



Making a positive difference
for energy consumers

**To all licensed energy
suppliers**

Date: 27 September 2022

Dear colleague

Energy Price Guarantee (Domestic) scheme – regulatory expectations

The unprecedented rise in gas prices over the last twelve months has significantly increased energy prices for consumers in Great Britain and across Europe. We welcome the Government's announcement of a new 'Energy Price Guarantee' from 1 October 2022. We consider that the Energy Price Guarantee (EPG) will bring significant benefits to domestic customers who will struggle to pay their energy bills this winter.

We are supportive of Government developing the EPG at pace and are committed to working with Government and industry in the design and delivery of this important scheme. Accepting the necessary speed at which it is being progressed, we recognise that there might be situations where licensed suppliers may not have full and timely information about the EPG which may temporarily affect their ability to discharge some licence obligations to the highest standards expected of an essential service provider.

To that end, Ofgem's approach to compliance and enforcement matters in relation to the EPG's interaction with suppliers' licence obligations will continue to be both pragmatic and proportionate. We expect the principal interactions will be in relation to the timeliness and fullness of the information suppliers are able to provide consumers about the terms of their domestic supply contract (SLC23), price increase and contract change notifications (SLC31I), renewal of fixed term contracts (SLC22C), and tariff comparability data to inform consumer choices (SLC25 and 31F). We recognise that other inconsistencies between suppliers' EPG obligations and the supply licence may arise, and we will continue to work with suppliers to ensure the scheme delivers the best possible outcomes for consumers. In the event of genuine conflict between particular EPG obligations and any supply licence conditions such that compliance with both is not possible, we will consider whether other

flexibilities should be brought to bear, including available derogation or exception mechanisms for specific licence conditions.

Once the scheme is operational we expect suppliers to revert to business-as-usual practices by the end of October and comply fully with these licence obligations; we will keep this arrangement under review.

We continue to closely monitor the impact of gas price volatility on the industry's ability to meet its obligations and to engage with us on important regulatory reforms to protect consumers and drive forward decarbonisation. During this period of uncertainty, it is all the more critical that suppliers communicate effectively with their customers, even where the information they can provide may not be complete, giving particular attention to the specific issues faced by consumers in vulnerable situations. We expect all suppliers to respond to the additional needs of their consumers when dealing with contacts and complaints and to maintain service standards.

Suppliers must keep their Ofgem Account Manager apprised of performance matters and any issues arising. We will also continue to work closely with the Department for Business, Energy and Industrial Strategy, suppliers, and industry bodies to identify and respond to emerging issues.

Yours sincerely

Neil Lawrence
Director of Retail