

**Monitoring non-domestic suppliers'  
performance under their code of practice  
on the efficient use of gas and electricity**

**Decision document**

October 2002

## Summary

This document sets out the arrangements for monitoring the non-domestic gas and electricity suppliers' performance under standard licence condition 25 of the gas suppliers licence and the electricity supply licence.

Standard licence condition 25 requires gas and electricity licensees to produce a code of practice providing guidance to customers on the efficient use of gas and electricity.

Ofgem has produced a guidance note for suppliers on meeting this requirement and has issued a model code which suppliers can adopt.

Standard licence condition 26, Record and Report of Performance, requires licensees to keep a record of their operation of licence condition 25, and to report on their performance. The full text of standard licence condition 26 is given in annex 1. It also gives provision for Ofgem to monitor compliance with standard licence condition 25 and requires that,

- Licensees keep a record of their general operation of licence condition 25,
- Licensees shall publish a report to the Authority and energywatch at the end of the year on their compliance. This report must be free for anyone who requests it,
- Licensees shall provide more specific information if requested to do so by the Authority.

The Authority has designated the monitoring requirements for standard licence condition 25. A copy of the designation is in Annex 2.

The monitoring of suppliers' codes of practice will focus upon the dissemination of the written codes and the suppliers' telephone information service. As the focus of these telephone lines can be information or advice, the monitoring will focus upon quantitative information.

These monitoring requirements are to ensure that suppliers are complying with standard licence condition 25. Suppliers are required to publicise their code and make available a record of their compliance with the licence condition. Ofgem is keen to ensure that this information is made available to customers. Monitoring will also show how many customers, and what type of customers, are benefiting from the services being offered by suppliers.

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# 1. Rationale

- 1.1. Standard licence condition 25 of the gas suppliers licence and the electricity supply licence require suppliers to develop a code of practice offering guidance on the efficient use of gas and electricity. Licensees are required to,
- set out information and advice to provide guidance to customers on the efficient use of gas and electricity,
  - make arrangements for maintaining sources from which customers may obtain further information, including the maintenance of a telephone information service,
  - and, make available, free of charge, a statement of additional sources of information and assistance.
- 1.2. Ofgem has assisted non-domestic suppliers in developing their codes of practice by issuing guidance on how they can comply with the licence condition and by commissioning a model code of practice that suppliers can adopt.
- 1.3. Standard licence condition 26, Record and Report of Performance, states that licensees must keep a record of their operation of licence condition 25, and to report on their performance, requiring that,
- licensees keep a record of the general operation of licence condition 25,
  - licensees shall publish a report to the Authority and energywatch at the end of the year on their compliance. This report must be free for anyone who requests it,
  - licensees provide more specific information if requested by the Authority.
- 1.4. It is important that suppliers' compliance with the licence condition is monitored to ensure they are providing a useful service to their customers. The annual reports will help to do this. However, in order for Ofgem to be satisfied that suppliers are complying with the licence condition, we feel that more regular reporting is necessary. Standard licence condition 26 gives provision for Ofgem to monitor supplier's compliance and state the format for reporting. Suppliers are therefore required to report upon their compliance every six months to Ofgem

and energywatch. This information will then be included in the supplier's annual reports for their customers.

- 1.5. It is also important for Ofgem to state the actual format for reporting to ensure that the information collected is clear and will enable comparisons between suppliers. This information will help monitor whether suppliers are actively promoting their code of practice and telephone service. Suppliers will be required to provide both quantitative information, for example stating the number of telephone calls received, as well as qualitative information, such as set out the type of information their telephone line offers.
- 1.6. Standard licence condition 27 states that suppliers shall, at least once a year, draw the attention of their customers to the existence of the code and how they can obtain a copy. These monitoring requirements will assist Ofgem in determining whether suppliers are making sufficient effort to inform their customers of the code and how they can benefit by receiving a written code and/or phoning the information line.
- 1.7. There may be some cost to the supplier in administering the monitoring of their compliance with licence condition 25. However, this will help suppliers ensure that they are offering a good service to their customers in providing them with suitable guidance on the efficient use of gas and electricity. Organisations that have not looked seriously at energy efficiency can save up to 20% on their energy consumption. Relevant advice provided to customers will assist them to improve the efficiency of their business and make cost savings.
- 1.8. The draft monitoring proposals were sent to suppliers in July 2002 and comments were requested. Five organisations responded to this document, mainly commenting upon the timescales for reporting. Their views are set out in Chapter 4.
- 1.9. The standard format for monitoring which is set out within this document has been designated by the Authority, as required under standard licence condition 26. A designation will be issued to each licensee and is included in appendix 2.

## 2. Monitoring format

- 2.1. Licensees are required to keep a record of their arrangements for complying with standard licence condition 25 and make such information available. Standard licence condition 26 gives provision for Ofgem to monitor suppliers' compliance and state the format for reporting. This chapter sets out the timescales and format for reporting.

### *Annual reports*

- 2.2. Standard licence condition 26 requires suppliers to submit, after the end of each calendar year, a report on their performance to Ofgem and energywatch. This information should then be published and made available to anyone who requests it.
- 2.3. Firstly, suppliers must submit an annual return to Ofgem and energywatch. This must use the standard format and compile all of the information for the previous year (i.e. combine the two six-monthly reports). An accompanying note to Ofgem and energywatch should be included with this return to explain what procedures have been used to verify the data as accurate, and to confirm the arrangements being made for publication. The annual return should be submitted to Ofgem and energywatch by 28 January each year.
- 2.4. The information in the annual return must then be published and sent free of charge to anyone requesting it. This information should be presented in the standard form designated by Ofgem, to allow comparison between suppliers. Suppliers are encouraged to include any additional information they think relevant to their customers. The annual report to customers should be published by 28 February each year and be made available to anyone who requests it. A copy should be sent to Ofgem.
- 2.5. The first annual report is due on 28 January 2004 and should be published for customers by 28 February 2004.

## ***Six-monthly returns***

- 2.6. The standard licence condition also gives provision for Ofgem to request information on a supplier's performance. In addition to the annual published report, Ofgem also requires information every six months, January to June and July to December. Returns should be in the standard format and submitted to Ofgem and energywatch no more than 28 days after the end of each six-month period (i.e. 28 July and 28 January). The six-monthly reports do not need to be published.
- 2.7. The first progress report is due on 28 July 2003 and should detail information from 1 January until 30 June 2003.
- 2.8. The following table sets out the reporting schedule.

<b>Reporting period</b>	<b>Deadline for return</b>	<b>Format and purpose</b>
January – June	28 July	Six monthly report to Ofgem and energywatch
July – December	28 January	Six monthly report to Ofgem and energywatch
January – December	28 January	Annual report to Ofgem and energywatch
January - December	28 February	Published report for customers

## ***Format for reporting***

- 2.9. Ofgem has set up standard requirements for monitoring and a standard format for reporting. Returns should be submitted in a hard copy and in an electronic format, using the pro forma on Ofgem's website. Suppliers must notify Ofgem and energywatch of a management level representative who is responsible for signing off the returns.

- 2.10. Returns to Ofgem and energywatch must include actual figures, rather than percentages for example. Suppliers do not need to include commercially sensitive information, [i.e. customer numbers] within their published annual reports. Neither Ofgem nor energywatch will publish figures from which market share can be determined, without prior agreement with the supplier.
- 2.11. These monitoring requirements relate only to non-domestic customers. The monitoring return must be separate to that for domestic standard licence conditions, if applicable. A supplier with multiple non-domestic licences, electricity and/or gas, must only complete one return. Suppliers can contract a third party to run their telephone helpline and should ensure that their agent adheres to the monitoring requirements on their behalf.
- 2.12. The requirement to submit accurate returns is an enforceable licence obligation. Companies that do not submit accurate returns within the timescales set out may therefore be in breach of their licence and may be subject to appropriate action as determined by the Authority.

### 3. Monitoring requirements

3.1. This chapter sets out the information suppliers must collect for each of their monitoring returns to demonstrate compliance with standard licence condition 25 for non-domestic customers. The following table will be available on Ofgem's website as a monitoring return pro forma that supplier's must use.

Ref.	Information	
1.	State your number of non-domestic customers.	
2.	State the number of telephone calls received regarding non-domestic energy efficiency information and advice.	
3.	State the number of telephone calls received from:	Commercial customers
		Public sector customers
		Industrial customers
4.	Indicate the number of customers requesting information on the following:	
	Commercial / public sector customers	General energy efficiency information
		A copy of the code of practice
		Lighting
		Space heating and water heating
		Office equipment
		Energy audit and survey
		Other energy uses or technologies
	Industrial customers	General energy efficiency information
		A copy of the code of practice
		Lighting
		Heating and drying
		Process use
		Motors
Energy audit and survey		

		Other energy uses or technologies
5.	Suppliers should state the services provided to the customers contacting their helpline.	Identification of suitable organisations to provide information or advice Information Specific technical advice
6.	How many of the customers contacting your telephone helpline have been referred to the Action Energy helpline?	
7.	State the number of codes of practice which have been sent out to customers.	
8.	Provide information on how you have promoted the telephone line and disseminated the code of practice.	
9.	Provide details on how you have reviewed the information provided through the telephone information line.	

### *Specific notes on completion*

- 3.2. The following information provides clarification on the above monitoring requirements.
- 3.3. (1) **Suppliers must state their total number of non-domestic customers.** This information will be used to put the number of telephone calls received, and the number of codes sent out, into context. Suppliers are not required to publish this figure in their annual reports.
- 3.4. (2) **Suppliers must state the number of telephone calls they have received from non-domestic customers requesting energy efficiency information and advice.** The telephone information line does not have to be a dedicated service, it could for example, be part of general customer services. It is important to state therefore that suppliers should only list those customers who have actually received information or advice regarding non-domestic energy efficiency. It is for suppliers to decide how this information is presented in their published annual report. The actual number can be recorded. However, if the overall number of customers is not given, this figure will have less meaning. Suppliers can instead detail the number of telephone calls received as a ratio per 1000 customers or as a percentage of their overall customers.
- 3.5. (3) In providing energy efficiency information to a customer it is important that suppliers identify the type of organisation involved to help identify their needs.

**Suppliers must identify which of the telephone calls received** are from commercial, public sector or industrial customers. Public administration, health and education organisations are all considered public sector customers. Commercial customers are those offering services, such as banks, insurance and other business services. Customers classed as industrial are those involved in the manufacture of goods. Suppliers should complete this section if the customer is phoning to request a copy of the code, as well as for those seeking further information.

- 3.6. (4) **Suppliers must record the types of information commercial and public sector, and industrial customers are seeking.** When receiving calls from customers, in addition to identifying whether they are commercial, public sector or industrial customers, suppliers must note the type of information or advice the customer is seeking. It will be essential for suppliers to identify the customer's needs or concerns before offering further information. General energy efficiency information refers to those customers without specific questions and, for example, request advice on how they can reduce their energy bills through efficiency. The categories of energy use differ for commercial/public sector customers compared with industrial customers, to reflect their different requirements. With regards to public sector/commercial customers, the 'other' category includes energy uses such as processes, cooling, air conditioning and CHP. Space and water heating includes queries relating to boiler plant. The energy uses listed in the table above can be related to the model code of practice.
- 3.7. (5) Suppliers are required to maintain a telephone information service to offer guidance to their customers on the efficient use of gas and electricity. The level of information or advice offered to assist their customers is for suppliers to determine. To enable Ofgem to monitor the suppliers' efforts, **suppliers should state the type of service they have provided to the customers contacting their helpline.** The minimum a supplier is required to offer is to identify the needs of the caller and identify suitable contacts for further information. Suppliers should offer general information to their customers, for example relating the code to their query or identifying suitable efficiency measures for their business. Suppliers may instead, or as well as, provide specific technical advice. Such advice will be offered on a case-by-case basis, identifying and relating to the

needs and energy use of the customer. A person with relevant experience or qualifications should be nominated to provide such a service. Suppliers may offer two services to a caller, for example further contacts and information. In this situation, suppliers should only record one of the services offered. It will be assumed that the remainder of calls received were to request copies of the code of practice.

- 3.8. (6) The government's Action Energy programme is the main source of free information and advice to non-domestic customers. **Suppliers must state the number of customers contacting their telephone helpline who have been referred to Action Energy.** This may help Ofgem to assess whether suppliers have been able to assist customers or whether it has been necessary to refer them to Action Energy for expert advice.
- 3.9. (7) Standard licence condition 27 states that the licensee shall give or send free of charge a copy of the code to anyone who requests it. **Suppliers must state the number of codes of practice which have been sent out to customers.** This includes those codes requested by customers as well as any mailed out to customers without an initial request. Some suppliers have separate documents for different types of customer or query. In this case they should state the number of customers who have been sent a document(s) and note this on the monitoring return. It is for suppliers to decide how this information is presented in their published annual report. The actual number can be recorded. However, if the overall number of customers is not given, this figure will have less meaning. Suppliers can instead detail the number of code of practices sent out as a ratio per 1000 customers or as a percentage of their overall customers.
- 3.10. (8) **Suppliers must detail the methods employed for promoting and disseminating the code of practice to customers.** Standard licence condition 27, Preparation, Review of and Compliance with Customer Service Codes, states that licensees should, at least once a year, draw the attention of its customers to the existence of the code and inform them of how they may obtain a copy. Suppliers should state how they have advertised and disseminated their code and advice line to their customers, for example, by printing the number on all bills, putting it on the web or sending out flyers with certain bills.

3.11. (9) Standard licence condition 25 states that suppliers must review and prepare a code of practice when given direction by the Authority to do so. Suppliers should ensure that the documents they issue to customers are factually correct, even if they are adopting the model code. However, if a supplier decides to alter their code of practice it must be submitted to energywatch and Ofgem for approval. **Suppliers must provide details on how they have reviewed (and updated) the information provided over the telephone helpline.** It is important that suppliers ensure the information and advice they provide is accurate. There are numerous ways suppliers can do this for example by training staff and researching the information provided. Suppliers should also train other staff to identify callers who could benefit from energy efficiency advice and then pass them on to the helpline. Suppliers should therefore detail the steps they have taken to ensure that the information provided to customers over the telephone helpline remains up to date and accurate.

## 4. Comments on draft monitoring requirements

- 4.1. Comments on the monitoring proposals, issued July 2002, were received from four suppliers and one other organisation.

### *Timescales*

- 4.2. One supplier suggested that the original reporting period should be for a quarter, October – December 2002 and that all subsequent reports would then be every six months. The deadline for suppliers to submit their codes for approval was September. As all the codes may not be approved and published by October, it would be best for reporting to commence in January. Another supplier stated that monitoring should commence in January with the first annual report being submitted in January 2004.

### *Other issues*

- 4.3. One supplier questioned whether they would have to submit separate monitoring returns for each licence. Supplier's monitoring returns should be combined for all their licences. The same supplier, who is planning to have their code on the web, questioned whether they should monitor the hits on their website. This is not necessary as it may not give a true reflection of number of people seeking energy efficiency advice.
- 4.4. One supplier, who was planning to use the Action Energy helpline number, questioned how they would monitor the number of calls received from their customers. Suppliers can refer customers to Action Energy or other organisations, but to be able to identify the correct organisation for their customer, they must have their own telephone helpline. It is also important that suppliers set up their own telephone helpline for customers to request copies of the code of practice. The number of calls to this line will be monitored. Suppliers will also be required to state the number of callers referred to the Government's Action Energy programme. Suppliers can contract a third party to run their telephone helpline on their behalf and should ensure that their agent also adheres to the monitoring requirements.

- 4.5. One organisation questioned the difference between monitoring requirements 2 and 3 and whether suppliers would be willing to admit to not being able to assist a customer. They suggested that requirement 3 could ask whether the code of practice was sufficient to answer the customer's query or whether further information was needed to assist a customer. This question was designed to indicate the level of information being provided by suppliers. Instead of asking this question Ofgem has decided to ask suppliers what type of service they have offered, i.e. have they provided general information, specific advice or identified further contacts.
- 4.6. The same organisation suggested that Ofgem consider carrying out a mystery shopping exercise. This document sets out the on going monitoring requirements for suppliers. The practicalities of such an exercise would need to be considered as it is difficult to have a standard service for all business customers and therefore difficult to compare or set a benchmark for suppliers. Also, suppliers have the flexibility to determine whether they set up a service to provide information or specific advice. Ofgem will consider whether separate qualitative monitoring will be helpful at a later date, bearing in mind the other calls on our resources. This will be considered in liaison with other relevant organisations such as the Carbon Trust who oversee the Action Energy programme.

# Appendix 1 Licence Condition 26, Record of and Report on Performance

## *Gas suppliers licence and electricity supply licence standard conditions 26*

- 1.1 The licensee shall keep a record of its general operation of the arrangements mentioned in standard licence conditions 24, 25, 35, 36, 37, 38 and 39 of the electricity supply and gas suppliers licences and also in standard condition 37A of the gas suppliers licences and if Gas and Electricity Markets Authority so directs in writing, of its operation of any particular cases specified, or of a description specified, by the Authority.
- 1.2 The licensee shall, where a Domestic Supply Direction has been issued to the licensee, keep a statistical record of its performance in relation to the provision of electricity/gas supply services to its domestic customers.
- 1.3 The licensee shall, from time to time as required by the Authority, provide to the Authority and to the Consumer Council such of the information contained in the records prepared in accordance with paragraphs 1 and 2 as the Authority may request in writing.
- 1.4 As soon as is reasonably practicable after the end of each calendar year, the licensee shall submit to the Authority and the Consumer Council a report dealing with the matters mentioned in paragraphs 1 and 2 in relation to that year and shall:
  - (a) publish the report so submitted in such manner as will in the reasonable opinion of the licensee secure adequate publicity for it; and
  - (b) send a copy of it free of charge to any person requesting one,except that, in performing its obligations under sub-paragraphs (a) and (b), the licensee shall exclude from the report such information as appears to it to be necessary or expedient to ensure that, save where they consent, individual customers referred to therein cannot readily be identified.

- 1.5 The report shall be presented, so far as is reasonably practicable, in a standard form designated by the Authority for the purposes of this condition generally.

# Appendix 2 Designation

## DESIGNATION UNDER STANDARD LICENCE CONDITION 26 OF THE GAS SUPPLIERS LICENCE

To all holders of gas supplier licences granted or treated as granted under section 7A(1)(b) of the Gas Act 1986, authorised to supply gas to non-domestic premises in Great Britain:

The Gas and Electricity Markets Authority ('the Authority') hereby designates, pursuant to paragraph 5 of standard licence condition 26 ('the Condition') of the gas suppliers licence, the document annexed to this designation and headed Monitoring non-domestic suppliers' performance under their code of practice on the efficient use of gas and electricity as the standard form to be used by licence holders for the purposes of reports prepared pursuant to paragraph 4 of the Condition.

Signed.....

**[Virginia Graham]**

**Director of Social and Environmental Affairs**

Authorised on behalf of the Authority

Dated: [insert date]

**DESIGNATION UNDER STANDARD LICENCE CONDITION 26 OF THE ELECTRICITY  
SUPPLY LICENCE**

To all holders of electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989, authorised to supply electricity to non-domestic premises in Great Britain:

The Gas and Electricity Markets Authority ('the Authority') hereby designates, pursuant to paragraph 5 of standard licence condition 26 ('the Condition') of the electricity supply licence, the document annexed to this designation and headed Monitoring non-domestic suppliers' performance under their code of practice on the efficient use of gas and electricity as the standard form to be used by licence holders for the purposes of reports prepared pursuant to paragraph 4 of the Condition.

Signed.....

**[Virginia Graham]**

**Director of Social and Environmental Affairs**

Duly Authorised on behalf of the Authority

Dated: [insert date]