

Impact Assessment

Consumer Standards Impact Assessment (IA)

Division:	Future Retail Markets
Team:	Analysis – future retail
Coverage:	Full coverage
Type of measure:	Specific incentive
Type of IA:	Not Qualified under Section 5A UA 2000
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Summary:

The document sets out the costs and benefits of the final package of policies designed to raise consumer standards on contact ease, supporting customers with their bills and reputational incentives as set out in the decision published alongside this document.

What is the problem under consideration? Why is Ofgem intervention necessary?

Providing customers with good service is a critical part of an energy suppliers' role. Customers should find it easy to contact their supplier to understand their energy consumption, manage their bills and seek assistance if they are struggling to pay which are the areas our decision document focuses on. Some suppliers already provide aspects of this good service to their customers. We want all suppliers to provide good service to their customers and aim to drive up consumer standards across the industry.

Building on what we have outlined throughout the consultation documents, there is evidence that supplier customer service is not meeting many consumers' needs. For example, we have evidence to suggest that overall domestic consumer satisfaction with the customer service from their energy supplier decreased from 74% in Q4 2018 to 66% in Q4 2022.¹ Recent evidence also shows that customer satisfaction in the energy sector is the lowest level of any sector in the UK economy², and Citizens Advice data from England shows that while there are examples of good supplier customer service across the market, there has been a wide variation in customer service performance between Q4 2017 to Q2 2023, which could be improved.³

In particular, customers are finding it harder to contact their energy supplier. For example, between Q4 2018 and Q4 2022, of those consumers who had recently contacted their supplier, the percentage of consumers who reported that it was very or fairly easy to contact their supplier has gradually dropped from 73% to 58%.⁴ This supports a range of further evidence we have outlined in our policy and statutory consultation documents including, but not limited to, evidence from responses from our stakeholders⁵ and outcomes from our Market Compliance Review (MCR) into customer service which found significant issues such as long call waiting times, and difficulties faced by consumers when contacting suppliers.⁶

Furthermore, as energy prices have risen, the number of overall accounts with consumers repaying a debt has also risen.⁷ This supports evidence we have outlined previously from our MCR into customers struggling with their bills, which found that while there was evidence of good practice, there were significant issues around processes and governance

¹ [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

² Institute of Customer Service (July 2023), [UK Customer Satisfaction Index](#) (p37). In July 2023, customer satisfaction in the Energy sector fell by 5.3 points to 67.9 (out of 100) compared to July 2022, which was the lowest score of any sector. Note that this score includes scores from Energy Supply companies and Network operators.

³ [Domestic energy supplier performance data - Citizens Advice](#)

⁴ [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

⁵ Throughout the consultation process and outlined in this decision, impact assessment and previous consultation documents.

⁶ [Ofgem review reveals that customer service standards of energy suppliers must improve | Ofgem](#)

⁷ [Debt and Arrears Indicators | Ofgem](#) – Chart on number of accounts with a consumer repaying an energy debt. Information correct as of September 2023.

for those struggling with their energy bills. Prompted by this review, we reported on the outcome of issues we found which ranged from minor to severe weaknesses amongst the suppliers involved⁸ and, where necessary, we have already taken compliance and enforcement actions to address identified breaches. As such, it is important that customers who are struggling with their bills now, and those who may struggle in the future get the advice and support they need to cope with these challenges.

We have significant work already underway to drive up consumer standards for energy suppliers. This includes actively monitoring suppliers' performance and acting if suppliers fail to comply with existing rules.

The decision that this impact assessment informs strengthens specific rules to make it easier for domestic customers to contact their supplier and help customers struggling with their bills. The new rules will ensure that all domestic customers are able to receive these levels of service. These rules will be in place by the end of the year.

What are the policy objectives and intended effects including the effect on Ofgem's Strategic Outcomes

Our reforms are intended to improve overall energy suppliers' customer satisfaction, help make it easier for customers to contact their supplier, and support customers who are struggling with their bills. Under our Consumer Interest Framework, our reforms are aiming to improve "Quality and Standards"⁹, by ensuring that energy suppliers are accessible, transparent, and responsive to their customers' needs.

This ambition is in line with our strategic vision that by 2025 energy consumers are receiving good value energy services and fair treatment from innovative and world-class energy companies, with additional protections for the vulnerable.¹⁰

What are the policy options that have been considered, including any alternatives to regulation?

One option is to maintain the status quo as the "do nothing" option. However, we are concerned that competitive pressure alone will not deliver good outcomes for customers. The numbers of customers currently switching suppliers is currently relatively low¹¹ and domestic consumer satisfaction with the customer service from their energy supplier was decreasing¹², even when switching rates were higher.¹³

⁸ [Market Compliance Review into customers struggling with bills | Ofgem](#)

⁹ [The development of a competition framework for the domestic retail market | Ofgem](#)

¹⁰ [Our strategy and priorities | Ofgem](#). Information correct as of October 2023.

¹¹ See Ofgem data portal chart: [Number of domestic customers switching supplier by fuel type \(GB\)](#)

¹² [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

¹³ See Ofgem data portal chart: [Number of domestic customers switching supplier by fuel type \(GB\)](#)

The practicality of options has been discussed with stakeholders throughout the consultation process. We have assessed the package of proposals to address contact ease, support for customers struggling with their bills and reputational incentives. The approach has been to consider the costs and benefits of individual actions separately.

Preferred option - Monetised Impacts (£ million)

Net Benefit to GB Consumer:

£-32.7m to £-91.4m per year (based on maximum value for monetised benefits), or £-1.03 to £-2.88 per customer per year respectively

How the Net Benefit was monetised

Quantified benefits and costs are both quite uncertain but have been calculated for the period 2023 to 2028, in 2023 prices.

We have used standard values from the Department of Transport¹⁴ in our value of time estimates for the benefit of extended contact hours.

Costs provided by suppliers have been contrasting, with some identifying minimal costs, and others very high costs to implement the same measures. As underlying data for calculations is imprecise and uncertain, we have taken a break-even approach in our analysis to inform our decision making. The break-even values calculated as outlined in section 4 suggest that it is likely that the reforms offer value for money. We also consider there are significant benefits in addition to those quantified above, see section on Hard to Monetise Impacts.

¹⁴ Value of time figures from Table A1.3.2 from [tag-data-book-v1.21-may-2023-v1.0.xlsm \(live.com\)](#). See Section 4 and 6 below for full descriptions of the monetised benefits and methodology.

Preferred option - Hard to Monetise Impacts

Description of hard to monetise impacts

We consider there are significant benefits in addition to those quantified above. There are likely to be significant health benefits, including mental health benefits, arising from improved contact ease and greater support for customers struggling with their bills. Customers in vulnerable situations, and particularly those in financially vulnerable situations, will benefit from being prioritised and having contact methods available that better suit their needs (including free enquiry services). The benefits of improving contact ease with suppliers in terms of customer convenience may be wider than quantified and may lead to reduced demand for, and therefore cost to, consumer groups and charities' services. Better information for consumers on supplier performance may lead to more informed switching decisions, promote engagement, and improve trust in the market.

Risks may include impacts on consumers, who are not in the target group for additional support, accessing and benefiting from the measures which could reduce the benefit for targeted customers and increase costs for suppliers. Hard to monetise costs may include the potential increased burden on debt charities and organisations if suppliers do not develop the expertise for effective debt management.

Key Assumptions/sensitivities/risks

We are aware suppliers have used differing assumptions when providing us with cost estimates and some suppliers consider they are already compliant with the rules and therefore there is no additional cost. There are therefore significant sensitivities associated with the cost information presented in this assessment. We have used wide ranges and break-even analysis where appropriate to mitigate this risk. Further, some of the costs provided to us by suppliers are based on the policies during the statutory consultation period. However, as the policies are now less prescriptive, we consider that the costs may be overestimates of the costs suppliers would accrue.

Will the policy be reviewed? No

Is this proposal in scope of the Public Sector Equality Duty? Yes

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1. Problem under consideration

Section summary

This section outlines existing issues with suppliers' customer service in the domestic retail energy market and our aim to ensure all suppliers provide good service to their customers.

- 1.1. With many customers struggling with their bills, it is more critical than ever that suppliers provide them with good service. As such, providing customers with good service is a critical part of an energy suppliers' role. Customers should find it easy to contact their supplier to understand their energy consumption, manage their bills and seek assistance if they are struggling to pay, which are the areas our decision document focuses on.
- 1.2. Some suppliers already provide aspects of this good service to their customers, as evidenced by some suppliers' scores on the Citizens Advice star ratings from England from between Q4 2017 to Q2 2023.¹⁵ However, the same star ratings show not all suppliers perform well, and we want all suppliers to provide good service to their customers and aim to drive up consumer standards across the industry.
- 1.3. As such, whilst there are many examples of good service, overall domestic customer satisfaction with the customer service from their energy supplier decreased from 74% in Q4 2018 to 66% in Q4 2022.¹⁶ Recent evidence also shows that customer satisfaction in the energy sector is the lowest level of any sector in the UK economy.¹⁷ This is supported by feedback that we have received from a number of consumer organisations throughout the consultation process.¹⁸
- 1.4. Our work on driving up consumer standards is seeking to tackle problems we have identified in three specific areas as below.

¹⁵ [Domestic energy supplier performance data - Citizens Advice](#)

¹⁶ [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

¹⁷ Institute of Customer Service (July 2023), [UK Customer Satisfaction Index](#) (p37). In July 2023, customer satisfaction in the Energy sector fell by 5.3 points to 67.9 compared to July 2022 which was the lowest score of any sector. Note that this score includes scores from Energy Supply companies and Network operators.

¹⁸ From responses and stakeholder feedback throughout the consultation process.

Contact ease

- 1.5. It is becoming increasingly difficult for customers to contact suppliers to get information, advice, and support:
- Our evidence shows a recent decline in consumer perceptions of contact ease. Between Q4 2018 and Q4 2022, of those consumers who had recently contacted their supplier, the percentage of consumers who reported that it was very or fairly easy to contact their supplier gradually dropped from 73% to 58%. In parallel, those who reported it as very or fairly difficult doubled from 13% to 26%.¹⁹
 - In a Which? survey of energy customers, 15% of customers were dissatisfied by their provider's customer service contact hours.²⁰ A Which? survey of customers in 2022 also identified that around a fifth (18%) of customers were dissatisfied with the ease of finding the right contact details.²¹
 - We are concerned that cost of contacting suppliers could become a barrier for customers who are in vulnerable situations, specifically those that are financially vulnerable. In Q4 2022, the Consumer Perceptions of the Energy Market survey found that only around half (53%) of consumers recalled being provided with a freephone contact number to use if they had concerns about falling behind on paying their energy bills and/or running out of credit on their prepayment meter. By contrast, 27% did not recall being given this information from their supplier in the past 6 months.²²
 - Earlier this year, our Market Compliance Review into customer service found significant issues such as long call waiting times, and difficulties faced by consumers when contacting suppliers.²³

Support for customers struggling with their bills

- 1.6. Some customers who are struggling with their bills are not being proactively identified and offered support by their suppliers. Specifically, some customers are not being offered tailored debt support that meets their needs, and some customers are not being offered suitable repayment plans in line with their ability to pay.²⁴

¹⁹ [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

²⁰ Which?, 2022, Annual Energy Customer Survey from Which? response to our May 2023 policy consultation

²¹ [The most common energy company complaints - Which? News](#)

²² [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

²³ [Ofgem review reveals that customer service standards of energy suppliers must improve | Ofgem](#)

²⁴ See published responses from throughout the consultation process.

- The Q4 2022 Consumer Perceptions in the Energy Market survey showed that 60% of credit meter consumers who had fallen behind on their bills got in contact with their supplier for support. This continues to be driven by consumers reaching out first (43%), rather than suppliers contacting consumers to offer support (18%).²⁵
- Furthermore, in Q4 2022, two fifths (40%) of consumers who were falling behind with their bills or unable to top up their PPM had no contact with their supplier about this, and just over a third (34%) of credit meter consumers who had fallen behind on bills said the supplier offered to help them create a repayment plan.²⁶ This survey also showed that in Q4 2022 a fifth (20%) of credit meter consumers in debt disagreed that suppliers were offering support that is appropriate to the consumers' needs and a fifth (20%) also disagreed that suppliers were offering support options that are helpful. A tenth (10%) of consumers reported they received no support options at all.²⁷
- Our Market Compliance Review into customers struggling with their bills found that while there was evidence of good practice, there were significant issues around processes and governance for those struggling with their bills. Prompted by this review, we reported on the outcome of issues we found which ranged from minor to severe weaknesses amongst the suppliers involved.²⁸
- There are concerns that suppliers are not effectively engaging with their customers at the earliest opportunity to ensure they do not fall into and stay in debt or arrears. For example, our analysis of Q2 2023 Social Obligations Reporting showed that there were around 3.3 million domestic accounts in debt or arrears for over 91 days (6.2% of all accounts), to the financial value of around £2.6bn, with this value increasing over time²⁹ while the number of accounts with consumers repaying an energy debt has also risen over time after falling to a low around Q4 2018.³⁰ Our data also shows that in July 2023, average household debt where a repayment plan was in place was £714, which was significantly lower than households without a repayment plan with average arrears of £1,686.³¹ Thus, ensuring that suppliers are placing customers on repayment plans that reflect ability to pay may be important

²⁵ [Ofgem and Citizens Advice, Consumer Perceptions of the Energy Market Survey, Q4 2022](#)

²⁶ Ibid.

²⁷ Ibid.

²⁸ [Market Compliance Review into customers struggling with bills | Ofgem](#)

²⁹ [Debt and Arrears Indicators | Ofgem](#) We are aware there are exogenous factors such as the rises in energy prices or inflation that may also be contributing to these trends.

³⁰ Ibid. We note that the number of consumers repaying an energy debt started rising at the start of 2019 following the lowest levels seen in Q4 2018, prior to the energy crisis or COVID-19 pandemic.

³¹ We are aware that there may be various reasons not outlined above for the differences between those on repayment plans and those not on repayment plans, and debt growth figures including the impact of inflation and differing characteristics amongst customers. Ofgem analysis of data collected from suppliers.

for limiting customer debt growth and protecting customers who are struggling with their bills.

Improving overall customer satisfaction

- 1.7. A lack of transparency of supplier customer service performance may hamper consumers' ability to make informed choices about their energy supplier. We consider that increased use of reputational incentives, may drive suppliers to deliver better performance. We note academic literature supporting our position suggesting a simple metric of customer satisfaction would facilitate more informed customer choice and potentially encourage less engaged or confident customers to engage more actively in the market and ultimately promote competition.³²

³² [Littlechild, S. An Overall Customer Satisfaction score for GB energy suppliers, March 2021](#), Section 2.5

2. Policy objectives

Section summary

This section outlines the policy objectives for the contact ease, support for customers struggling with their bills and the reputational incentives policies.

Contact ease

- 2.1. To make it easier for domestic customers to contact their suppliers, we are adding new requirements to existing licence conditions, for supplier enquiry services to:
 - Be available via contact methods that meet customer needs.
 - Be open at times that meet customer needs.
 - Be free for customers that are struggling to pay their energy bills.
 - Prioritise vulnerable customers who need immediate support or representatives acting on their behalf.
- 2.2. We have decided to pause implementation of our proposed SLC changes to require suppliers to be available 24/7 to provide guidance, assistance, and advice to customers without supply due to meter faults. This is to give suppliers further time to work with network operators to develop the most coordinated, efficient solution. To allow for this, we are proposing that this requirement will only be brought into effect after consultation and with at least two months' notice. Thus, we also outline our assessment of the costs and benefits for this policy in Appendix 1 below, but it is not included in our overall costs and benefits assessment for the policy areas.
- 2.3. Alongside the new licence requirements, we are also publishing new guidance on our expectations for domestic suppliers in relation to licence requirements on contact ease.
- 2.4. With the evidence available to us through the consultation process, we have assessed the impact of our proposals. We consider our proposals will deliver benefits to consumers and make it easier for customers, in particular customers in vulnerable situations, to contact their supplier. Overall, we consider that these proposals are consistent with our duties, will provide benefits to customers, and determine the costs to suppliers of implementing these policies as proportionate.

Support for customers struggling with their bills

- 2.5. To help support domestic customers who are struggling with their bills, we are introducing new requirements to existing licence conditions for suppliers to:
- Be proactive and offer debt repayment plans at the earliest opportunity.
 - Give due consideration to offer temporary debt repayment holidays, where appropriate.
- 2.6. With the evidence available to us through the consultation process, we have assessed the impact of our proposals. We consider our proposals will deliver benefits to consumers and ensure suppliers are proactively contacting customers struggling with their bills at the earliest opportunity, and offering repayment plans that reflect their ability to pay. Overall, we consider that these proposals are consistent with our duties, will provide benefits to customers, and assess the costs to suppliers of implementing these policies as proportionate.

Improving overall customer satisfaction

To help strengthen the incentives on suppliers to deliver overall good service, we are also introducing new licence requirements to compel suppliers to publish information on their Citizens Advice star rating performance.³³ We consider that this will help support competition and drive suppliers to focus on how they can improve their service to customers.³⁴

³³ See decision on Reputational Incentives policy in the decision document that accompanies this impact assessment. <https://www.ofgem.gov.uk/publications/decision-consumer-standards>

³⁴ See Reputational Incentives assessment section in Section 4 below.

3. Description of options considered

Section summary

This section outlines a brief description of the status quo, and options we are assessing on contact ease, advice and support for customers struggling with their bills, and reputational incentives.

Status quo

- 3.1. A mixture of mainly principle-based requirements currently exists in the supply licence conditions to address customer service issues, mainly SLC 0, which requires customers to be treated fairly and SLC 31G which sets out assistance and advice information requirements.

Option 1

Contact ease³⁵:

- 3.2. New licence conditions for enquiry services to:
- Be available via contact methods that meet customer needs.
 - Be open at times that meet customer needs.
 - Be free for customers that are struggling to pay their energy bills.
 - Prioritise customers in a vulnerable situation that need immediate support or representatives acting on their behalf.
 - Be supported by a guidance document outlining current expectations in relation to licence requirements on contact ease.

Identifying and supporting consumers struggling with bills:

- 3.3. New licence obligations for suppliers to:
- Be proactive and offer debt repayment plans at the earliest opportunity.³⁶
 - Give due consideration to offer temporary debt repayment holidays, where appropriate.

Publish customer service ratings:

- 3.4. New licence requirement for suppliers to:
- Publish information on their Citizens Advice star rating performance.

³⁵ We have not included the policy for enquiry services to be open 24/7 for customers who have lost supply due to meter issues. This is because we have decided this element of the licence condition will only take effect following consultation and after the Authority has given the licensee at least two months' notice.

³⁶ At the earliest opportunity is defined as either after two consecutively missed monthly scheduled payments, one missed quarterly payment, or a customer has informed the licensee that they are unable to make the next schedule payment). See licence conditions document for more detail.

<https://www.ofgem.gov.uk/publications/decision-consumer-standards>

4. Monetised and non-monetised costs and benefits of the consumer standards policy options

Section summary

This section outlines our best estimates of the monetised and non-monetised costs and benefits for each of the policy areas for contact ease, support for customers struggling with their bills, and reputational incentives. Including our best estimate of monetised benefits, the net benefit to customers from the consumer standards policies could range from £-32.7m to £-91.4m per year, or £-1.03 to £-2.88 per customer per year respectively based on 2023 prices (not including one-off costs in Y0), although it is likely that the net benefit is closer to the lower figure (£-32.7m per year). Without the illustrative benefits, the costs to suppliers could be in the range of £65m to £123.7m per year (not including one-off costs in Y0) or between £2.05 to £3.89 per customer per year based on 2023 prices. Our estimate of one-off costs to the market in Year 0 are between £1m to £5m or £0.03 to £0.16 per customer based on these costs being paid in 2023 prices.

Furthermore, there are significant non-monetised benefits that would accrue to customers, including customers in vulnerable circumstances and their representatives, and third sector organisations such as consumer groups and charities. Overall, we consider that these proposals are consistent with our duties, will provide benefits to customers, and assess the costs to suppliers of implementing these policies as proportionate.

Summary of monetised and non-monetised benefits

4.1. We have summarised the benefits for all the policies on contact ease, advice and support for customers struggling with their bills and reputational incentives in Table 1 below. Overall, we estimate that the contact ease policies could provide monetised benefits to customers of up to £32.4m per year³⁷ and a range of other benefits to customers, including those in vulnerable circumstances and their representatives being able to contact their suppliers more easily. Thus, reducing the burden on consumer groups and charities representing vulnerable customers. Note that the 24/7 enquiry service for customers who are experiencing an interruption in supply caused by a meter fault has not been included in the benefits (and costs) calculations as this element of the licence condition will only take effect following consultation and after the Authority has given the licensee at least two months'

³⁷ Note this is an illustrative figure. See Table 1 and section on opening hours to meet customer needs across a range of contact methods below for more detail.

notice. However, see Appendix 1 for an assessment of the costs and benefits of this policy area.

- 4.2. We present our best estimate of a benefits value for the opening hours to meet customer needs across a range of contact methods policies. We estimate maximum monetised benefits on the basis that customers who work during the day would benefit from being able to contact their supplier during non-working time as they may not be able to do this during their working hours. See the opening hours to meet customer needs across a range of contact methods section below for more detail on how we arrive at these estimates.
- 4.3. There are also benefits to customers from proactive, tailored support that is included in the advice and support for customers struggling with their bills policies. This includes customer benefits from the proactive contact from suppliers, possible physical and mental health benefits, a possible reduction in self-disconnection amongst prepayment customers in debt, and benefits to suppliers from clearer debt pathways. The policies may also reduce the burden on charities (eg debt charities) through improved supplier processes and systems to support customers who are struggling with their bills.
- 4.4. Lastly, the reputational incentives policy will provide greater transparency on supplier performance, which may benefit customers who are choosing a new supplier.³⁸ Long-term, this could result in improved customer satisfaction as customers become more aware of suppliers who offer higher quality customer service.³⁹

Table 1: Summary of monetised and non-monetised benefits by policy area⁴⁰

Policy	Monetised Benefits	Non-monetised benefits
Opening hours to meet customer needs across a	A maximum of £32.4m per year based on benefits that would accrue to	Benefits customers from being able to contact suppliers at times that meet their needs, ⁴³ and customers, including with mental health issues ⁴⁴ , disabilities ⁴⁵ or who

³⁸ [Littlechild, S. An Overall Customer Satisfaction score for GB energy suppliers, March 2021](#), Section 2.5

³⁹ Ibid.

⁴⁰ See relevant assessment sections in this section for full descriptions of evidence.

⁴³ For example, in a Which? survey of energy customers, 15% of customers were dissatisfied by their provider's customer service contact hours and 19% of customers were dissatisfied with the variety of contact methods available. From Which?, 2022, Annual Energy Customer Survey from Which? response to our policy consultation. See assessment section below for more evidence. More detail can be found on: [The most common energy company complaints - Which? News](#)

⁴⁴ For example, the Money and Mental Health Policy Institute reported that those with mental health issues have difficulties using at least one communication channel, and over half (54%) struggle with use of the phone. Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018. See assessment section below for more evidence.

⁴⁵ Evidence from stakeholder responses and feedback throughout the consultation process.

Policy	Monetised Benefits	Non-monetised benefits
range of contact methods. ⁴¹	customers from being able to contact suppliers during non-working time. ⁴²	may have other characteristics ⁴⁶ may benefit from a range of contact methods. The burden on charities and consumer groups could reduce if suppliers ensure that they are open at times that meet customers' needs. ⁴⁷
Free enquiry service for domestic customers in financially vulnerable circumstances.	Insufficient evidence to allow us to monetise benefits.	Benefits customers struggling with their bills from having a free method of contact to ensure they do not pay unnecessary costs. ⁴⁸
Identifying and prioritising enquiries from domestic customers in vulnerable situations or their representatives.	Insufficient evidence to allow us to monetise benefits.	Benefits customers in vulnerable circumstances, who may have more complex needs and need to get in touch with their supplier as a priority. ⁴⁹ Benefits extend to representatives who may speak to suppliers on behalf of vulnerable customers, which may lead to a reduction in burden on charities and consumer groups. ⁵⁰
Support for customers	Insufficient evidence to allow us to monetise benefits.	Customers value and may benefit from proactive supplier support. ⁵¹ Policies could

⁴¹ Note that due to the way data were provided to us and we were able to categorise them, the benefits and costs of these policies have been included together and are assessed together in this impact assessment annex.

⁴² Value for 2023. See opening hours to meet customer needs across a range of contact methods assessment below in this section (4) below for more detail on the benefits calculation and all caveats.

⁴⁶ See Opening hours to meet customer needs across a range of contact methods assessment section below for more detail.

⁴⁷ Various responses throughout the consultation process.

⁴⁸ When presented with our freephone policy option, participants in the qualitative consumer research indicated that the option would be logical as it would specifically help customers in vulnerable circumstances, and those that are struggling to pay their bills. [Consumer standards qualitative research | Ofgem](#) May-June 2023.

⁴⁹ Through the qualitative research commissioned by Ofgem, participants fed back that long call wait times are a barrier to contacting their supplier when they are struggling to pay their bills. Participants welcomed the proposal, as this is seen as a positive step to improving the contacting process for those in financially vulnerable situations. However, they questioned how this would work in practice. [Consumer standards qualitative research | Ofgem](#) May-June 2023

⁵⁰ From consumer group and charity responses throughout the consultation process.

⁵¹ For example, participants of the qualitative consumer research indicated that proactive contact from their energy supplier would have tangible impacts for customers struggling with their bills. For example, by stopping customers from getting into problem debt and removing barriers to customers contacting a supplier first. Identifying and contacting vulnerable customers proactively was identified as our most impactful proposal from the research. [Consumer standards qualitative research | Ofgem](#) May-June 2023. See assessment section below for more detail.

Policy	Monetised Benefits	Non-monetised benefits
struggling with their bills.		promote limiting debt customers are in ⁵² , and minimise broader issues for customers in vulnerable circumstances who may have debt elsewhere. ⁵³ Evidence shows that physical and mental health issues may be exacerbated by problem debt. ^{54,55} Clearer debt pathways could benefit suppliers as well by reducing costs of debt collection. ⁵⁶ The burden on debt charities and consumer groups may reduce to allow them to help more clients. ⁵⁷ Repayment plans to reflect ability to pay, including consideration of repayment pauses, may provide benefits such as improved mental health for vulnerable customers, ⁵⁸ less chance of self-disconnection for prepayment meter customers, and provide flexibility for vulnerable customers to meet their other essential needs. ⁵⁹
Reputational incentives	Insufficient evidence to allow us to monetise benefits.	Greater transparency on supplier performance, which may benefit customers who are looking to choose a new supplier. ⁶⁰
Total	£32.4m	N/A

⁵² In July 2023, average household debt where a repayment plan was in place was £714, which was significantly lower than households without a repayment plan with average arrears of £1,686. We are aware that there may be various reasons not outlined above for the differences between those on repayment plans and those not on repayment plans, and on debt growth figures. From supplier data collected by Ofgem.

⁵³ In their response to our May 2023 policy consultation, the University of East Anglia argued that financial difficulties faced in energy are usually part of wider financial challenges and are linked to other spending choices on areas such as food, housing, and health.

⁵⁴ *ibid*

⁵⁵ See assessment section below for more information. For example, Money and Mental health research on England indicates that over 420,000 people in problem debt each year consider suicide and 100,000 people in debt attempt suicide. Furthermore, four in five (81%) of those who had seen an energy bill increase in the previous year had cut back on their energy use, over half (53%) had cut back on other essential spending, and one in five (20%) had borrowed money to pay bills. [mha_energy_standards_guide_web.pdf \(moneyandmentalhealth.org\)](#).

⁵⁶ One supplier and University of East Anglia responses to our May 2023 policy consultation.

⁵⁷ From responses throughout our consultation process.

⁵⁸ [Debt, Credit Payment Holidays, and their Relationship with Mental Health during the COVID-19 Pandemic in the United Kingdom - Matthew Sparkes, Senhu Wang, Jacques Wels, 2023 \(sagepub.com\)](#)

⁵⁹ [Consumption Effects of Mortgage Payment Holidays: Evidence during the COVID-19 Pandemic \(imf.org\)](#)

⁶⁰ [Littlechild, S. An Overall Customer Satisfaction score for GB energy suppliers, March 2021, Section 2.5](#)

Summary of overall costs

Monetised costs⁶¹

- 4.5. For all the policies outlined in this decision document (with exception of the 24/7 enquiry service as outlined above), we estimate that the total annual ongoing costs to the domestic retail energy market would range from £65m to £123.7m per year.⁶² Our estimated one-off costs to the market in Year 0 are between £1m to £5m. We have also estimated the costs per customer per year to suppliers for total ongoing costs and cost per customer to suppliers for one-off costs. For ongoing costs, these range between £2.05-£3.89 per customer per year.⁶³ We estimate one-off costs to range between £0.03-£0.16 per customer.⁶⁴ Tables 2 and 3 below show the breakdowns by policy area.⁶⁵ We have used costs data and further information on compliance from 9 suppliers, including large, medium and small suppliers comprising around 80% and 79% of the gas and electricity markets respectively⁶⁶, although the information provided varied across each supplier.⁶⁷ The cost information presented in this section represents our best estimate of costs that were made available to us at the time of statutory consultation.
- 4.6. Please note that the cost figures outlined above, and all figures across this impact assessment, do not mirror the methodology used for setting the default tariff cap allowances and must not be compared or conflated with figures for those allowances. As explained in Section 5, there are significant caveats with the costs presented here due to inconsistencies and differing assumptions across suppliers who provided data, while the operating costs allowances RFI has asked for more consistent evidence to inform their review.
- 4.7. While we have provided ranges of costs here, we consider that our best estimate of the costs of these policies would fall closer to the lower end of this range. The reasons for this are as outlined below:
- There are a number of suppliers who may already be partially or fully delivering on some areas of the policies, such as an enquiry service that operates with additional hours and support for customers struggling with their bills. For example, previous analysis we conducted for our July Statutory Consultation showed that

⁶¹ See Section 5 below for assumptions underlying monetised costs information we received from suppliers.

⁶² Per year figures are based on the ongoing costs per year provided to us by suppliers as part of data returns.

⁶³ Customer numbers are based on the best estimate of total customers in Great Britain from July 2023 RFI data.

⁶⁴ *ibid*

⁶⁵ See section 5 for how we have calculated the lower and upper ranges of total costs to the market costs per customer and for more information on the supplier data we have received, and how we have used this data.

⁶⁶ Based on Q1 2023 market shares for gas and electricity markets. See Ofgem data portal for more detail.

⁶⁷ See section 5 below for more detail on costs information.

approximately 81% of the market already offered some form of extended contact hours beyond 9-5 on weekdays, and any hours on weekends.⁶⁸

- We note that suppliers signed up to the Energy UK Vulnerability Commitment already offer a freephone to their customers in financial hardship. This is currently 14 suppliers, covering over 90% of the domestic retail market.⁶⁹
- Some suppliers who have responded with costs information to our July 2023 statutory consultation indicated that they already comply with a number of areas of policies or would not accrue significant costs. For example, a few large suppliers indicated they already comply with the advice and support for customers struggling with their bills policy and several supplier responses indicated they would incur no significant additional costs for the reputational incentives policy.
- Some of the policies build upon existing licence condition obligations already in place for suppliers, and do not represent significant changes to the substance of these obligations. For example, energy suppliers are already required to provide support to customers in payment difficulty and are already required to ensure it is easy to contact them.
- The less prescriptive and more principle-based nature of the new licence conditions means that suppliers may be able to find further efficiencies in how they comply with the licence condition changes. Thus, some of the costs we received at the time of statutory consultation responses may be overestimates of the true costs of the policies.
- In response to statutory consultation feedback, we have made changes to our proposed licence conditions and guidance document to address concerns raised by suppliers about the costs of implementing the proposals (eg amending our licence drafting to clarify that suppliers are only required to provide free enquiry services to financially vulnerable customers).
- Therefore, we contend that the incremental costs provided to us by suppliers, or the lower bound of costs, are a more accurate reflection of future ongoing costs to the market. However, to ensure we cover the range of potential costs that could accrue to the market, we have also set out an upper bound of costs.⁷⁰
- Also note that we consider that there is a possibility that the upper bound of costs may be higher than outlined in our costs estimates below, if it transpires that

⁶⁸ [Consumer Standards - Statutory Consultation | Ofgem](#) p.29. Note that the analysis did not cover whether these extended hours met the needs of each supplier's customers, only that they offered some forms of extended hours.

⁶⁹ [Vulnerability Commitment - Energy UK \(energy-uk.org.uk\)](#). Information correct as of October 2023.

⁷⁰ See section 5 below for more detail on how we calculate the upper bounds of costs.

suppliers who did not respond to our statutory consultation would face higher costs of complying with these policies. However, absent of this information being provided by suppliers, we have estimated the upper range of costs based on the best information that has been made available to us.

Table 2: Total and per customer ongoing costs per year to the market

Policy Area	Lower range of total ongoing costs (£ million per year)	Upper range of total ongoing costs (£ million per year)	Lower range of total ongoing costs (£ per customer per year)	Upper range of total ongoing costs (£ per customer per year)
Opening hours to meet customer needs across a range of contact methods ⁷¹	£38.8	£49.9	£1.22	£1.57
Free enquiry service for domestic customers in financially vulnerable circumstances	£17.2	£34.4	£0.54	£1.08
Identifying and prioritising enquiries from domestic customers in vulnerable situations or their representatives	£8.0	£14.8	£0.25	£0.46
Support for customers struggling with their bills ⁷²	£0.0	£22.4	£0.00	£0.70
Reputational incentives	£1.0	£2.4	£0.03	£0.07
Total	£65.0	£123.7	£2.05	£3.89

Table 3: Total and per customer one-off costs to the market

Policy Area	Lower range of total one-off costs (£ million)	Upper range of total one-off costs (£ million)	Lower range of total one-off costs per customer	Upper range of total one-off costs per customer
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⁷¹ Note that due to the way data was provided to us and we were able to categorise them, these costs have been included together and are assessed together in this impact assessment annex.

⁷² Most suppliers who provided costs data or information indicated they would accrue no additional costs to comply with the support for customers struggling with their bills policies. Therefore, we have assessed the lower range of costs for this policy area as £0 and the upper range of costs are based only on the costs provided to us by a small number of suppliers who indicated they would accrue costs from these policies.

			(£ per customer)	(£ per customer)
Opening hours to meet customer needs across a range of contact methods	£0.9	£1.8	£0.03	£0.06
Free enquiry service for domestic customers in financially vulnerable circumstances ⁷³	N/A	N/A	N/A	N/A
Identifying and prioritising enquiries from domestic customers in vulnerable situations or their representatives	£0.1	£0.2	£0.00	£0.01
Support for customers struggling with their bills	£0.0	£3.0	£0.00	£0.09
Reputational incentives ⁷⁴	N/A	N/A	N/A	N/A
Total	£1	£5	£0.03	£0.16

Non-monetised costs

4.8. Some of the policies may entail some costs that we are unable to monetise:

- For contact ease, any increase in contact centre hours may mean suppliers stretch existing resources to accommodate the increase in hours. Further, provisions for free enquiry services or prioritisation for vulnerable customers could be used by those not in these customer groups. There may also be a risk that suppliers are unable to identify and prioritise representatives such as consumer groups, charities or friends and family who may be contacting a supplier on behalf of a vulnerable customer. However, we consider that existing licence obligations are already in place to address the risks of these adverse outcomes. For example, suppliers are already required to ensure that customer service arrangements and processes are complete, thorough, and fit for purpose (SLC 0).
- For advice and support for customers struggling with their bills, proactive communication may be seen as excessive if not managed well by suppliers. However, suppliers have committed to reviewing debt communications in line with best practice and our policy on reputational incentives aims to mitigate the possibility of this occurring, eg through providing more transparency on quality of suppliers' customer service. Further, consumer groups were concerned that earlier

⁷³ Where the data is N/A, no data were provided on one-off costs for these policies

⁷⁴ Ibid.

engagement by suppliers may possibly cause an increase in burden on debt charities and organisations who may be signposted to more frequently by suppliers, although we do not have access to evidence to suggest this risk would materialise.⁷⁵

- For reputational incentives, there is a risk that asking suppliers to publish customer service data may incentivise them to focus on delivering outputs that would improve their scores to the detriment of other areas of customer service. However, this issue may be mitigated by the long-term measure of customer experience that we are aiming to develop.
- Overall, we consider that through a combination of existing licence conditions, work we have underway, and future work, we consider that the non-monetised risks outlined above are already, or would be mitigated sufficiently.

Summary of overall benefits and costs

4.9. Overall, the monetised consumer standards costs and benefits⁷⁶ could result in an ongoing net benefit (not including one-off costs in Year 0) to customers of between £-32.7m⁷⁷ to £-91.4m⁷⁸ per year, or £-1.03 to £-2.88 per customer per year respectively (based on 2023 prices), although as outlined previously in the costs section, it is likely that the net benefit is closer to the lower figure (£-32.7m per year).⁷⁹ However, as outlined above, there are significant non-monetised benefits that would accrue to customers, including vulnerable customers and their representatives, and third sector organisations such as consumer groups and charities. Thus, although we are not able to monetise some of these benefits, we expect the benefits of these policies to customers would be additive to the monetised benefits values we have quantified above. Furthermore, we consider that overall, for the non-monetised costs for contact ease and support for customers struggling with their bills, suppliers are either already required to mitigate the risks we outline above through existing licence requirements, or we have work planned or underway to further mitigate these risks. Thus, overall, in aggregate we consider the benefits that would accrue to customers are proportionate to the costs that suppliers may incur, while we also consider the policies to be in line with our duties as a regulator.

⁷⁵ From responses and feedback we have received throughout the consultation process.

⁷⁶ Note the illustrative nature of the monetised benefits calculations.

⁷⁷ Based on subtracting lower range of monetised costs from monetised benefits.

⁷⁸ Based on subtracting upper range of monetised costs from monetised benefits.

⁷⁹ Without the benefits being considered, the costs of the policies to suppliers could range from £65m to £123.7m per year (not including one-off costs in Y0) or between £2.05 to £3.89 per customer per year.

Opening hours to meet customer needs across a range of contact methods

Monetised Benefits

4.10. We have monetised benefits for the opening hours across a range of contact methods policies.⁸⁰ We estimate that the benefit to customers per call from these policies to be a maximum of £32.4m. The rationale behind this benefits calculation is to first take the proportion of yearly calls that get through to call centre representatives, and which are made by callers (customers) who work only during the day, and who are customers of suppliers who indicated to us they would accrue a cost for the opening hours to meet customer needs across a range of contact methods policies.⁸¹ This analysis is then carried out under the assumption that the customers making these calls currently do not benefit from being able to call their supplier as they are working during the day, and that they would benefit from being able to call their supplier during non-working time with the monetary value attached to their non-working time. As such, we then multiply this adjusted calls figure by a monetary value in minutes that customers (callers) may place on non-working time.⁸² We then calculate benefits figures by multiplying the resulting value of time per minute by average call wait times and average call durations in minutes separately.⁸³ In other words, we assume customers would benefit from being able to contact and talk to these suppliers during non-working time, where they would otherwise not be able to do so as they are working, and thus would not benefit.⁸⁴ More detail on these benefits can be found in Table 4 below.

⁸⁰ Details on the steps we take to carry out this analysis, information we use, and caveats can be found in Section 5 below. Note that this estimate is illustrative only as there are uncertainties underlying the data, methodology and information used to calculate these benefits values. The basic steps of calculating the benefits values include taking the total numbers of estimated calls per year by scaling up daily average market figures for suppliers who provided us non-zero costs information for these policies to a yearly figure (customers who would benefit from this policy). We then adjust these figures for those in the UK population who are employed (as a proxy for Great Britain), and also adjust the figure for percentage of calls that are answered by an operative to exclude automated calls. We then multiply this adjusted calls figure by a minute value of non-working time from Department for Transport analysis. This figure is then further multiplied separately by average call waiting and call duration times for the suppliers who provided us non-zero costs information to provide an estimate of the benefit to customers per annum that would accrue to them from being able to call their supplier during non-working time.

⁸¹ Call/contact data from supplier-provided data gathered as part of our July 2023 customer contact RFI.

⁸² Based on Department for Transport analysis. The 2023 market value of non-working time (other) is £4.99 per hour. Dividing this by 60 results in a per minute value of £0.08. The data can be found here: [tag-data-book-v1.21-may-2023-v1.0.xlsm \(live.com\)](#) on Table A1.3.2

⁸³ Data from supplier-provided data gathered as part of our July 2023 customer contact RFI.

⁸⁴ Based on average number of daily call data from an Ofgem RFI. We judged this call data as appropriate to be used for estimating contact by drawing on energy and other sector data. A 2022 Which? survey of over 2,000 UK adults, showed 66% wanted suppliers to offer a telephone number. Further, Ofcom data showed in 2022 the most popular way by far for customers to contact their provider is by phone, accounting for 77% of mobile customer contacts and 90% of landline and broadband contacts.

Table 4: Estimated annual benefit of opening hours to meet customer needs across a range of contact methods policy to customers

Calculation	Yearly number of calls that get through to customer service representatives from customers who only work during the day (millions)	Customer value of Time (difference between working and not working) (£) (minutes)	Benefit value for average call wait time (£ millions) ⁸⁵	Benefit value for average call duration (£ millions) ⁸⁶	Total benefit value (£ millions)
Estimate of benefit	26.3	£0.08	£7.1	£25.2	£32.4

4.11. As our estimate of number of calls to suppliers from one RFI return have been first scaled up to a yearly figure and then adjusted for those working and calling during the daytime, we consider that the benefits figures outlined here are the upper limits of what possible monetised benefits could be. This is because we assume that all customers who work during the day would benefit by calling during non-working hours. As such, to mitigate this, we present possible benefits figures below in Table 5 based on assumed proportions of these calls that would be made during non-working hours. Table 5 below shows that the total benefits figure could range from £8.1m if 25% of the 26.3m calls we have presented above are made during non-working time to the maximum benefit figure of £32.4m if 100% of the calls are made during non-working time.

⁸⁵ Average call wait time for the suppliers who provided us non-zero costs data for these policies was 3 minutes and 16 seconds. This benefits value is calculated as 1) number of estimated calls multiplied by the 2) value of time estimate and further multiplied by 3) average call wait time for these suppliers.

⁸⁶ Average call duration time for the suppliers who provided us non-zero costs data for these policies was 11 minutes and 32 seconds. This benefits value is calculated as 1) number of estimated calls multiplied by the 2) value of time estimate and further multiplied by 3) average call wait duration for these suppliers.

Table 5: Changes in monetised benefits values based on proportions of total calls made during non-working time

Item	Total yearly number of calls that get through to customer service representatives from customers who only work during the day (millions)	Benefit value if 25% of calls are made during non-working time (£ million)	Benefit value if 50% of calls are made during non-working time (£ million)	Benefit value if 75% of calls are made during non-working time (£ million)	Benefit value if 100% of calls are made during non-working time (£ million)
Benefit values	26.3	£8.1	£16.2	£24.3	£32.4

4.12. Furthermore, the data underlying the call numbers are subject to some uncertainty as they are based on one data return.⁸⁷ Thus, we also present an estimate of the number of calls that would balance the costs of the policies against the benefits. This can be found in Table 6 below. For the policies to break-even against the costs, we estimate that between 31.5m-40.5m calls would need to be made to these suppliers per annum.

4.13. For Table 6, we calculate the benefit per call figure for one caller based on the same methodology as in Table 4,⁸⁸ and then divide total costs provided by suppliers for these policy areas by the benefit per call value (£1.23) to estimate the number of calls required per annum for the monetised benefits to break-even against the costs. This allows us to approach the analysis in a different way by excluding the uncertainty surrounding the call numbers provided in the RFI response. The below table shows that the number of calls required per year for the policies to break even against the costs are higher than our estimate of calls these suppliers receive from the customers that would benefit in Table 4 above.

Table 6: Number of yearly calls for costs to break-even against benefits⁸⁹

⁸⁷ See section 5 below for more detail on this issue.

⁸⁸ Total benefits value divided by number of estimated calls in Table 4

⁸⁹ The break-even number of calls per year is calculated by first calculating a benefit value per call based on the same methodology as in Table 4. Total costs are then divided by this factor (£1.23) to provide the number of calls required for the costs to break-even against the benefits for the upper and lower range of costs. Note that the calculations for benefit based on value of time remain the same as in Table 4, but are based on one call rather than the RFI return call numbers.

Costs for opening hours to meet customer needs across a range of contact methods	Total additional cost to market per year (£ million)	Benefit per call (£)	Number of calls per year for break-even costs and benefits (millions)
Lower costs value⁹⁰	£38.8	£1.23	31.5
Upper costs value	£49.9	£1.23	40.5

4.14. To further account for any uncertainties the above methodology may raise, an alternative method was also used to calculate the monetised benefit, which results in a similar monetary benefits value that would accrue to customers as the above methodology. In this method, we adjust the above call numbers calculation by an additionality factor, and by using a different value of time estimate. The additionality of the reforms was calculated based on what suppliers with over 1% market share (either gas or electricity market shares)⁹¹ were offering in phone contact hours now, and an average 17% increase in contact hours across all suppliers, with an assumption that customer calls would shift on a pro-rata basis. This additionality factor is illustrative only and could be higher or lower depending on the needs of individual suppliers' customers.⁹² The benefit in this case was measured as the difference in the monetary values of time between working time (£0.35 per minute) and non-working time (£0.08 per minute), or a difference of around £0.27.⁹³ In other words, this assumes that the benefit to customers would be through the value of shifting a proportion of calls to any extended contact hours. On this basis, benefits are approximately £29m, which is of the same magnitude of our estimates using the first method outlined above.

4.15. In sum, while the benefits figures above are illustrative only,⁹⁴ they demonstrate that there are possibly significant benefits that would accrue to customers from implementing these policy options on opening hours to meet customer needs across a range of contact methods. While these are likely to be less than the costs of the policies, we consider that the non-monetised benefits outlined below are likely to further balance the benefits of these policies against the costs.

⁹⁰ This cost is based on the suppliers who provided us costs information that was above zero for extended hours.

⁹¹ As per Q1 2023 gas and electricity market shares. See Ofgem data portal for more detail.

⁹² For the avoidance of doubt, this analysis should not be interpreted as a required standard or explicit expectation. Please refer to the [Decision document, accompanying SLC drafting and guidance](#) for the decision on this policy.

⁹³ Based on Department for Transport analysis. The 2023 market value of working time is £21.15 per hour and non-working time (other) is £4.99 per hour. Dividing these figures by 60 result in per minute values of £0.35 and £0.08 respectively, with a difference of £0.27. The data can be found here: [tag-data-book-v1.21-may-2023-v1.0.xlsm \(live.com\)](#) on Table A1.3.2

⁹⁴ Due to the data quality and assumptions made in the methodology.

Non-monetised benefits

- 4.16. We consider that requiring suppliers to be open at times that reflect customers' needs will ensure that suppliers design their opening hours to take this into account. In a Which? survey of energy customers, 15% of customers were dissatisfied by their provider's customer service contact hours and 19% of customers were dissatisfied with the variety of contact methods available.⁹⁵
- 4.17. Furthermore, we note that 2022 Office for National Statistics Labour Force Survey data outlines that when asked, 73% of people in the UK responded that they work only during the day.⁹⁶ This may restrict a large number of customers' ability to make essential contact during core daytime working hours.⁹⁷ We would also expect that this impact would be more significant for those customers in financially vulnerable situations and who are in work who may value the incomes they gain through their work more than other customers in order to spend on essentials. For example, the poorest fifth of households between April 2021 to March 2022 spent the greatest proportion of their total expenditure (25.3%) on housing (net), fuel and power, compared to 16.6% for all households and 12.6% for the top fifth wealthiest households.⁹⁸ From analysis we carried out for the statutory consultation, suppliers comprising around four-fifths of both the electricity (81%) and gas (81%) markets⁹⁹ already offer some form of extended hours¹⁰⁰ during the week and opening hours on the weekend across different contact methods, although this analysis did not look at whether these extended hours met customer needs.¹⁰¹ The analysis also showed that some suppliers in the market did not clearly offer these services (eg through easy to access opening hours for email or webform responses) and that some of these extended opening hours could only be for limited contact methods (eg text message services), which may mean these do not serve customer needs.
- 4.18. In responses throughout our consultation process, other stakeholders (eg consumer and debt helplines, and network operators), stated that if suppliers were open at times that met customers' needs then this would reduce the number of enquiries

⁹⁵ Which?, 2022, Annual Energy Customer Survey from Which? response to our policy consultation

⁹⁶ [The night-time economy, UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/economy/employmentandproductivity/articles/the-night-time-economy-uk-2022)

⁹⁷ It is possible that some customers extend their working days to contact their suppliers, for example by taking time off during the day and working additional time when they have called their supplier. Thus, this would represent a maximum estimate of the number of customers who may be affected.

⁹⁸ [Family spending in the UK - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/economy/incomeandlivingstandards/articles/family-spending-in-the-uk-2022)

⁹⁹ Assessment using best estimates of Q1 2023 gas and electricity market shares for suppliers with a market share of 1% or higher. For latest published data, and an explanation of the market share data, please see Ofgem data portal.

¹⁰⁰ Taken to mean any form of contact method that was for extended hours beyond 09:00-17:00 during the week and any hours on the weekend.

¹⁰¹ Note that in this analysis, we excluded contact methods where it was not clear what the opening hours were, where we deemed the form of contact would not be covered by customer service representatives (eg a completely virtual assistant) and where our research indicated the method was labelled as 'emergency only'

- they received outside 09:00-17:00. These stakeholders considered that many of the enquiries they received during this period would be best taken forward by the customers' energy supplier.
- 4.19. When participants in the qualitative research were presented with our proposals, they indicated that they thought extended hours could help reduce call waiting times and reduce the anxiety they face about finding a convenient time to call their suppliers, along with being passed between departments.¹⁰²
- 4.20. Customers, including those who may be in vulnerable circumstances, value different contact methods to meet their needs. In a 2022 Which? survey of over 2,000 UK adults, 68% wanted energy providers to include an email address on their energy bill, 66% a telephone number, 49% a website address, 35% internet chat, 10% Facebook messenger and 2% another method.¹⁰³ Citizens Advice's recent survey into digital disadvantage and exclusion in the energy market also showed that 8% of people aged 65-74 and 23% of people aged 75 and over don't have broadband at home. Furthermore, one in five (21%) of those surveyed said that the cost of regular, unlimited internet connection is unaffordable, compared to less than 5% of those who aren't digitally disadvantaged.¹⁰⁴ Therefore, having a range of contact method that meet customers' needs, including ones that are not reliant on an internet connection, ensures that different types of customers have the same opportunities to contact their supplier.
- 4.21. Several responses to our May 2023 policy consultation stated that persons with mental health issues or disabilities would benefit from non-phone methods of contact (eg email or internet chat). For example, the Money and Mental Health Policy Institute reported that those with mental health issues have difficulties using at least one communication channel, and over half (54%) struggle with use of the phone.¹⁰⁵ Participants in our qualitative consumer research also indicated that alternative methods of contact offer a suitable option to meet different customers' needs.¹⁰⁶
- 4.22. For instances in which a supplier has a significant customer base who do not speak English, customers for whom English is not their first language may also see some benefits from the policy on a range of contact methods to meet customer needs.¹⁰⁷ While we do not have significant detailed evidence on the issues these customers

¹⁰² [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹⁰³ [Energy bills transparency - Which? Policy and insight](#)

¹⁰⁴ [Digital Disadvantage and Exclusion Report \(citizensadvice.org.uk\)](#)

¹⁰⁵ Holkar M, Evans K and Langston K. Access Essentials. Money and Mental Health Policy Institute. 2018

¹⁰⁶ [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹⁰⁷ This issue was raised by consumer groups during stakeholder engagement throughout the consultation process

may face when contacting their supplier, or detailed costs information from suppliers on the costs of services such as telephone interpreting services or websites in different languages, there are likely to be a number of individuals in this category who are customers of energy suppliers and consumers of energy. For example, 1.5%, or 880,000 of the population of England and Wales could not speak English well, while 0.3% or 161,000 of the overall population could not speak English at all.¹⁰⁸ In Scotland, around 98,300 of the population aged 3 and over could understand but did not speak, read or write English and around 8,600 people did not have any skills in English, although we note this data is from 2011.¹⁰⁹ Furthermore, there may be further issues these groups of customers may face which could place them in vulnerable categories. For example, research from 2015 on England and Wales indicated that those who were non-proficient in the English language were less likely to be in good health, and less likely to be employed.¹¹⁰ While these individuals may comprise a small part of the populations of Great Britain, there are potential risks that services that may not consider these groups of customers could potentially adversely impact people in these groups.

- 4.23. We consider that ensuring suppliers have methods of contact that meet customer needs will improve supplier contact ease and could reduce the demand burden on consumer groups and charities' services.¹¹¹

Monetised costs

- 4.24. As outlined in the summary above, from cost information provided to us by suppliers, we estimate that the total annual ongoing costs of opening hours across a range of contact methods policies could range between £38.8m to £49.9m per year, or £1.22 to £1.57 per customer per year. We estimate one-off costs would range between £0.9m to £1.8m or between £0.03 to £0.06 per customer.

Non-monetised costs

- 4.25. There is a risk that suppliers stretch available resources (eg call centre staff) to accommodate an increase in contact centre hours. This could result in adverse customer outcomes such as longer call wait times and decreased quality of customer service. However, we consider that existing licence obligations mitigate this risk. For

¹⁰⁸ [Language, England and Wales - Office for National Statistics \(ons.gov.uk\)](#) – Data collected as part of 2021 Census

¹⁰⁹ [Search | Scotland's Census - Search by topic - Topic selection \(scotlandscensus.gov.uk\)](#) – Data collected as part of 2011 Census

¹¹⁰ [People who cannot speak English well are more likely to be in poor health - Office for National Statistics \(ons.gov.uk\)](#)

¹¹¹ Various responses throughout the consultation process.

example, suppliers are required to ensure that customer service arrangements and processes are complete, thorough, and fit for purpose (SLC 0).

Conclusion

4.26. In sum, we estimate the net benefits to customers for these policies could range between -£6.4m to -£17.5m per year or £-0.20 to £0.55 per customer per year if the benefits we have calculated are considered. These policies cost between £38.8m to £49.9m per year, or £1.22 to £1.57 per customer per year. However, while we have been unable to monetise a number of other benefits, it is likely that the additional value that some groups of vulnerable customers, including those who may have mental health issues, those with disabilities, those who are digitally excluded and possibly those who do not speak English well or at all would accrue from these policies, and the interplay between the improvements from other contact ease policies would mean the true net benefit figures are likely to be balanced more closely against the costs of the policies, even where the illustrative estimates for benefits have not been included in the net benefit values.

Free enquiry service for domestic customers in financially vulnerable circumstances

Non-monetised benefits

- 4.27. There would be benefits for customers in financially vulnerable circumstances from having a free method of contacting their suppliers. We consider that not adding costs for customers that are already struggling to pay their bills will help ensure that contacting a supplier does not worsen a customer's financial situation. This may also remove a barrier to contacting their supplier for a customer in a financially vulnerable situation. This is particularly the case for customers who aren't on inclusive minutes mobile phone contracts. It is estimated that around 19% of UK respondents to a survey on most used mobile phone packages indicated they were on pre-pay or pay as you go mobile packages.¹¹²
- 4.28. When presented with our freephone policy option, participants in the qualitative consumer research indicated that the option would be logical as it would specifically help customers in vulnerable circumstances, and those that are struggling to pay their bills.¹¹³

¹¹² [UK: mobile phone package usage 2022 | Statista](#)

¹¹³ [Consumer standards qualitative research | Ofgem](#) May-June 2023

4.29. We note that a few energy suppliers already offered general contact freephone numbers¹¹⁴ and many offer a freephone number to customers in financial hardship, as part the Energy UK Vulnerability Commitment.¹¹⁵ For this reason we have not provided an estimate of the additional monetised benefit for this policy.

Monetised costs

4.30. As outlined in the summary above, from costs information provided to us by suppliers, we estimate that the total annual ongoing costs for the free enquiry service policy could range between £17.2m to £34.4m per year, or £0.54 to £1.08 per customer per year. No cost information was provided on one-off costs for this policy. Some suppliers, in their cost responses, indicated that it would be more efficient to provide free enquiry services for all instead of just for vulnerable customers. Therefore, the costs above may reflect providing this service to all customers.

Non-monetised costs

4.31. There is a risk that free enquiry services targeted to customers in financially vulnerable circumstances could be used by those not in these customer groups, thus reducing the possible benefit of shorter call wait time for those in financially vulnerable circumstances. There is also a risk that some customers in financially vulnerable situations would not be aware they are eligible for free methods of contact (eg due to the transient nature of vulnerability),¹¹⁶ depending on the way in which a supplier approaches the licence condition.

Conclusion

4.32. To summarise, we expect that this policy for a free enquiry service would benefit those customers who are in financially vulnerable situations, who may be struggling to pay their bills, and who are not with a supplier who offers a freephone number, (which may be around 10% of the market)¹¹⁷, and who cannot afford extra costs to call their supplier to tell them they are unable to pay. These benefits may also extend to a broader group of customers, where suppliers deem it more cost and operationally efficient to run this service for all customers. Finally, we do not deem the costs of this policy to be significant costs to the market.¹¹⁸ As such, we consider that the minimum level of service that this policy would institute for those financially

¹¹⁴ [Consultation on a framework for consumer standards and policy options to address priority customer service issues | Ofgem](#)

¹¹⁵ [Vulnerability Commitment - Energy UK \(energy-uk.org.uk\)](#)

¹¹⁶ [Consumer Vulnerability Strategy 2025 | Ofgem](#)

¹¹⁷ Based on 90% of market offering this service as per the Energy UK vulnerability commitment

¹¹⁸ See summary of overall costs in this section above.

vulnerable customers who may not already be offered this service is proportionate to the costs that suppliers who do not already comply with this policy would incur.

Identifying and prioritising enquiries from domestic customers in vulnerable situations who may require immediate assistance, guidance or advice, or representatives acting on their behalf

Non-monetised benefits

- 4.33. Prioritising customers in a vulnerable situation who may require immediate assistance, guidance or advice will provide clear benefits to this group of customers who often have more complex needs. Through the qualitative research commissioned by Ofgem, participants fed back that long call wait times are a barrier to contacting their supplier when they are struggling to pay their bills. Participants welcomed the proposal. However, they questioned how this would work in practice.¹¹⁹
- 4.34. The extension of this policy to also include those who are acting on behalf of a customer in a vulnerable situation who may require immediate assistance, guidance, or advice, may result in less burden on these groups. For example, in their responses and feedback throughout the consultation process, consumer groups mentioned that their services are stretched due to long call wait times to speak to suppliers on behalf of customers as they are not prioritised. Therefore, through the inclusion of the prioritisation of customer representatives into the licence conditions, we expect charities and consumer group to be able to help more customers overall.
- 4.35. We have not provided a monetised benefits value for this policy as it is difficult to provide a targeted figure just for this policy. It is likely that there are unknown impacts and confounding factors that may arise from the other policies on contact ease such as opening hours that meet customers' needs, range of contact methods and free enquiry services for financially vulnerable customers which we do not have the data for to be able to monetise.

Monetised costs

- 4.36. As outlined in the summary above, from costs information provided to us by suppliers, we estimate that the total annual ongoing costs to identify and prioritise customers in vulnerable situations could range between £8m to £14.8m per year, or £0.25 to £0.46 per customer per year. These costs may include setting up tailored interactive voice response systems to prioritise customers in vulnerable situations.

¹¹⁹ [Consumer standards qualitative research | Ofgem](#) May-June 2023

We estimate one-off costs would range between £0.1m to £0.2m or between less than £0.01 to £0.01 per customer.

Non-monetised costs

4.37. We recognise there is not a failsafe solution to identifying customers that are in vulnerable situation. As a result, there is a risk that suppliers may overcompensate and identify and provide support to customers who are not strictly in a vulnerable situation. But by the same argument there is also the risk that suppliers may undercompensate and fail to identify some customers in vulnerable requiring support. We do not have evidence to monetise this sufficiently, but it is likely that the impact may be cost neutral.

Conclusion

4.38. In summary, we expect that this policy would overall benefit customers in vulnerable situations and their representatives as they would be able to get in touch with their suppliers more rapidly and efficiently. In combination with the benefits of free enquiry services for financially vulnerable customers, we expect that these two policies would work in harmony to provide an easier route for this group of customers to contact their suppliers. While we also note that there are risks of customers who are not in vulnerable circumstances possibly using this route to contact suppliers more efficiently, and difficulties for suppliers in identifying this group of customers and their representatives, this could be mitigated through the process of learning-by-doing by suppliers, particularly where each supplier may already have their own methods of identifying and prioritising vulnerable customers.¹²⁰ Similarly to the policy outlined above on free enquiry services, we believe the benefits are proportionate to the costs that suppliers would incur.

Advice and support for customers struggling with their bills

Non-monetised benefits

At earliest opportunity, proactively contact, identify and provide support to customers that are struggling with their bills.

4.39. Our evidence suggests that customers would value proactive, supplier support and there may be benefits to customers from proactive support. Participants of the qualitative consumer research indicated that proactive contact from their energy supplier would have tangible impacts for customers struggling with their bills. For

¹²⁰ In their costs responses, some suppliers indicated they already have systems and processes in place to identify and prioritise vulnerable customers.

example, by stopping customers from getting into problem debt and removing barriers to customers contacting a supplier first. Further, identifying and contacting vulnerable customers proactively was identified as our most impactful proposal from the research.¹²¹ Furthermore, the Q4 2022 Consumer Perceptions in the Energy Market survey showed that 60% of credit meter consumers who had fallen behind on their bills got in contact with their supplier for support. This continues to be driven by consumers reaching out first (43%), rather than suppliers contacting consumers to offer support (18%).¹²²

- 4.40. Customers also agree that contacting them after two missed payments would be effective. In our qualitative consumer research, participants felt that contact after two missed monthly payments was appropriate as missing one payment may not be reflective of a customer's situation (eg a particularly 'bad' month) and gives time for the customer to potentially resolve the situation themselves.¹²³
- 4.41. We consider that early, effective proactive engagement could be one factor in helping to limit overall debt for those not yet on a repayment plan. In July 2023, average household debt with their supplier where a repayment plan was in place was £714, which was significantly lower than households without a repayment plan with average arrears of £1,686.¹²⁴ This may mean that if customers are proactively placed on repayment plans that meet their needs and are based on their circumstances, this may help manage the energy debt they are in.
- 4.42. Improvements in customer service and consumer outcomes may rely on effective, tailored, proactive contact and debt support. For example, the 2021-22 NEA Fuel Poverty Monitor research concluded that to improve customer service suppliers needed to proactively review existing debt repayment plans for customers whose debts are increasing, and to take quick action to contact customers who have fallen into debt for the first time.¹²⁵ Furthermore, one response to our policy consultation indicated that effective debt support may result in vulnerable customers being treated better across the energy industry.¹²⁶
- 4.43. Proactive engagement may help minimise broader issues for customers in vulnerable situations. There is evidence that energy debt worries may exacerbate broader physical, psychological, and financial challenges. In their response to our

¹²¹ [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹²² [Consumer Perceptions of the Energy Market Q4 2022 | Ofgem](#)

¹²³ [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹²⁴ We are aware that there may be various reasons not outlined above for the differences between those on repayment plans and those not on repayment plans, and debt growth figures. Data collected from suppliers. From analysis of supplier data held at Ofgem.

¹²⁵ NEA response to our May 2023 policy consultation

¹²⁶ One response to our May 2023 policy consultation

May 2023 policy consultation, the University of East Anglia argued that financial difficulties faced in energy are usually part of wider financial challenges and are linked to other spending choices on areas such as food, housing, and health.¹²⁷ Furthermore, Money and Mental health research on England indicates that over 420,000 people in problem debt each year consider suicide and 100,000 people in debt actually attempt suicide. Furthermore, four in five (81%) of those who had seen an energy bill increase in the previous year had cut back on their energy use, over half (53%) had cut back on other essential spending, and one in five (20%) had borrowed money to pay bills.¹²⁸ Experian also noted that there may be situations where a customer uses their credit card to pay off energy debt and face further detriment due to high interest rates.¹²⁹ If left unchecked, this could result in a continuous cycle of growing debt.

- 4.44. Overall, proactive engagement to understand ability to pay and offer support may provide clearer debt pathways for customers and have positive supplier impacts (eg reduced debt management and collection costs).¹³⁰ It follows that proactive debt management would see benefits for both customers and suppliers.
- 4.45. Responses to our May 2023 policy consultation also indicated that if suppliers do provide effective debt management facilities, then the burden on other organisations (eg debt charities) may decrease and allow them to help more clients.
- 4.46. Customers may also benefit from the more proactive engagement this policy would entail. For example, 10% of credit meter consumers in a survey said they have fallen behind on an energy bill in the past three months. Among those consumers, 18% reported that their supplier contacted them proactively to offer support. Furthermore, 37% of PPM consumers in the same survey said they have run out of credit on their PPM in the past three months. Of those, 13% reported that they were proactively contacted by their supplier to offer support.¹³¹

Repayment plans to reflect ability to pay

- 4.47. Ensuring that repayment plans reflect ability to pay, including considering pausing minimum repayments, may allow for more flexibility. As mentioned, most

¹²⁷ Pay (for it) as you go: Prepaid energy meters and the heat-or-eat dilemma, by Burlinson, Davillas and Law, 2022; Fuel poverty and financial distress by Burlinson, Giulietti, Law, and Liu, 2021; and Getting warmer: Fuel poverty, objective and subjective health and well-being, by Davillas, Andrew Burlinson and Liu, 2022

¹²⁸ [mha_energy_standards_guide_web.pdf \(moneyandmentalhealth.org\)](#)

¹²⁹ Experian response to May 2023 policy consultation

¹³⁰ One supplier and University of East Anglia responses to our May 2023 policy consultation

¹³¹ [Consumer Perceptions of the Energy Market Q4 2022 | Ofgem](#) Data is based on survey participants' recall, and so may not reflect suppliers' records.

participants in the qualitative consumer research felt that this would be a useful solution that works for both sides, as sometimes even minimal repayment rates are too high for those in debt. Many participants felt that the right repayment plan will differ between people.¹³²

- 4.48. Offering repayment plans which reflect customers' ability to pay, including considering pauses in repayment levels, could potentially support the ability of financially vulnerable households to maintain consumption for other essential needs. In a study of consumption effects of mortgage payment holidays in the UK during the COVID-19 pandemic, an International Monetary Fund study showed that mortgage payment holidays allowed liquidity-constrained households to maintain higher annual consumption growth compared to those non-eligible for the policy.¹³³ Furthermore, there is precedent for similar measures being taken in other sectors. For example, the Financial Conduct Authority and Government developed a new mortgage charter including the option of payment deferrals. To note, lenders that comprise 75% of the market have signed up to the charter.¹³⁴
- 4.49. This policy may also benefit customers' mental health outcomes. A study on debt, credit payment holidays and mental health during COVID-19 in the UK found that credit payment holidays could significantly reduce the negative effects of debt on mental health. Furthermore, the authors conclude there may be beneficial impacts of using credit payment holidays in other policy contexts.¹³⁵
- 4.50. This decision may also mean customers on prepayment meters may be less likely to self-disconnect or self-ration to ensure they stay on supply, and this may benefit other customers who are not on prepayment meters but who may also be struggling with their bills.
- 4.51. There may be other expected benefits that overlap between this option and the earlier contact option previously outlined, such as benefits from clearer debt pathways and less impact on psychological and physical health of customers. Furthermore, a pause in repayments could see benefits for both the customer and supplier. For example, the supplier would not incur additional costs of unsuccessful debt recovery for a period of time and customers may benefit from improvements to mental health.

Monetised costs

¹³² [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹³³ [Consumption Effects of Mortgage Payment Holidays: Evidence during the COVID-19 Pandemic \(imf.org\)](#)

¹³⁴ [Chancellor agrees new support measures for mortgage holders - GOV.UK \(www.gov.uk\)](#)

¹³⁵ [Debt, Credit Payment Holidays, and their Relationship with Mental Health during the COVID-19 Pandemic in the United Kingdom - Matthew Sparkes, Senhu Wang, Jacques Wels, 2023 \(sagepub.com\)](#)

4.52. As outlined in the summary above, from cost information provided to us by suppliers, we estimate that the total annual ongoing costs of the advice and support for customers struggling with their bills policy could range between no additional costs to £22.4m per year, or £0.70 per customer per year. We estimate one-off costs would range between no costs to £3m, or around £0.09 per customer.¹³⁶ These ongoing and one-off costs include systems changes that would allow suppliers to consider and operationalise repayment pauses, ongoing communication with customers who are struggling with their bills and costs related to understanding a customer's ability to pay. However, note that in their costs returns, several suppliers indicated they already comply with this policy.

Non-monetised costs

4.53. There is a risk that proactive communications may be seen as excessive if not managed well by suppliers. In the qualitative consumer research, participants indicated that proactive support and communication from suppliers may be seen as 'alarming' if increasing in frequency and may result in customers not engaging with communication with their suppliers.¹³⁷ To minimise this risk, we welcome Energy UK's Winter 2023 Voluntary Debt Commitment which aims to ensure consumers in debt are protected and get the support they need. We also consider that our work to improve reputational incentives and ensure suppliers are focused on delivering overall good service, could also minimise this risk.

4.54. Some responses highlighted a concern that early engagement may increase burden on debt charities and organisations. For example, a few responses to our May 2023 policy consultation indicated that if suppliers do not develop the expertise for effective debt management, they may instead rely more on debt charities' services, such as through signposting.¹³⁸

Conclusion

4.55. In summary, we expect that the two components of the advice and support for customers struggling with their bills policies of earlier contact and repayment plans based on ability to pay would provide significant benefits to those customers struggling with their bills, including those who may be in vulnerable circumstances. From research we carried out, customers have indicated they would benefit from proactive supplier support. There may also be broader benefits to vulnerable customers, for example where they might be able to have temporary relief from repayment plans to allow them to spend on other essentials they require. More

¹³⁶ See section 5 below for an explanation of these costs.

¹³⁷ [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹³⁸ Responses throughout the consultation process.

effective support for these customers may positively impact physical and mental health, result in less self-disconnection, and could promote improved engagement between customers and suppliers. Further, there may also be benefits to suppliers from clearer debt pathways in the form of less expenditure on issues such as debt enforcement. When compared against the costs that suppliers said they would incur for these policies, again, we assess that the costs suppliers would incur are proportionate to the benefits for these groups of customers.

Reputational incentives

Non-monetised benefits

- 4.56. We consider that our proposals will facilitate greater transparency on supplier performance, allowing customers to make better choices when choosing a supplier. This may help support competition.¹³⁹
- 4.57. Our proposals may also help build consumer trust and support more consumer engagement. Some participants in the qualitative consumer research considered that seeing a high customer service score may help them feel more confident about contacting their supplier, as they may feel reassured their supplier can help with/offer a solution. Some raised concerns over the data source, that it needs to be from a trusted source. Most felt reputational incentives are less directly helpful in improving the support received from suppliers when struggling to pay energy bills. A few participants felt that incentives should not be necessary for suppliers to provide good customer service.¹⁴⁰
- 4.58. Some research already provides an overall measure of customer satisfaction and suggests for energy suppliers it could facilitate more informed customer choice and encourage less engaged or unconfident customers to engage more actively in the market or switch suppliers. It argues that an Overall Customer Satisfaction measure could benefit competition through dissemination of reputations for customer satisfaction more effectively than in the measure's absence, and help customers and suppliers understand current levels of customer satisfaction.¹⁴¹ In addition, it would enable research into trade-offs between satisfaction and price and could also inform regulatory policy. While the research argues for a basket of measures from different sources, and the derived index is published regularly,¹⁴² and there are alternative

¹³⁹ See paragraph 4.57 and Section 6 below for more detail on competition impacts.

¹⁴⁰ [Consumer standards qualitative research | Ofgem](#) May-June 2023

¹⁴¹ [Littlechild, S. An Overall Customer Satisfaction score for GB energy suppliers, March 2021](#), Section 2.5

¹⁴² [Professor-Stephen-Littlechild-02-October-2023_Energy-Spectrum.pdf \(cam.ac.uk\)https://www.eprg.group.cam.ac.uk/wp-content/uploads/2023/08/Professor-Stephen-Littlechild-24-July-2023_Energy-Spectrum.pdf](#)

measures available,¹⁴³ our prime consideration as a regulator is on ensuring the quality of data, we would ask suppliers to report on. As such, we made a decision to use the Citizens Advice star rating measure data in the interim, as the data is of robust quality, well-established, and disseminated. Further, Citizens Advice have a statutory remit to collect and report on supplier data. We also considered that other sources of data that may not be based on reliable methodologies, or be subject to self-selection bias, may be open to manipulation and thus we have not considered the use of these measures.

- 4.59. Overall, customer service data from Citizens Advice would be an additional useful way to minimise any potential risk of unintended consequences from the contact ease proposals (eg suppliers focusing on responding quicker, but not resolving customer queries).
- 4.60. As such, in the long term, we expect that these proposals will contribute towards improving customer satisfaction levels and reduce the number of customers turning to consumer bodies, organisations and charities to help provide support.¹⁴⁴

Monetised costs

- 4.61. As outlined in the summary above, from costs information provided to us by suppliers, we estimate that the total annual ongoing costs of the reputational incentives policy could range between £1m to £2.4m per year, or £0.03 to £0.07 per customer per year. No information on one-off costs was provided for this policy area.

Non-monetised costs

- 4.62. We acknowledge stakeholder feedback that, depending on what we require suppliers to publish, this could increase the risk of unintended supplier behaviour that focuses on delivering narrow outputs (eg call waiting times) rather than broad consumer outcomes (eg customer satisfaction). In the interim, we are confident that the Citizens Advice customer service star rating will encourage suppliers to focus on delivering a better customer experience. We will also ensure that our longer-term measure of customer experience will encourage suppliers to focus on overall customer satisfaction.
- 4.63. Some of the responses to our consultation indicated that there may also be adverse, unintended, impacts on customers. For example, the use of different data sources may be confusing to customers (eg where some suppliers already publish other

¹⁴³ [Article "Developments in the Overall Customer Satisfaction League" by S. Littlechild | Energy Policy Research Group \(cam.ac.uk\)](#)

¹⁴⁴ From stakeholder feedback throughout the consultation process.

customer service metrics on their websites). We will work with Citizens Advice to minimise the risk of this.

Conclusion

4.64. We consider that there would be benefits that would accrue to customers from increased transparency on suppliers' customer service when they are thinking of choosing a new supplier. We estimate this policy does not entail significant costs for the market of between £1m to £2.4m per year, or £0.03 to £0.07 per customer per year respectively, and considering the beneficial impact this would have on customer choice and engagement in the market, we assess that the benefits of this policy are proportionate to the costs that suppliers would incur.

5. Key assumptions underpinning analysis

Section summary

This section outlines the assumptions we have used and risks we have identified in presenting the costs and benefits information in this impact assessment.

Assumptions underlying cost information provided to us

- 5.1. There are some uncertainties with the cost information we were provided by suppliers. Firstly, we received costs data and information from 79% of the electricity and 80% of the gas market based on a range of different assumptions, so we have presented the costs to the market as a range to account for this.¹⁴⁵ Furthermore, the data we have received is primarily based on supplier costs for the policies we outlined at statutory consultation, as most of the data and information was provisioned then and remains our best estimate of costs. However, as the policies are now less prescriptive, we consider that the costs provided may potentially be overestimates of the costs of these policies. Finally, some suppliers also indicated that their costs estimates were uncertain for various reasons, for example, due to possible future expansion plans, or changes to the way that they operate their businesses.
- 5.2. Some suppliers also indicated to us that they already comply with specific policies (e.g. with support for customers struggling with their bills), either through returns of the cost information template that was shared with suppliers by Energy UK, through their written responses to our statutory consultation or via information provided in follow-up correspondence. Therefore, for these suppliers, we have assumed that the ongoing costs per year are zero. For suppliers who provided us with no information for each of the policy areas, we have excluded them from our analysis of costs for each relevant policy option and these were assigned null (N/A) values.
- 5.3. The approach we have then taken to model the final costs per policy area are as follows. Firstly, we take the cost data and information provided to us and delineate these pieces of information by policy area, ensuring correct splitting of one-off costs and ongoing costs. Where further information was required, we contacted suppliers to provide us with further context on how their costs have been derived. This costs data is then used to create our lower and upper range of costs.

¹⁴⁵ Note we also did not include some cost information that we assessed as not being applicable to our policies.

Calculation of lower and upper ranges of total costs to the market

5.4. This section outlines the approach we have taken to calculate the range of costs we outline in the impact assessment, and the costs per customer per year values we present based on these ranges.

Lower range of costs

- 5.5. To note, we have treated the costs for customers struggling with their bills differently to the other costs due to an assessment of the costs data and information received from suppliers. Most suppliers who provided costs data or information indicated they would accrue no additional costs to comply with the support for customers struggling with their bills policies. Therefore, to ensure the costs we present are accurate to the information received from the majority of suppliers, we have assessed the lower range of costs for this policy area as £0 and the upper range of costs are based only on the costs provided to us by a minority of suppliers who indicated that they would accrue any costs from these policies, rather than the weighted average approach we take for the upper ranges of costs as outlined below.
- 5.6. For all other costs, the lower range of the costs to the market is the aggregate one-off and ongoing costs per year provided to us by the suppliers who responded to our statutory consultation, and those who provided further data in follow-up responses and assumed that these would be the total incremental costs to the market. We then estimate the total cost per customer per year as these incremental costs (the total costs provided only by suppliers who responded to us) divided by an estimate of the number of customers in GB across all suppliers. This is how we arrive at the values per customer per year for ongoing costs and for per customer per year for one-off costs.

Upper range of costs

- 5.7. The upper ranges of ongoing and one-off costs to the market were calculated by taking the weighted average costs per customer per year from the costs from suppliers who provided us cost information for each policy area, and those that indicated that they already comply with policies (zero values).¹⁴⁶ These weighted averages of cost per customer per year are then multiplied by the estimated total number of customers in GB to provide the upper range of the total costs to market.

¹⁴⁶ Based on weighting by share of customer accounts

- 5.8. The key assumption that sits behind the upper range of costs is that for the rest of the market, we assume that the proportion of suppliers who have not provided us data mirror the characteristics of those that have supplied us with data, and as such we assume all suppliers would also accrue the same average cost of compliance.
- 5.9. However, as noted previously, we contend that our best estimate of the real costs to the market may sit towards the lower end of the range. Thus, while we consider that while the upper range of costs could materialise, we assess that this is unlikely.

Monetising the opening hours to meet customer needs across a range of contact methods policies benefits

- 5.10. Using information from an RFI sent out to suppliers on customer contact, we have estimated monetised consumer benefits for the opening hours to meet customer needs across a range of contact methods policies to the value of £32.4m per year. This analysis is subject to several assumptions and caveats which are outlined below in the steps to carry out the analysis.
- 5.11. We first use a figure for total daily average number of calls to suppliers who provided us cost information for these policies¹⁴⁷ from one month's RFI return for July 2023, which is then scaled up to a yearly basis (multiplied by 365.25). This is subject to notable uncertainty as it is a small sample based on one month of RFI data (there have only been two finalised returns so far) and therefore would not include the variation in call numbers that could occur over a year or seasonally.
- 5.12. We then adjust this figure in multiple ways to try to isolate the proportion of calls from employed customers who would benefit from being able to contact their supplier outside of daytime working hours. First, to exclude the proportion of calls that may be automated calls, we adjust this calls figure for the average daily percentage of calls that are answered/spoken with by an operative (approx. 90%).¹⁴⁸ We then use ONS employment rate data for those of working age (16-64) to estimate the proportion of calls that may be from customers who are employed in the UK, which we use as a proxy for Great Britain's proportion of those who are working age and employed (75.5%).¹⁴⁹ We then also use ONS survey data¹⁵⁰ to estimate the proportion of yearly calls from employed customers who would benefit from extended contact hours as they may work only during the day and cannot

¹⁴⁷ Seven suppliers comprising around 72% of the gas and electricity markets as per Q1 2023 market shares. As for suppliers that indicated they already comply or those who did not provide any information, the assumption is that no further benefit would accrue to their customers as they already benefit from these policies.

¹⁴⁸ Taken from the same customer contact RFI

¹⁴⁹ [Employment rate \(aged 16 to 64, seasonally adjusted\): % - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/employment-and-labour/most-popular-statistics/employment-and-labour/employment-rates/employment-rate-aged-16-to-64-seasonally-adjusted)

¹⁵⁰ [The night-time economy, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/economy/gross-value-added/gva-by-industry).

contact their supplier during those times (73% of those employed). This first assumes that the proportion of calls from customers who only work during the day is similar for GB as it is for the UK. The value of this calculation is then used as the final number of calls to calculate benefits for.

- 5.13. An hourly value of time figure of £4.99 for non-working time is then taken from Department for Transport¹⁵¹ methodology and converted into minutes (£0.08 per minute) to estimate how much value customers would place on their time in minutes when they have the ability to contact suppliers during non-working time.¹⁵² This is carried out under the assumption that these customers currently are unable to call suppliers during working time, where they need to contact their supplier to resolve any issues they may have, and instead are now able to benefit from being able to contact them after they have finished their work days during leisure time. This assumption means this value figure should be treated as an upper bound or maximum benefit possible as we assume all customers would prefer to call during non-working time. Furthermore, we use a conservative non-working time value to ensure any uncertainty with regards to the way energy customers value their time or other confounding issues we were unable to account for are minimised.
- 5.14. The calculation for monetary benefit takes the yearly proportion of calls calculated above and multiplies this by the monetary value of time in minutes also calculated above, to provide a monetary value of approximately £2.2m per minute for all calls. The value from this calculation is then multiplied by the average market call wait time and average market call duration separately (this information is also taken from the July 2023 customer contact RFI) to provide two benefit figures, one for the same suppliers' average call wait time (£7.1m), and one for the same suppliers' average call duration (£25.2m).¹⁵³ This follows the logic that for every call made to the suppliers who provided us costs information, each call would be the same length, or the aggregate of the average call wait and call durations. When these benefits values are added together, we achieve a final benefits value of £32.4m which can be found in Table 4.
- 5.15. To support the analysis, we also present two further analysis tables (Table 5 and Table 6). As we recognise that the benefit figure we present in Table 4 is the maximum benefit figure possible, Table 5 presents benefits values for different levels of these calls that would move to non-working time. Further, Table 6 outlines

¹⁵¹ Table A1.3.2 from: [tag-data-book-v1.21-may-2023-v1.0.xlsm \(live.com\)](#)

¹⁵² Note while the transport methodology is one way to estimate this value, we are aware there are likely differences between how energy consumers would value the time they are able to call their suppliers out of hours, including differences amongst sub-groups which we have been unable to account for.

¹⁵³ This is carried out separately as the call wait times cannot be added to call durations for one 'total call duration' value.

the number of calls that would be required to balance the benefits of the policies against the costs, to account for any uncertainty surrounding the call numbers. The benefits per call figure is calculated by dividing the total final benefits calculated above, by our estimate of number of yearly calls to estimate a benefit per caller figure in (£1.23). The total costs of the policies are then divided by this figure to estimate the number of yearly calls for the benefits to break even with the costs, which stands at between 31.5m (lower range of costs) to 40.5m calls (upper range of costs). Finally, to ensure that we have considered the monetised benefits in different ways, we also present an alternative method, based on an analysis of additionality, with the benefit being based on the differences between the values of working time and non-working time (£0.27). This resulted in a benefit value of approximately £29m, which is in the same magnitude of benefits as in the first methodology calculated above.

6. Wider impacts

Section summary

This section outlines our views on competition impacts, and administrative, strategic and sustainability issues. It also contains our statement on the Public Sector Equality Duty.

Competition impacts

6.1. We have outlined a combined view of the competition impacts of the contact ease, identification and support for customers struggling with their bills, and reputational incentive policies we are consulting on in this document. We also outline stakeholder responses on the competition impacts below, and our views on these are included in the positive and negative impacts sections and our overall views below.

Stakeholder views from responses to our statutory consultation

- 6.2. Some suppliers indicated that the policies would negatively impact competition (including non-price competition) as they were too costly, prescriptive and are setting minimum standards for the market which would promote homogeneity. For example, some suppliers were concerned that mandating implementation of costly contact ease proposals may impact market entry negatively, that innovation towards net-zero would be stifled as the policies were not supporting diversity in business models, and that new market entrants would be impacted if subject to one price cap allowance for operating costs.
- 6.3. Further, some suppliers indicated that implementation timelines would impact new entrants' ability to enter the domestic retail energy market and called for a phased approach to implementation.
- 6.4. There was general consensus that the reputational incentives policy would facilitate competition in the market through ensuring suppliers focus on improvements in service quality. However, some responses mentioned that this could result in dysfunctional outcomes where suppliers focus on activities that would improve Citizens' Advice league table standing to the detriment of other services. Further, some responses indicated that the reputational incentive policy would need a well-functioning competitive market already in place to have a further positive impact on competition.
- 6.5. Smaller suppliers indicated that the economies of scale of larger suppliers means that they would be better able to implement these policies as compared to smaller suppliers. For example, by it being easier for larger suppliers to outsource contact centre operations.

- 6.6. Some consumer groups noted that competition may not deliver good outcomes for consumers and that the market would require more prescription to do so. Some responses indicated that a lack of competition in the market currently may be resulting in customers not being able to find better tariffs to reduce their energy costs.

Positive impacts

- 6.7. In combination, we expect that these three measures will help to improve consumers' experience of the market, thus resulting in improved consumer outcomes. This will in turn improve the reputation of the market, and thereby encourage consumers to engage with it more, which would benefit competition. However, the extent of this may be modest and any improvement would need to be seen in the context of a decline in service standards over previous years.
- 6.8. We consider that the obligation to publish details of customer service ratings will make it easier for consumers to access this data, enabling them to make better informed decisions and engage more with the market. This should in turn incentivise suppliers to improve their service levels. However, only 13% of those energy consumers who said in our survey in November-December 2022 that they had switched supplier in the past 12 months, agreed that at least one of the reasons why they switched was because the supplier offers good customer service.¹⁵⁴ If consumers continue to engage in this way following implementation of the policies, we would expect only a small positive impact on competition.¹⁵⁵

Negative impacts

- 6.9. We expect these proposals to improve the basic level of service offered by all suppliers. It is therefore possible that this will result in less differentiation between suppliers in terms of customer service, which could lead to less switching on the basis of service. However, drawing on the same research outlined above, only 13% of those energy consumers surveyed agreed that at least one of the reasons for switching energy suppliers was due to the supplier offering good customer service.¹⁵⁶ Again, if consumers continue to engage in this way following implementation, any potential negative impacts are likely to be limited.¹⁵⁷
- 6.10. Supplier responses have indicated that the policies may have some negative impact on innovation. They also mention that increased investment in customer service, and the regulatory burden of complying with these policies, may divert some funds

¹⁵⁴ Ofgem: [Consumer Impacts of Market Conditions Survey – Wave 3](#)

¹⁵⁵ Past consumer behaviour may not be indicative of future consumer behaviour

¹⁵⁶ Ofgem: [Consumer Impacts of Market Conditions Survey – Wave 3](#)

¹⁵⁷ Past consumer behaviour may not be indicative of future consumer behaviour

away from innovation, and may have a negative impact on sector investment.

However, we have not seen any evidence to suggest that suppliers who invest more in innovation restrict their spending on customer service as a result (or vice versa), so it is not clear to us that such a trade-off exists.

- 6.11. Some suppliers have also mentioned that the policy options on tailored debt may impact some suppliers in different ways, depending on the number of customers each supplier has that are struggling with bills, which may cause resilience issues. For example, costs accrued by suppliers with large numbers of these customers may impact innovation investment. Again, we have not seen evidence to suggest this would be the case.
- 6.12. There may be a minor negative impact on market entry or resilience of new suppliers who may have issues accessing capital markets to invest, due to the small additional costs these policies may entail. Some suppliers also expressed concerns that the relative cost of complying with our proposals may disproportionately impact small suppliers.
- 6.13. Regulatory intervention in the market always carries a risk of negatively influencing suppliers' perceptions of the market, both in terms of the impact of the measures being introduced and in terms of the likelihood of future interventions. In this case, however, we think these effects will be minimal. This is because, some of the new measures reinforce and build on existing licence obligations, a number of suppliers already comply with various aspects of the policy areas and the cost of the reputational incentives policy is not likely to result in a large burden to the market.

Ofgem views

- 6.14. On balance, it is our view that through improving customer service by raising standards across the market, this package of measures would have a small, and possibly temporary negative impact on competition, primarily due to reduced differentiation which may impact the small, but not insignificant, number of customers who may switch based on service. However, we consider that this negative competition impact is outweighed by the significant benefits to consumers these policies would entail. Further, there should be a small positive impact on competition due to the increased level of customer service information that customers would have access to on the performance of suppliers, which will partially balance out the negative effects.
- 6.15. Above we outline that there may be a negative effect on competition, primarily from the policy options raising standards of customer service across the market, where some suppliers may have previously benefitted from competitive advantages

through better service provision, which could result in less switching on the basis of service. However, it is possible this could be a short-term impact before suppliers are able to invest and differentiate their customer service offer above this higher cross-industry standard. To support the promotion of competition, in response to feedback, we have amended our proposals post statutory consultation, to ensure that we are minimising the level of prescription in our proposals. We consider that our principle-based licence conditions should allow suppliers space to differentiate themselves.

- 6.16. We consider that the greater information that is provided to customers on the performance of different suppliers, would better enable suppliers who perform well on customer service to signpost this to their customers, which would also help to offset the above noted minor negative impact on competition.¹⁵⁸
- 6.17. Additionally, the diversity of the market may not be affected as new, smaller suppliers may have more flexible processes and systems, which allow faster and simpler changes to their customer facing systems than larger suppliers, even outside of being able to access traditional capital markets. Furthermore, we do not expect an impact on innovation investment in absence of any evidence showing these policies would have a material impact on such investment.

Administrative burden, and strategic and sustainability issues

Administrative burden

- 6.18. We consider that the administrative burden of these policies would mainly fall to suppliers who will implement these policies on contact ease, advice and support for customers struggling with bills and reputational incentives.
- 6.19. We consider that the one-off costs of between £1m to £5m represent the monetary value attached to administrative changes, such as systems changes to accommodate the policy options. For example, some suppliers have indicated that they would need to change systems to accommodate repayment pauses, or a need to make changes to Interactive Voice Response systems to better prioritise vulnerable customers. As these costs are small, we do not envisage these to result in a significant burden to suppliers.
- 6.20. Further, some suppliers have indicated that some of the policies would result in further ongoing administrative costs to ensure that they are compliant with the

¹⁵⁸ See reputational incentives assessment in section 4 for more detail.

policies. For example, some suppliers have indicated that there would be additional costs attached to debt repayment pauses. However, we have been unable to produce a market costs figure for these changes due to the limited granular cost information provided for these policies. However, similar to the one-off costs, at an aggregate level, we do not envisage these ongoing costs to the market to result in a significant burden on suppliers, noting that the totality of ongoing policy costs per year would amount to between £2.05-£3.89 per customer per year.

Strategic issues

- 6.21. In our 2019-2023 strategic narrative,¹⁵⁹ we outline that a key objective for Ofgem as a regulator is to protect consumers, especially the vulnerable, by stamping out sharp practice and ensuring fair treatment. Further, our role and responsibilities include that we should protect energy consumers, especially vulnerable people, by ensuring that they are treated fairly and benefit from a cleaner, greener environment.
- 6.22. Under our Consumer Interest Framework¹⁶⁰, our reforms are aimed at improving “Quality and Standards”, by ensuring that energy suppliers are accessible, transparent, and responsive to their customers’ needs.
- 6.23. We consider that the policy package we outline above has been designed to protect consumers, especially the vulnerable. For example, through the licence conditions facilitating the prioritisation of vulnerable customers, making it easy for them to contact suppliers, and requiring more proactive engagement for customers struggling with their bills, we expect that on balance consumers, particularly those who are vulnerable, will be better protected. The principle-based nature of these policies ensures that the way they comply with the policies are tailored to their own customers’ needs. Further, these policies will ensure fairness for all customers by ensuring that there are improvements in standards of customer service across the domestic retail energy market.

Sustainability issues

- 6.24. We consider that these policies do not have a direct impact on our Net Zero commitments, as they cover improvements in domestic retail market customer service standards. However, the policy packages as a whole may result in some indirect enabling mechanisms. For example, making it easier for customers to contact their suppliers may allow for further, more regular engagement between

¹⁵⁹ [Ofgem strategic narrative: 2019-23 | Ofgem](#)

¹⁶⁰ [The development of a competition framework for the domestic retail market | Ofgem](#)

suppliers and customers. This improved communication and relationship may allow suppliers to provide better information to their customers on product and service offerings that would facilitate progress towards Net Zero.

Risks

- 6.25. There are some risks we have identified that could arise from implementation of the consumer standards policy options. These can be found below.
- 6.26. Smaller suppliers who responded to our statutory consultation have indicated to us that the economies of scale of larger suppliers mean they would be better able to implement these policies, for example by being more easily able to outsource contact centre operations. However, it is our overall view that the economies of scale that large suppliers may benefit from are balanced out by the ability of smaller suppliers to more rapidly implement any changes to their operational capacity and systems, particularly as they have a smaller number of customers to serve, even outside of being able to access traditional capital markets. However, we are also aware that one area where there may be an imbalance in the costs accrued may be in one-off costs to implement these policies. However, as the overall total one-off costs to the market do not represent significant costs to the market, we do not envisage this would have a consequential impact on smaller suppliers' ability to operate in the market.

Public sector equality duty

- 6.27. Ofgem has a legal duty under section 149 of the Equality Act 2010 to consider the impact of our policies on protected groups under the Public Sector Equality Duty (PSED). The main objective of the PSED is to:
- eliminate discrimination, harassment, victimisation and any other and any other conduct that is prohibited by or under this Act.
 - advance equality of opportunity between persons who share who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 6.28. Our assessment is that the main objective of these policies overlaps with the PSED for the following portrayed characteristics: age, disability and pregnancy and maternity.

- 6.29. Our assessment for each of the policy areas above identifies the impacts of our policies for these groups and thus, it covers a requirement to complete an Equalities Impact Assessment. As we explain in our costs and benefits assessment for the policies above, there are benefits which may accrue to those in these protected groups from our policies on contact ease, and advice and support for customers struggling with their bills. For example, a range of contact methods would benefit those in the age and disability protected characteristics groups, as the policies ensure that suppliers are providing for equality of opportunity between customers in these groups and those who are not in these groups.
- 6.30. For other protected characteristics such as gender reassignment, race, religion or belief, sex, sexual orientation and marriage and civil partnerships, we have not identified any potential for discrimination or adverse impacts from these policies. Furthermore, due to the transient nature of vulnerability, some of these groups may also benefit from these policies at different stages. For example, if required at any stage, the support for customers struggling with their bills at the earliest opportunity policy would provide benefits to all those in each of the groups with protected characteristics, as the policy outlines this support should be based on a customer's circumstances.
- 6.31. See the relevant sections for our policy options and our assessments of the benefits to the protected groups we have identified above.

7. Appendices

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Appendix 1: Assessment of 24/7 enquiry service for customers who are experiencing an interruption in supply caused by a meter fault (24/7 enquiry service)

Introduction

- 1.1. We have not included the 24/7 enquiry service costs and benefits in the impact assessment above as we have decided to pause implementation of our proposed SLC changes to require suppliers to be available 24/7 to provide guidance, assistance, and advice to customers without supply due to meter faults, to give suppliers further time to work with network operators to develop the most coordinated, efficient solution. However, to ensure we have considered evidence for this policy area, we outline our initial assessment below.
- 1.2. There is evidence to suggest that a significant proportion of out of hours calls to district network operators (DNOs) are made when a customer has been unable to get through to their supplier to report a meter fault.¹⁶¹

Benefits

- 1.3. We consider that where a customer is without supply it is critical they get access to timely advice and support at all times. Customers, especially customers in vulnerable situations, are at significant risk of incurring harm when they are without supply.
- 1.4. Network operators are already required to provide enquiry services 24/7 to customers without supply due to issues relating to their network. In their consultation responses, and responses to the REC0053 Code Modification shared with us, network companies have indicated they receive several enquiries from customers who are off-supply due to issues that fall under the responsibility of suppliers (eg meter faults), and have been taking action to address these issues outside of their own regulatory requirements.¹⁶² We consider this demonstrates there are some customers that would benefit from being able to get urgent information, guidance, or advice from their supplier.
- 1.5. We have received limited information from suppliers on the numbers and characteristics of potential calls/callers to any 24/7 enquiry service including the risks of loss of life or any injuries. As such, we have been unable to accurately

¹⁶¹ Responses to Retail Energy Code (RECC) Modification RFI for R0053 – 24/7 Emergency Metering Service. The purpose of the RFI was to determine issues surrounding where customers are off-supply due to a fault with the Metering Equipment rather than DNO equipment and where DNO operatives attending are not able to resolve the issue, leaving the fault not fixed and customers without supply.

¹⁶² Ibid and responses throughout the consultation process.

estimate the monetised benefits of this policy. However, given the potential seriousness of loss of supply for customers, we thought it useful to highlight government statistics that estimate the monetary value of a prevented fatality or harm. We use a standard estimate from Department for Transport (DfT) analysis of the value of a preventing a fatal casualty of £1.86m and of preventing a serious casualty of £207k.¹⁶³

- 1.6.** We note that from the evidence from District Network Operators (DNOs) we have outlined previously that DNOs have been, in effect carrying out this service on behalf of suppliers outside of their existing regulatory framework, which may continue to occur if this policy would not take effect.

Monetised costs

- 1.7. We estimate that the total annual ongoing costs of the 24/7 enquiry services could range between £14m to £24.6m per year, or £0.44 to £0.77 per customer per year. We estimate one-off costs would range between £0.2m to £0.4m or around £0.01 per customer.¹⁶⁴

Non-monetised costs

- 1.8. Some of the risks outlined in the opening hours to meet customer needs across a range of contact methods section in Section 4 may also apply to this policy. For example, suppliers may stretch resources to accommodate any increases in contact hours. See paragraph 4.25. for more information.

Appendix 2: Present Value analysis

- 7.1. For completeness, we also present a 5-year Present Value (PV) for the range of costs outlined above, with inclusion of one-off costs in Year 0, based on a 3.5% Green Book social time preference rate to account for how society values the present compared to the future.¹⁶⁵ These figures can be found in Tables A1 and A2

¹⁶³ [tag-data-book-v1.21-may-2023-v1.0.xlsm \(live.com\)](#) – Table A.4.1.1. We note that these values may not capture the true value as they are based on research covering a representative sample of people from various socio-economic and demographic backgrounds who have a diverse range of preferences or health conditions and other circumstances. However, due to limited information from suppliers on the characteristics of these customers that would be affected and due to the limited availability of other information, we find it appropriate to use this figure. Figures here are based on a 2010 price year and 2023 value year.

¹⁶⁴ Both lower and upper ranges of costs indicate one-off costs would be around £0.01 per customer.

¹⁶⁵ See [The Green Book \(publishing.service.gov.uk\)](#) for an explanation of social time preference rates. Discount factors taken from Green Book Supplementary Guidance - Discount Factors. Can be found on: [Discount_Factors.xlsx \(live.com\)](#).

below. Note, we have limited the analysis to 5 years as the possibility of future changes in market conditions may mean costs do not accurately reflect the costs that suppliers may incur in later time periods. However, if they deem it appropriate, suppliers are still able to calculate a PV for any number of years using the data provided in this impact assessment in Tables 2 and 3 in Section 4 above.

Table A1: Present Value of total costs per policy based on lower range of costs (£ million)

Policy	Y0 (inc one-off costs)	Y1	Y2	Y3	Y4	Y5
Total of policies	£66.0	£62.8	£60.7	£58.7	£56.7	£54.8
Contact Ease	£65.0	£61.9	£59.8	£57.8	£55.8	£53.9
Support for customers struggling with bills	£0.0	£0.0	£0.0	£0.0	£0.0	£0.0
Reputational incentives	£1.0	£1.0	£0.9	£0.9	£0.9	£0.8
Opening hours to meet customer needs across a range of contact methods	£39.7	£37.5	£36.2	£35.0	£33.8	£32.7
Free enquiry service for domestic customers	£17.2	£16.6	£16.1	£15.5	£15.0	£14.5
Identifying and prioritising enquiries from domestic customers in vulnerable situations or their representatives	£8.1	£7.7	£7.5	£7.2	£7.0	£6.7

Table A2: Present Value of total costs per policy based on upper range of costs (£ million)

Policy	Y0 (inc one-off costs)	Y1	Y2	Y3	Y4	Y5
Total of policies	£128.7	£119.5	£115.5	£111.6	£107.8	£104.2
Contact Ease	£101.0	£95.7	£92.4	£89.3	£86.3	£83.4
Support for customers struggling with bills	£25.4	£21.6	£20.9	£20.2	£19.5	£18.8
Reputational incentives	£2.4	£2.3	£2.2	£2.1	£2.1	£2.0

Impact Assessment Form

Opening hours to meet customer needs across a range of contact methods	£51.7	£48.2	£46.5	£45.0	£43.5	£42.0
Free enquiry service for domestic customers	£34.4	£33.2	£32.1	£31.0	£30.0	£28.9
Identifying and prioritising enquiries from domestic customers in vulnerable situations or their representatives	£14.9	£14.3	£13.8	£13.3	£12.9	£12.4