

Guidance

RIIO-ED2 Fair Treatment Guidance

Subject	Details
Publication date:	
Response deadline:	
Contact	RIIO-ED2 Team
Team:	Onshore Operations: Price Control Setting (RIIO-ED2)
Telephone	020 7901 1861
Email:	RIIOED2@ofgem.gov.uk

Standard Condition 10AA is a principles-based licence condition which contains overarching rules aimed at ensuring licensees, and their Representatives, treat each Domestic Customer fairly.

This Guidance is intended to help licensees and other stakeholders better understand the requirements in Standard Licence Condition 10AA.¹ It is relevant for all DNOs and their Representatives.

Ofgem may update this Guidance from time to time. DNOs are responsible for keeping up to date with the latest version of the Guidance.

¹ Licensees obligated to comply with Standard Licence Condition 10AA are Distribution Network Operators and independent Distribution Network Operators.

© Crown copyright 2021

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:

10 South Colonnade, Canary Wharf, London, E14 4PU. Alternatively, please call Ofgem on 0207 901 7000.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to: psi@nationalarchives.gsi.gov.uk

Contents

RIIO-ED2 Fair Treatment Guidance	1
1. Introduction	6
Standard Condition 10AA	6
The RIIO-ED2 Fair Treatment Guidance	7
2. Guidance relevant to meeting the overarching Customer Objective	10
Approaches to deliver Fair outcomes	10
Licensees and their Representatives	10
Meaning of Fair	11
3. The Standards of Conduct	12
Scope of the Standards of Conduct	12
Guidance for licensees on achieving the Standards of Conduct	12
Guidance on Domestic Customer outcomes	13
4. Guidance that applies in relation to providing customers with information	16
5. How Ofgem applies the Standards of Conduct	18
The Customer Objective	18
The fairness test	18
The compliance threshold	19
6. Other useful information	21

1. Introduction

- 1.1 We introduced a new licence condition as part of our RIIO-ED2 vulnerability package to ensure Domestic Customers are treated in a Fair way by licensees.²
- 1.2 DNOs must comply with Standard Licence Condition 10AA ("SLC 10AA") and have due regard to the RIIO-ED2 Fair Treatment Guidance ("Guidance") in their interactions with Domestic Customers. The Standards of Conduct sit below the the Customer Objective, adding more detail to how licensees must deliver it. The Domestic Customer outcomes in Table 1 relate to the different limbs of the Standards of Conduct and together aim at the Customer Objective. The Domestic Customer outcomes simply inform the licensees' own decisions about how to comply with the Standards of Conduct in order to meet the Customer Objective.

Standard Condition 10AA

- 1.3 This section sets out the purpose of the licence condition which is to ensure that there are minimum service standards set out for DNOs in respect of Domestic Customers including Domestic Customers in a Vulnerable Situation.³
- 1.4 The purpose of the SLC 10AA licence condition is to place greater onus on the licensees to treat such customers in a Fair way, and to develop approaches that meet the Customer Objective.

² Domestic Customer has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means a Customer who is supplied or requires to be supplied with electricity at Domestic Premises (but excludes such Customer insofar as they are supplied or require to be supplied at premises other than Domestic Premises).

³ Vulnerable Situation has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at time of publishing is: means a situation resulting from a combination of the personal circumstances and characteristics of a Domestic Customer with aspects of the market so that the Domestic Customer in question is:

- (a) significantly less able than a typical Domestic Customer to protect or represent their interests; or
- (b) significantly more likely to suffer detriment or substantial detriment than a typical Domestic Customer.

- 1.5 SLC 10AA sets the Standards of Conduct for licensees. They are enforceable principles-based rules that apply across licensees' interactions with Domestic Customers. They highlight our fundamental expectations regarding how licensees and their Representatives must ensure that each such customer is treated in a Fair way. This is to be carried out as part of their business as usual activities and we expect the Standards of Conduct to be embedded throughout licensees' businesses.
- 1.6 Licensees should be continually striving to adopt and embed a consumer-centric culture across the workforce, in line with their consumer vulnerability strategy commitments and Ofgem's Consumer Vulnerability Strategy 2025 (CVS).⁴ Licensees should ensure that their conduct results in Domestic Customers being treated in a Fair way. All staff should understand how their role can affect the Fair treatment of Domestic Customers, including Domestic Customers in a Vulnerable Situation.
- 1.7 SLC 10AA is a principles-based licence condition which affords licensees flexibility in determining the processes and actions required to meet the Standards of Conduct, and thus the Customer Objective. Examples are provided in Chapters 3 and 4 of this Guidance.
- 1.8 Where we need to assess whether a Domestic Customer has been treated in a Fair way, we will consider a range of relevant factors, including the outcomes the licensee has delivered for that customer and whether the licensee has met the Standards of Conduct in relation to that customer.
- 1.9 The Standards of Conduct work alongside and without prejudice to other rules in the Electricity Distribution licences and other legal requirements, but licensees should bear SLC 10AA in mind when considering how to comply with those other rules and legal requirements.

The RIIO-ED2 Fair Treatment Guidance

⁴ Ofgem Consumer Vulnerability Strategy 2025 <https://www.ofgem.gov.uk/publications/consumer-vulnerability-strategy-2025>

- 1.10 The RIIO-ED2 Fair Treatment Guidance is intended to help licensees, and their Representatives, better understand the Standards of Conduct expected under SLC 10AA. This Guidance sets out:
- the purpose and scope of the Standards of Conduct; and
 - the Domestic Customer outcomes that may inform the licensees approach to meeting the Standards of Conduct under SLC 10AA; and.
 - the process that we will follow to determine how the Standards of Conduct are applied and the factors that we will consider in determining whether enforcement action should be taken.
- 1.11 We expect the content outlined in this Guidance to be factored into the design, monitoring and revision of all the licensees' policies and processes related to Domestic Customers. This is to help ensure that licensees have the appropriate culture in their businesses to treat Domestic Customers in Fair way consistently, particularly those in a Vulnerable Situation. We also expect that licensees and their Representatives may use innovative approaches to treating Domestic Customers in a Fair way.
- 1.12 This Guidance does not modify or replace the obligations under SLC 10AA in the licensees' Electricity Distribution licence. It is not an exhaustive list of DNO obligations, information or resources. Licensees should continue to refer to SLC 10AA and in the event of conflict, the licence will prevail.
- 1.13 In this Guidance, references to licensees should be read as including references to DNOs, iDNOs and their Representatives.⁵
- 1.14 In this Guidance, we use the terms 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity

⁵ Representative has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means any any person who is directly or indirectly authorised to represent the licensee in its dealings with Domestic Customers.

Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of executive and non-executive members.

- 1.15 Ofgem may update this Guidance at any time by direction, in accordance with the licence condition. Licensees are responsible for keeping up to date with the latest version of this Guidance.

2. Guidance relevant to meeting the overarching Customer Objective

Approaches to deliver Fair outcomes

2.1. Licensees are required to have approaches in place to meet the Standards of Conduct thereby treating Domestic Customers in a Fair way, and may use innovative methods to meet these requirements.

2.2. It is recognised that licensees may change and seek to improve processes and services. We expect that changes to existing, or new processes, would, where appropriate, be trialled before being fully rolled out by licensees, allowing new or innovative processes to be tested and their effectiveness assessed, so that any necessary improvements can be made ahead of full rollout.

2.3. It is recognised that such trials may involve a sub-set of Domestic Customers and that these trialled services will not be available to all Domestic Customers. We recognise such trials as an opportunity to understand and eliminate any detriment to Domestic Customers which may occur as the result of the adoption of new processes. The process for the selection of Domestic Customers involved in any trial should not unfairly discriminate.

2.4. All members of staff and Representatives of the licensee should understand their role in treating Domestic Customers in a Fair way. Licensees are responsible for ensuring that staff and Representatives are familiar with the approaches that are in place to achieve the Standards of Conduct and so meet the Customer Objective, including tailoring the necessary information concerning such approaches to the role the individual is expected to undertake.

Licensees and their Representatives

2.5. The requirements of SLC 10AA apply to the individual licensee and its Representatives. So, the requirement that the Customer Objective is met applies, regardless of whether a DNO delivered an activity or service to a Domestic Customer itself or via a Representative, such as a third party contractor.

2.6. It is recognised that, in certain circumstances, for example during periods of unexpectedly high fault volumes seen during severe weather events, licensees may need to

seek the support of additional Representatives in order to deliver vital services to Domestic Customers. In such circumstances, it is acknowledged that licensees may balance the need to ensure such Representatives are aware of the requirements under SLC 10AA against the need to avoid Domestic Customers facing a high likelihood of consumer detriment.

Meaning of Fair

2.7. Licensees are obligated to achieve the Standards of Conduct by treating each Domestic Customer, including each Domestic Customer in a Vulnerable Situation, in a Fair way.

2.8. It is recognised that events can occur that cause detriment to individual Domestic Customers, for example in the context of a network incident that causes a supply interruption, an appointment missed by a licensee, a mistake by the licensee, or a delay in providing a connections quotation.

2.9. Where such cases of detriment arise, licensees must seek to resolve the detriment in a manner consistent with the Customer Objective, the Standards of Conduct and in line with other legal requirements or licence obligations. It is recognised that, in some cases, such detriment may be explicitly contemplated by other licence conditions or legal requirements with the result that the licensee is required to make a payment to a Domestic Customer under a scheme to address the detriment caused.

3. The Standards of Conduct

Scope of the Standards of Conduct

- 2.1 The Standards of Conduct are enforceable principle-based rules that apply across DNOs' interactions with Domestic Customers. The Standards of Conduct must be met, and thus the Customer Objective.
- 2.2 The Standards of Conduct apply to all activities of the licensee and its Representatives which involve, or otherwise relate to, interactions with a Domestic Customer, including Domestic Customers in a Vulnerable Situation. This includes, but is not limited to, everything from the provision of services such as connections, the response to supply interruptions and emergency service call outs, to responding appropriately when a Domestic Customer makes a complaint.
- 2.3 The Standards of Conduct require licensees to seek to identify Domestic Customers in a Vulnerable Situation in an appropriate and effective manner, and to take account of vulnerability when interacting with such customers.

Guidance for licensees on achieving the Standards of Conduct

- 2.4 It is for licensees to determine the processes and actions required to meet the Standards of Conduct.
- 2.5 Licensees should consider how applying the Standards of Conduct in a given scenario would meet the Customer Objective, while recognising, as does Ofgem, that treating Domestic Customers in a Fair way may not result in all such Domestic Customers being happy or satisfied.
- 2.6 A licensee's decisions, actions or inaction will be judged in context, based on the information available at the time of such decisions, actions or inaction and not with the benefit of hindsight.
- 2.7 DNOs are required to undertake a large number of varying activities in order to comply with their obligations as licensees. The Standards of Conduct work alongside and

without prejudice to other rules in the Electricity Distribution licences and other legal requirements, but licensees should bear SLC 10AA in mind when considering how to comply with their other obligations.

- 2.8 The fairness test recognises that licensees need to carry out legitimate commercial activities (such as charging for connections services) and preserves their ability to exercise their rights under statute, as long as they do so lawfully and proportionately.

Guidance on Domestic Customer outcomes

- 2.9 The overarching Customer Objective is for licensees and their Representatives, to treat each Domestic Customer in a Fair way, including each Domestic Customer in a Vulnerable Situation.
- 2.10 The Domestic Customer outcomes relate to the four 'limbs' of the Standards of Conduct, outlined in the table below: how licensees behave, provide information, carry out service arrangements for Domestic Customers, and how they seek to identify each Domestic Customer in a Vulnerable Situation and respond to their needs. This chapter provides guidance, to which licensees must have due regard when making their own decisions about how to meet the Standards of Conduct and thus the Customer Objective.
- 2.11 Table 1 below sets out the 'limbs' of the Standards of Conduct and the Domestic Customers outcomes expected where licensees have approaches in place to achieve the Standards of Conduct and thus the Customer Objective.
- 2.12 It is expected that, as a result of the licensee meeting the Standards of Conduct, Domestic Customers are likely to have the experience set out in the Domestic Customer outcomes. An indication that Domestic Customers are not having the experience set out in the Domestic Customer outcomes may result in a licensee being asked about its approach to meeting the relevant 'limb' of the Standards of Conduct.

Table 1 – The ‘limbs’ of the Standards of Conduct

Customer Objective: Fair Treatment of Domestic Customers, including Domestic Customers in a Vulnerable Situation

'Limbs' of the Standards of Conduct	Behaviour towards Domestic Customers	Providing Domestic Customers with information	Domestic Customer service arrangements	Considering Domestic Customers in a Vulnerable Situation
SLC 10AA reference	10AA.4(a)	10AA.4(b)	10AA.4(c)	10AA.4(d)
Domestic Customer outcome	Domestic customers have a positive experience when dealing with their DNO and are not put off future engagement	Domestic Customers receive the right information – at the appropriate time and in an accessible format	Domestic Customers' expectations are met by the DNOs processes and their issues are resolved appropriately	In every interaction, the Vulnerable Situation of individual Domestic Customers is taken into account by a DNO

4. Guidance that applies in relation to providing customers with information

4.1. It is acknowledged that in some circumstances, a licensee may provide the most important information to the Domestic Customer rather than the complete set of all possible information. For example, in the case of providing a connections quote, a licensee may provide the most important terms and conditions on the quotation highlighted, but further terms and conditions may be signposted for Domestic Customers to view on the licensee's Website.

4.2. It is also recognised that licensees will sometimes need to provide estimated information to Domestic Customers where there is no more accurate information and estimated information is expected to be useful to the Domestic Customer. An example of this type of information is the provision of estimated times of interruption or restoration by the licensee to a Domestic Customer.

4.3. In providing Domestic Customers with such information, licensees must describe such information as incomplete or estimated and ensure that the information provided meets the other limbs of the Standards of Conduct.

4.4. Licensees must provide information to each Domestic Customer which, to the best of the licensee's knowledge at the time of providing that information, relates to products or services which are appropriate to that Domestic Customer. It is recognised that licensees may not know all of the circumstances of all of their Domestic Customers and that information may be provided to Domestic Customers who might benefit from a product or service without the licensee knowing with absolute confidence whether the Domestic Customer's circumstances mean that it would actually be able to access such a service or benefit from it. The advertisement by licensees of the Priority Services Register is a relevant example.

4.5. When providing information to Domestic Customers without absolute confidence that the Domestic Customer can benefit from the product or service described in the information, the licensee should at least expect that the Domestic Customer may benefit from the information provided.

4.6. It is recognised that in certain circumstances, such as the exercising of the licensee's rights or the discharging of certain obligations, information provided to Domestic Customers

by the licensee (or its Representative) may need to be communicated which could be perceived as creating an imbalance in favour of the rights of the licensee, for example, informa provided to Domestic Customers by lawyers or bailiffs acting on behalf of the licensee in undertaking legitimate business.

4.7. Licensees should ensure that such information is targeted at specific, relevant Domestic Customers and is relevant to the circumstances of that Domestic Customer.

5. How Ofgem applies the Standards of Conduct

5.1. The factors relevant to Ofgem’s application of the Standards of Conduct include the **Customer Objective**, the **Domestic Customer outcomes** corresponding to the different limbs of the Standards of Conduct set out in **this Guidance**, the **fairness test** and the **compliance threshold**. These factors are assessed together when we apply the Standards of Conduct.

The Customer Objective

5.2. In the event of an investigation, we will look for instances where it appears licensees are not meeting the Customer Objective by treating Domestic Customers in a Fair way. The “Customer Objective” and “Fair” are defined terms within the Electricity Distribution licence.

5.3. We will consider what the licensee has either done, or not done and identify which **limb** of the Standards of Conduct is relevant.⁶

5.4. We will consider the examples provided in Chapter 4 of this Guidance, including whether the activity in question falls into a category that is relevant to the Customer Objective or the Standards of Conduct. We will also consider whether or not Domestic Customers have had the experience identified in the Domestic Customer outcomes.

The fairness test

5.5. We will also consider whether the licensee’s actions and/or omissions meet our fairness test. The **fairness test** requires that any action or omission on the part of the licensee or its Representative should not give rise to the likelihood of detriment (unless such detriment were reasonable in all the relevant circumstances). The fairness test recognises that licensees need to carry out legitimate commercial activities (such as charging for connections services) and

⁶ The limbs of the Standards of Conduct are: how licensees behave, provide information, carry out Domestic Customer service arrangements, and how they seek to identify each Domestic Customer in a Vulnerable Situation and respond to their needs.

preserves their ability to exercise their rights under statute, as long as they do so lawfully and proportionately.

5.6. If a likelihood of detriment has arisen but the licensee thinks that the Domestic Customer has been treated in a Fair way, a licensee will have opportunities to explain the reasons why it considers the detriment to be “reasonable in all the relevant circumstances”.

5.7. If a likelihood of detriment has arisen, we will consider whether that detriment has been appropriately resolved by the licensee. If the licensee has acted to resolve the detriment in a manner consistent with the Customer Objective and the Standards of Conduct then no further action will be taken.

5.8. If a likelihood of detriment has arisen and the licensee has either not appropriately resolved the detriment in a manner consistent with the Customer Objective and the Standards of Conduct, or has not made an attempt to resolve the detriment, then we will consider the further action in light of any information provided by the licensees after such detriment has occurred.

The compliance threshold

5.9. We will consider the information provided by the licensee when deciding if the licensee’s actions and/or omissions meet our threshold for compliance activity (**the compliance threshold**). This would happen as part of our ongoing engagement and compliance activities.

5.10. If we believe that actions or omissions were unfair under the fairness test, we will consider how to respond. This may depend on how the DNO has engaged with us (eg by self-reporting concerns and cooperating with our enquiries) and what (if anything) the DNO has done or is proposing to do to address the risk of detriment and/or offer redress to Domestic Customers. Options for responding include enhanced monitoring and engagement, negotiating a package of redress for Domestic Customers, or opening enforcement action.

5.11. Our enforcement guidelines set out the approach we take to enforcing against all licence conditions, including the Standards of Conduct.⁷

⁷ Enforcement guidelines - [The Enforcement Guidelines | Ofgem](#)

6. Other useful information

This is a non-exhaustive list of some other documents we have published that may help stakeholders understand the requirements of SLC 10AA.

Document	Date
RIIO-ED2 Final Determinations. Our decision to implement a principles-based licence obligation is set out in the context of the RIIO-ED2 package of support for customers in Vulnerable Situations (Core Methodology Document, Chapter 5, pg. 115)	November 2022
RIIO-ED2 Sector Specific Methodology Decision . Our decision to implement a principles-based licence obligation (Annex 1, pg. 62)	December 2020
RIIO-2 Sector Specific Methodology Decision – Gas Distribution . Our decision to implement a principles-based licence obligation (p. 14)	May 2019
Our report on vulnerable consumers in the energy market. This includes examples of good and poor practice relating to how suppliers are treating consumers in Vulnerable Situations.	June 2018
Our enforcement guidelines describe how we use our enforcement powers, provide redress and remedies for consumers, and punish or deter breaches or infringements. They also set out a number of actions we may take as an alternative to exercising our statutory enforcement powers.	March 2022
Conclusions from an enforcement investigation into Ovo’s compliance with obligations including SLC 25C (SLC 0 from October 2017) (the domestic Standards).	April 2020
Conclusions from an enforcement investigation into British Gas’ compliance with obligations including SLC 25C (the domestic Standards).	August 2018*
Conclusions from an enforcement investigation into SSE’s compliance with obligations including SLC 25C (the domestic Standards).	June 2018*
Conclusions from an enforcement investigation into British Gas’ compliance with obligations including SLC 7B (the non-domestic Standards).	June 2017*
Our 2016 Challenge Panel report . This panel explored how well suppliers had been embedding the Standards in their approaches to sales and marketing.	January 2017*
Conclusions from an enforcement investigation into Scottish Power’s compliance with obligations including SLC 25C (the domestic Standards).	June 2016*

Conclusions from an enforcement investigation into npower's compliance with obligations including SLC 25C (the domestic Standards).	January 2016*
Conclusions from an enforcement investigation into BES' compliance with obligations including SLC 7B (the non-domestic Standards).	December 2015*
Our 2014 Challenge Panel report and open letter . This panel explored how well suppliers had been embedding the Standards. The report contains six key themes that may be helpful for suppliers to consider.	March 2015*
Our Consumer Vulnerability Strategy outlines what we expect of suppliers in embedding consideration of consumer vulnerability in designing and delivering their products and services in line with the Standards. In 2019, we updated the CVS to set our key priorities for the coming years in a new vulnerability strategy (CVS 2025).	July 2013 and 2019 update

* These documents relate to old versions of licence conditions, as they were at the time (SLC 25C or SLC 7B). The rules may be different now, but we've included these documents in this guide because we think they could still be helpful for you to refer to.

NB our [website](#) has a full list of all enforcement investigations.