

Decision

Non-Domestic Market Review Decision

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We want to see a retail energy market that works in the interests of all consumers. We have been very concerned about the reports we have had from non-domestic customer groups and via our own monitoring about the behaviour of some suppliers. We opened compliance reviews and a broader Non-Domestic market review, including a Call for Input, Policy Consultation, and Statutory Consultation, to gather evidence and stakeholder views on issues we identified.

Based on the views and evidence collected through the review process, we identified and prioritised several key areas of consumer harm and developed a package of policy measures to address these harms. These measures include licence modifications, changes to complaints handling legislation, and voluntary actions which do not require licence interventions.

This document sets out our decision to implement modifications to the standard conditions of the gas and electricity supply licences, and to amend the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008.

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Contents

Non-Domestic Market Review Decision	1
Executive Summary	4
1. Introduction	9
2. Standards of Conduct	17
3. Complaints Handling Standards.....	22
4. Signposting to relevant customer support services.....	27
5. Third Party Intermediary redress scheme membership.....	32
6. Third Party Intermediary service fee transparency	39
7. Update on other work in progress	44
8. Next steps	47
Appendices	50
Appendix 1 – Licence modifications	51
Appendix 2 – Complaints Handling Standards modifications.....	65
Appendix 3 – Final Standards of Conduct Guidance.....	77
Appendix 4 – Reasons for any differences between proposed and final Licence modifications, Complaints Handling Standards and Standards of Conduct Guidance	90
Appendix 5 – Glossary	93

Executive Summary

Volatility in wholesale gas and electricity prices over the past two years and wider economic stress has put huge pressure on households and businesses. Business customers told us that the Non-Domestic market was not meeting their needs. They struggled to get an energy contract, experienced poor customer service and saw larger price hikes than seemed necessary. We launched an investigation into the Non-Domestic market¹ and found that while some issues were a market response to the broader economic environment, there were areas where the regulatory framework could better support business customers.

In December 2023 we proposed specific rule changes for Non-Domestic suppliers.² After considering all the evidence we have been given, we are now issuing our decision to put in place new rules to improve customers' experience of the energy market, get more support when they need it, and empower them with more transparency about what they are paying for.

These rules will be implemented through the second half of this year, but customers will see the benefits before this. We are enforcing current rules to stop bad behaviour we identified in our review on overcharging and unfair practices by specific suppliers. We have issued clarifying guidance on how to interpret certain rules and highlight best practice actions by suppliers. We have also brought suppliers and consumer groups together to facilitate agreements on voluntary supplier actions, and triggered industry code changes to improve the process when customers change supplier.

The changes we are making to the rules to better support customers

All customers deserve fair treatment from their energy suppliers

Reports about unfair actions by suppliers came to us from all groups of customers, including from medium and large business customers. We are now making a change to

¹ We issued a Call for Input in February 2023 (<https://www.ofgem.gov.uk/publications/call-input-non-domestic-gas-and-electricity-market>) and published our findings and proposed solutions in a Policy Consultation in July 2023: <https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-policy-consultation> . We also held number stakeholder meetings.

² Non-Domestic market review: findings and statutory consultation: <https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-statutory-consultation>

our rules to require that suppliers treat all customers fairly, via **expanding our Standards of Conduct supply licence condition (SLC 0A) to apply to all Non-Domestic Customers**. This licence requirement will take effect from July this year. We expect these principles of fairness to be embedded throughout every supplier, driven by their Boards and senior management and understood by all their staff. We expect this to result in suppliers reviewing what they do now and striving to embed or build a stronger consumer-centric culture. We expect this to result in better service to customers. In compliance or enforcement cases, where we need to assess whether a supplier has been treating their customers fairly, we will consider a range of factors, and will place particular importance on the outcome a supplier has delivered for their customer.

Some customers need more support to resolve issues

Our evidence shows that businesses larger than Micro Businesses³ can also need help to resolve issues with their supplier and cannot always afford to take their issue to court. This can weaken the pressure on suppliers to improve. We raised this with government, as they set the threshold at which customers can access the Energy Ombudsman, which is where households and Micro Business Consumers go to seek redress for an unresolved dispute with an energy supplier. We welcome the government's consultation on this and their decision to raise the threshold - to a new Small Business Consumer threshold⁴. While they make that regulation change, we will ensure that the framework around it works seamlessly for customers. This means we will take the following three actions:

- We will **update the Complaints Handling Standards** to ensure suppliers put in place suitable complaints processes for Small Business Consumers and point them to the Energy Ombudsman when the customer does not feel the issue has been resolved. We will make this change via secondary legislation, and we will align this to match the timing with changes government will make to the Energy Ombudsman threshold.
- We will also align the related redress rule on suppliers that work with Third Party Intermediaries (TPIs). Currently suppliers securing contracts for Micro Business

³ A Micro Business Consumer is defined as one which meets the following criteria: uses less than 100,000 kWh of electricity per year; uses less than 293,000 kWh of gas per year; or has fewer than 10 employees (or their full-time equivalent) and an annual turnover total not exceeding 2 million Euros.

⁴ A Small Business Consumer will be defined as one which meets the following criteria: uses no more than 200,000 kWh of electricity per year; or uses no more than 500,000 kWh of gas per year; or has fewer than 50 employees (or their full-time equivalent) and an annual turnover no greater than £6.5 million or balance sheet total no greater than £5 million.

Consumers via TPIs can only work with TPIs that are members of a redress scheme. To avoid confusion for customers if different redress scheme thresholds were to apply across supplier redress and TPI redress, we will update this rule to **require suppliers to only work with TPIs that are members of a redress scheme when securing Small Business contracts via a TPI**. Once we know the implementation timings for the expansion of the supplier Energy Ombudsman threshold to Small Business Consumers, we will issue a Notice confirming when this licence condition shall take effect, giving at least three months' Notice. We expect implementation from December this year.

- We will introduce a new supply licence rule for Non-Domestic suppliers to signpost the ability for specified business customers to go to appointed consumer bodies for support. Currently, there is low awareness amongst Micro Business Consumers that they can go to, for example, Citizen's Advice, at the start of any problems they have, for advice. Through requiring suppliers to signpost this service to their customers, together with awareness raising work we will do with Citizens Advice, we expect to see more businesses benefit from individual help, including when Small Businesses are able to access it. This licence condition will be implemented from 1 July this year.

Customers need more transparency of their energy contract prices

Our evidence shows that customers, regardless of type, want to better understand the contract rates they are paying and why they may change. Two actions to help customers have been developed from our Non-Domestic market review work and supported by most stakeholders.

First, we will **expand our existing rule that requires clarity of TPI service fees in Micro Business contracts, to ensure all Non-Domestic customers have this transparency**. This licence condition will take effect from 1 October this year. This will help all customers, not just Micro businesses, compare energy prices separately to third party costs and ensure they know what third party charges they are paying for as part of their contract. We know from talking with TPIs that many do explain their service fee to customers, but not all do, as shown by our research. Ensuring suppliers are clear to all customers about any ongoing TPI service fees that will be paid via their energy bills, will empower business customers.

Secondly, we are working with consumer groups and suppliers to identify ways to improve energy price transparency. As a first step in this work, we have agreed with these stakeholders common ways to explain the make-up of energy contract prices (eg explaining the proportion of network and metering costs, environmental costs, and supplier costs). We are now working with suppliers to develop how this information is best made available to their customers. This will also help inform customers' discussions with their suppliers when prices change. In addition, we have published for customers an explanation of commonly used terms.

Next steps

This document marks our decision on the changes we identified as necessary to correct the main issues highlighted in our Non-Domestic market review at that point in time. The new licence conditions are set out in the appendices to this document, with implementation dates as set out above. Our accompanying impact assessment sets out the overall positive benefits case. The outcomes we expect to see from our changes are fairer treatment, better support, and improved transparency to empower customers.

We will watch the impact of our actions and rule changes closely through a more robust monitoring regime on suppliers going forward. We cannot control market prices or broader economic forces, but we do want to see suppliers treat their customers fairly, regardless of wider conditions.

TPIs also have a key role in the energy market and can have a significant impact on energy customers' experiences. We note that government will be considering whether they should introduce sectoral regulation for TPIs and we look forward to feeding into that work.

As we transition towards Net Zero, there are ongoing developments in technology, markets and innovation. We will be working to unlock the benefits a Net Zero system will bring, for example through fostering new revenue streams for customers who sell flexibility in consumption. We will also need to rebuild our energy system around cleaner, affordable and secure sources of low carbon and renewable energy. This will require significant investment, some of which will be passed through to bills. As part of managing the impact of this on customers, we are reviewing the make-up and structure

of standing charges. This includes assessing the impacts of recent network charging reforms on the level of the standing charge.⁵

We encourage stakeholders to work with us to identify and unlock barriers, and maximise the coming opportunities. Together we can make a positive difference for non-domestic customers.

⁵ Call for Input on Standing Charges: <https://www.ofgem.gov.uk/publications/standing-charges-call-input>

1. Introduction

Section summary

This section sets out the context for our decision and informs stakeholders about the steps we have taken to arrive at our decision. It signposts the sections that provide more details on each decision and advises of the publication of the impact assessment in support of this consultation.

Context

- 1.1 Towards the end of 2021, wholesale gas and electricity prices rose to unprecedented levels. This turbulence, along with wider economic pressures, put extreme pressure on businesses and households across Great Britain. We became very concerned about the range of reported issues received from Non-Domestic energy customers. These reports included problems with getting energy contracts, higher than expected price changes, and poor customer service that suggested the market was not functioning in the way we would expect.
- 1.2 To investigate whether these issues were temporary and related to short term economic and market issues, or if we needed to consider rule changes to offer more protections to Non-Domestic customers, we sought detailed information from suppliers and engaged with consumer groups. We then published a Call for Input in February 2023 for all interested parties.⁶
- 1.3 In July 2023, we published our findings from the Call for Input and our policy consultation (our 'July consultation') on possible changes to regulation.⁷ This document also set out other actions that did not require licence changes, as well as specific requests to government in areas that were not within the scope of Ofgem's powers.
- 1.4 After closely reviewing the information and evidence given in response to our July consultation, we built on it through additional research and information requests. In December 2023, we published our Statutory Consultation document which

⁶ Call for Input (February 2023): www.ofgem.gov.uk/publications/call-input-non-domestic-gas-and-electricity-market

⁷ Policy consultation (July 2023): www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-policy-consultation

made proposals to amend Non-Domestic supplier rules.⁸ We also published a draft impact assessment for comments.

- 1.5 At the same time, in December 2023, the government proposed expanding the number of business customers that can access redress services provided by the Energy Ombudsman, following Ofgem recommendations. Currently only Domestic and Micro Business Consumers can access this support if they cannot resolve an issue with their energy supplier. The government proposed to widen this to include a new category of 'Small Business Consumer'.

Our December proposals

- 1.6 We proposed to amend SLC 0A in the Gas and Electricity supply licences to expand the Standards of Conduct to apply to all Non-Domestic Customers. We proposed this to better protect Non-Domestic Customers who were larger than Micro Business Consumers and who were not being treated fairly.
- 1.7 We also proposed a number of changes to align with government proposals to expand access to the Energy Ombudsman to include Small Business Consumers. We proposed to widen the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (CHS) to apply to a new 'Small Business Consumer' definition. These Standards set out the process suppliers must follow with complaints, through to referring an unresolved complaint to the Energy Ombudsman after 8 weeks. We had received evidence of poor complaints handling by suppliers, including customers larger than Micro Business Consumers who struggled to get a reasonable resolution to their issues. We wanted to ensure that relevant consumers are informed that they can access the Energy Ombudsman's services and experience a consistent process for how their complaints are handled.
- 1.8 We proposed a limited expansion of our existing rule that states suppliers must only work with TPIs securing contracts with Micro Business Consumers that are signed up to a Qualifying Dispute Settlement Scheme (QDSS). We proposed this to be expanded to Small Business Consumers, to align with the government's proposed expansion of access to the Energy Ombudsman scheme, to a new defined 'Small Business Consumer' scope.

⁸ Statutory Consultation (December 2023): www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-statutory-consultation

- 1.9 We proposed to introduce a licence condition (SLC 20.4A in the electricity supply licence and SLC 20.5A in the gas supply licence) which would require suppliers to inform their Micro and Small Business Consumers that they are eligible to access Citizens Advice and Citizens Advice Scotland and how to contact them, and for this information to be provided at least annually. We proposed this as we received evidence of low numbers of relevant businesses reaching out to support services, with a high proportion only seeking help once they are deep into their problems. We want to ensure these businesses know where they can access help to resolve their issues.
- 1.10 We also proposed changes to Third Party Intermediary service fee transparency to expand requirements around service fee disclosure to all Non-Domestic Customers. We proposed that it would be presented as a cost per unit for all Non-Domestic Customers, as well as retaining the current rules for the costs to be displayed as a lump sum for Micro Business Consumers. We proposed this to increase transparency and knowledge about fees and costs for all consumers, to allow them to better compare supplier costs, and be more aware of any Third Party Costs added to their energy contracts.
- 1.11 We also provided updates on our work that did not require changes to licence conditions, including deemed rate compliance, Change of Tenancy processes, billing transparency, and additional support for domestic consumers who are supplied with their energy through Non-Domestic contracts.

Decision

- 1.12 Following our extensive stakeholder engagement and consideration of stakeholder views, we are now formally deciding to make changes to Standard Licence Conditions (SLCs) to make changes to the rules on Standards of Conduct, signposting to relevant customer support services, changes to Third Party Intermediary redress scheme membership, and changes to Third Party Intermediary service fee transparency. We are also formally deciding to make changes to the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008. The Impact Assessment published alongside this decision document outlines the costs and benefits of us making these changes.⁹
- 1.13 Accordingly, this decision document will see us modify:

⁹ www.ofgem.gov.uk/publications/non-domestic-market-review-decision

- SLC 0A of the Gas and Electricity supply licences (Standards of Conduct)
- SLC 20.5 in the electricity licence and SLC 20.6 in the gas licence.
- the existing obligation of SLC 7A.10C by moving it to become SLC 20.6 in the electricity licence and SLC 20.7 in the gas licence.

1.14 We will also be:

- amending The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (CHS)
- creating licence conditions 20.5A and 20.5B for gas, 20.4A and 20.4B for electricity requiring suppliers to signpost customers who are eligible to access Citizens Advice and Citizens Advice Scotland that they can access these services.

1.15 We are proceeding with our policy proposals for Standards of Conduct, Complaints Handling Standards, signposting to customer support services, expansion of transparency requirements surrounding Third Party Intermediary service fees, and changes to the Third Party Intermediary redress scheme membership as set out in our minded-to position in our Statutory Consultation. We have indicated in the relevant sections of this document where we have made changes to implementation timings or licence drafting.

1.16 Please see section 8 which sets out a summary of the implementation timescales for all policies discussed in this document.

1.17 Some of our proposals align with potential changes government is making. This decision document should therefore be viewed alongside the government decision on a new threshold for businesses allowed to access the Energy Ombudsman.¹⁰

1.18 Based on the responses to the government consultation,¹¹ government has decided to expand access to redress for small businesses and introduce a new 'Small Business Consumer' definition through a change to secondary legislation, subject to Parliamentary approval. The new 'Small Business Consumer' definition will be introduced into the Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (the "2008 Order"), and will be separate from, and not replace, the existing 'relevant consumer' definition contained in Article 2(1) of the

¹⁰ www.gov.uk/government/consultations/new-threshold-for-businesses-accessing-the-energy-ombudsman

¹¹ www.gov.uk/government/consultations/new-threshold-for-businesses-accessing-the-energy-ombudsman

2008 Order. The Non-Domestic element of the definition of a 'relevant consumer' in the 2008 Order covers businesses with:

- An annual consumption of-
 - Electricity of not more than 100,000 kWh; or
 - Gas of not more than 293,000 kWh; or
- Fewer than 10 employees (or their full time equivalent); and
- An annual turnover or annual balance sheet total not exceeding 2 million Euros.

1.19 The new 'Small Business Consumer' definition would cover businesses with:

- Fewer than 50 employees or their full-time equivalent AND an annual turnover of at most £6.5 million or a balance sheet total of £5.0 million.
OR
- An annual consumption of electricity of not more than 200,000 kWh (instead of the original minded-to position of 500,000 kWh)
OR
- An annual consumption of gas of not more than 500,000 kWh.

1.20 The proposed broadening of the scope for access to the Energy Ombudsman impacts several areas under Ofgem's oversight. In particular, we aligned three of our proposals to this proposed Small Business Consumer definition because they are either inextricably linked, or to avoid customer confusion. They are the proposed changes to the Complaints Handling Standards, the signposting to consumer support rule changes and the supplier rules on working with TPIs that are members of a redress scheme.

1.21 This document is split into eight chapters, with five appendices. The changes we are making are intended to drive fairer treatment and improved standards, give better support to customers, and more transparency to empower Non-Domestic customers. We will set out each change in the following chapters of this document, grouped by these themes. Chapter 2 updates on Standards of Conduct, to reflect our requirement that suppliers should treat all customers fairly. In the next three chapters we set out the changes we are making to ensure the framework around the government's expansion to the Ombudsman works to support Small Business Consumers. This includes Chapter 3 (Complaints Handling Standards), Chapter 4 (Signposting to relevant customer support services) and Chapter 5 (Third Party Intermediary redress scheme membership). We then focus

on transparency; Chapter 6 covers Third Party Intermediary service fee transparency and in Chapter 7 we set out the work we are doing with energy suppliers to improve billing transparency more broadly for customers. Also in Chapter 7, we provide an update on other on-going work related to the issues raised during our Non-Domestic market review and that we previously noted in our July consultation. Chapter 8 will set out our next steps.

1.22 In addition, this document contains 5 appendices:

- we set out the licence modifications in Appendix 1
- our expected Complaints Handling Standards Modifications (subject to any changes that may need to be made to align with references to government legislative changes) in Appendix 2
- we then issue the final, updated Standards of Conduct guidance in Appendix 3
- we set out reasons for any differences between proposed and final Licence modifications, Complaints Handling Standards and Standards of Conduct Guidance in Appendix 4
- Finally, a glossary is provided in Appendix 5. As noted above, our Impact Assessment is published alongside this decision document.¹²

Our decision-making process

1.23 In coming to our decision, we have engaged extensively with stakeholders. The table below shows the timeline of the formal opportunities all stakeholders have had to contribute to and inform our decision. Alongside these formal consultations, we have also engaged informally with stakeholders. We have held multiple roundtables with interested industry stakeholders. We also met numerous stakeholders bilaterally.

¹² www.ofgem.gov.uk/publications/non-domestic-market-review-decision

Date	Stage description
28/02/2023	Stage 1: Call for input on the Non-Domestic gas and electricity market published
31/03/2023	Stage 2: Call for input closes
26/07/2023	Stage 3: Non-domestic market review: Findings and Policy consultation published
07/09/2023	Stage 4: Policy consultation closes
07/12/2023	Stage 5: Non-Domestic Market Review Statutory Consultation published
31/01/2024	Stage 6: Statutory Consultation closes
05/04/2024	Stage 7: Decision published

Related publications

- Letter to Non-Domestic suppliers about reports of Non-Domestic customer harm | Ofgem (16 November 2022). <https://www.ofgem.gov.uk/publications/letter-non-domestic-suppliers-about-reports-non-domestic-customer-harm>
- Letter to Chancellor of the Exchequer from Jonathan Brearley on Non-Domestic supply market concerns and actions | Ofgem (30 January 2023). <https://www.ofgem.gov.uk/publications/letter-chancellor-exchequer-jonathan-brearley-non-domestic-supply-market-concerns-and-actions>
- Call for input on the Non-Domestic gas and electricity market | Ofgem (28 February 2023). <https://www.ofgem.gov.uk/publications/call-input-non-domestic-gas-and-electricity-market>
- Non-Domestic market review: Findings and policy consultation | Ofgem (26 July 2023). <https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-policy-consultation>
- Non-Domestic Consumer Research 2023 interim report | Ofgem (07 December 2023). <https://www.ofgem.gov.uk/publications/non-domestic-consumer-research-2023-interim-findings>
- Non-Domestic market review: Statutory consultation on licence changes (07 December 2023). <https://www.ofgem.gov.uk/publications/non-domestic-market-review-findings-and-statutory-consultation>

- Non-Domestic 2023 research report | Ofgem (19 March 2024).
<https://www.ofgem.gov.uk/publications/non-domestic-2023-research-report>

General feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this report. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments

Please send any general feedback comments to stakeholders@ofgem.gov.uk.

2. Standards of Conduct

Section summary

The Non-Domestic Standards of Conduct are a set of broad principles set out in SLC 0A of the Gas and Electricity supply licences that suppliers must adhere to when dealing with their Micro Business Consumers. This chapter sets out our decision and reasoning to expand the Standards of Conduct beyond Micro Business Consumers to all businesses, to place firm responsibility on suppliers to deliver good customer outcomes for all customers.

Proposal at consultation: *to expand the Standards of Conduct contained in SLC 0A to all Non-Domestic Customers.*

Decision: *remains unchanged from consultation position.*

What stakeholders said

- 2.1 Almost all stakeholders who responded supported our proposal to expand the Standards of Conduct (SoC) to all Non-Domestic Customers. Several noted that expanding the SoC would help to improve protections for all customers regardless of size. One highlighted this area was a clear protection gap for larger customers, and another considered that a single set of standards applicable to all consumers is a welcome simplification. One stakeholder suggested that the SoC could provide a base standard for consumers, which contractual arrangements could build upon and go beyond.
- 2.2 The majority of suppliers agreed with our proposal, with some noting they already apply the SoC across their customer base. One noted that applying to all Non-Domestic Customers, rather than only expanding to Small Business Consumers, makes it much simpler to apply the supplier's processes and systems. Five suppliers flagged that the expansion would represent increased costs to suppliers to monitor and track performance.
- 2.3 Four suppliers explicitly disagreed with expanding the SoC. Of these, three considered it should be expanded to Small Business Consumers only, as they considered the SoC would not be relevant for the largest customers. Three suppliers considered that the costs to monitor and track performance outweigh the benefits of expansion. One considered that regulation is not needed in this area, as different service levels are an important part of the competitive market and are a factor customers consider in choosing their supplier. Another stakeholder disagreed with our position as they considered suppliers don't adhere

to the SoC for Micro Business Consumers, and that TPIs are available to help if required. They considered suppliers should have adequate staffing to deal with customers rather than increasing obligations.

- 2.4 Four suppliers welcomed our clarification in our consultation and SoC Guidance that the SoC are not prescriptive. However, three considered that the requirement for information to be provided in 'plain and intelligible' language was not applicable for large businesses as contracts may be more technical. Another supplier noted that clauses requiring the supplier to not create a material imbalance in favour of the supplier may not be relevant, as larger businesses have more leverage.

Implementation timescale

- 2.5 The vast majority of respondents, excluding suppliers, agreed with our proposal that the SoC should take effect 57 days after our final decision (ie the day after the required 56-day standstill period), to ensure the SoC take effect as soon as possible. Six suppliers considered this timescale was appropriate. Nine suppliers disagreed, with eight of these suppliers suggesting 6 months to be more suitable. Four stakeholders suggested that changes should be aligned with other proposals as much as possible.

Guidance

- 2.6 We received comments from stakeholders on our proposed updates to the SoC Guidance published alongside our Statutory Consultation. Two stakeholders raised concerns about an example of poor behaviour provided in the Guidance, where a clause allowing a supplier to make changes to a contract was buried 'deep within the contract', which a customer had been led to believe was a fixed price contract. They were concerned this would make it more challenging to rely on contractual terms and could increase risk on suppliers, which may lead suppliers to increase prices or limit products on offer.
- 2.7 One stakeholder considered Ofgem could enhance the wording of the eighth example provided in the Guidance, relating to the supplier proceeding with disconnection despite a customer presenting "evidence that there was a material change of circumstances", to clarify the quality of the evidence presented. Another stakeholder noted that the Guidance refers to Micro Business Consumers in some places which could cause confusion as we proposed to expand the SoC to all Non-Domestic Customers.

Reasons for our decision

- 2.8 After assessing stakeholder responses and further engagement, **we have decided to proceed with our minded-to position and expand the SoC to all Non-Domestic Customers.** However, we have amended the implementation timeline from 57 days to 3 months, aligning with the implementation of Citizens Advice signposting.¹³ Please see Appendix 1 and Notices published alongside this document for the licence text. We have made minor changes to the licence drafting to correct a typographical error; however, the policy intent of the licence condition remains unchanged.¹⁴
- 2.9 Our proposals received strong support from stakeholders. We consider expanding the SoC to all Non-Domestic Customers will improve the service customers receive and place greater responsibility on suppliers to deliver good customer outcomes. Given there are fewer licence conditions which apply to the largest Non-Domestic Customers, the expanded SoC will allow us to address egregious issues where customers are not being treated fairly, in accordance with the SoC.
- 2.10 We recognise that suppliers will likely incur costs to expand the application of the SoC, for example by reviewing processes, monitoring compliance and increasing staff to ensure customer service arrangements are fit for purpose. However, we consider it is beneficial that suppliers review processes to ensure they remain appropriate and are appropriately staffed to deal with their customers and deliver good service. We would expect this to be something suppliers do to ensure they are delivering appropriately for their customers.
- 2.11 We also consider that applying the SoC across all Non-Domestic Customers will simplify processes, ensuring suppliers do not have to assess whether customers are covered by the SoC. We consider this would be more cost-effective than only expanding to Small Business Consumers, as suppliers indicated they would likely either face similar set-up costs regardless of where the SoC were expanded to, or face increased costs if they were not applied across all Non-Domestic Customers. We discuss costs further in our associated Impact Assessment published alongside this document.
- 2.12 While we acknowledge suppliers' concerns that suppliers may need to use more technical language in communicating with their largest customers, we do not consider it necessary to amend the existing wording of the SoC to require

¹³ Please see section 4 for our decision on signposting customers to Citizens Advice.

¹⁴ Changes to licence drafting, and our reasons for them, are set out in Appendix 4.

anything other than 'plain and intelligible' language when providing information (whether in writing or orally) to customers. We expect customers should be able to easily understand information provided to them by their supplier. As noted in our consultation, the SoC are not prescriptive, and we recognise that different approaches may need to be taken to ensure good outcomes are achieved for different types of customers. This is also addressed in the SoC Guidance, which states that "suppliers should adapt the standards as appropriate and apply them as relevant to the type of customer they are engaging with". However, we have added a further line in the SoC Guidance to address the concerns raised by stakeholders and clarify this point.

- 2.13 As market innovation in contract and tariff types evolves with our changing environment, it will be important for suppliers to underpin their developments with these principles of fairness. We are aware that the government, in collaboration with industry, has developed industry best practice sharing principles regarding smart meter contingent contracts and tariffs in the Non-Domestic sector.¹⁵ Such principles will help ensure that Non-Domestic energy suppliers remain on a level playing field in maximising market flexibilities to drive smart meter uptake, whilst ensuring that obligations towards Non-Domestic energy customers are met. We would encourage all suppliers to take note of these principles.

Guidance

- 2.14 After assessing stakeholder responses to our Statutory Consultation and comments received in response to our November 2023 letter to Non-Domestic retail stakeholders,¹⁶ we have updated and published the final version of the SoC Guidance on our website.¹⁷ Please see Appendix 3 which shows the final version of the Standards of Conduct Guidance with changes in track. We have indicated any changes made since our December Statutory Consultation.¹⁸
- 2.15 We note supplier concerns regarding the example in the Guidance referring to clauses in contracts allowing prices to increase, where the Principal Terms had not been made sufficiently clear to the customer and they were led to believe

¹⁵ www.gov.uk/government/publications/non-domestic-smart-meter-contingent-contracts-industry-best-practice-sharing-principles

¹⁶ November 2023 Letter to non-domestic retail stakeholders::

www.ofgem.gov.uk/publications/letter-non-domestic-retail-stakeholders-november-2023

¹⁷ The final Standards of Conduct Guidance can be found here:

www.ofgem.gov.uk/publications/licence-guide-standards-conduct

¹⁸ Changes to the SoC Guidance, and our reasons for them, are set out in Appendix 4.

they were being sold a fixed price contract. For the avoidance of doubt, we are not suggesting that suppliers cannot include clauses in contracts that allow them to raise prices in specific, most likely extreme, circumstances. However, suppliers should make customers aware that the prices may be subject to change and be clear regarding the circumstances in which this could happen. We have added a clarifying footnote to the Guidance document to address this point. We have also removed wording which describes that the clause was 'deep' within the contract, as we expect suppliers to ensure customers are made aware of this clause regardless of where it sits within the contract.

- 2.16 In response to comments raised by a stakeholder we have also inserted the word 'compelling' in the example outlining a Change of Tenancy, to show that the evidence presented by the customer in this case was clearly demonstrating a material change of circumstances with valid evidence. This change is in the second bullet point in section (c) of the "what does this mean in practice" section of the Guidance document.

Implementation timescale

- 2.17 We have decided that **the expanded SoC will come into effect on 1 July 2024**. This is an extension of what we proposed at consultation, to allow 3 months until the SoC take effect.
- 2.18 It is our view that suppliers undertaking good business practices should be achieving the SoC. However, we acknowledge supplier comments that implementation of our policies should be aligned where possible and that more time was requested. We therefore consider 3 months will ensure consumers are protected as soon as possible while allowing suppliers time to review processes.
- 2.19 As stated in our consultation document, we expect that over time suppliers would make changes in their practices in engaging with Non-Domestic Customers. We therefore do not consider it appropriate to delay the implementation of the SoC any further. We would in any case take a proportionate approach to investigating issues in line with the criteria set out in our Enforcement Guidelines.¹⁹
- 2.20 Please see section 8 which sets out the implementation timescales for all policies discussed in this document.

¹⁹ Enforcement Guidelines: www.ofgem.gov.uk/publications/enforcement-guidelines

3. Complaints Handling Standards

Section summary

The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (CHS) prescribe how Domestic and Micro Business Consumer complaints should be handled and recorded, including a requirement to signpost the consumer to the Energy Ombudsman after 8 weeks or if the supplier can do no more to resolve the complaint. Given government's proposals to expand access to the Energy Ombudsman to include Small Business Consumers, this chapter sets out our decision to expand the CHS to apply to Small Business Consumers to ensure relevant consumers are informed they can access the Energy Ombudsman's services and experience a consistent process for how their complaints are handled.

Proposal at consultation: *to expand the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 (CHS). This is to align with government proposals to expand access to redress and apply to Small Business Consumers by expanding The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (the "2008 Order").*

Decision: *to expand the CHS to Small Business Consumers as proposed. However, the electricity threshold for Small Business Consumers has decreased from 500,000 kWh/year to 200,000 kWh/year, as indicated in government's response to their consultation.*

What stakeholders said

3.1 The majority of stakeholders agreed with our minded-to position to expand the CHS to Small Business Consumers.²⁰ Many of these stakeholders agreed that it was sensible to align the CHS with the expansion of the Energy Ombudsman to ensure consistency. Three consumer representative groups considered the CHS should be expanded to all Non-Domestic Customers to ensure no businesses are excluded from these protections, as businesses of all sizes have been experiencing issues with their suppliers. Three suppliers disagreed that the CHS should be expanded past its existing threshold of Micro Business Consumers, as the CHS are not applicable to the complexities of the wider Non-Domestic market. Some suppliers raised concerns that the energy thresholds consulted on would

²⁰ The CHS can be found here: <https://www.legislation.gov.uk/uksi/2008/1898>

capture larger customers to whom the CHS may not be as applicable, for example those who are engaged with via account management.

- 3.2 One supplier suggested that the CHS should undergo a broader review to ensure it is still fit for purpose, for example since digitalisation. Another stated they would welcome more guidance on reporting complaints information to Ofgem. One supplier raised concerns that dealing with more complex business complaints in accordance with the CHS could tie up supplier resource and reduce service to Domestic and Micro Business Consumers.
- 3.3 Ten stakeholders raised concerns about the Energy Ombudsman handling an increased number of more complex business cases and suggested that the Ombudsman would need to increase its resourcing levels and industry knowledge to be able to process complaints about complex business contracts. Four of these stakeholders considered any Ombudsman service should be regulated and appointed by Ofgem or government. Some stakeholders also commented that there should be sufficient lead time for the Ombudsman to increase capacity and expertise before any changes go live.

Implementation

- 3.4 Individual respondents and consumer groups generally agreed with our proposed implementation of 3 months after our decision, which mirrored the implementation timeline when the CHS were first introduced for Micro Business Consumers.²¹ However, twelve stakeholders (including eleven suppliers) disagreed with this timescale and considered that it was too short. Many suppliers noted they would have to make significant system changes, and that identifying Small Business Consumers would take time. Eight suppliers recommended timescales ranging from 5-9 months. One considered 12 months would be required to implement changes related to the Small Business Consumer threshold following government's consultation which would expand access to the Energy Ombudsman,²² and a further 6 months to then implement changes related to the CHS.

Reasons for our decision

- 3.5 After assessing stakeholder feedback, **we have decided to proceed with our minded-to position and expand the CHS to Small Business Consumers.**

²¹ www.ofgem.gov.uk/publications/complaint-handling-standards-decision-july-2008

²² www.gov.uk/government/consultations/new-threshold-for-businesses-accessing-the-energy-ombudsman

This is to align with government’s proposed amendment to the 2008 Order, which expands access to redress to apply to Small Business Consumers. However, we have extended the expected implementation date to allow alignment with government’s proposal, which is dependent on parliamentary processes. We expect to implement the CHS no sooner than 1 December 2024, which we discuss further under ‘Implementation timescale’ in this section. This also provides more time for suppliers to prepare and implement the changes, allowing 8 months from the date of our decision.

- 3.6 We consider this expansion will ensure Small Business Consumers can have consistent expectations as to how their complaints will be handled, to address concerns we identified regarding customers experiencing issues with raising or resolving complaints with their supplier. Consistency in supplier handling of complaints should raise minimum service levels and will support supplier and Ombudsman processes in resolving complaints, whilst also supporting Ofgem’s Non-Domestic supplier monitoring.
- 3.7 Evidence received as part of our Non-Domestic Market Review indicated Small Business Consumers had lengthy and frustrating experiences when making complaints to their supplier. We expect our decision to expand the CHS will improve Small Business Consumers’ experiences with raising complaints with their supplier by improving suppliers’ responsiveness and accessibility, which will improve quality and standards of supplier complaints handling.
- 3.8 We consider it is important that the CHS aligns with the access to the Energy Ombudsman set out in the 2008 Order to ensure consistency across both pieces of legislation. The CHS set the timings and process under which the Energy Ombudsman can be accessed, as section 6 of the CHS requires customers to be signposted to the relevant redress scheme if their complaint cannot be resolved. As government has decided to expand access to the Energy Ombudsman, if the CHS were not expanded there would be a gap in the regulations where Small Business Consumers are able to access the Energy Ombudsman but there is no obligation to inform them within the CHS.
- 3.9 We recognise supplier concerns that the CHS may not be applicable to the different ways the very largest businesses or Industrial and Commercial customers are engaged with. While we consider suppliers should be recording issues its customers experience so they can understand where improvements may be necessary, we understand prescriptive requirements on complaints handling and recording may not be suitable for very large businesses. We therefore are not expanding the CHS to all Non-Domestic Customers and are

limiting the expansion to Small Business Consumers. We also acknowledge supplier concerns that the Small Business Consumer threshold may include customers who have bespoke management arrangements in place with their supplier. We note that, after assessing stakeholder feedback and further evidence, and to more closely mirror the ratio between electricity and gas use in the 'relevant consumer' definition, government has decided to reduce the electricity consumption threshold from 500,000 kWh/year to 200,000 kWh/year. This would help address some stakeholder concerns that the threshold was set too high, thus leading to the risk that a small number of middle-sized businesses would be captured under the new Small Business Consumer definition. We also note that, acknowledging that a firm limit for energy consumption levels is difficult to impose, government expects to review these thresholds 12-18 months after implementation. We expect suppliers to ensure that, where a complaint is raised by a Small Business Consumer, that this complaint is recorded and handled appropriately in accordance with the CHS. We do not consider this should impact the ability of suppliers to engage effectively with Small Business Consumers via account management.

- 3.10 We do not consider that this expansion should decrease service to Domestic and Micro Business Consumers. As stated in the CHS, suppliers must "allocate and maintain such level of resources as may reasonably be required to enable that regulated provider to receive, handle and process consumer complaints in an efficient and timely manner". Similar provisions are outlined in the SoC which require that suppliers must act promptly to put things right when the supplier makes a mistake, and otherwise ensure that customer service arrangements and processes are fit for purpose and transparent. We therefore expect suppliers to ensure they are adequately resourced to handle complaints from their customers and to deliver a good service.

Implementation timescale

- 3.11 The implementation of the CHS is linked to the expansion of the 2008 Order, which will introduce a Small Business Consumer definition to those customers who can access qualifying redress schemes. We have decided that the expanded CHS will take effect alongside the implementation of the expanded 2008 Order when the Energy Ombudsman is able to accept cases from Small Business Consumers. **We expect this will mean an implementation date no sooner than 1 December 2024.**

- 3.12 This legislation change is dependent on parliamentary processes and therefore a definite implementation date cannot be confirmed at this stage. We are currently expecting that the processes to expand the CHS and 2008 Order will be carried out in summer 2024. It is therefore possible that the legislation could come into force by late summer/autumn 2024. However, to provide sufficient time for suppliers to prepare, and provide a reasonable timeframe for parliamentary processes to be carried out, we have proposed that the CHS will come into effect no sooner than 1 December 2024. This will allow 8 months from the date of our decision. We will work with government to agree consistent dates of implementation, given the CHS will require suppliers to signpost new Small Business Consumers to the Energy Ombudsman. Should the proposed definition of Small Business Consumer change in a material way, then we shall reconsult on this matter.
- 3.13 Once the amendments to the 2008 Order and CHS legislation have been published, we will issue a Notice which confirms the date on which the CHS will come into effect and the final CHS text. This will be issued with at least three months' Notice before the implementation date and in any event the CHS will not take effect before 1 December 2024. We will keep stakeholders informed with sufficient notice if the timelines outlined are no longer applicable. Please see Appendix 2 where we have set out the draft CHS text. We have made changes since our Statutory Consultation to insert the Small Business Consumer definition, as we left a placeholder for this text at consultation, and to remove wording which was inserted in error, as noted in stakeholder comments.
- 3.14 Please see section 8 which sets out the implementation timescales for all policies discussed in this document.

4. Signposting to relevant customer support services

Section summary

This section sets out our decision and reasoning to add a licence condition requiring suppliers to inform customers who are within the statutory remit of Citizens Advice and Citizens Advice Scotland that they are eligible for this support. Customers who are eligible for support services would also then expand to include Small Business Consumers when the expansion of the CHS and Energy Ombudsman happens.

Proposal at consultation: *to introduce a licence condition requiring suppliers to signpost customers who are eligible to access Citizens Advice²³ that they can access these services. Micro Business Consumers are already able to access Citizens Advice, and we expect Small Business Consumers will be able to access Citizens Advice once Citizens Advice’s remit is expanded alongside the expansion of the CHS and government’s expansion of the 2008 Order, expanding access to redress.*

Decision: *to introduce a licence condition requiring Citizens Advice signposting. However, we have amended the proposed licence drafting to create two separate licence conditions, one which refers to Micro Business Consumers and one which refers to Small Business Consumers. This will add clarity to the licence conditions, ensuring that Micro Business Consumers are signposted as soon as possible, and that Small Business Consumers will be signposted when the CHS and 2008 Order are expanded making them eligible to access Citizens Advice.*

What stakeholders said

- 4.1 The majority of stakeholders agreed with our proposal to introduce a licence obligation for suppliers to signpost customers to Citizens Advice. Two customer representative groups suggested that the signposting should be provided regularly and in multiple formats, as they considered that good practice for signposting is to ensure information is available in multiple places. Citizens Advice agreed with Ofgem’s position that ensuring Micro and Small Business Consumers are signposted to Citizens Advice will allow them to access appropriate advice at an earlier stage of their issue.
- 4.2 The majority of suppliers also agreed with our proposal. Of those who disagreed, three considered Ofgem was better placed to do this signposting, and another

²³ In this document, where we refer to signposting to Citizens Advice this should be read as signposting to Citizens Advice and Citizens Advice Scotland.

considered it wasn't necessary to have a licence condition for the requirement as many suppliers already signpost their customers to Citizens Advice. A few suppliers raised that signposting Micro Business Consumers in the past still led to these customers being unaware of Citizens Advice's help, therefore they considered an awareness campaign from Ofgem or government was also needed in addition to supplier signposting.

- 4.3 Several stakeholders noted that it would be helpful to explicitly refer to signposting both Micro Business Consumers and Small Business Consumers to Citizens Advice, even though the proposed Small Business Consumer definition includes Micro Business Consumers, as this would provide clarity to the condition.

Implementation

- 4.4 The majority of stakeholders agreed with our proposed implementation timescale of 3 months, including eleven suppliers. However, some of these suppliers did note this timescale would still be challenging. Most concerns were regarding the complexity of implementing new systems and processes to identify Small Business Consumers.
- 4.5 Citizens Advice were supportive of the proposed 3-month timeline, but only if this aligned with the expansion of the Complaints Handling Standards.

Reasons for our decision

- 4.6 After assessing stakeholder responses, **we have decided to proceed with our minded-to position and introduce a licence condition requiring suppliers to signpost customers, who are eligible for their services, to Citizens Advice and Citizens Advice Scotland.** Please see Appendix 1 and Notices published alongside this document for the licence text. We have made changes to the licence drafting since our Statutory Consultation to create two separate licence conditions - one for signposting Micro Business Consumers and one for signposting Small Business Consumers, which we provide further detail on in this section.
- 4.7 Citizens Advice noted their Consumer Service data shows proportionally lower volumes of contacts from Micro Business Consumers compared to Domestic Customers, which is likely because Non-Domestic Customers are not aware of Citizens Advice's role. Citizens Advice also informed us that when Micro Business Consumers do make contact, they are often in extremely difficult situations such as a complex customer service complaint or are about to be disconnected. We therefore consider adding these licence conditions will ensure customers are kept

informed of support available and can receive help on issues they experience. This may help customers resolve issues much sooner or help customers access support before an issue progresses and they have suffered detriment which could have otherwise been avoided.

- 4.8 We note that some stakeholders considered a licence condition is not required as they considered Micro Business Consumers are already aware they can access Citizens Advice’s services. Given the support our proposal received, and Citizens Advice’s data indicating Micro Business Consumers are not always aware of the support available to them, we consider it is appropriate to implement these licence conditions to ensure customers are appropriately informed.
- 4.9 Micro Business Consumers can already access Citizens Advice, and we consider it important to ensure these customers are informed as soon as possible as Citizens Advice can provide support to these consumers on issues they are experiencing. However, Small Business Consumers would only be able to access Citizens Advice once the legislation defining who can access the Energy Ombudsman and the scope of the CHS is expanded, as this defines those customers who can access Citizens Advice. We therefore have made changes to the licence drafting, creating one condition for Micro Business Consumers (SLC 20.4A and 20.5A in the electricity and gas supply licences respectively) and one for Small Business Consumers (SLC 20.4B and 20.5B in the electricity and gas licences respectively, “20.4B/20.5B”). SLC 20.4B/20.5B will only be implemented once the expanded 2008 Order and CHS legislation come into effect. This ensures that:
- the licence condition is clear so that suppliers can understand their obligations
 - Micro Business Consumers are signposted as soon as possible, as they can already access Citizens Advice, and ensures any delays will not negatively impact signposting to Micro Business Consumers
 - Small Business Consumers will be signposted as soon as they are eligible to access Citizens Advice, once the 2008 Order and CHS legislation have been expanded.
- 4.10 It is important to note that the policy intent requiring suppliers to signpost eligible customers to Citizens Advice remains unchanged.²⁴

²⁴ Changes to licence drafting, and our reasons for them, are set out in Appendix 4.

- 4.11 In response to several suggestions from stakeholders, we also plan to engage with Citizens Advice to explore what more can be done to raise awareness to customers who are eligible to access its services.

Implementation timescale

- 4.12 As the licence condition referring to Small Business Consumer signposting (SLCs 20.4B/20.5B) will only be implemented once the expanded 2008 Order and the CHS take effect, there will be a phased approach to implementation.
- 4.13 We have decided that the licence condition requiring suppliers to ensure they **signpost their Micro Business Consumers to Citizens Advice will take effect from 1 July 2024**. This corresponds to SLC 20.4A and 20.5A in the electricity and gas licences respectively. This ensures that Micro Business Consumers are signposted as soon as possible, as they are already eligible for Citizens Advice’s services, and helps address the initial concerns raised to us by Citizens Advice that these customers are often unaware of support available. Given the licence condition is not prescriptive, and that many suppliers indicated they already signpost their Micro Business Consumers, we consider 3 months is a suitable time for suppliers to review the effectiveness of their existing signposting and ensure their Micro Business Consumers are appropriately signposted to Citizens Advice.
- 4.14 We understand that suppliers will need to implement new processes to identify their Small Business Consumers. This will be particularly important for suppliers who currently don’t have any Micro Business Consumers and would have to set up new processes rather than expanding existing processes. We therefore consider that more time should be given to any policy which is dependent on the new Small Business Consumer definition. As discussed in section 3, we have extended the proposed implementation timescale for the CHS to 8 months from the date of our decision, with an expected implementation date of no sooner than 1 December 2024. This will align with the implementation of the Energy Ombudsman expansion, which is dependent on parliamentary processes. We will implement the Small Business Consumer signposting requirement once the 2008 Order and CHS legislation takes effect, therefore **we provisionally expect the requirement to signpost Small Business Consumers to Citizens Advice to be implemented no sooner than 1 December 2024** (ie, 8 months from the date of our decision). This corresponds to SLC 20.4B and 20.5B in the electricity and gas licences respectively.

- 4.15 We will issue a Notice once the CHS legislation has been published online, confirming the date it comes into effect. This Notice will also confirm the date SLCs 20.4B/20.5B take effect, when we expect suppliers to signpost their Small Business Consumers to Citizens Advice. For avoidance of doubt, this will be no sooner than 1 December 2024 and we will give at least three months' Notice.
- 4.16 Please see section 8 which sets out the implementation timescales for all policies discussed in this document.

5. Third Party Intermediary redress scheme membership

Section summary

Currently suppliers must ensure any Third Party Intermediary (TPI) they are working with, on behalf of Micro Business Consumers, must be registered with a Qualifying Dispute Settlement Scheme (QDSS), so that Micro Business Consumers who have an unsettled dispute with their TPI can seek redress. This section sets out our decision to expand this rule on suppliers, to require that any TPI they are working with for a Small Business Consumer must be registered with a QDSS. This is to align with government's expanded access to the energy suppliers redress scheme to Small Business Consumers.

Proposal at consultation: *we have an existing requirement on suppliers to only work with a Third Party Intermediary (TPI) on a Micro Business Consumer contract if that TPI is a member of a Qualifying Dispute Settlement Scheme (QDSS), which supports customers in resolving disputes they may have with a TPI. We proposed expanding this to require that a supplier must only work with a TPI on a Small Business Consumer contract if that TPI is a member of a QDSS, to align with the expansion of access from Micro to Small Business Consumer to the energy supplier Ombudsman.*

Decision: *to expand the TPI redress scheme membership to align with changes to the Energy Ombudsman threshold. We note, the electricity threshold for Small Business Consumers has decreased from 500,000 kWh/year to 200,000 kWh/year, as indicated in government's response to their consultation.*

What stakeholders said

- 5.1 Of those individuals or individual representative groups who provided a response to this question, all were supportive of our proposals. Responses were strongly in favour of aligning expansion with DESNZ's proposed expansion to the Energy Ombudsman scheme, both in terms of the groups of customers for which support is available to and the date from which support will be available. Those in favour believed the policy could address concerns about poor TPI practice including specific examples of poor behaviours such as mis-selling and pressure selling.
- 5.2 Suppliers were mostly supportive of the policy proposals, especially of the principle of providing greater access to dispute resolution to customers. Those suppliers in favour were supportive of the proposal to align the threshold to the Energy Ombudsman's expanded threshold. Some also believed it would drive better service and fairer prices. Those who expressed opposition or concerns with the policy proposal had a range of concerns; including the supplier's role in

administering the scheme, concerns about the number and quality of QDSSs and concerns about the increased cost for suppliers in terms of dealing with queries regarding cases against TPIs. Two suppliers believed there would be no meaningful impact on improving circumstances for consumers.

- 5.3 When answering the question regarding proposed implementation timelines there was greater agreement amongst suppliers. Of the 18 who responded to this question there were 14 suppliers who agreed with the suggested eight months and four who disagreed.
- 5.4 TPIs and their representatives remained the group most opposed to this policy. We received responses from 7 TPIs or groups representing TPIs, and this is not representative of the TPI population given there are estimates of 2,500 TPIs operating. We did however host workshops and further engagement with TPIs in an attempt to gain more feedback from TPIs. Of the seven responses we received to our consultation from this group of stakeholders, four were against the policy and three were in favour. Those opposed to the policy queried the magnitude of poor TPI practice and raised concerns regarding the cost the scheme would place upon TPIs and the effectiveness of QDSSs. Those in favour highlighted that updates to TPI procedures could lead to improvements in quality and services.

Reasons for our decision

- 5.5 Overall, there was significant support for expanding our existing rule, particularly to align with the government's expansion of access to the Energy Ombudsman for Small Business Consumers resolving disputes with suppliers. Our policy will minimise confusion for customers as they would know they are able to access redress schemes for problems with energy contracts if they are a certain size, regardless of whether it relates to a supplier issue or a TPI issue. Our impact assessment shows this expansion could bring significant benefits to Small Business Consumers.
- 5.6 We further note the expansion also aligns with the customer employee numbers that define access to the financial ombudsman, again improving clarity and consistency for customers. This expansion of access to TPI alternative redress is dependent upon the government's expansion of the 2008 Order which will introduce the Small Business Consumer definition.²⁵ This will affect the

²⁵ www.gov.uk/government/consultations/new-threshold-for-businesses-accessing-the-energy-ombudsman

implementation timings of this policy and more information can be found on this in the implementation section below.

- 5.7 In addition to minimising confusion for customers about when they can access redress, we consider expanding our existing policy to include Small Business Consumers is a proportionate response to better protect Small Business Consumers. As we noted in our Statutory Consultation, smaller businesses often feel they have no way of resolving energy contract disputes, for example by not having the resources to seek legal support. Expanding access to alternative dispute resolution will allow customers, who are otherwise unable to, to solve disputes with a TPI. In this way they will be better protected.
- 5.8 Our evidence shows that while customers can value the benefits of working with a good TPI, some customers are facing issues relating to TPIs. This view is the result of data from suppliers, consumer surveys, Citizens Advice, Energy Ombudsman data, consultation responses and from complaints we have received directly.
- 5.9 TPIs are not subject to sectoral regulation and therefore there is not a single source of information about complaints made about TPIs. Our Statutory Consultation set out the data we had gathered from suppliers about complaints relating to TPIs. This identified complaints from customers greater than Micro Business Consumers, further evidencing the need for support.
- 5.10 A number of trade bodies responded to our consultation on behalf of their members, which include small businesses who are larger than Micro Businesses, and large businesses. They shared reports from their members of poor TPI treatment, particularly around mis-selling concerns. The issues experienced can have a material impact upon the viability of their business. For example, they said a number of businesses believe they have been mis-sold and/or pressurised into a bad deal by TPIs, primarily via verbal contracts conducted over the phone. This can result in, for example, a customer being locked into a contract at higher prices than they need to be, for multiple years, which can severely impact business viability. Another example includes a customer feeling pressured into signing a new high price contract, under the impression their contract was coming to an end from information provided by their TPI, when it was not.
- 5.11 With the absence of formal sector regulation of TPIs, there is a protection gap for some energy consumers who engage with the energy market through TPIs. TPIs offer a valuable service and can benefit the Non-Domestic Customers significantly. However, the above highlights that there are occasions of some TPIs

acting in a way that is not in the customer’s best interest and subsequently causing customer detriment.

- 5.12 We also anticipate this policy will improve confidence in TPIs. Access to redress increases customers’ confidence that if they were to face issues, they will be able to achieve a suitable and fair outcome. Anecdotal evidence we have received indicates there are Non-Domestic Customers with low trust in TPIs, because of the issues they have had, or heard about. Good TPIs hold a valuable place in supporting Non-Domestic Customers and can improve Non-Domestic Customers’ experiences significantly. Therefore, improving confidence in TPIs is likely to benefit TPIs and Non-Domestic Customers.
- 5.13 Whilst our existing rule for suppliers to only work with TPIs working with Micro Business Consumers that are part of a redress scheme is relatively new, it is already benefiting customers. The Energy Ombudsman scheme is not the only QDSS in operation, we are also aware of at least one other scheme in operation, the Utilities Intermediaries Association (UIA).²⁶ The Energy Ombudsman, during its first year, was the largest QDSS in operation. The Energy Ombudsman saw 741 cases in the first 12 months, of which 69% were found in the consumers favour.²⁷ We expect case numbers to grow as the scheme becomes more established.
- 5.14 We acknowledge that in the absence of sectoral regulation of TPIs, suppliers are playing a role to ensure TPIs who they partner with are registered with a QDSS. We remain highly supportive of government looking into regulation of TPIs following their call for input on this issue in 2021.²⁸ We remain committed to reviewing this supplier requirement if regulation of TPIs were to be brought in.
- 5.15 Another concern raised during consultation is the existence of multiple QDSSs and how this may be confusing for customers. The lack of accreditation of schemes was also raised. As we highlighted in our Statutory Consultation, the Digital Markets, Competition and Consumers Bill is currently going through Parliament. This bill would result in all Alternative Dispute Resolution (ADR) providers needing to be accredited in the future by persons specified by the Secretary of State. Please see the UK Parliament bill for more details.²⁹

²⁶ [HOME - The Utilities Intermediaries Association \(UIA\)](#)

²⁷ Energy Ombudsman Energy Broker Report 2024, https://tag-craft.files.svdcdn.com/production/assets/assets/25_02-2024_EO_Broker_Report-Digital.pdf

²⁸ [Third-party intermediaries in the retail energy market: call for evidence - GOV.UK \(www.gov.uk\)](#)

²⁹ <https://bills.parliament.uk/bills/3453>

- 5.16 As part of any government consultation on TPI regulation, government may also consider appointing a statutory redress scheme. In absence of this, any provider of a QDSS that meets the criteria can be used by TPIs. Suppliers must ensure any QDSS schemes, that TPIs working with Small Business Consumers are members of, are compliant with the relevant licence conditions. To help suppliers and potential QDSS providers we consulted and published guidance last year,³⁰ that provides additional assistance on how to interpret the QDSS criteria established in our licence condition.
- 5.17 There were a small number of stakeholders who raised concerns regarding the Energy Ombudsman TPI QDSS and its capacity to deal with an increased number of cases, particularly where cases may become more complex due to the fact larger businesses are likely to have more complex and bespoke contracting agreements in place. We note that the Energy Ombudsman have recently published a report covering their first year of the scheme, in which some of the concerns raised by stakeholders are being recognised and addressed.³¹
- 5.18 We considered the expected costs of our expansion of the existing licence obligation. Full details can be seen in the Impact Assessment published alongside this document. We highlight some points below.
- 5.19 Some TPIs that work with Small Business Consumers also work with Micro Business Consumers and are therefore already members of a QDSS scheme. They will therefore not face new set up costs from this expansion of our existing policy. We received feedback from our consultation that there are likely going to be cost impacts for TPIs that do not work with Micro Business Consumers but who do work with Small Business Consumers. We have therefore covered this in greater detail in the Impact Assessment published alongside this document.
- 5.20 Given the lack of TPI regulation it is impossible to quantify costs fully. We are unable to identify those TPIs who work with Small Business Consumers but who do not work with Micro Business Consumers and make formal requests to them about what new costs they will face. We anticipate that the additional numbers of TPIs impacted will be relatively low given the low number of small businesses in the business population compared to Micro Business Consumers and the potential

³⁰ [Decision on Guidance for Third Party Intermediary Alternative Dispute Resolution scheme criteria | Ofgem](#)

³¹ [Energy Ombudsman reports on first year of broker... | Energy Ombudsman](#)

for some TPIs who work with Small Business Consumers to already be registered with a QDSS through serving their Micro Business Consumers.³²

- 5.21 Throughout the consultation period, we engaged with TPIs and sought out cost information. But we were provided with minimal evidence, beyond the membership fees of joining existing QDSS schemes. Whilst some responses stated they anticipated there to be costs beyond membership such as updating systems and processes, no estimates were provided.
- 5.22 It is very difficult to accurately quantify the likely cost of QDSS scheme membership due to the likelihood of costs changing from what they are today, as the schemes mature and new providers enter the market. There also may be costs in addition to membership fees for those additional TPIs who don't serve Micro Business Consumers but do serve Small Business Consumers. For example, if they have fewer processes now to track and resolve complaints, they will likely need to invest more. However, this will benefit their customers and more broadly improve the environment they work in. This view was supported by a TPI respondent to our consultation who highlighted that while there may be additional costs from improving systems and processes, they expected that this will lead to improved quality of service from TPIs.
- 5.23 For more information on the costs of these policies and how they were calculated please see the Impact Assessment.
- 5.24 In summary, we are proceeding with our proposals at Statutory Consultation to expand TPI redress membership. The result of which is that Small Business Consumers will be able to take unresolved disputes with TPIs to a QDSS. This policy will align with governments expansion of access to the Energy Ombudsman to Small Business Consumers. By aligning, our policy will minimise confusion for consumers and will offer consistency to customers. Our evidence indicates customers are facing issues in the market when working with TPIs, increasing access to redress will help address some of these issues. Additionally, we anticipate this policy will increase customers confidence in TPIs, and customers confidence they will be able to achieve fair and suitable outcomes. We note there will be costs associated with the introduction of this policy, however we consider these to be proportionate.

³² <https://www.gov.uk/government/statistics/business-population-estimates-2023/business-population-estimates-for-the-uk-and-regions-2023-statistical-release>. Note that the definition of microbusinesses and small businesses from the statistics referenced is based on employment numbers from Table A, and not on consumption. Further, we note the statistics cover the UK, and not only GB.

Implementation timescale

- 5.25 The expansion of our rule for suppliers to only work with TPIs, on behalf of Small Business Consumers, who are members of a QDSS will take effect alongside the implementation of the expanded 2008 Order when the Energy Ombudsman is able to accept cases from Small Business Consumers. We expect this to be implemented no sooner than 1 December 2024.
- 5.26 This legislation change is dependent on parliamentary processes and therefore a definite implementation date cannot be confirmed at this stage. We are currently expecting that the processes to expand the 2008 Order will be carried out in summer 2024. It is therefore possible that the legislation could come into force by late summer/autumn 2024. However, to account for a reasonable timeframe for parliamentary processes to be carried out and provide sufficient time for suppliers, TPIs and QDSS providers to prepare, we have proposed that the expanded rule will come into effect no sooner than 1 December 2024. Should the proposed definition of Small Business Consumer change in a material way, then we shall reconsult on this matter.
- 5.27 Once the amendments to the 2008 Order and CHS legislation have been published, we will issue a Notice which confirms the date on which this licence condition will come into effect, giving at least three months' Notice. In any event this licence condition will not take effect before 1 December 2024 (ie, 8 months from the date of our decision, as we set out in consultation).
- 5.28 It was felt by most stakeholders that 8 months was sufficient time for TPIs to register with a QDSS and for suppliers to ensure they have systems in place to ensure all TPIs they are working with are registered with a QDSS. The 8 months is in line with the time given for all TPIs working with Micro Business Consumers to register with a QDSS scheme as part of the Micro Business Strategic Review. We therefore feel by giving 8 months for the expansion of this rule is appropriate and achievable. We anticipate far fewer TPIs will need to register with a QDSS, given the number of TPIs already registered with a scheme due to already working with Micro Business Consumers. We note that some stakeholders requested additional time for implementation whilst some suggested the policy should be brought in much sooner.
- 5.29 For more information regarding the licence modifications that will be required to enact this policy please see the Notices published alongside this document and Appendix 1.

6. Third Party Intermediary service fee transparency

Section summary

This section sets out our decision to require suppliers to provide details of third party cost per unit fees in a customer's Principal Terms and upon request, to all Non-Domestic Customers. We summarise stakeholder feedback to our proposal and explain our decision below.

Proposal at consultation: *we proposed the expansion of Third Party Intermediary service fee transparency requirements on suppliers, that currently apply only for Micro Business Consumers.³³ These requirements are held in SLC 7A.10C of both the gas and electricity supply licences. We proposed that all Non-Domestic Customers should be provided with information about TPI service fees, that are being paid via payments added to their supplier energy bills, in their Principal Terms from suppliers and upon request, and that fees must be presented as a cost per unit, where it forms part of the unit price of energy, or a cost per day (month) where it forms part of a daily (monthly) standing charge. We also asked whether the supplier rules for Micro Business Consumers should retain the current obligation to present the figure as a lump sum, in addition to the new licence requirements to present costs per unit/day(month). We proposed moving SLC 7A.10C to an alternate area in the licence condition. This is because section 7A applies exclusively to Micro Business Consumers, whereas our proposals will expand the transparency requirements to all Non-Domestic Customers. We proposed moving SLC 7A.10C to sections 20.6 and 20.7 in the electricity and gas licences respectively.*

Decision: *we will be progressing with our proposed option. This will require all Non-Domestic Customers to be provided with a cost per unit presentation of TPI service fees in their Principal Terms and upon request. In addition, we retain the requirement for Micro Business Consumers to be provided costs as monies for the duration of the contract, often referred to a lump sum fee of the total TPI costs to be paid over the duration of the contract.*

³³ [Non-domestic market review: findings and statutory consultation | Ofgem](#)

What stakeholders said

The Principle of Transparency

- 6.1 Almost all stakeholders were supportive of the principle of increased transparency in the market. Individuals and representative groups such as Citizens Advice were strongly in favour of increased transparency. TPIs were most opposed to this policy of increased transparency.³⁴ Some TPIs expressed concerns that transparency would trigger greater price competition between TPIs leading to a 'race to the bottom' as TPIs reduce their quality of service to lower service fees. We do not consider these concerns are valid. We strongly support greater price competition between TPIs and note their obligations to compete on price under the Competition Act 1998. One TPI suggested it could lead to certain TPIs exiting the market, as some firms may be unable to compete effectively on price. However, they suggested this would be a positive as it would drive up service levels and offerings, as lower performing or inefficient firms would exit the market. Some TPIs felt the policy would be unnecessary as they claimed customers are fully aware of the fees they pay.
- 6.2 Suppliers and their representative bodies were also in support of increased transparency of TPI service fees.
- 6.3 18 suppliers responded on Q19 asking if they agreed with our proposed timeline of 6 months, 12 agreed and 6 disagreed. Those who disagreed suggested alternatives of 8, 9 or 12 months. One individual response would like to see these rules implemented sooner than our suggested timeframe of six months, and two other individuals agreed with our proposed timeframe.

How transparency should be provided

- 6.4 A minority of stakeholders from TPIs and some suppliers, were concerned about the supplier's role in providing cost information. Some TPIs expressed concerns TPI service fees would be given undue prominence compared to other costs.
- 6.5 Whilst suppliers were in support of increased transparency a number noted the burden was placed on suppliers to disclose the fees and they felt this was inappropriate. Several suppliers suggested the burden should not be placed upon suppliers for monitoring TPI actions and that a more appropriate course of action would be formal regulation of TPIs. Suppliers also had mixed views on the best

³⁴ There was a low proportion of TPIs who responded with only 7 TPIs or groups representing TPIs responding, as it is estimated there are 2,500 TPIs in the market.

method of presentation. Some only wanted a lump sum, noting this was the lower cost option as they already have processes in place to provide this information and some said that was helpful for customers. In contrast, some suppliers supported only having a cost per unit method of display, noting this is less open to manipulation.

Reasons for our decision

- 6.6 It is important that contracts are fair and transparent to customers, and that they are able to understand their terms so they can make the right decisions for their businesses. By proceeding with this policy, customers will better understand what the energy supplier is charging, separate to third party fees.
- 6.7 Sometimes a customer can pay a fixed fee upfront to a TPI for their service. However, in most cases TPI service fees are paid as part of a customer's energy bill from their supplier, with the supplier paying fees to the TPI from the payment they receive from the customer. This structure has led to some customers being unaware that they are paying a separate fee to the TPI and how much.
- 6.8 There has been strong stakeholder support for increased transparency from all parties, including TPIs. There was very little opposition to this policy.
- 6.9 A minority of TPIs suggested that this is an unnecessary policy because customers know what they are paying when using TPIs services, however, stakeholder feedback and independent research has highlighted that this is not always the case. In the Non-Domestic quantitative research carried out in July 2023³⁵, the research suggests three in 10 (30%) of businesses surveyed had used an energy broker³⁶ when choosing their current energy contract. Of these businesses, the majority (77%) thought that they did not pay for this service. A further 3% reported that they were not aware the broker applied charges and 14% were unsure. Only 7% said they were charged by the broker. This indicates that many businesses were not aware of how brokers would recoup their costs. This is supported by further individual feedback we have received from businesses, reporting low transparency among broker service fees.
- 6.10 We recognise that some TPIs have already chosen to disclose their fees. We consider that this policy may enable greater clarity, and improved competition,

³⁵ <https://www.ofgem.gov.uk/publications/non-domestic-2023-research-report>

³⁶ Research uses the term 'broker', but this also includes TPIs.

for these TPIs who may currently be perceived to be more expensive than others due to this transparency.

- 6.11 As highlighted in our Statutory Consultation, our proposals around the expansion of Standards of Conduct require that Non-Domestic suppliers must have regard to SLC 0A.3(b) when presenting key information to consumers. In other words, we expect information such as charges for supply to be given due prominence alongside TPI service fee costs, and other key information, and that TPI services fees should not be given undue prominence in line with SLC 0A.3(b).
- 6.12 In addition, we would like to note that there was a typographical error in our Statutory Consultation section 6 summary box which implied TPI service fees were required on bills (in the section body, it was clear this was not the case). For the avoidance of doubt, we note that the existing licence SLC 7A.10C only requires fees to be disclosed on the Principal Terms and upon request, and as we expand this to all Non-Domestic Customers, this same rule applies. There is no licence requirement for TPI service fees to be presented on bills as a result of this policy.

The format of disclosure

- 6.13 We have decided to retain the lump sum fee disclosure for Micro Business Consumers and introduce a cost per unit presentation for all businesses, including Micro Business Consumers. The majority of TPI service fees are charged on a cost per unit basis. Requiring disclosure to be in this format will allow easier comparison between contracts and consistency for customers.
- 6.14 In our consultation, we set out some concerns that had been raised about the lump sum disclosure for Micro Business Consumers and asked if we should remove it. Stakeholders said that a lump sum based on estimated future energy use could be manipulated by reducing the estimated energy use. Additionally, there is no unilateral method of estimating energy usage, so lump sums may be difficult to compare. However, respondents to our consultation said the lump sum fee could still be helpful for Micro Business Consumers and do not see the value in this being removed. We agree that if both methods of display are used for Micro Businesses, the p/kWh and lump sum, the risks of manipulation or poor comparability are reduced, while still providing benefits for customers who like to see the total they can expect to pay.
- 6.15 For information on costs and benefits please see the accompanying Impact Assessment.

Implementation timescale

- 6.16 Our changes to the relevant licence conditions for the standard gas and electricity supply licences can be seen in Appendix 1. These cover the proposed changes to SLC 20.6 in the electricity licence and SLC 20.7 in the gas licence.
- 6.17 After considering the feedback, we will be proceeding with the timelines for implementation that were suggested in our Statutory Consultation. We consider 6 months is sufficient time for suppliers to implement the necessary processes to enact this change. This is in line with the time given for implementation of the original licence obligation for service fee (commission) transparency that applied to Micro Businesses only.
- 6.18 These new licence conditions will go live from 1st October 2024, which is 6 months following this decision, including the standstill period. This means that the licence conditions will only apply on contracts signed on or after 1st October 2024.
- 6.19 Please see section 8 which sets out the implementation timescales for all policies discussed in this document.
- 6.20 For more information regarding the licence modifications that will be required to enact this policy please see the Notices published alongside this document and Appendix 1.

7. Update on other work in progress

Section summary

This section provides an update on additional areas of work that Ofgem identified during the Non-Domestic market review that do not require licence or legislation changes at this stage. It covers the change of tenancy process streamlining project, improving billing transparency, the work to help domestic consumers supplied via a Non-Domestic supply contract, increased monitoring of the Non-Domestic market, and an update on the cooling off period.

Change of tenancy process streamlining

- 7.1 We noted in our Statutory Consultation that we had asked the Retail Energy Code Company (RECCo) to develop a working group consisting of representatives from across the sector so that relevant stakeholders can help develop proposals for a consistent set of documents to demonstrate a valid Change of Tenancy.
- 7.2 The working group has now been formed with five supplier representatives (chosen through ICOS and Energy UK) and five TPIs (chosen by RECCo after receipt of nominations) along with consumer representative organisations, RECCo and Ofgem.
- 7.3 This working group provides stakeholders with the opportunity to contribute to the development process for this piece of work. The working group will not make the final decision but through risk identification, discussion and collaboration will support the development of a streamlined change of tenancy process, which the code manager will ultimately submit to Ofgem for final approval.
- 7.4 The first meeting of the working group was on 29 February, and it is proposed that it will meet fortnightly to develop proposals for consideration by Ofgem in late spring/early summer. We urge rapid progress on the work so that customers can easily switch contracts between suppliers, with a standard set of evidence documentation, helping lower contract prices and improve customer service.

Voluntary actions – Billing transparency

- 7.5 We have continued to engage with stakeholders across the market on how to improve supplier billing transparency on a voluntary basis, including with suppliers, consumer groups and industry groups. We have recently published our

Best Practice Guide on Non-Domestic Billing transparency.³⁷ This voluntary agreement states that suppliers agree to publish further information on how certain groups of charges³⁸ make up Unit Rate and Standing Charges for illustrative customer groups. It also lays the basis for continued engagement between suppliers and customers to improve transparency. The document also shares some best practices and useful information which consumer groups have seen on non-domestic bills, for suppliers to implement as appropriate.

- 7.6 We will continue to engage with the voluntary group of suppliers and consumer organisations to consider how best to implement the agreements in the Best Practice Guide, encouraging further transparency for customers. We will soon publish an updated information page for customers on understanding terms in their bills. We will keep this area under review and continue to consider if further actions are necessary.

Domestic consumers supplied via Non-Domestic contracts

- 7.7 We received positive stakeholder feedback on the usefulness of the webpage we published last winter to support park home residents with energy matters. The typical park home site is set up in such a way that the residents fall into the category of domestic consumers supplied via Non-Domestic contracts. To build on this support, we have expanded the contents of our information page to cover the energy rights of all domestic consumers supplied via Non-Domestic contracts.³⁹ This covers a range of different residency circumstances such as park home residents, Gypsy/travellers, houseboat residents, people who live on the premises of a shop or hospitality venue etc. We will also be shortly publishing a webpage that aims to help care providers navigate the energy market to ensure the best outcomes for themselves and the vulnerable consumers who live on their premises.
- 7.8 Government is publishing a summary of responses for their Call for Evidence on the subject of domestic consumers on Non-Domestic energy contracts, which summarises the issues raised by respondents and the actions already being taken

³⁷ www.ofgem.gov.uk/publications/non-domestic-best-practice-guide-billing-transparency

³⁸ The groups of non-commodity charges are: (1) network and metering charges, (2) environmental and social obligation costs, (3) third party service fees (if applicable), (4) tax (such as CCL and VAT), and (5) operating charges.

³⁹ www.ofgem.gov.uk/alternative-homes-energy-guidance

to address those issues. Government will consider whether any further action is needed once the actions highlighted in the document have embedded.⁴⁰

- 7.9 We are continuing to discuss developments with network companies and the Energy Network Association to improve support for domestic consumers with vulnerabilities supplied via Non-Domestic contracts. Topics of discussion include how to improve the ease in which vulnerabilities can be identified and recorded with network companies, and help the network companies work with businesses to improve their energy resilience.
- 7.10 Meanwhile, we are looking at how we can raise awareness of the Maximum Resale Price direction to resellers and consumers of resold energy to increase compliance. We are also exploring how Ofgem is better able to support resellers who resell energy on licence exempt networks, to improve the standards for resellers and end consumers.

Cooling-off period

- 7.11 In the Micro Business Strategic Review Ofgem committed to re-consider the concept of a cooling off period once faster switching went live. Whilst this was not identified as a priority area to be taken forward as part of the non-domestic market review, it was highlighted by some consumer groups that it was still an issue.
- 7.12 We have spoken to several consumer groups about their concerns and why they think a cooling off period would be the most appropriate policy remedy to address the issues they have identified. We are in the early stages of analysis work to understand what internal and external data tells us about the size of the problem.
- 7.13 We will continue to analyse both internal and external data to first understand the root cause and scale of the problem. We will then consider this against other developments before speaking again to stakeholders to consider the most appropriate solution.

⁴⁰ www.gov.uk/government/calls-for-evidence/domestic-consumers-with-non-domestic-energy-supply-contracts-call-for-evidence

8. Next steps

Section summary

This section summarises the next steps following publication of this decision and sets out implementation timings of each of our policies. Where appropriate we have also indicated linkages with expected government timings. We also discuss increased supplier monitoring.

- 8.1 Following publication of this decision document and Notice of licence changes, there will be a 56 day standstill period before licence changes are inserted into the supply licences.
- 8.2 Licence changes that do **not** depend on the Small Business Consumer definition will be implemented on the dates specified below. These conditions are:
 - Standards of Conduct (1 July 2024)
 - Citizens Advice signposting to Micro Business Consumers (1 July 2024)
 - TPI Service Fee transparency (1 October 2024)
- 8.3 We will work closely with government, as they amend the 2008 Order, to progress legislation changes to the CHS. We expect this to take place over this summer.
- 8.4 Once the 2008 Order and CHS legislation have been published, legislation and licence changes that depend on the Small Business Consumer definition will then be able to take effect. As the Small Business Consumer definition is dependent on parliamentary processes a definite date cannot be confirmed at this stage. We expect the following changes will be implemented no sooner than 1 December 2024:
 - Complaints Handling Standards
 - TPI redress scheme membership
 - Citizens Advice signposting for Small Business Consumers.

For avoidance of doubt, these licence and legislation changes will come into effect **no sooner than** 1 December 2024, which allows 8 months from the date of our decision. Once the changes to legislation are approved, we will issue a Notice confirming final timelines and the dates the CHS and licence conditions will take effect. This will be published with at least three months' Notice.

8.5 We also plan to work with Citizens Advice to explore what more can be done by Ofgem, Citizens Advice or other parties, to raise awareness to customers who are eligible to access Citizens Advice’s services.

Summary of implementation timings

8.6 For ease of reference, the following table summarises the implementation dates that we have set out in each section of this document. As discussed in paragraph 8.4, some timings are indicative as they are dependent on parliamentary processes and will be implemented no sooner than 1 December 2024.

Policy and Implementation Date	April 24	May 24	Jun 24	Jul 24	Aug 24	Sept 24	Oct 24	Nov 24	Dec 24
Standards of Conduct for all Non-Domestics				1 st July					
Signposting support to Micro Business Consumers				1 st July					
Third Party Cost transparency for all Non-Domestics							1 st Oct		
Complaints Handling Standards for Small Business Consumers									1 st Dec (tbc)
TPI redress scheme membership for Small Business Consumers									1 st Dec (tbc)
Signposting support to Small Business Consumers									1 st Dec (tbc)

Increased Monitoring

- 8.7 The outcomes we expect to see from our changes are fairer treatment, better support, and improved transparency to empower customers. We will watch the impact of our actions and rule changes closely, through continued stakeholder engagement and a more robust monitoring regime on suppliers going forward.
- 8.8 By broadening our routine monitoring, we will also be able to better identify potential issues earlier on and have a longer time series of data to support any changes. Routine returns will also allow suppliers to better plan for responding to our information requests and in a more consistent way. We have begun progressing this work internally and will engage with suppliers as we develop our formal information request template.

Appendices

Index

Appendix	Name of appendix	Page no.
1	Licence modifications	51
2	Complaints Handling Standards modifications	65
3	Final Standards of Conduct Guidance	77
4	Reasons for any differences between proposed and final Licence modifications, Complaints Handling Standards and Standards of Conduct Guidance	90
5	Glossary	93

Appendix 1 – Licence modifications

Deletions are shown in strikethrough and new text is double underlined. Changes made since our Statutory Consultation are highlighted in yellow, and our reasons for making these changes are set out in Appendix 4. We have only shown the licence conditions where modifications or deletions are made.

Standard Gas Supply Licence

Condition 1.2 Definitions in alphabetical order

Principal Terms means, in respect of any form of Contract or Deemed Contract, the terms that relate to:

- (a) Charges for the Supply of Gas;
 - (aa) where the licensee is relying on sub-paragraph 22C.11(a) of standard condition 22C or sub-paragraph 23.8(a) of standard condition 23, the method by which Charges for the Supply of Gas fluctuate automatically;
 - (ab) where the licensee is relying on sub-paragraph 22C.11(b) of standard condition 22C or sub-paragraph 23.8(b) of standard condition 23, the precise variations to the Charges for the Supply of Gas;
 - (ac) Where the licensee is relying on paragraph 22C.11A of standard condition 22C and paragraph 23.8A of standard condition 23:
 - i. moving a Domestic Customer from one payment method to another and the precise circumstances when that will occur; and
 - ii. the precise variations to the Charges for the Supply of Gas and other terms and conditions which would occur as a result of the Domestic Customer being moved from one payment method to another;
 - (ad) Where the licensee is relying on paragraph 22C.11A of standard condition 22C but not paragraph 23.8A of standard condition 23, moving a Domestic Customer from one payment method to another and the precise circumstances when that will occur;
- (b) any requirement to pay Charges for the Supply of Gas through a Prepayment Meter;
 - (ba) in relation to a Domestic Supply Contract, any Credit Limiting which applies, including the Credit Limit;
- (c) any requirement for a Security Deposit;
- (d) the duration of the Contract or Deemed Contract (including, but not limited to, the duration of any fixed term periods and any arrangements for renewing or extending the duration of the Contract or any fixed term periods);
- (e) the rights to end the Contract (including any obligation to pay a Termination Fee) or the circumstances in which a Deemed Contract will

end, and any other term that may reasonably be considered to significantly affect the evaluation by the Customer of the Contract under which gas may be supplied to his premises including for the avoidance of doubt, in relation to ~~Micro-Business Consumers~~ Non-Domestic Customers any Third Party Costs, required to be paid or due to be paid in respect of the full duration of a Non-Domestic Supply Consumer Microbusiness Consumer Contract and to be presented as defined in condition 20.7B monies (whether actual or where that is not possible, estimated amounts).

Small Business Consumer [This definition is subject to change following the government consultation]

A non-domestic customer is defined as a small business if they: employ fewer than 50 employees (or their full-time equivalent) and has an annual turnover no greater than £6.5 million or balance sheet total no greater than £5.0 million; or uses no more than 500,000 kWh of electricity per year; or uses no more than 500,000 kWh of gas per year.

Condition 0A. Treating ~~Microbusiness Consumers~~ Non-Domestic Customers Fairly

Customer Objective

0A.1 The objective of this condition is for the licensee to ensure that each ~~Micro-Business Consumer~~ Non-Domestic Customer is treated Fairly ("the Customer Objective").

Achieving the Standards of Conduct

0A.2 The licensee must ensure it achieves the Standards of Conduct in a manner consistent with the Customer Objective.

0A.3 The Standards of Conduct are that the licensee:

- a. behaves and carries out any actions in a Fair, honest, transparent, appropriate and professional manner;
- b. provides information (whether in Writing or orally) to each ~~Micro-Business Consumer~~ Non-Domestic Customer which:
 - i. is complete, accurate and not misleading (in terms of the information provided or omitted);
 - ii. is communicated (and, if provided in Writing, drafted) in plain and intelligible language with more important information being given appropriate prominence;
 - iii. relates to products or services which are appropriate to the ~~Micro-Business Consumer~~ Non-Domestic Customer to whom it is directed; and
 - iv. in terms of its content and in terms of how it is presented, does not create a material imbalance in the rights, obligations or interests of the

licensee and the ~~Micro-Business-Consumer~~ Non-Domestic Customer in favour of the licensee;

- c. in relation to customer service arrangements:
 - i. makes it easy for a ~~Micro-Business-Consumer~~ Non-Domestic Customer to contact the licensee;
 - ii. acts promptly to put things right when the licensee makes a mistake; and
 - iii. otherwise ensures that customer service arrangements and processes are fit for purpose and transparent.

Scope of Condition

0A.4 Standard condition 0A applies to all Designated Activities in respect of a ~~Micro-Business-Consumer~~ Non-Domestic Customer.

0A.5 Apart from any matters relating to Deemed Contracts, standard condition 0A does not apply in respect of the amount or amounts of any Charges for the Supply of Gas or any other type of charge or fee, applied or waived.

0A.6 Standard Condition 0A applies to the exercise of a licensee’s discretion to apply or waive any fee or charge.

0A.7 In the event of a conflict between this condition and paragraph 14.2 of standard condition 14, this condition will prevail.

Guidance

0A.8 The licensee must have regard to any guidance on standard condition 0A (including in respect of definitions which appear in standard condition 1) which, following consultation (which may be conducted before this condition takes effect), the Authority has issued, may issue and may from time to time revise (following further consultation).

Definitions

0A.9 For the purposes of this condition:

“Billing”	All matters relating to the provision of a Bill or statement of account to a Customer, including the content and calculations relating to such a Bill or statement of account and the collection and use of information relating to the consumption of gas.
“Contractual Information”	Includes the drafting and content of a Non-domestic Supply Contract or Deemed Contract and the provision of information relating to the Non-domestic Supply Contract or Deemed Contract that applies to a Micro

	Business Consumer <u>Non-Domestic Customer</u> which is being supplied by the licensee.
"Customer Objective"	Is to be interpreted in accordance with paragraph 0A.1.
"Customer Transfers"	Includes, but is not limited to, any matters that relate to a Customer's ability to change supplier and/or affect the timeframe for changing supplier (including related terms and conditions of a Non-domestic Supply Contract or Deemed Contract that applies to a Micro-Business Consumer <u>Non-Domestic Customer</u>).
"Designated Activities"	Mean each of the following: <ul style="list-style-type: none"> a. the accuracy of a Bill or statement of Account; b. the timeframe for a Micro-Business Consumer <u>Non-Domestic Customer</u> receiving a Bill or statement of account and the timeframe for the payment of a Bill; c. any written or oral communications regarding Billing or Contractual Information; d. Customer Transfers; e. any matters relating to Deemed Contracts; and f. <u>any matters which fall within the scope of standard conditions 7A, 14, 14A and 21B (in so far as they relate to a Micro Business Consumer) and any matters which fall within the scope of standards conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer).</u>
"Fair" and cognate expressions	The licensee would not be regarded as treating a Micro-Business Consumer <u>Non-Domestic Customer</u> Fairly if their actions or omissions give rise to a likelihood of detriment to the Micro-Business Consumer <u>Non-Domestic Customer</u> , unless the detriment would be reasonable in all the relevant circumstances.
"Micro Business Consumer"	has the meaning given in standard condition 7A.
"Standards of Conduct"	Means one or more of sub paragraphs 0A.3 (a) to (c)

Condition 7A. Supply to Micro Business Consumers

~~Information on Third Party Costs~~

~~7A.10C.1 In addition to the requirement in condition 7A.9, where the licensee has entered into a Micro-Business Consumer Contract, the licensee must provide to the Micro-Business Consumer on request, information relating to any form of Third Party Costs paid or made, or due to be paid or made by the licensee, to a Third Party in respect of the full duration of that Micro-Business Consumer Contract;~~

~~7A.10C.2 The licensee must ensure that the information that the licensee is required to disclose by virtue of condition-~~

~~7A.10C.1:-~~

- ~~(a) is disclosed as monies, whether actual amounts or (if that is not possible) estimated amounts;-~~
- ~~(b) enables a Micro Business Consumer to understand the amount of those sums that it is due to pay which are, or are attributable to Third Party Costs due to the Third Party, as well as any Charges (so far as they are different) or other sums; and-~~
- ~~(c) is drafted in plain and intelligible language.~~

7A.10C- not used

Condition 20. Safety of gas supplies, Meter Point Reference Number, advice information and dispute settlement – for Non-Domestic Customers

Advice information

20.5A The licensee must keep each of its **Small-Micro** Business Consumers informed:

- a. that Citizens Advice consumer service can assist in providing information and advice to **Small-Micro** Business Consumers; and
- b. how to contact Citizens Advice and Citizens Advice Scotland

by providing that information at least annually.

20.5B The licensee must keep each of its **Small Business Consumers** informed:

- a. that Citizens Advice consumer service can assist in providing information and advice to **Small Business Consumers**; and
- b. how to contact Citizens Advice and Citizens Advice Scotland

by providing that information at least annually. "Small Business Consumer" has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect). This Licence Condition 20.5B will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024.

Working with Third Party Intermediaries

Dispute settlement

20.6 The licensee must provide to each of its Non-Domestic Customers information concerning their rights as regards the means of dispute settlement available to them in the event of a dispute with the licensee or, in the case of a **Micro Business Consumer** or

~~Small Business Consumer~~ ~~Microbusiness Consumer~~, any Third Party by providing that information on any relevant Promotional Materials sent to the Non-Domestic Customer and on or with each Bill or statement of account sent to each Non-Domestic Customer in relation to Charges or annually if the licensee has not sent such a Bill or statement of account to them. Such information must include, but is not limited to, how the procedures under any Qualifying Dispute Settlement Scheme can be initiated.

20.6A The licensee must ensure that any Third Party is a member of a Qualifying Dispute Settlement Scheme.

20.6B The licensee must provide any information it holds or controls which, in the view of the provider of the relevant Qualifying Dispute Settlement Scheme, is relevant to a dispute between a ~~Micro-Business Consumer~~ **Micro Business Consumer** or ~~Small Business Consumer~~ and a Third Party, to the provider of the relevant Qualifying Dispute Settlement Scheme, on request.

20.6C The provisions in this Condition 20.6 insofar as they relate to dispute settlement between a Microbusiness Consumer and a Third Party shall take effect on and from 1 December 2022 a date specified by the Authority. The provisions in this Condition 20.6 insofar as they relate to dispute settlement between a Small Business Consumer and a Third Party, will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024. shall take effect [8 months after the decision is published], a date specified by the Authority.

20.6D For the purposes of this Condition: **'Qualifying Dispute Settlement Scheme'** means any scheme of dispute settlement, resolution and/or redress operated by the Relevant Energy Ombudsman or such other organisation as demonstrably provides independent, fair, effective and transparent out-of-court dispute settlement relating to Relevant Third Party Activities and constitutes a Qualifying Dispute Settlement Scheme in accordance with any guidance issued by the Authority,

'Relevant Third Party Activities' means any activity undertaken by a Third Party in respect of a ~~Micro-Business~~ ~~Small Business~~ **Non-Domestic** Supply Contract including (but without prejudice to the generality of the foregoing):

(a) any written or oral communications relating to the supply of gas to a **Non-Domestic Customer Consumer** ~~Micro-Business Consumer~~ including:

- (i) any pre-sales communications;
 - (ii) any communications regarding Billing or Contractual Information; and
 - (iii) ~~for a Micro-Business Consumer~~ any matters which fall within the scope of standard conditions ~~7A, 14, 14A and 21B~~ (in so far as they relate to a Micro Business Consumer) **and any matters which fall within the scope of standard conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer);**
- and

(b) any processing of information relating to the supply of gas to a **Non-Domestic Customer** ~~Small-Business-Consumer~~ ~~Micro-Business~~, together with any other Relevant Activities as the Authority may direct from time to time, following consultation.

'Small Business Consumer' has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect).

Information on Third Party Costs

~~7A.10C.1 20.7~~ In addition to the requirement in condition 7A.9, where the licensee has entered into a ~~Micro Business Consumer Contract~~, ~~the licensee must provide to the Micro Business Non-Domestic Customer Consumer~~ on request, information relating to any form of Third Party Costs paid or made, or due to be paid or made by the licensee, to a Third Party in respect of the full duration of that ~~Micro Business Non-Domestic Consumer Supply~~ Contract;

~~7A.10C.2 20.7A~~ The licensee must ensure that the information that the licensee is required to disclose by virtue of condition

~~7A.10C.1 20.7B~~:

- (a) ~~for Micro Business Consumers~~ is disclosed as monies, whether actual amounts or (if that is not possible) estimated amounts and as a cost per unit of energy or a cost per day (month) where it forms part of a daily (monthly) standing charge;
- (b) ~~for Non-Domestic Customers who do not qualify as a Micro Business Consumer,~~ is disclosed as a cost per unit of energy or a cost per day (month) where it forms part of a daily (monthly) standing charge;
- (~~b~~ c) enables a ~~Micro Business Consumer Non-Domestic Customer~~ to understand the amount of those sums that it is due to pay which are, or are attributable to Third Party Costs due to the Third Party, as well as any Charges (so far as they are different) or other sums; and
- (~~c~~ d) is drafted in plain and intelligible language.

Standard Electricity Supply Licence

Condition 1.3 Definitions in alphabetical order

Principal Terms means, in respect of any form of Contract or Deemed Contract, the terms that relate to:

- (a) Charges;
- (aa) where the licensee is relying on sub-paragraph 22C.11(a) of standard condition 22C or sub-paragraph 23.8(a) of standard condition 23, the

method by which Charges for the Supply of Electricity fluctuate automatically;

(ab) where the licensee is relying on sub-paragraph 22C.11(b) of standard condition 22C or sub-paragraph 23.8(b) of standard condition 23, the precise variations to the Charges for the Supply of Electricity;

(ac) Where the licensee is relying on paragraph 22C.11B of standard condition 22C and paragraph 23.8A of standard condition 23:

- i. moving a Domestic Customer from one payment method to another and the precise circumstances when that will occur; and
- ii. the precise variations to the Charges for the Supply of Electricity and other terms and conditions which would occur as a result of the Domestic Customer being moved from one payment method to another;

(ad) Where the licensee is relying on paragraph 22C.11B of standard condition 22C but not paragraph 23.8A of standard condition 23, moving a Domestic Customer from one payment method to another and the precise circumstances when that will occur;

(b) any requirement to pay Charges through a Prepayment Meter;

(ba) in relation to a Domestic Supply Contract, any Credit Management which applies, including the Credit Limit;

(bb) in relation to a Domestic Supply Contract, any Load Limiting which applies, including the Load Limit;

(c) any requirement for a Security Deposit;

(d) the duration of the Contract or Deemed Contract (including, but not limited to, the duration of any fixed term periods and any arrangements for renewing or extending the duration of the Contract or any fixed term periods);

(e) the rights to end the Contract (including any obligation to pay a Termination Fee) or the circumstances in which a Deemed Contract will end, and any other term that may reasonably be considered to significantly affect the evaluation by the Customer of the Contract under which electricity may be supplied to his premises including for the avoidance of doubt, in relation to ~~Micro-Business-Consumers~~ Non-Domestic Customers any Third Party Costs, required to be paid or due to be paid in respect of the full duration of a Non-Domestic Supply Microbusiness Consumer Contract and to be presented as defined in condition 20.6B as monies (whether actual or where that is not possible, estimated amounts).

Small Business Consumer [This definition is subject to change following the governments consultation]

A non-domestic customer is defined as a small business if they: employ fewer than 50 employees (or their full time equivalent) and has an annual turnover no greater than £6.5 million or balance sheet total no greater than £5.0 million;

~~or uses no more than 500,000 kWh of electricity per year;~~
~~or uses no more than 500,000 kWh of gas per year.~~

Condition 0A. Treating ~~Microbusiness Consumers~~ Non-Domestic Customers Fairly

Customer Objective

0A.1 The objective of this condition is for the licensee to ensure that each ~~Micro-Business Consumer~~ Non-Domestic Customer is treated Fairly (“the Customer Objective”).

Achieving the Standards of Conduct

0A.2 The licensee must ensure it achieves the Standards of Conduct in a manner consistent with the Customer Objective.

0A.3 The Standards of Conduct are that the licensee:

- a. behaves and carries out any actions in a Fair, honest, transparent, appropriate and professional manner;
- b. provides information (whether in Writing or orally) to each ~~Micro-Business Consumer~~ Non-Domestic Customer which:
 - i. is complete, accurate and not misleading (in terms of the information provided or omitted);
 - ii. is communicated (and, if provided in Writing, drafted) in plain and intelligible language with more important information being given appropriate prominence;
 - iii. relates to products or services which are appropriate to the ~~Micro-Business Consumer~~ Non-Domestic Customer to whom it is directed; and
 - iv. in terms of its content and in terms of how it is presented, does not create a material imbalance in the rights, obligations or interests of the licensee and the ~~Micro-Business Consumer~~ Non-Domestic Customer in favour of the licensee;
- c. in relation to customer service arrangements:
 - i. makes it easy for a ~~Micro-Business Consumer~~ Non-Domestic Customer to contact the licensee;
 - ii. acts promptly to put things right when the licensee makes a mistake; and
 - iii. otherwise ensures that customer service arrangements and processes are fit for purpose and transparent.

Scope of Condition

0A.4 Standard condition 0A applies to all Designated Activities in respect of a ~~Micro-Business Consumer~~ Non-Domestic Customer.

0A.5 Apart from any matters relating to Deemed Contracts, standard condition 0A does not apply in respect of the amount or amounts of any Charges for the Supply of Electricity or any other type of charge or fee, applied or waived.

0A.6 Standard Condition 0A applies to the exercise of a licensee’s discretion to apply or waive any fee or charge.

0A.7 In the event of a conflict between this condition and paragraph 14.2 of standard condition 14, this condition will prevail.

Guidance

0A.8 The licensee must have regard to any guidance on standard condition 0A (including in respect of definitions which appear in standard condition 1) which, following consultation (which may be conducted before this condition takes effect), the Authority has issued, may issue and may from time-to-time revise (following further consultation).

Definitions

0A.9 For the purposes of this condition:

"Billing"	all matters relating to the provision of a Bill or statement of account to a Customer, including the content and calculations relating to such a Bill or statement of account and the collection and use of information relating to the consumption of electricity.
"Contractual Information"	includes the drafting and content of a Non-domestic Supply Contract or Deemed Contract and the provision of information relating to the Non-domestic Supply Contract or Deemed Contract that applies to a Micro-Business Consumer <u>Non-Domestic Customer</u> which is being supplied by the licensee.
"Customer Objective"	Is to be interpreted in accordance with paragraph 0A.1.
"Customer Transfers"	includes, but is not limited to, any matters that relate to a Customer’s ability to change supplier and/or affect the timeframe for changing supplier (including related terms and conditions of a Non-domestic Supply Contract or Deemed Contract that applies to a Micro-Business Consumer <u>Non-Domestic Customer</u>).
"Designated Activities"	mean each of the following: <ul style="list-style-type: none"> a. the accuracy of a Bill or statement of Account; b. the timeframe for a Micro-Business Consumer <u>Non-Domestic Customer</u> receiving a Bill or statement of account and the timeframe for the payment of a Bill;

	<ul style="list-style-type: none"> c. any written or oral communications regarding Billing or Contractual Information; d. Customer Transfers; e. any matters relating to Deemed Contracts; and f. any matters which fall within the scope of standard conditions 7A, 14, 14A and 21B (in so far as they relate to a Micro Business Consumer) and any matters which fall within the scope of standards conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer).
"Fair" and cognate expressions	The licensee would not be regarded as treating a Micro Business Consumer <u>Non-Domestic Customer</u> Fairly if their actions or omissions give rise to a likelihood of detriment to the Micro Business Consumer <u>Non-Domestic Customer</u> , unless the detriment would be reasonable in all the relevant circumstances.
"Micro Business Consumer"	has the meaning given in standard condition 7A.
"Standards of Conduct"	Means one or more of sub paragraphs 0A.3 (a) to (c)

Condition 7A. Supply to Micro Business Consumers

~~Information on Third Party Costs~~

~~7A.10C.1 In addition to the requirement in condition 7A.9, where the licensee has entered into a Micro Business Consumer Contract, the licensee must provide to the Micro Business Consumer on request, information relating to any form of Third Party Costs paid or made, or due to be paid or made by the licensee, to a Third Party in respect of the full duration of that Micro Business Consumer Contract;~~

~~7A.10C.2 The licensee must ensure that the information that the licensee is required to disclose by virtue of condition~~

~~7A.10C.1:~~

- ~~(a) is disclosed as monies, whether actual amounts or (if that is not possible) estimated amounts;~~
- ~~(b) enables a Micro Business Consumer to understand the amount of those sums that it is due to pay which are, or are attributable to Third Party Costs due to the Third Party, as well as any Charges (so far as they are different) or other sums;~~
- ~~and~~
- ~~(c) is drafted in plain and intelligible language.~~

7A.10C- not used

Condition 20. Enquiry service, Supply Number, advice information and dispute settlement – for Non-Domestic Customers

Advice Information

20.4A The licensee must keep each of its **Small-Micro** Business Consumers informed:

- a. that Citizens Advice consumer service can assist in providing information and advice to **Small-Micro** Business Consumers; and
- b. how to contact Citizens Advice and Citizens Advice Scotland

by providing that information at least annually.

20.4B The licensee must keep each of its Small Business Consumers informed:

- a. that Citizens Advice consumer service can assist in providing information and advice to Small Business Consumers; and
- b. how to contact Citizens Advice and Citizens Advice Scotland

by providing that information at least annually. "Small Business Consumer" has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect). This Licence Condition 20.4B will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024.

Working with Third Party Intermediaries

Dispute Settlement

20.5 The licensee must provide to each of its Non-Domestic Customers information concerning their rights as regards the means of dispute settlement available to them in the event of a dispute with the licensee or, in the case of a **Micro Business Consumer or Small Business Consumer** ~~Microbusiness Consumer~~, any Third Party by providing that information on any relevant Promotional Materials sent to the Non-Domestic Customer and on or with each Bill or statement of account sent to each Non-Domestic Customer in relation to Charges or annually if the licensee has not sent such a Bill or statement of account to them. Such information must include, but is not limited to, how the procedures under any Qualifying Dispute Settlement Scheme can be initiated.

20.5A The licensee must ensure that any Third Party is a member of a Qualifying Dispute Settlement Scheme.

20.5B The licensee must provide any information it holds or controls which, in the view of the provider of the relevant Qualifying Dispute Settlement Scheme, is relevant to a dispute between a ~~Micro Business Consumer~~ **Micro Business Consumer or Small Business Consumer** and a Third Party, to the provider of the relevant Qualifying Dispute Settlement Scheme, on request.

20.5C The provisions in this Condition 20.5 insofar as they relate to dispute settlement between a Microbusiness Consumer and a Third Party shall take effect on and from 1 December 2022 a date specified by the Authority. The provisions in this Condition 20.56 insofar as they relate to dispute settlement between a Small Business Consumer and a Third Party, will take effect on a date specified by the Authority giving the licensee at least three months' Notice, and in any event will not take effect before 1 December 2024. shall take effect [8 months after the decision is published], a date specified by the Authority.

20.5D For the purposes of this Condition: **'Qualifying Dispute Settlement Scheme'** means any scheme of dispute settlement, resolution and/or redress operated by the Relevant Energy Ombudsman or such other organisation as demonstrably provides independent, fair, effective and transparent out-of-court dispute settlement relating to Relevant Third Party Activities and constitutes a Qualifying Dispute Settlement Scheme in accordance with any guidance issued by the Authority,

'Relevant Third Party Activities' means any activity undertaken by a Third Party in respect of a ~~Micro-Business~~ Non-Domestic Supply Contract including (but without prejudice to the generality of the foregoing):

- (a) any written or oral communications relating to the supply of electricity to a Non-Domestic Customer ~~Micro-Business Consumer~~ including:
 - (i) any pre-sales communications;
 - (ii) any communications regarding Billing or Contractual Information; and
 - (iii) for a Micro-Business Consumer any matters which fall within the scope of standard conditions 7A, 14, 14A and 21B (in so far as they relate to a Micro Business Consumer) and any matters which fall within the scope of standard conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer); and
- (b) any processing of information relating to the supply of electricity to a ~~Micro-Business~~ Non-Domestic Customer, together with any other Relevant Activities as the Authority may direct from time to time, following consultation.

'Small Business Consumer' has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (as and when amended to that effect).

Information on Third Party Costs

7A.10C.1 ~~20.6~~ In addition to the requirement in condition 7A.9, where the licensee has entered into a ~~Micro-Business Consumer Contract~~, the licensee must provide to the Micro-Business Non-Domestic Customer on request, information relating to any form of Third Party Costs paid or made, or due to be paid or made by the licensee, to a Third Party in respect of the full duration of that ~~Micro-Business~~ Non-Domestic Supply Consumer Contract;

~~7A.10C.2~~ 20.6A The licensee must ensure that the information that the licensee is required to disclose by virtue of condition

~~7A.10C.1~~ 20.6B:

(a) for Micro Business Consumers is disclosed as monies, whether actual amounts or (if that is not possible) estimated amounts and as a cost per unit of energy or a cost per day (month) where it forms part of a daily (monthly) standing charge;

(b) for Non-Domestic Customers who do not qualify as a Micro Business Consumer, is disclosed as a cost per unit of energy or a cost per day (month) where it forms part of a daily (monthly) standing charge;

(~~b c~~) enables a ~~Micro Business Consumer~~ Non-Domestic Customer to understand the amount of those sums that it is due to pay which are, or are attributable to Third Party Costs due to the Third Party, as well as any Charges (so far as they are different) or other sums; and

(~~e d~~) is drafted in plain and intelligible language.

Appendix 2 – Complaints Handling Standards modifications

Proposed modifications are set out below with insertions double underlined and deletions shown in strikethrough (~~strikethrough~~). Changes made following our December Statutory Consultation are highlighted in yellow. Please note that this draft text is dependent on government expanding the Gas and Electricity Regulated Providers (Redress Scheme) Order 2008, which will expand access to the Energy Ombudsman and introduce a Small Business Consumer definition. Therefore, the exact drafting may be subject to change. It is important to note that the exact drafting will not affect the policy intent to expand to Small Business Consumers.

The government consultation and response can be accessed here:

<https://www.gov.uk/government/consultations/new-threshold-for-businesses-accessing-the-energy-ombudsman>

STATUTORY INSTRUMENTS

2008 No. 1898

ELECTRICITY

GAS

The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008

Made

16th July 2008

Coming into force

1st October 2008

The Gas and Electricity Markets Authority **F1** in exercise of the powers conferred by sections 43, 44, 46 of the Consumers, Estate Agents and Redress Act 2007 **F2**, after considering the results of research to discover the views of a representative sample of persons likely to be affected and after consultation with persons and bodies appearing to be representative of persons likely to be affected by the Regulations in accordance with section 44(1) of that Act, and with the consent of the Secretary of State in accordance with section 43(4) of that Act, makes the following Regulations:

PART 1

General

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008 and shall come into force on 1 October 2008.

(2) These Regulations do not apply to Northern Ireland.

Interpretation

2.—(1) In these Regulations

“the Act” means the Consumers, Estate Agents and Redress Act 2007;

“the Authority” means the Gas and Electricity Markets Authority established by section 1 of the Utilities Act 2000 [M3](#);

[\[F1\]](#) “Citizens Advice” means the National Association of Citizens Advice Bureaux;]

[\[F1\]](#) “Citizens Advice Scotland” means the Scottish Association of Citizens Advice Bureaux;]

“complaint” means any expression of dissatisfaction made to an organisation, related to any one or more of its products, its services or the manner in which it has dealt with any such expression of dissatisfaction, where a response is either provided by or on behalf of that organisation at the point at which contact is made or a response is explicitly or implicitly required or expected to be provided thereafter;

“complainant” means a person making a consumer complaint;

“complaints handling procedure” means a procedure which complies with Regulation 3 and which sets out how a consumer complaint can be made to, and will be handled and progressed by, each regulated provider;

[\[F2\]](#) “the consumer advice scheme” means the consumer advice scheme supported by Citizens Advice or Citizens Advice Scotland, or by them jointly, under article 2 of the Public Bodies (The Office of Fair Trading Transfer of Consumer Advice Scheme Function and Modification of Enforcement Functions) Order 2013 S.I. 2013/783;]

[\[F3\]](#) “consumer advocacy body” means Citizens Advice or Citizens Advice Scotland;]

“consumer complaint” means a complaint, other than a network outage report, which is made against a regulated provider either (a) by a person in that person’s capacity as a relevant consumer or small business consumer in relation to that regulated provider; or (b) by a person acting on behalf of such a relevant consumer or small business consumer;

“consumer complaints report” means the report which is to be prepared and published in accordance with Regulation 11;

[F4...](#)

[F4...](#)

“domestic consumer” means a person supplied or requiring to be supplied with gas or electricity at domestic premises (but excluding such person insofar as he is supplied or requires to be supplied with gas or electricity at premises other than domestic premises);

“domestic premises” means premises at which a supply of gas or electricity is taken or to be taken wholly or mainly for domestic purposes;

“existing consumer complaint” means a consumer complaint which has been received by a regulated provider and whose details have been or should have been recorded by that regulated provider in accordance with Regulation 4(1);

“micro business consumer” means any person, other than a domestic consumer or small business consumer, who a regulated provider knows or, acting reasonably, considers falls within the description of consumers who are covered by a Section 47 Order;

“network outage” means an interruption to a relevant consumer’s or small business consumer’s supply of gas or electricity;

“network outage report” means a complaint or other contact made by a relevant consumer or small business consumer or a person acting on behalf of a relevant consumer or small business consumer to a regulated provider where that complaint or contact consists wholly or primarily in the reporting to that regulated provider of the existence of a network outage;

“Office of Fair Trading” means the body of that name which is established by section 1 of the Enterprise Act 2002 [M4](#);

“qualifying redress scheme” means a redress scheme which is approved by the Authority in accordance with section 49 of the Act or which is administered and designated in accordance with section 47(1)(b) of the Act;

“regulated provider” means any one or more of the following as the context requires:

(a) a person holding a licence under section 7A(1) of the Gas Act 1986 [M5](#);

(b) a person holding a licence under section 7(2) of the Gas Act 1986 [M6](#);

(c) a person holding a licence under section 6(1)(d) of the Electricity Act 1989 [M7](#);

(d) a person holding a licence under section 6(1)(c) of the Electricity Act 1989;

“relevant consumer” means any one or more of the following as the context requires:

(a) a person who is a domestic consumer or a micro business consumer in relation to gas supplied by a regulated provider;

(b) a person who is a domestic consumer or a micro business consumer in relation to electricity supplied by a regulated provider;

(c) a person who is a domestic consumer or a micro business consumer in relation to services provided by a regulated provider;

“resolved complaint” means a consumer complaint in respect of which there remains no outstanding action to be taken by the regulated provider and which has been resolved to the satisfaction of the relevant consumer or small business consumer who made that consumer complaint or on whose behalf that consumer complaint was made;

“section 12 and 13 complaint” means a complaint to which any one or more of section 12(3), section 12(4), section 13(2) or section 13(3) of the Act applies or apply;

“Section 47 Order” means an Order which has been made by the Secretary of State in accordance with section 47 of the Act and which is in effect;

“small business consumer” means ~~[definition subject to outcomes from government’s redress expansion consultation]~~ has the meaning given in The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008.

“specified time period” means the time period specified in a qualifying redress scheme as the maximum time period that a regulated provider has to resolve a consumer complaint before the relevant consumer or small business consumer who made that consumer complaint, or on whose behalf that consumer complaint was made, becomes entitled to refer that consumer complaint to a qualifying redress scheme;

“vulnerable consumer” means a person who is vulnerable for the purposes of section 12(2) of the Act; and

“working day” means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971 [M8](#);

PART II

Standards for handling consumer complaints

Regulated providers' complaints handling procedure

3.—(1) A regulated provider must have in place at all times a complaints handling procedure.

(2) Each regulated provider must comply with its complaints handling procedure in relation to each consumer complaint it receives.

(3) Each regulated provider's complaints handling procedure must:

(a) be in plain and intelligible language;

(b) allow for consumer complaints to be made orally (by telephone or in person at the regulated provider's business premises) or in writing (including by email);

(c) allow for consumer complaints to be progressed through each stage of the complaints handling process orally (by telephone or in person at the regulated provider's business premises) or in writing (including by email);

(d) describe the steps which the regulated provider will take with a view to investigating and resolving a consumer complaint and the likely timescales for each of those steps;

(e) provide for an internal review of an existing consumer complaint where a complainant indicates that they would like such a review to occur because they are dissatisfied with the handling of that consumer complaint;

(f) inform relevant consumers and small business consumers of the names and contact details of the main sources of independent help, advice and information that are available to them. For these purposes a source of help, advice and information shall be independent if it is independent of regulated providers, a qualified redress scheme and the Authority;

(g) describe the relevant consumer's and small business consumer's right to refer a consumer complaint to a qualifying redress scheme:

(i) on and from the point at which the regulated provider notifies the relevant consumer or small business consumer in writing that it is unable to resolve the consumer complaint to the relevant consumer's or small business consumer's satisfaction; and

(ii) after the expiry of the specified time period; and

(h) set out the different remedies that may be available to a relevant consumer or small business consumer under the complaints handling procedure in respect of a consumer complaint, which remedies must include:

(i) an apology;

(ii) an explanation;

(iii) the taking of appropriate remedial action by the regulated provider; and

(iv) the award of compensation in appropriate circumstances.

(4) Those regulated providers who hold a licence under:

(a) section 7A(1) of the Gas Act 1986; or

(b) section 6(1)(d) of the Electricity Act 1989,

must include in their complaints handling procedure as a remedy the award of compensation to domestic consumers, in appropriate cases, where the domestic consumer has been adversely affected by a failure of that regulated provider to comply with its obligations under, respectively, standard condition 25 (~~Marketing gas to domestic customers~~ Informed choices – Tariff comparability and marketing) of the Standard Conditions

of the Gas Supply Licence or standard condition 25 (~~Marketing electricity to domestic customers~~ Informed choices – Tariff comparability and marketing) of the Standard Conditions of the Electricity Supply Licence.

Recording complaints upon receipt

4.—(1) Upon receipt of a consumer complaint a regulated provider must record in a written, electronic format the following details:

- (a) the date that the consumer complaint was received;
- (b) whether the consumer complaint was made orally or in writing;
- (c) the identity and contact details of the relevant consumer or small business consumer making the consumer complaint or on whose behalf the consumer complaint is made;
- (d) where the regulated provider who receives the consumer complaint or small business consumer holds a licence under section 7A(1) of the Gas Act 1986 or under section 6(1)(d) of the Electricity Act 1989 or both, the account details of the relevant consumer or small business consumer making the consumer complaint or on whose behalf the consumer complaint is made;
- (e) a summary of the consumer complaint;
- (f) a summary of any advice given or action taken or agreed in relation to the consumer complaint;
- (g) whether the consumer complaint has become a resolved complaint and, if so, the basis upon which the regulated provider considers that the consumer complaint is a resolved complaint; and
- (h) the method for future communication (if any) that has been agreed with the complainant.

(2) Where any subsequent contact is made with the regulated provider in relation to an existing consumer complaint that regulated provider must, upon receipt of that subsequent contact, record:

- (a) the date of that contact;
- (b) whether the subsequent contact was made orally or in writing;
- (c) whether the complainant making the subsequent contact is the same complainant as, or different to, the complainant who made the original contact regarding an existing consumer complaint and, where different, the identity and contact details of the complainant making the subsequent contact;
- (d) a summary of that contact;
- (e) a summary of any advice given or action taken or agreed in response to any points raised in that contact;
- (f) whether the consumer complaint has become a resolved complaint and, if so, the basis upon which the regulated provider considers that the consumer complaint is a resolved complaint; and
- (g) the method for future communication (if any) that has been agreed with the complainant.

(3) All details recorded in accordance with paragraph (2) must be clearly linked to an existing consumer complaint.

(4) For the purposes of paragraphs (1) and (2) and Regulation 5, a consumer complaint or any subsequent contact shall be treated as having been received by a regulated provider:

(a) where the consumer complaint or subsequent contact is made orally (by telephone or in person at the regulated provider's business premises), at the time at which it is received by that regulated provider;

(b) where the consumer complaint or subsequent contact is made in writing (including by email) and it is received before 1700 hours on a working day, on the working day that it is received by that regulated provider;

(c) where the consumer complaint or subsequent contact is made in writing (including by email) and it is received by the regulated provider after 1700 hours on a working day or at any time on a day that is not a working day, on the first working day immediately following the day upon which it is received by that regulated provider.

(5) Where a complainant claims to have made a consumer complaint in respect of a matter but it is not possible to identify a relevant existing consumer complaint, the regulated provider must record the fact that it is unable to trace the existing consumer complaint.

(6) Where a regulated provider has recorded that a consumer complaint is a resolved complaint but subsequent contact from a complainant in relation to that consumer complaint indicates that it is not a resolved complaint, the regulated provider:

(a) must record details of this change in the consumer complaint's status in its recording system;

(b) must as soon as reasonably practicable after becoming aware of the fact that the consumer complaint is not a resolved complaint:

(i) direct the complainant to the complaints handling procedure on its website; and

(ii) offer to provide a copy of the complaints handling procedure to the complainant free of charge;

(c) must take account of that consumer complaint in any report which it is obliged to prepare and publish in accordance with Regulation 11; and

(d) shall not otherwise be entitled to treat that consumer complaint as a resolved complaint for the purposes of these Regulations until that consumer complaint is demonstrably a resolved complaint.

Recording handling of complaints

5.—(1) In addition to recording information in accordance with Regulation 4, each regulated provider must keep a written, electronic record of the matters specified in paragraph (2) below for each consumer complaint

which it receives where that consumer complaint has not become a resolved complaint by the end of the working day after the day on which the consumer complaint was first received by that regulated provider.

(2) The matters which must be recorded in accordance with paragraph (1) are:

- (a) the steps the regulated provider has taken in response to each such consumer complaint, including any steps it has taken to resolve that consumer complaint;
- (b) the date (if any) upon which any such consumer complaint became a resolved consumer complaint;
- (c) the date (if any) upon which the specified time period expired; and
- (d) the date (if any) upon which the relevant consumer who made the consumer complaint, or on whose behalf the consumer complaint was made, was informed of their right to refer that consumer complaint to a qualifying redress scheme in accordance with Regulation 6(3).

Signposting consumers to the redress scheme if complaints cannot be resolved

6.—(1) The regulated provider must send a relevant consumer or small business consumer a written notice informing that relevant consumer or small business consumer of the matters addressed at paragraph (2) in the circumstances described at paragraph (3).

(2) A notice sent in accordance with paragraph (1) must notify the relevant consumer or small business consumer:

- (a) of their right to refer the consumer complaint to a qualifying redress scheme;
- (b) that the qualifying redress scheme process is independent of the regulated provider;
- (c) that the qualifying redress scheme process is free of charge to the relevant consumer or small business consumer and to any other category of complainant;
- (d) of the types of redress that may be available under a qualifying redress scheme; and
- (e) that any outcome of the qualifying redress scheme process is binding upon the regulated provider but not upon the relevant consumer or small business consumer or any other category of complainant.

(3) A regulated provider must send a notice to a relevant consumer or small business consumer in accordance with paragraph (1) on the earlier of:

- (a) the first working day after the day (if any) upon which that regulated provider becomes aware that it is not able to resolve a consumer complaint to that relevant consumer's or small business consumer's satisfaction; and
- (b) the date upon which the specified time period for that consumer complaint expires unless that date falls on a day that is not a working day, in which case the first working day thereafter.

Allocation and maintenance of adequate resources for complaints handling

7.—(1) Each regulated provider must:

- (a) receive, handle and process consumer complaints in an efficient and timely manner; and
- (b) allocate and maintain such level of resources as may reasonably be required to enable that regulated provider to receive, handle and process consumer complaints in an efficient and timely manner and in accordance with these Regulations.

Section 12 and 13 complaints

8.—(1) A regulated provider must, after discussion with [F5the consumer advocacy bodies], put in place appropriate arrangements to deal effectively with section 12 and 13 complaints.

(2) If [F6a consumer advocacy body] refers a vulnerable consumer or a consumer complaint relating to a vulnerable consumer to a regulated provider, that regulated provider must take such additional steps as it considers necessary or appropriate with a view to, as appropriate, assisting that vulnerable consumer and resolving the relevant consumer complaint in an appropriate and prompt manner.

Referral of consumers from [F7the consumer advice scheme]

9.—(1) Each regulated provider must, after discussion with [F8the consumer advocacy bodies], put in place appropriate arrangements to deal effectively with referrals to it from [F9the consumer advocacy bodies] of consumer complaints and, if appropriate, complainants.

(2) The arrangements required by paragraph (1) must set out a process by which [F10the consumer advocacy bodies] may make such referrals to the regulated provider.

PART III

Supply of information to consumers

Information to be provided to consumers

10.—(1) Each regulated provider must ensure that its complaints handling procedure appears at a clear and prominent location on its website.

(2) Where a consumer complaint has not become a resolved complaint by the end of the first working day after the day the consumer complaint was first received by a regulated provider, the regulated provider must as soon as reasonably practicable (unless it has already done so in respect of the relevant consumer complaint):

(a) direct the complainant to the complaints handling procedure on its website; and

(b) offer to provide a copy of the complaints handling procedure to the complainant free of charge.

(3) Each regulated provider [F11 who holds a licence under section 7A(1) of the Gas Act 1986 or section 6(1)(d) of the Electricity Act 1989 or both] must, at least once in every twelve-month period, inform all of its domestic consumers (or arrange for all of its domestic consumers to be informed) of the existence of its complaints handling procedure and how a relevant consumer may obtain a copy of it.

(4) A regulated provider must provide a copy of its complaints handling procedure, free of charge, to any person who requests a copy.

Publication of information on complaints

11.—(1) Regulated providers who hold a licence under section 7A(1) of the Gas Act 1986 or a licence under section 6(1)(d) of the Electricity Act 1989 or both, must:

(a) publish annually a consumer complaints report at a prominent location on their website; and

(b) provide a copy of their consumer complaints report, free of charge, to any person who requests a copy.

(2) A consumer complaints report is a report in relation to the twelve-month period ending with the month immediately preceding the month in which the report is published which contains the following information:

(a) the number of consumer complaints which the regulated provider received from domestic consumers during that period which had not become resolved complaints by the end of the first working day after the day the consumer complaint was first received by the regulated provider;

(b) that the regulated provider has a complaints handling procedure;

(c) how a copy of that procedure may be obtained;

(d) the existence of these Regulations; and

(e) how and from where a copy (including a hard copy) of these Regulations may be obtained.

The seal of the Gas and Electricity Markets Authority here affixed is authenticated by the signature of

L.S.

Sarah Harrison

A member of the Gas and Electricity Markets Authority

I consent

Gareth Thomas

Parliamentary Under-Secretary of State for Trade and Consumer Affairs

Department for Business, Enterprise and Regulatory Reform

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations prescribe standards for the handling of consumer complaints by regulated providers and for the supply of information to consumers about the prescribed standards and levels of compliance with those standards.

The Regulations come into force on 1 October 2008.

Regulation 1 provides for the citation, commencement and extent of the Regulations and Regulation 2 provides for the interpretation of the Regulations.

Regulation 3 requires regulated providers to have a complaints handling procedure for handling all consumer complaints from receipt through to resolution. The requirements differ amongst regulated providers, with some being required to award compensation in specific circumstances, where appropriate.

Regulation 4 specifies the information about consumer complaints that must be recorded by regulated providers upon receipt of such complaints.

Regulation 5 specifies the information that must be recorded by regulated providers about consumer complaints that have not been resolved by the regulated provider by the end of the next working day.

Regulation 6 requires regulated providers to inform consumers in writing of the consumer's right to refer the consumer complaint to the redress scheme on the earlier of (1) when the regulated provider realises that the consumer complaint cannot be resolved to the satisfaction of the consumer, or (2) the expiry of the time period that the regulated provider has to resolve the complaint.

Regulation 7 sets out how regulated providers should deal with consumer complaints and requires that they allocate sufficient resources to enable them to do so.

Regulation 8 requires regulated providers to establish arrangements to deal with the investigation of vulnerable consumer complaints and the investigation of complaints relating to disconnection of gas or electricity. Regulated providers should also take necessary or appropriate additional steps to resolve consumer complaints that involve vulnerable consumers.

Regulation 9 requires regulated providers to establish arrangements for the referral of consumer complaints or, where applicable, complainants from ~~Consumer Direct~~ the consumer advocacy bodies to the regulated provider.

Regulation 10 requires regulated providers to make information concerning their complaints handling procedures available to consumers in particular ways and at particular times.

Regulation 11 requires regulated providers who hold supply licences to prepare and publish an annual report concerning their complaints handling procedure, mentioning the existence of the Regulations and setting out

certain details concerning the consumer complaints they have received from domestic consumers during the relevant period.

An impact assessment that took the Regulations into consideration, has been prepared and was included in the full Impact Assessment which accompanied the document 'Consumers, Estate Agents and Redress Act 2007; Measures to Strengthen and Streamline Consumer Advocacy.' A copy is available from the Department for Business Enterprise and Regulatory Reform, Victoria Street, London SW1H 0ET and can also be found at <http://berr.gov.uk/files/file43215.pdf>.

Appendix 3 – Final Standards of Conduct Guidance

Guidance – Standards of Conduct

Publication date:	5 April 2024
Contact:	Consumers.Directorate@ofgem.gov.uk
Team:	Compliance and Enforcement
Email:	Consumers.Directorate@ofgem.gov.uk

To note for this track-changes version of the final document:

*This document is a final update to the version published on 21/02/2019 and adds to the changes proposed on 6/11/2023 and 7/12/2023. Deleted text is shown in strikethrough and added text is double underlined. Any changes since our 7 December Statutory Consultation are highlighted in **yellow**.*

The updates to the Guidance were made to add a new section, entitled "What does this mean in practice", which sets out examples to illustrate non-compliance with the Supply Licence Condition (SLC) 0A, to assist Non-Domestic suppliers to understand the existing licence requirement. A note in italics before the new section reminds the reader which text was included in November. To note, the document structure has also been updated to reflect the current Ofgem Guidance template and ensure accessibility.

The Final version of the Guidance has been published here:

www.ofgem.gov.uk/publications/licence-guide-standards-conduct

Original text:

This is a guide to the Standards of Conduct (SLC 0 and SLC 0A). These are enforceable overarching rules aimed at ensuring licensees, and their representatives in the case of domestic suppliers, treat each Domestic and ~~microbusiness~~ Non-Domestic Customer fairly. The guide is relevant for all suppliers of Domestic and ~~microbusiness~~ Non-Domestic Customers. Ofgem may update this guide from time to time. Suppliers are responsible for keeping up to date with the latest version of the rules.

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Contents

What are the Standards of Conduct?	80
What’s the purpose of the Standards of Conduct?.....	81
What’s the scope of the Standards of Conduct?	81
What are the broad principles suppliers must follow?.....	83
How Ofgem applies the Standards of Conduct.....	83
What does this mean in practice? Update of examples focussing on SLC 0A.....	85
Other useful information.....	88

What are the Standards of Conduct?

The domestic and Non-Domestic Standards of Conduct form the foundation stone of the gas and electricity supply licences. They are enforceable broad principle-based rules that apply across a range of supplier-customer activities.⁴¹ They highlight our fundamental expectations regarding **how suppliers (and their representatives⁴² in the case of domestic suppliers) must ensure that each customer is treated fairly**. This goes above and beyond taking ‘all reasonable steps’ to treat customers fairly, as was previously in the licence.

Suppliers should be continually striving to adopt and embed a consumer-centric culture and ensure their conduct results in all customers being treated fairly. Where we need to assess whether a customer has been treated fairly, we will consider a range of factors including, importantly, the outcomes a supplier has delivered for the consumer.

These broad principles relate to how suppliers behave, provide information, and carry out customer service processes. In the case of domestic consumers, the Standards also relate to how suppliers seek to identify each consumer in a vulnerable situation and respond to their needs.

Remember:

- The Standards contain enforceable overarching principles that are relevant across many supplier activities and licence guide themes. The Standards work alongside other rules in the supply licences, and suppliers should bear the Standards in mind when considering how to comply with their other licence obligations.
- Suppliers should adapt the standards as appropriate and apply them as relevant to the type of customer they are engaging with. For example, how a supplier engages with a large business (such as a multi-site industrial customer) may differ from how the supplier engages with a Domestic or Micro Business Consumer. This may include language used in communications or contact methods such as account management.

⁴¹ The domestic Standards apply to all activities of the licensee and any Representative which involve, or otherwise relate to, dealings with a Domestic Customer. The non-domestic Standards are narrower and relate only to designated activities – see the section “What is the scope of the Standards of Conduct” for more details of what this includes.

⁴² Any person directly or indirectly authorised to represent the licensee in its dealings with customers.

What's the purpose of the Standards of Conduct?

The Standards of Conduct are about the relationship between energy suppliers and consumers. We expect the Standards to be embedded throughout each supplier, driven by the Board and senior management, and understood by all staff. We expect these principles of fairness to be factored into the design, monitoring and revision of all products, policies and processes. This is to help ensure that suppliers have the appropriate culture in their businesses to consistently deliver fair outcomes for all energy consumers. We also expect suppliers to consider innovative approaches to delivering fair treatment.

We added the Standards to the supply licences in 2013 as part of the Retail Market Review reforms, to improve supplier behaviour and consumer trust in the energy market. The Standards were a critical first step towards more reliance on regulation through general enforceable principles. We think that this will better protect consumers' interests by

- a) focusing our efforts as a regulator on good customer outcomes and more effective and comprehensive consumer protection,
- b) creating room for innovation, so suppliers can be more flexible in how they meet the needs of customers, including those in vulnerable situations, and
- c) putting a much greater onus on suppliers, especially senior management, to treat consumers fairly.

What's the scope of the Standards of Conduct?

The domestic Standards apply to all activities of the licensee and any representative which involve, or otherwise relate to, dealings with a domestic customer. This includes, for example, everything from when they are marketing energy deals to them, to responding appropriately when customers make a complaint about any aspect of their energy supply, to facilitating customers who wish to switch away to a different tariff or supplier. This applies to domestic electricity suppliers and gas suppliers.

The Non-Domestic Standards relate to certain aspects of billing, contract, and transfer activities that suppliers engage in with ~~microbusiness~~ Non-Domestic Customers. They don't cover as many types of interactions as the domestic Standards and do not apply to a supplier's representatives.

Specifically, the Non-Domestic Standards cover 'designated activities', which means:

- The accuracy of a bill or statement of account,
- The timeframe for a ~~microbusiness~~ Non-Domestic Customer receiving a bill or statement of account and the timeframe for the payment of a bill,
- Any written or oral communication regarding billing or contractual information,
- Customer transfers,
- Any matters relating to deemed contracts,
- Any matters which fall within the scope of SLCs 7A, ~~14, 14A and 21B~~ (in so far as they relate to a Micro Business Consumer⁴³) and any matters which fall within the scope of standard conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer).⁴⁴

Note that in the event of a conflict between the non-domestic Standards and SLC 14.2 (relating to non-domestic transfer blocking), the Standards take precedence. The effect of this is that a contract term allowing for an objection must itself be fair under the Standards.

The amount of any charge or fee is out of scope of the Standards, apart from matters relating to deemed contracts. However, whether a supplier decides to apply or waive a charge or fee for a product or service is in scope of the Standards. This is true for both the domestic and Non-Domestic Standards.

⁴³ Electricity Micro Business Consumers are those with an annual consumption of not more than 100,000 kWh OR fewer than 10 employees and an annual balance sheet/turnover not exceeding €2 million. Gas Micro Business Consumers are those with an annual consumption of not more than 293,000 kWh OR fewer than 10 employees and an annual balance sheet/turnover not exceeding €2 million.

⁴⁴ SLC 7A is about supplying Micro Business Consumers, including rules on information that must be provided and contracts. SLC 14A is about customer transfers and SLC 14 is about transfer blocking. SLC 21B is about billing based on meter readings.

What are the broad principles suppliers must follow?

The domestic Standards have an overarching objective and then four 'limbs' (three for the Non-Domestic Standards⁴⁵). Suppliers (and their representatives, in the case of domestic consumers) must achieve the 'limbs' in a manner consistent with the overarching objective. The table below sets these 'limbs' out and gives some examples of what they mean in practice.

Customer objective	Suppliers, and their representatives ⁴⁶ , treat each customer fairly	Suppliers, and their representatives ⁴⁷ , treat each customer fairly	Suppliers, and their representatives ⁴⁸ , treat each customer fairly	Suppliers, and their representatives ⁴⁹ , treat each customer fairly
'Limbs' of the Standards	Behaviour towards consumers	Providing customers with information	Customer service processes	Considering vulnerable domestic customers
Which customers does it apply to?	Applies to domestic and non-domestic suppliers	Applies to domestic and non-domestic suppliers	Applies to domestic and non-domestic suppliers	Applies to domestic suppliers
What this means in practice	Suppliers must behave and carry out any actions in a fair, honest, transparent, appropriate and professional manner	Suppliers must provide information (whether in writing or orally) which, amongst other things is complete, accurate, and not misleading and displayed in plain and, intelligible language, as well as being appropriate and fair	Suppliers must make it easy for consumers to contact them, act promptly to put things right when they make a mistake, and ensure customer service arrangements are fit for purpose	Suppliers must identify and understand the characteristics, circumstances and needs of vulnerable customers and satisfy themselves that their actions are resulting in vulnerable consumers being treated fairly
Consumer outcome	Consumers have a positive experience when dealing with their supplier and are not put off future engagement	Consumers receive the right information – at the right time and in a suitable format – in order to make decisions about their energy supply	Consumers' expectations are met by the supplier's processes and their issues are resolved appropriately	Consumers' vulnerable situations are taken into account by a supplier so all consumers can participate effectively in the market

⁴⁵ The vulnerability limb only applies to the domestic Standards and not the non-domestic Standards. For the non-domestic Standards, these limbs only apply to 'designated activities'.

⁴⁶ The reference to representatives only applies to domestic suppliers.

⁴⁷ The reference to representatives only applies to domestic suppliers.

⁴⁸ The reference to representatives only applies to domestic suppliers.

⁴⁹ The reference to representatives only applies to domestic suppliers.

How Ofgem applies the Standards of Conduct

There are four parts to the Standards: **the customer objective, the fairness test, the broad principles** and the **compliance threshold**. These component parts are assessed together when we apply the Standards. ~~The diagram gives an example of how we may apply them.~~

When we monitor the markets we will look for instances where it appears suppliers are not upholding the customer objective of the Standards and delivering “Fair” outcomes for consumers. “Fair” is a defined term within the Standards. Ensuring each customer is treated fairly is the **customer objective** ([SLC 0.1/0A.1](#)).

We will consider what the licensee had either done or not done that may be unfair, and identify which **broad principle** is relevant ([SLC 0.3/0A.3](#)). The broad principles in the Standards relate to the four (three for non-domestic) ‘limbs’ outlined above: behaviour towards consumers, providing customers with information, customer service processes. and consideration of vulnerable domestic customers.

We will also consider whether the licensee’s actions and/or omissions met our **fairness test** (e.g. did it “give rise to a likelihood of detriment” to the consumer and does it appear that this detriment would not be “reasonable in all the relevant circumstances”?) ([SLC 0.9/0A.9](#)).

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

If a likelihood of customer detriment does arise, a supplier will have an opportunity to give a compelling reason why they consider the detriment to be “reasonable in all the relevant circumstances” if they think the customer has been treated fairly. This would happen as part of our ongoing **engagement and compliance** activities ([SLC 0.2/0A.2](#)).

If we believe actions or omissions were or are unfair under the fairness test, we will consider if and how to respond. This may depend on how the supplier has engaged with us (e.g., by self-reporting concerns and cooperating with our enquiries) and what the supplier has done to address the risk of harm and offer redress to consumers. Options for responding include enhanced monitoring and engagement, negotiating a package of redress for consumers, or opening an enforcement case.

Our [enforcement guidelines](#) set out the approach we take to enforcing against all licence conditions, including the Standards of Conduct.

What does this mean in practice? Update of examples focussing on SLC 0A.

Part 0A.8 of SLC 0A sets out that the licensee must have regard to any guidance on standard condition 0A. This section of the guidance provides, under each of the elements of the Standards of Conduct set out in 0A.3, summary examples of poor behaviours, including from enforcement and compliance activity. The Standards of Conduct in 0A.3 are set out in bold italics, with the examples bulleted underneath. These examples are not exhaustive. Links to published information, where available, appear in the next section.

0A.3 The Standards of Conduct are that the licensee:

a) behaves and carries out any actions in a fair, honest, transparent, appropriate, and professional manner;

Examples of poor behaviours include:

- Customers were not communicated appropriately with by their supplier, who had made billing errors that consequently gave rise to a likelihood of detriment (and actual detriment) to those customers, including significant catch-up bills, which was not reasonable in all the relevant circumstances.
- Customers in new premises going through lengthy change of tenancy processes were simultaneously threatened with disconnection if they did not pay off the debt from the previous tenant. These circumstances were aggravated by the change of tenancy process being protracted due to delays by the supplier and requests for documents a new tenant could not be reasonably expected to hold, while at the same time the supplier did not delay pushing ahead with threats of disconnection if outstanding debt from the previous tenant was not paid.
- Telling a customer who has completed a debt repayment plan that they cannot switch due to a further debt on the account that they had not been made aware of.

b) provides information (whether in Writing or orally) to each ~~Micro-Business~~ Non Domestic Customer which:

- i. is complete, accurate and not misleading (in terms of the information provided or omitted);***
- ii. is communicated (and, if provided in Writing, drafted) in plain and intelligible language with more important information being given appropriate prominence;***

- iii. relates to products or services which are appropriate to the **Micro Business Non Domestic Customer to whom it is directed; and***
- iv. in terms of its content and in terms of how it is presented, does not create a material imbalance in the rights, obligations or interests of the licensee and the **Micro-Business Non Domestic Customer in favour of the licensee;***

Examples of poor behaviours include:

- Customers were not provided with information clearly, or at all, by their supplier in relation to credit balances on closed accounts, either on final bills issued, or in any other communication.
- Micro Business Consumers were not issued with Statement of Renewal Terms by their supplier that gave important information appropriate prominence.
- Customers signed contracts with a supplier believing that they had been sold a fixed price contract. However, prices increased within the contracted period. When they asked their supplier, the supplier pointed out that there was a clause **deep** within the contract that allowed them to increase prices in certain circumstances. The principal terms of contract relating to charges had not been made sufficiently clear to the customer before they signed up to the deal.⁵⁰

c) in relation to customer service arrangements:

- i. makes it easy for a **Micro-Business Non-Domestic Customer to contact the licensee;***
- ii. acts promptly to put things right when the licensee makes a mistake; and*
- iii. otherwise ensures that customer service arrangements and processes are fit for purpose and transparent.*

Examples of poor behaviours include:

- A customer raised a complaint with their supplier, but the supplier made little or no attempt to contact the customer to discuss their case or attempt to put any issues right.
- A customer had moved into a business premises where the previous tenant had accumulated a debt. Despite being presented with **compelling** evidence that there

⁵⁰ For the avoidance of doubt, if suppliers choose to include clauses in contracts that allow them to raise prices in specific circumstances, they must ensure that the existence of this clause is brought to the attention of the customer so the customer is aware they are signing up to a contract where prices may be subject to change.

was a material change in circumstances (ie, a new tenant had taken over the building), the supplier continued with the disconnection and did not act in a reasonable timeframe to put things right and reconnect the new tenant.

- A customer was advised they were only able to contact a supplier by web chat or web form, that was not saved or sent to the customer afterwards. This did not give the customer visibility of what they had raised and when, which made it more difficult for the customer to evidence the raising of a subsequent complaint.

Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help you understand the rules in this theme better. Suppliers may wish to consult other helpful materials about good practice, for example those published by Citizens Advice.

Document	Date
Conclusions from an enforcement investigation into United Gas and Power billing customers on inflated estimates.	Mar 2023
Our Consumer Protection Report highlighting good practice on how energy suppliers can protect consumers in vulnerable situations.	Oct 2021
Our report on vulnerable consumers in the energy market. This includes examples of good and poor practice relating to how suppliers are treating consumers in vulnerable situations.	June 2018
Our enforcement guidelines describe how we use our enforcement powers, provide redress and remedies for consumers, and punish or deter breaches or infringements. They also set out a number of actions we may take as an alternative to exercising our statutory enforcement powers.	March 2023
In 2017 we made some changes to the Standards, which are covered by this guide. For more details see our: <ol style="list-style-type: none"> 1. Final decision (Appendix 2 includes guidance on terms used in SLC 0/0A) 2. Statutory consultation 3. Policy consultation 4. Working paper 	Aug 2017 Jun 2017 Jan 2017 Aug 2016
Conclusions from an enforcement investigation into British Gas' compliance with obligations including SLC 7B (the non-domestic Standards).	Jun 2017*
Our 2016 Challenge Panel report . This panel explored how well suppliers had been embedding the Standards in their approaches to sales and marketing.	Jan 2017*
Conclusions from an enforcement investigation into Scottish Power's compliance with obligations including SLC 25C (the domestic Standards).	Jun 2016*

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

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

Document	Date
Conclusions from an enforcement investigation into npower’s compliance with obligations including SLC 25C (the domestic Standards).	Jan 2016*
Conclusions from an enforcement investigation into BES’ compliance with obligations including SLC 7B (the non-domestic Standards).	Dec 2015*

We remind all suppliers that this guide does not modify or replace the conditions in the gas and electricity supply licences. Neither is it an exhaustive list of supplier obligations or information resources. This guide is designed to introduce you to the rules, highlight relevant supply licence obligations, and signpost to key information that may help you understand these rules. Suppliers should continue to refer to the conditions outlined in the most recent versions of the gas and electricity [supply licences](#).

Appendix 4 – Reasons for any differences between proposed and final Licence modifications, Complaints Handling Standards and Standards of Conduct Guidance

Please find below a summary of changes made in response to comments raised in consultation responses and our reasons for them.

	Reason	Outcome	Ofgem position
1	A stakeholder flagged a typographical error in the draft of the supply licence conditions and the definition of “Designated Activities” part f, and suggested a correction which they considered would better align with the policy intent and corresponding note in the draft SoC Guidance.	Licence change	SLC 0A licence text updated to correct typographical error and match corresponding Guidance text, as intended, to read: “f. any matters which fall within the scope of standard condition 7A, 14, 14A and 21B (in so far as they relate to a Micro Business Consumer) and any matters which fall within the scope of standard conditions 14, 14A and 21B (in so far as they relate to a Non-Domestic Customer).”
2	Micro Business Consumers can currently access Citizens Advice, but Small Business Consumers will only be able to access Citizens Advice once the 2008 Order and CHS are expanded. We would like to ensure Micro Business Consumers are signposted as soon as possible whilst ensuring there will be a licence condition requiring Small Business Consumers to be signposted once they are eligible. Further, stakeholders commented that explicitly referring to both Micro and Small Business Consumers in the licence would provide clarity to the licence condition.	Licence Change	SLC 20.4A (electricity) and 20.5A (gas) amended to refer only to Micro Business Consumers. SLC 20.4B (electricity) and 20.5B (gas) inserted to refer only to Small Business Consumers. 20.4B and 20.5B will only be implemented once the CHS and 2008 Order take effect, to which the Authority will give at least three months’ Notice. In any event this condition 20.4B and 20.5B will take effect no sooner than 1 December 2024. These changes will ensure the condition applies to consumers who can access Citizens Advice’s services and better matches the policy intent, and does not delay the implementation of the Micro Business Consumer signposting requirement.
3	Stakeholder noted discrepancy with licence definition for Third Party Activities in SLC 20 and SoC guidance. Third Party Activities include “any matters falling within the scope of standard conditions 7A, 14, 14A and 21B insofar as they relate to a microbusiness consumer”. Stakeholder queried that this should include Small Business Consumers.	Licence change	SLC 20.5D(a)(iii) (electricity) and 20.6D(a)(iii) (gas) updated to refer to correct the drafting and ensure it matches the policy intent and remainder of the expanded licence condition.
4	We left placeholder text in SLC 20.5C (electricity) and 20.6C (gas) to insert the date the condition would take effect.	Licence change	Text amended to state that the condition will take effect when the Authority has given at least three months’ Notice, and in any event no sooner than 1 December 2024.
5	Proposed text replaced ‘Micro Business Consumer’ with ‘Small Business Consumer’ in SLCs 20.5 and	Licence change	Reinstated reference to Micro Business Consumers in the relevant SLCs to ensure it is clear the conditions continue to apply to Micro

Consultation – Non-Domestic Market Review Decision

	Reason	Outcome	Ofgem position
	20.5B (electricity) and 20.6 and 20.6B (gas), which may leave a gap in protections before the Small Business Consumer definition is implemented.		Business Consumers, and will apply to Small Business Consumers once the Authority has given at least three months' Notice.
6	We left placeholder text in the licence where we proposed to add the definition for 'Small Business Consumer'.	Licence change	Definition for 'Small Business Consumer' removed from conditions 1.3 (electricity) and 1.2 (gas). It has instead been inserted in SLC 20 and linked to the 2008 Order. This will ensure the definition will only take effect once the 2008 Order has been amended to include the Small Business Consumer definition.
7	Inconsistencies regarding replacing 'Micro Business Consumer Contract' with 'Non-Domestic Supply Contract'.	Licence change	Changes made to ensure the licence shows the correct defined terms. Some instances of 'Non-Domestic Consumer Contract' had remained in consultation, which have now been corrected to 'Non-Domestic Supply Contract'.
8	Concern raised with example provided in SoC guidance, referencing a contract that a customer believed was fixed-price, with a clause 'deep within the contract' that allowed the supplier to increase prices in certain circumstances. Stakeholder stated "If this guidance is to remain unchanged it will increase the risk suppliers have to take, so increase prices or make suppliers consider which products it offers to segments of customers within the market."	SoC Guidance change	Clarifying sentence added to Guidance to make our intent clear that if suppliers choose to use such clauses in contracts, they must ensure that the customer is made aware that prices could be subject to change. This is to ensure that suppliers provide transparent information to their customers, and customers are not led to believe a contract is fixed price where in fact prices may be changed. Reference to the clause being 'deep' within the contract removed, as the supplier should ensure the customer is made aware of this clause regardless of where it sits in the contract.
9	Concern raised with example provided in SoC guidance, referencing a change of tenancy where a previous tenant had built up a debt, and the transfer had been blocked despite the customer providing evidence there was a material change in circumstance. Suggestion that the evidence provided needed to be compelling.	SoC Guidance change	We have updated the guidance to require "compelling" evidence, to show that the evidence presented by the customer in this case was clearly demonstrating a material change of circumstances with valid evidence.
10	Stakeholders raised concerns about the SoC requiring suppliers to provide information in 'plain and intelligible' language, as more technical language may be needed for larger businesses.	SoC Guidance change	We have added a clarifying sentence to the Guidance to reflect that how the SoC are applied may differ between customers. We consider any information provided by suppliers to their customers should be easily understood by the end user and not unnecessarily technical where it can be avoided, which we recognise may look different depending on the end customer.
11	Stakeholder flagged there was an extra "small business consumer"	CHS change	Additional text removed from regulation 4(1)(d) of the CHS to correct the error. We do not

Consultation – Non-Domestic Market Review Decision

	Reason	Outcome	Ofgem position
	inserted into regulation 4(1)(d) of the CHS.		consider this changes how the regulations are to be understood.
12	We left placeholder text in the CHS where we proposed to add the definition for 'Small Business Consumer'.	CHS change	Small Business Consumer definition added.

Appendix 5 – Glossary

A

Alternative Dispute Resolution Scheme (ADR)

Alternative dispute resolution (ADR) refers to ways of resolving disputes between consumers and traders that don't involve going to court.

C

Call for Input (CfI)

One of the ways we seek the views of stakeholders. These range from requests for information and evidence, to opportunities to join workshops or submit views via online surveys and other methods. Calls for input have a closing date, but do not pass through the formal stages of a consultation or conclude with a regulatory decision.

Change of Occupier (CoO)

Change of Occupier (CoO) means that the Consumer occupying a premises has changed (or is due to change).

Change of Tenancy (CoT)

Moving into or out of a business premises where responsibility of the energy supply changes is known as a CoT or Change of Tenancy. The CoT process is the process through which you let your supplier know you are moving out of/into a property and thus need to either end or begin a new contract for your energy supply.

Complaints Handling Standards (CHS)

Complaints Handling Standards (CHS) prescribe the standards energy companies must meet when handling customer complaints. They apply to complaints from domestic consumers and Micro Business Consumers to gas and electricity supply companies (and to network companies i.e. gas transporters and electricity distributors). The standards are designed to provide effective protection for consumers and comprise a number of key requirements to which suppliers and network companies have to adhere when a customer makes a complaint.

Commission for Regulation of Utilities (CRU)

The Commission for Regulation of Utilities (CRU) is Ireland's independent energy and water regulator.

D

Deemed Rates

A deemed contract relationship will normally exist where a customer moves into new premises, and starts to consume gas and/or electricity, without agreeing a contract with a supplier. It can also exist in some circumstances where an existing contract comes to an end and the customer continues to consume gas and/or electricity, but the original contract does not expressly provide for what will happen after expiry. It is different from an "Out of Contract" rate.

Distribution Network Operator (DNO)

The company that owns and operates the power lines and infrastructure that connect a premise to the transmission networks operated by National Grid, Scottish Power and Scottish and Southern Energy. There are fourteen electricity distribution networks, each of which covers a separate geographic region of Great Britain.

E

Energy Bill Relief Scheme (EBRS)

The Energy Bill Relief Scheme was a government scheme that provided energy bill relief for Non-Domestic Customers in Great Britain and Northern Ireland between 1 October 2022 and 31 March 2023. More details about can be found at: [Energy Bill Relief Scheme: help for businesses and other non-domestic customers - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers)

Energy Bill Support Scheme – Alternative Funding (EBSS-AF)

The Energy Bill Support Scheme – Alternative Funding provided £200 support for energy bills of domestic consumers in Great Britain whose household was not connected to the mains gas grid or used alternative fuels as the main form of heating. The scheme closed on 31 May 2023.

Energy Bill Support Scheme – Alternative Fuel Payment (EBSS – AFP)

The Energy Bill Support Scheme – Alternative Fuel Payment provided £400 support for energy bills of domestic consumers in Great Britain who did not have a direct relationship to a domestic electricity supplier. The scheme closed on 31 May 2023.

Energy Price Guarantee (EPG)

From 1 October 2022 up until 30 June 2023 the Energy Price Guarantee provided a support rate discount to all households with a domestic gas and/or electricity contract. Bringing a typical household energy bill for dual-fuel gas and electricity down to around

£2,500 per year in Great Britain. The government has issued information about who can access this support from 1 July 2023: [Energy Price Guarantee - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/energy-price-guarantee)

G

Gas Distribution Network (GDN)

The company that operates gas pipelines and infrastructure that connect a premise to the transmission networks operated by National Grid. There are eight gas distribution networks (GDNs), each of which covers a separate geographical region of Great Britain.

H

Half-hourly (HH)

A way of metering energy use. Readings are made every half an hour via smart meters or advanced meters.

I

Industrial and Commercial (I&C)

Some of the largest uses of energy in the Non-Domestic sector, often involved in energy intensive processes.

Independent Distribution Network Distribution (IDNO)

Companies that operate smaller local electricity distribution systems within a wider distribution network area. The IDNOs networks are connected to DNOs network, but the same company can operate local distribution systems in any region, they are not limited to a geographic region.

Independent Gas Transporter (IGT)

Companies that operate smaller local gas delivery systems within a wider gas distribution network area. The IGTs are connected to the Gas Distribution Network, but the same company can operate local distribution systems in any region, they are not limited to a geographic region.

Impact Assessment (IA)

An Impact Assessment (IA) has been conducted to understand and evaluate the impact of the regulatory proposals in this consultation on customers, industry participants and distributional and competition impacts.

K

Kilowatt hour (kWh)

Energy usage is calculated in kilowatt hours (kWh), sometimes also called 'units'. One kWh is enough to power a 100-watt lightbulb for 10 hours.

M

Maximum Resale Price Direction (MRP)

A direction issued under section 37 of the Gas Act 1986 and section 44 of the Electricity Act 1989 by Ofgem that fixes (by amount or methodology) the maximum price at which gas and electricity may be resold. The current MRP direction states that the maximum price at which each unit of gas or electricity may be resold shall be the same as that paid to the authorised supplier by the person reselling it.

Median

The median is the middle number in a sorted ascending or descending list of numbers. It is the middle point of the data set such that half of the data lies above and below it.

Mean

The mean is the average in a collection of numbers. It is calculated by dividing the sum of all values by the total number of values.

Megawatt Hour (MWh)

A Megawatt Hour is 1,000 kilowatt hours (kWh).

Micro Business Consumer

"Micro Business Consumer" means a Non-Domestic Customer:

- which is a "relevant consumer" (in respect of premises other than domestic premises) for the purposes of article 2(1) of The Gas and Electricity Regulated Providers (Redress Scheme) Order 2008 (S.I. 2008/2268); or
- which has an annual consumption of not more than 293,000 kWh of gas.
- which has an annual consumption of not more than 100,000 kWh of electricity.

N

Non-half hourly (Non-HH)

A way of metering energy use. It is based on estimates of when electricity is used, a profile of the average consumer usage and their own meter reads (taken over weeks and months).

O

Out of Contract (OoC)

Out of Contract rates are the rates customers are put onto, as defined by the terms of their contract, when their current contract continues to apply after the fixed term period of a contract has expired.

P

Pence per day (p/day)

The standing charge portion of an energy bill is usually charged in pence per day.

Pence per kilowatt hour (p/kWh)

The commodity portion of an energy bill is usually charged in pence per day.

Priority Services Register (PSR)

A Priority Services Register is a free support service for domestic consumers that makes sure extra help is available to people in vulnerable situations. A register is kept by licenced domestic energy suppliers and licenced network operators.

Q

Qualifying Dispute Settlement Scheme (QDSS)

'Qualifying Dispute Settlement Scheme' means any scheme of dispute settlement, resolution and/or redress operated by the Relevant Energy Ombudsman or such other organisation as demonstrably provides independent, fair, effective and transparent out of court dispute settlement relating to Relevant Third Party Activities and constitutes a Qualifying Dispute Settlement Scheme in accordance with any Guidance issued by the Authority.

Qualifying Financially Disadvantaged Customers (QFDC)

As set out in Part 5 of the [EBRS GB Regulations](#) and the [EBRS NI](#). Qualifying Disadvantaged Customers were a section of customers receiving energy through deemed contracts who were eligible for one of the discounts applied to their bills through the Energy Bill Relief Scheme.

R

Retail Energy Code (REC)

The key rules that energy suppliers must follow when selling to UK Customers.

Retail Energy Code Company (RECCo)

A company established under the REC, to maintain, develop and provide oversight of the REC.

Request for Information (RFI)

These are formal Requests for Information that we issue to suppliers as part of our monitoring, and to support our regulation work.

S

Service Level Agreement (SLA)

A contract between a service provider and its customer that outlines the standards of service the provider is obligated to meet.

Standard Licence Condition (SLC)

Standard Licence Conditions are conditions that apply to all licensees of a particular licence type. These can be in and out of effect for licensees.

Standards of Conduct (SoC)

The SoC are set out in SLC 0 and 0A of the gas and electricity supply licences. These are enforceable overarching rules aimed at ensuring licensees, and their representatives in the case of domestic suppliers, treat each domestic and Micro Business Consumer fairly.

Small Business Consumer

Proposed definition for Small Business Consumer, which is subject to government expanding access to the Energy Ombudsman, is as follows:

'A non-domestic customer is defined as a Small Business Consumer if they:

- employ fewer than 50 employees (or their full time equivalent) AND an have annual turnover of at most £6.5 million or a balance sheet total of £5.0 million.;
- or
- use not more than 200,000 kWh of electricity per year; or
- use no more than 500,000 kWh of gas per year.

T

Targeted Charging Review (TCR)

A review done by Ofgem to examine the 'residual charges' which recover the fixed costs of providing existing pylons and cables, and the differences in charges faced by smaller distributed generators and larger generators (known as Embedded Benefits). The final decision on TCR was that residual charges would be levied in the form of fixed charges for all households and businesses, and that the liability for the Transmission Generation Residual for Generators would be removed and changes made to one of the 'Embedded

Benefits' received by Smaller Distributed Generators in relation to balancing services charges.

Third Party Intermediary (TPI)

This means a third party organisation or individual that, either on its own or through arrangements with other organisations or individuals, provides information and/or advice to a Micro Business Consumer about the licensee's Charges and/or other terms and conditions and whose payment or other consideration for doing so is made or processed by the licensee.

Third Party Costs

This means any fees, commission or other consideration including a benefit of any kind, processed by the licensee and paid or made or due to be paid or made to the Third Party.