

To: All holders of a gas supply licence

**Gas Act 1986
Section 23(2)**

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

1. The Gas and Electricity Markets Authority ('the Authority')¹ proposes to modify the standard conditions of all gas supply licences granted or treated as granted under section 7A(1) of the Gas Act 1986 by amending licence numbers:

- a. 27.5, by adding new licence condition 27.5B;
- b. 27.8A; and
- c. 31G.3, by adding new licence conditions 31G.3A - 31G.3E.

The modifications are set out in schedule 1.

2. We are proposing these modifications and consulting on a guidance document on Ease of Contact to sit alongside the licence modifications. These modifications and the guidance have been developed in response to a declining trend in customer service and satisfaction. Customers, faced with significant uncertainty and higher, more volatile prices, need effective customer support to ensure they are managing their energy bills and finances effectively.
3. The purpose of the proposed modifications is to drive up consumer standards across the industry. The effect of these modifications will be to make it easier for domestic consumers to contact their supplier and introduce requirements for suppliers to assist customers struggling with their bills. We are also requiring suppliers to provide their customers with information on their customer service performance. A more detailed description of the reasons for, and effects of, these proposed licence modifications can be found in our accompanying statutory consultation document.
4. A copy of the proposed modifications and other documents referred to in this Notice have been published on our website (www.ofgem.gov.uk). Alternatively, they are available from information.rights@ofgem.gov.uk.
5. Any representations with respect to the proposed licence modification/modifications must be made on or before 23 August 2023 to: Future Retail Market team, Office of Gas and Electricity Markets, 10 South Colonnade, Canary Wharf, London, E14 4PU or by email to RetailStakeholderTeam@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 However, if you do not wish your response to be made public then please clearly mark it as not for publication.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 modifications they will take effect not less than 56 days after the decision is published.

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



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Jemma Baker
Deputy Director – Future Retail Market
Duly authorised on behalf of the
Gas and Electricity Markets Authority

26 July 2023

Schedule 1 - Draft of proposed modifications to the standard conditions (SLCs) of all gas supply licences

We have included SLC 27.5 to SLC 27.8A and relevant parts of SLC 31G below and the changes we propose to make. Deletions are shown in ~~strikethrough~~ and new text is double underlined.

Support for consumers struggling with their bills

Customers in payment difficulty

27.5 Subject to 27.5A, the licensee must offer each of the services set out in paragraph 27.6 when it becomes aware or has reason to believe that a Domestic Customer is having or will have difficulty paying all or part of the Charges for the Supply of Gas.

27.5A Without prejudice to any other right or obligation under this licence, the licensee must not charge the Domestic Customer for providing the facilities or information set out in paragraph 27.6.

27.5B In complying with 27.5 the licensee must make proactive contact with Domestic Customers at the earliest opportunity to identify whether a customer is in payment difficulty, by contacting the Domestic Customer no later than after:

- (a) two missed monthly scheduled payments; or
- (b) one missed quarterly scheduled payment; or
- (c) a customer has informed the licensee that they are unable to make the next scheduled payment.

27.6 The services referred to in paragraph 27.5 are:

- (a) the facility for a Domestic Customer to pay Charges for the Supply of Gas:
 - (i) by using, where available, a means by which payments may be deducted at source from a social security benefit received by that customer;
 - (ii) by regular instalments calculated in accordance with paragraph 27.8 and paid through a means other than a Prepayment Meter; and
 - (iii) by using a Prepayment Meter, where it is safe and reasonably practicable in all the circumstances of the case for the Domestic Customer to do so and where any instalments to be paid are calculated in accordance with paragraph 27.8; and
- (b) the provision of information about how the Domestic Customer could reduce the Charges for the Supply of Gas that he must pay by using the gas supplied to his premises more efficiently.

27.7 If a Domestic Customer, having agreed to make payments for Charges for the Supply of Gas using the service referred to in sub-paragraph 27.6(a)(i), is no longer in receipt of social security benefits from which payments can be deducted at source, the licensee must offer the services referred to in sub-paragraph 27.6(a)(ii) and 27.6(a)(iii).

27.8 The licensee must take all reasonable steps to ascertain the Domestic Customer's ability to pay and must take this into account when calculating instalments, giving due consideration to:

- (a) relevant information provided by third parties, where it is available to the licensee; and
- (b) where instalments will be paid using a Prepayment Meter, the value of all of the charges that are to be recovered through that meter.

27.8A For the purposes of ascertaining a Domestic Customer's ability to pay as set out in paragraph 27.8, the licensee must give due consideration to:

- (a) Having appropriate credit management policies and guidelines, which includes:
 - (i) Allowing for customers to be dealt with on a case-by-case basis; and
 - (ii) Linking staff incentives to successful customer outcomes not the value of repayment rates.
- (b) Making proactive contact with customers, which includes:
 - (i) Making early contact to identify whether a customer is in payment difficulty as set out in 27.5B;
 - (ii) Regularly reviewing methods of proactive contact to ensure they meet the needs of customers, in particular in circumstances where the licensee has not made successful contact with the customer;
 - (iii) Using every contact as an opportunity to gain more information about the customer's ability to pay when the licensee becomes aware or has reason to believe the customer is having or will have payment difficulty; and
 - (iv) Making customers aware of debt advice services when they raise concerns about their ongoing ability to pay, in accordance with Supply Licence Condition 31G.
- (c) Understanding individual customers' ability to pay, which includes:
 - (i) Providing clear guidance and training for staff on how to elicit information on ability to pay and monitoring the effectiveness of this;
 - (ii) Providing appropriate channels for customers to quickly and easily raise concerns and facilitating conversations around customers' ability to pay when requested;
 - (iii) Making full use of all available information; and
 - (iv) Proactively exploring payment amounts and payment methods which are appropriate to the individual circumstances of each customer; this includes debt repayment schemes such as those by which payments may be deducted at source from a social security benefit received by that customer.
- (d) Setting repayment rates based on ability to pay, which includes:

- (i) Ensuring all available information is obtained and taken into account, including the customer's circumstances identified on a warrant or site visit or when installing a prepayment meter on a warrant;
 - (ii) Only setting default amounts when there is insufficient information to ascertain the customer's ability to pay and where default amounts are set, it should be made clear that the repayment rate may change based on information about the customer's ability to pay. In any event the levels of any default repayment rate should be reasonable; ~~and~~
 - (iii) ~~Not insisting on substantial upfront payments before reconnection;~~ and
 - (iv) Pausing scheduled repayments for an appropriate period of time as part of the customer's repayment plan and reviewing a customer's ability to pay at regular intervals before re-instating scheduled repayments as part of the customer's repayment plan.
- (e) Ensuring the customer understands the arrangement, which includes:
- (i) Clear communication with the customer which allows them to understand how much they are regularly repaying; how the repayment will be deducted; when the debt will be repaid; and what to do if they experience difficulties during the arrangement; and
 - (ii) For prepayment meter customers repaying debt by a weekly amount explaining that debt will be recovered regardless of usage.
- (f) Monitoring of arrangements after they have been set up, which includes:
- (i) Individual arrangements must be monitored:
 - for credit meter customers to check for the occurrence of failed repayment arrangements;
 - and for prepayment meter customers to check whether the meter is being used initially and on an ongoing basis;
 - (ii) Monitoring of the approach taken by staff when agreeing repayment rates, using call listening and other techniques, to encourage a consistent and appropriate approach;
 - (iii) Monitoring of failed repayment arrangements to understand whether inappropriate rates are being set;
 - (iv) Monitoring of overall repayment rates and recovery periods to understand trends.
- (g) Re-engaging with the customer after an initial occurrence of a failed repayment arrangement, which includes: engaging with the customer in a timely manner to discuss the repayment plan, including whether a different repayment plan or repayment method would be more suitable.

Condition 31G. Assistance and advice information

31G.1 The licensee must ensure that each Domestic Customer is provided with information in a Form and at a frequency that is sufficient to enable that Domestic Customer to quickly

and easily understand how to:

- (a) identify and contact each Relevant Party about a problem, question or any other request for assistance. This includes queries, complaints, disputes or emergencies; and
- (b) seek impartial advice from Citizens Advice consumer service.

31G.2 The licensee must ensure that each Domestic Customer is provided, as appropriate in the circumstances, with information in a Form and at a frequency that is sufficient to enable that Domestic Customer to quickly and easily understand:

- (a) what their rights are as regards to the means of dispute settlement available in the event of a dispute, including how to identify and contact the Relevant Ombudsman for the circumstances; and
- (b) how to access appropriate assistance and advice. This includes information about:
 - (i) debt prevention and management;
 - (ii) improving energy efficiency, including management of gas consumption and associated costs; and
 - (iii) social, financial and energy efficiency programmes.

31G.3 In complying with paragraphs 31G.1 and 31G.2 the licensee must take into account:

- (a) that Domestic Customer's characteristics and current Tariff's features; and
- (b) where appropriate, that Domestic Customer's preferences.

31G.3A The licensee must provide, or procure the provision of, an enquiry service that enables Domestic Customers to contact the licensee. As a minimum the enquiry service must:

- (a) Offer a range of contact methods that meet the needs of the licensee's Domestic Customers, including those of its Domestic Customers in Vulnerable Situations;
- (b) Be available to receive enquiries and offer assistance, guidance, or advice at times that meet the needs of Domestic Customers, including those of Domestic Customers in Vulnerable Situations; and
- (c) Be available 24 hours every day to receive enquiries from, and offer assistance, guidance, or advice to, Domestic Customers who are experiencing an interruption in supply of gas in circumstances where the interruption in supply is such that it is the licensee's responsibility to resolve it.

31G.3B When providing the enquiry service, the licensee must implement appropriate processes to identify and prioritise enquiries from:

- (a) Domestic Customers in Vulnerable Situations who, due to their circumstances or characteristics, may require immediate assistance, guidance or advice;

(b) Any representative acting on behalf and in the interest of a Domestic Customer in a Vulnerable Situation who, due to their circumstances or characteristics, may require immediate assistance, guidance or advice.

31G.3C When providing the enquiry service the licensee must implement appropriate processes to identify and provide the enquiry service free of charge to Domestic Customers in Vulnerable Situations who, due to their circumstances or characteristics, are likely to experience detriment, if there is a cost to the enquiry service.

31G.3D The licensee must publish information about the licensee's customer service performance as measured by the Citizens Advice star rating, at a prominent location, in a format that is readily accessible and that meets the needs of Domestic Customers including those of Domestic Customers in Vulnerable Situations.

SLC 31G.3E The licensee must have regard to any guidance on standard condition 31G.3A to 31G.3D which the Authority may issue from time to time following consultation.

[...]

Definitions

31G.10 For the purposes of this condition:

"Concise Guidance" means the concise guidance published by Citizens Advice or Citizens Advice Scotland under section 19A of the Consumers, Estate Agents and Redress Act 2007.

"Energy Consumer Guidance" means the energy consumer guidance published by Citizens Advice or Citizens Advice Scotland under section 19A of the Consumers, Estate Agents and Redress Act 2007.

"Relevant Party" means the licensee, their Representatives and the Licensed Distributor (via the Licensed Distributor's Enquiry Service).

"Vulnerable Situation" has the same meaning as in SLC 0.