that we maintain our collaborative work with key stakeholders to ensure the policies are in place that will meet the challenges that lie ahead. I welcome Ofgem's recent publication [Get help if you cannot afford your energy bills | Ofgem](#) which sets out protections they have asked energy suppliers to have in place for vulnerable households this winter and will signpost householders to this site.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

Recommendation 3

Welsh Government should explore with utility providers whether it would be possible – within the limits of data protection rules – to ensure that where one organisation is aware that a customer is vulnerable, they are automatically given greater protection by other suppliers.

Response: Accept

We are very supportive of this approach, as confirmed by the First Minister in the Committee for the Scrutiny of the First Minister in December. Data sharing should be used to the advantage of the customer and every effort should be made to develop a robust and customer-focused approach, co-produced with representatives of those impacted.

My officials have discussed this with Ofgem, who are also very supportive on this type of data sharing. Ofgem held a vulnerability summit in the summer to explore the possibility of data sharing between regulators and are considering how best to resolve data protection issues.

The Department for Business & Trade's wide-ranging consultation on Smarter Regulation³: Strengthening the economic regulation of the energy, water and telecom sectors, which closes 28 January, includes a section on supporting consumers. It includes a proposal to help vulnerable customers by having a single, multi-sector Priority Services Register to enable data sharing between service providers where a customer has already informed one of them of their need for additional support and is content for their information to be shared with other providers. Welsh Government will be responding formally on this issue to register our support for the proposal and offer to co-ordinate input of Wales based stakeholders into its design.

Financial Implications – None

³ [Smarter Regulation: Strengthening the economic regulation of the energy, water and telecoms sectors \(publishing.service.gov.uk\)](#)

Recommendation 4

WG should work with the UK Government and Ofgem to ensure there is greater clarity about who has the power to instigate a freeze on fitting prepayment meters. That power should sit with a named individual (in Ofgem, and/or the relevant Minister in the UK Government).

Response: Accept

There would need to be legislation in the UK Parliament in order to ban suppliers fitting prepayment meters. Responsibilities around prepayment meters lie with the Secretary of State for Energy Security and Net Zero.

Ofgem do not have the power to ban prepayment meters, but they influence suppliers through codes of practice and the conditions attached to supplier licence agreements.

Financial Implications – None

Recommendation 5

Ofgem should monitor the impact of the Code of Practice – with particularly focus on those at the upper and lower age limits. Specifically, we are concerned the 65-75 age group who do not enjoy the maximum protection afforded to those over 75, and households with pre-school children older than the 2 years old cut off. The Committee was surprised and disappointed that these age-based limits were not more generous.

Response: Accept

The Welsh Government have called for a ban on prepayment meters. While this is still our preference, I am pleased Ofgem have incorporated the requirements originally set out in their Involuntary Prepayment Meter Code of Practice into each energy suppliers' licence. This is something I called for when the Code was announced in April.

When the code was originally announced, householders in the highest risk included people over the age of 85 years of age and no reference was made to children. Lowering the upper age limit from over 85 to over 75 and including provisions for pre-school children under the age of 2 is a step in the right direction.

Ofgem believe the age groups have been set appropriately, following consultation and input from clinicians. People in the 65-75 age group will be taken into consideration if they have health conditions. Suppliers must also assess the suitability of a prepayment meter where there are children aged 5 and under.

I have advised Ofgem that Welsh Government will monitor the situation closely over the winter to ensure the rules are working and eligible households are protected.

Ofgem have confirmed they will review the policy and amend if it proves to be ineffective in protecting the most vulnerable in society.

Financial Implications – None

Recommendation 6

Welsh Government should review whether they have any evidence which might support amending the code to lower the older age cut-off and/or increasing the age for households with children to include all pre-schoolers.

Response: Accept

We do not currently have substantive evidence to recommend amendments to the decision of Ofgem, which were changed from the original proposals to take account of consultation responses and input from clinical specialists. We are, however, committed to work with Ofgem to monitor the situation and to challenge their position as appropriate, if such evidence comes to light.

Unfortunately, the cost-of-living crisis means that people of all ages are now more likely to be struggling to meet their energy costs. We are calling on suppliers to support their customers through this period, using prepayment meters only as a last resort or where customers request them.

Financial Implications – None

Recommendation 7

Ofgem should work with energy suppliers to monitor how decisions on vulnerability are made, and by whom. Debt-collection companies, whose primary interest is the recovery of debt, should not be the decision makers when it comes to deciding who is vulnerable.

Response: Accept

Ofgem are clear that decisions on vulnerability is the responsibility of the energy suppliers, and no action should be taken until suppliers are confident that they have assessed and correctly identified any vulnerabilities.

Each supplier must pass Ofgem's Market Compliance Review, amongst other checks, before they can re-start the process of installing prepayment meters. There are also strict rules suppliers and debt collection companies must adhere to including making at least 10 attempts to contact a customer, carrying out a site welfare visit and refraining from installations for the highest risk customers.

Suppliers must follow this process and should not pass on any customers to debt collectors who are in the vulnerable categories.

I met Ofgem in November to discuss winter planning for vulnerable customers and raised the issue that we had been informed by stakeholder groups of instances

where people are being threatened with future prepayment installation even when it is clear they would fall within an exemption.

Ofgem confirmed that behaviour of that kind is unacceptable, and that action can, and will, be taken against suppliers who do not protect vulnerable customers. I will be working with charities and consumer groups to monitor the situation.

Financial Implications – None

Recommendation 8

The Welsh Government should explore how the newly established Ynni Cymru can encourage the development and uptake of local social tariffs.

Response: Agree in principle

As part of the Cooperation Agreement, Plaid Cymru and the Welsh Government share an ambition to establish a publicly owned energy company for Wales, Ynni Cymru, to expand community owned renewable energy generation. Ynni Cymru will work with both community and public sector partners to both optimise and make existing renewable energy assets ‘smarter’ across Wales. This work will include the possibility of developing approaches to secure cheaper energy bills within communities alongside enhancing wider economic and social benefit. We are in the early stages of establishing Ynni Cymru and are developing a solid business case for the organisation including the approach to benefits realisation.

Financial Implications – None. Any additional costs will be drawn from existing programme budgets.

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