

## Statutory Consultation for the Government Energy Bill Support Scheme

Subject	Details
<b>Publication date:</b>	29 <sup>th</sup> of April 2022
<b>Response deadline:</b>	27 <sup>th</sup> of May 2022
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Ofgem are consulting on proposed changes to electricity supply standard licence conditions (SLC), to support the implementation of the Government Energy Bill Support Scheme (EBSS). The scheme includes the application of a government funded grant to support domestic customers' with electricity bills. This is in accordance with the policy intent outlined in the EBSS policy consultation, published by the Department for Business, Energy & Industrial Strategy (BEIS). Ofgem are supportive of introducing licence condition changes to facilitate the scheme implementation, on the basis that the scheme is on balance in consumers' interests, as set out in the BEIS policy consultation.

We would like views from parties with an interest in Suppliers' responsibility in facilitating EBSS grant payment to domestic customers in Great Britain. We welcome responses from Suppliers as well as customer groups and other key industry stakeholders. These responses will inform Ofgem's decision on implementing licence changes.

This document outlines Ofgem's scope, proposed licence conditions, the consultation questions and how you can respond. We also provide an outline of the government scheme and associated policy consultation, for which further detail is set out in BEIS' consultation document.

Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

If you want your response, in whole or in part, to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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## 1. Introduction

### 1.1 What are we consulting on?

As set out in the BEIS EBSS policy consultation, the government recognises many households need support to deal with rising energy costs, which are being affected by several global factors. Government wants to help as many households as possible to manage the price shock. The Energy Bills Support Scheme (EBSS) is part of a wider package of measures and aims to help households manage the recent increase in energy costs by enabling them to spread these costs over time. This is expected to help mitigate the immediate impact of the increased prices and support households in managing their energy bills in the longer-term.

Under the scheme design proposed within BEIS's consultation, energy suppliers would be responsible for applying a credit ('grant') for each domestic electricity meter point, with the government recovering the grant via a 'levy'. This levy will be gradually recovered from customer bills for which the BEIS policy consultation sets out a number of recovery model options. The government proposes the levy should apply to all DNOs, and as such Ofgem are also proposing changes to the DNO licences.

BEIS are accountable for the scheme and policy design. Ofgem has been asked to provide support in the specific areas of compliance and licence modifications, to facilitate implementation of the scheme, which we are supportive of on the basis that on balance it is in consumers' interests, as set out in the BEIS policy consultation. Ofgem are committed to ensuring clarity and effective execution of this role, enabling domestic electricity consumers to access the Government's energy bill support. This consultation outlines the associated proposed licence condition modifications, in line with the support Ofgem have been asked to provide.

We recognise that most of the detail of this scheme will be in the Ministerial direction and, as highlighted above, this consultation should be read alongside BEIS's policy consultation. From the indicative timeline, we understand that BEIS intends to publish the draft Direction before this consultation closes and, in any event, we intend to only make a final decision on these licence modifications once we understand what the direction will require of licensees. Ofgem may conduct further, targeted consultation in relation to these licence conditions, where necessary.

In making the Ministerial direction, we will support BEIS as it continues to undertake impact assessments in relation to the EBSS, e.g. by providing any information we can on the impact

of the scheme on licensees and customers and so helping to inform decisions about the level to be recovered in any year.

This consultation outlines the proposed electricity supply standard licence conditions required to implement the EBSS, and aims to gather feedback on their suitability in achieving the required outcomes, as well as comments on whether there may be any unintended consequences as a result of their introduction.

For further details of the scheme and policy design, please refer to BEIS's EBSS policy consultation.

## 1.2 Related Publications

Details on the design and purpose of the EBSS are provided in BEIS' policy consultation titled '[Energy Bills Support Scheme; Managing the impact of the energy price shock on consumer bills](#)'. Suppliers have been engaged in the initial design of the scheme policy through working group sessions run between February and March 2022. This consultation was published on 11<sup>th</sup> April 2022, with Suppliers and industry stakeholders invited to provide responses by the 23<sup>rd</sup> of May 2022. It outlines the key elements of the scheme including detail on the design principles, eligibility and the legal and regulatory framework.

Accompanying material on the EBSS levy is available in Ofgem's 'Network Consultation for the Energy Bill Support Scheme'. This outlines the proposed Licence Condition modifications that are required to implement the levy. Further details on the design principles for the levy are detailed in the BEIS Policy Consultation (linked above).

## 1.3 BEIS Policy and Grant Principles Overview

The following outlines proposed scheme principles set out in BEIS' policy consultation document. The details of the scheme are still subject to consultation, however, key features are understood to be:

- The government proposes that all electricity Suppliers will deliver a rebate on domestic electricity bills in October 2022.
- Suppliers will be responsible for delivering the rebate to domestic electricity meter points that they have registered on a specified date (the qualifying date), for applicable (as defined in the government direction) billing or payment method.
- There will be no ability for customers to 'opt out' of the grant.
- Suppliers will be required to apply the credit per domestic electricity meter point within a specified window, after the qualifying date.
- Suppliers will clearly label the government-funded rebate on customer billing information so that it is distinct from other discounts that a customer may receive.
- Suppliers will report on the number of rebates paid to customers by a specified date after the payment date.
- Suppliers will put in place transparent procedures and reporting arrangements to reconcile rebate paid out against the amount of government funding received.

## **1.4 Role of Ofgem**

Ofgem are supportive of proposing licence condition changes to facilitate the scheme implementation, on the basis that the grant delivery is on balance in consumers' interests, as set out in the BEIS policy consultation. This role will comprise two elements; introducing new licence conditions and monitoring compliance.

### **Introducing New Licence Conditions**

To support the government in implementing the EBSS and provide domestic customers with the grant, Ofgem propose to introduce SLC 25E (See Section 3.). This modification specifically relates to the government direction on payment of the grant and the obligation upon suppliers to comply with it.

### **Monitoring Scheme Compliance & Reporting**

The second aspect of Ofgem's proposed role would be to monitor compliance with the new SLC, including implementation of the obligations set out within the government direction. Ofgem's monitoring activity is intended to give reassurance that electricity Suppliers have provided the grant in line with the policy direction.

Our expertise in monitoring and ensuring supplier compliance with licence conditions through our previous experience of Warm Home Discount and the Government Electricity Rebate means that we can assess supplier compliance in the application of the rebate in an efficient and effective manner.

## 2. Consultation Process

### 2.1 Consultation Stages

The timeline in Figure 1 below represents the stages of the consultation process. The aim of the consultation process is to enable all parties to provide comments on the proposed licence conditions within a specified timeframe. After this, Ofgem will review the responses and make a decision on the final licence conditions, which will be released in a statement at the end of the process. The consultation process has 4 stages:

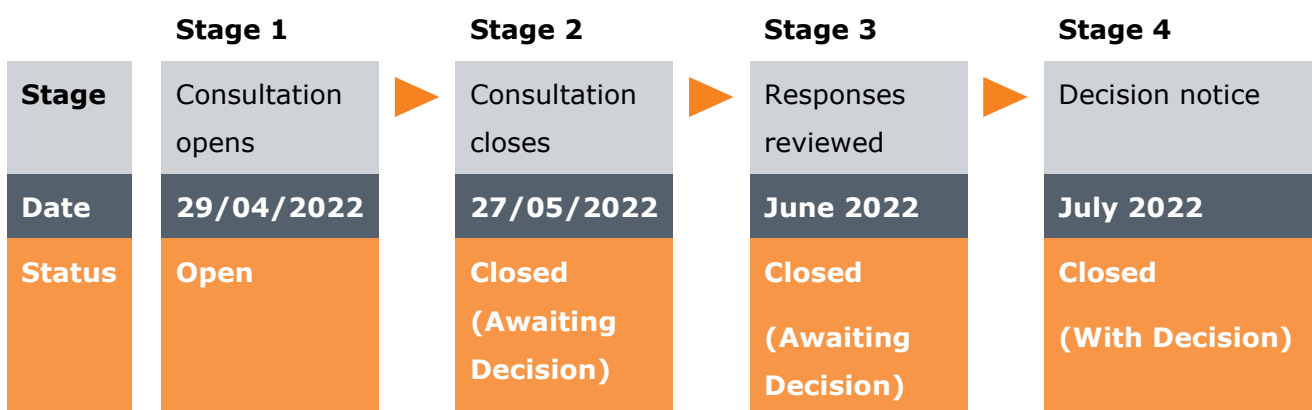
Stage 1: *Consultation Opens*. Ofgem release the consultation documentation for Supplier, stakeholder and industry review.

Stage 2: *Consultation Closes*. This is the final date for submitting consultation responses, including all comments and feedback, to Ofgem.

Stage 3: *Responses reviewed and published*. Ofgem will review responses and publish the non-confidential responses on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

Stage 4: *Consultation decision/policy statement*. Ofgem will publish a final decision stating any amendments to the originally proposed licence conditions, alongside a decision on next steps. This will be published on our website at [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations).

**Figure 1: Consultation Stages, Dates and Corresponding Status.**



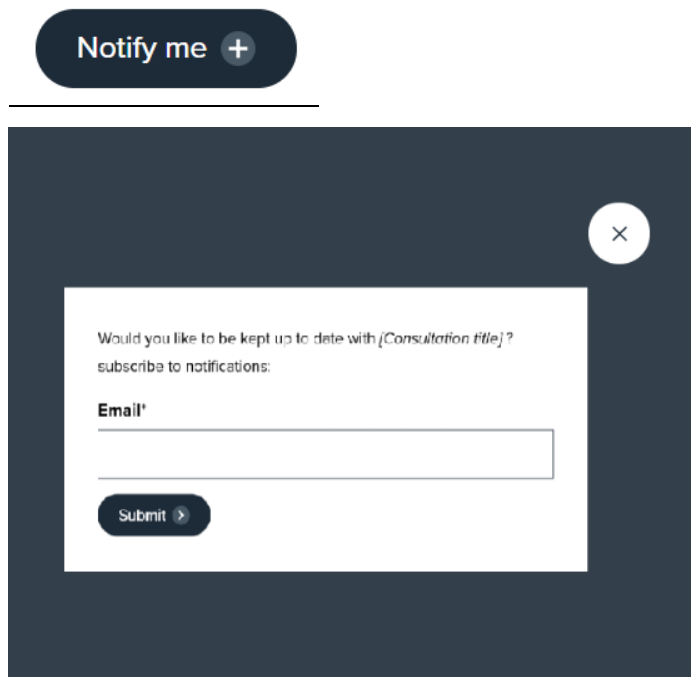
#### How to track the progress of the consultation

The progress of a consultation can be tracked using the 'notify me' function on a consultation page when published on our website [www.ofgem.gov.uk/consultations](http://www.ofgem.gov.uk/consultations). Once subscribed to the notifications for the consultation, you will receive an email to notify you when the status



has changed. Our consultation status' are shown above and broadly align with the consultation stages. Prior to the consultation being 'Open', the consultation status will be listed as 'Upcoming'.

**Figure 2: Image of 'notify me' function, which can be used to track the status of the consultation.**



## 2.2 Indicative Timelines

Following the consideration of stakeholder views received in response to this consultation, we intend to finalise the proposed licence conditions and issue a decision statement in July 2022. Given reliance on the government direction, Ofgem's decision notice publication is planned for after such direction has been shared. This would mean the new supplier licence condition(s) would be in effect for October 2022, with the intention that grant money can start to be paid to customers from that month.

Activity	Indicative Timeline
BEIS Policy Consultation	11 <sup>th</sup> April – End May 2022
Ofgem Consultation Opens	29 <sup>th</sup> April 2022
Ofgem Consultation Closes	27 <sup>th</sup> May 2022
BEIS Direction	Expected end of July 2022
Ofgem Consultation Decision Statement Issued	July 2022
56 Day Statutory Standstill period	July – September 2022
Ofgem SLC Changes Enacted	September 2022
Grant Payments made to Customer Accounts	From October 2022
Recovery Period (through 'Levy')	Expected April 2023 – March 2028

### 2.3 Responding to this Consultation

Ofgem would like to hear the views of energy suppliers and other interested parties, including consumer groups, in relation to the electricity supply Licence Conditions set out in Section 3. Ofgem would appreciate views on:

1. Whether you agree in principle with the introduction of new Licence Conditions to comply with the government direction, and your reasoning
2. Whether there may be any unintended consequences from the implementation of the scheme in this way

Please send your response, in the form of a letter, to [ebss.consultation@ofgem.gov.uk](mailto:ebss.consultation@ofgem.gov.uk).

### 2.4 Your Response, Data and Confidentiality

You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If

you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Annex B.

If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

## **2.5 General Feedback**

We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall process of this consultation?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Any further comments?

Please send any general feedback comments to [stakeholders@ofgem.gov.uk](mailto:stakeholders@ofgem.gov.uk)

### 3. Supplier Licence Conditions Modifications

**Standard licence condition 25E:** setting out the obligation for Suppliers to follow the government direction in delivering an EBSS rebate to domestic customers, per domestic meter point.

The proposed licence condition is set out as part of the Notice of statutory consultation attached to this consultation, as Annex A.

The reason for this proposed modification is to support the government policy direction in implementing the EBSS.

The effect is to:

- Require Suppliers to comply with directions set by the Secretary of State to provide a grant payment; and
- Require the licensee to provide information to monitor implementation of the EBSS.

## 4. Other Considerations

### 4.1 Parallel running of Policy Design and Consultation and Licence Changes

BEIS's policy design and associated Licence changes are being drafted and consulted on in parallel. This arrangement was preferred in order to meet scheme implementation timeframes, to ensure that domestic customers would benefit from the grant ahead of the winter period. Suppliers and Networks have been engaged in a series of BEIS-led design working groups and the input has been factored into the policy design, consultation and our approach to licence conditions. Stakeholders will also have the opportunity to respond to the policy consultation from mid-April 2022, with BEIS and Ofgem engaging throughout to ensure alignment between policy and downstream obligations and associated compliance activities. Whilst consultations will be running in parallel, the final statutory consultation decision on the Licence Conditions resides with Ofgem and will not be pre-determined by the outcome of the BEIS policy consultation.

As stated in earlier sections of this consultation, most of the detail of this scheme will be in the Ministerial direction and, as highlighted above, this consultation should be read alongside BEIS's policy consultation. From the indicative timeline, we understand that BEIS intends to publish the draft Direction before this consultation closes and, in any event, we intend to only make a final decision on these licence modifications once we understand what the direction will require of licensees.

### 4.2 Business Readiness

Ofgem acknowledge that the delivery of the EBSS may require Suppliers and Networks to implement changes.

In order to help create consistency and support Suppliers and Network operators' readiness:

- BEIS plan to provide a 'draft direction' alongside (or shortly after) its response to the policy consultation at the end of July 2022 – in conjunction with existing industry engagement on the policy design, we believe this should provide an opportunity to commence business readiness activities in preparation for the scheme go-live.
- Suppliers and Networks have been engaged in a continued series of BEIS-led working groups on the scheme design, and we understand that further targeted working groups are planned.

### **4.3 Design of a Compliance and Enforcement Framework**

Ofgem will work in collaboration with stakeholders to design an associated compliance and enforcement framework for EBSS. The framework will cover how compliance against the licence conditions is to be demonstrated by Suppliers and DNOs. Guiding principles for this framework, aligned with the wider scheme, will be simplicity and the use of existing reporting mechanisms where possible.

## Annex A: Notice of Statutory Consultation

**To: All holders of an electricity Supply licence**

**Electricity Act 1989**

**Section 11A(2)**

**Notice of statutory consultation on a proposal to modify the standard conditions of all electricity supply licences**

1. The Gas and Electricity Markets Authority ('the Authority')<sup>1</sup> proposes to modify the standard conditions of all electricity supply licences granted or treated as granted under section 6(1)(d) of the Electricity Act 1989 (the Act) by introducing a new standard condition 25E under section 11A(1)(b) of the Act. The proposed modifications are set out in the Schedule to this notice and described in the consultation accompanying this notice.
2. We are proposing this modification to support the implementation of the Energy Bill Support Scheme (EBSS), consistent with the direction to be issued by the Secretary of State. Ofgem are supportive of introducing licence condition changes on the basis that the scheme is in consumers' interests on balance, as set out in the BEIS policy consultation.
3. The effect of this proposed modification is to place an obligation on electricity supply licence holders to deliver a grant to domestic customers in accordance with the direction to be issued by the Secretary of State.
4. A copy of the proposed modification/modifications and other documents referred to in this Notice have been published on our website ([www.ofgem.gov.uk](http://www.ofgem.gov.uk)). Alternatively, they are available from [foi@ofgem.gov.uk](mailto:foi@ofgem.gov.uk).
5. Any representations with respect to the proposed licence modification/modifications must be made on or before 27 May 2022 to: Maureen Paul, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to [ebss.consultation@ofgem.gov.uk](mailto:ebss.consultation@ofgem.gov.uk).
6. We normally publish all responses on our website. However, if you do not wish your response to be made public then please clearly mark it as not for publication. We prefer to receive responses in an electronic form so they can be placed easily on our website.
7. If we decide to make the proposed modification/modifications it/they will take effect not less than 56 days after the decision is published.

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<sup>1</sup> The terms "the Authority", "we" and "us" are used interchangeably in this document.

Maureen Paul

**Deputy Director, Retail Market Policy**

Duly authorised on behalf of the Gas and Electricity Markets Authority

29 April 2022



## Schedule

The text of the proposed modification to Standard Licence Condition 25 is set out below with text to be inserted double underlined.

### **Standard Condition 25E. Power to direct Energy Bill Support Scheme grant payments to Domestic Customers.**

**25E.1** The licensee must comply with any direction relating to Relevant Matters for Standard Condition 25E which, following consultation and subject to the Secretary of State’s duty to have regard to the Statutory Considerations, the Secretary of State may issue and may from time to time revise (following further consultation).

**25E.2** The licensee must provide the Authority or the Secretary of State with information specified by the Authority or Secretary of State in relation to matters that it ‘or he’ reasonably considers are relevant to the licensee’s compliance with any direction issued pursuant to s.7(3)(a) and s.107 of the Electricity Act 1989.

**25E.3** The Authority or Secretary of State may direct the licensee to comply with paragraph **25E.2** by providing to the Authority or the Secretary of State information:

(a) in a particular form or medium by a particular date;

(b) in a particular form or medium at such reoccurring intervals of time as the Authority considers appropriate; and

(c) of any description specified by the Authority or Secretary of State, including any documents, accounts, estimates, returns, records or reports and data of any kind, whether or not prepared specifically at the request of the Authority or the Secretary of State and without limitation.

**25E.4** The licensee is not required to comply with paragraph 25E.2 if it could not be compelled to produce or give the information in evidence in civil proceedings before a court.

### Definitions for Conditions

**25E.5** For the purposes of this condition:

“Relevant Matters for Standard Condition 25E” means:

- (a) a requirement to deliver the government Energy Bill Support Scheme grant payment;
- (b) the time and manner in which an Energy Bill Support Scheme grant payment is to be delivered.
- (c) a requirement to display or provide any information relating to the government Energy Bill Support Scheme on or with a Bill or statement of account; and
- (d) the format of any information relating to the Energy Bill Support Scheme made available to domestic customers.

“Energy Bill Support Scheme grant payment” means a rebate equal to the value specified in the direction, which the Secretary of State may in accordance with this condition direct the licensee to deliver to a Domestic Customer.

## Annex B: Privacy notice on consultations

### Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

#### 1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem").

The Data Protection Officer can be contacted at [dpo@ofgem.gov.uk](mailto:dpo@ofgem.gov.uk)

#### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

#### 3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

#### 4. With whom we will be sharing your personal data

We may share data with BEIS as relevant to the development of the EBSS.

#### 5. For how long we will keep your personal data, or criteria used to determine the retention period

Your personal data will be held for six months after the project is closed.

#### 6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services

- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3<sup>rd</sup> parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

### **7. Your personal data will not be sent overseas**

Note that this cannot be claimed if using Survey Monkey for the consultation as their servers are in the US. In that case use “the Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in term of data protection will not be compromised by this”.

### **8. Your personal data will not be used for any automated decision making**

### **9. Your personal data will be stored in a secure government IT system**

If using a third-party system such as Survey Monkey to gather the data, you will need to state clearly at which point the data will be moved from there to our internal systems.)

### **10. More information.**

For more information on how Ofgem processes your data, click on the link to our “[Ofgem privacy promise](#)”.