

By email: FutureConsumers@Ofgem.gov.uk
20 December 2024

Consumer Standards – 24/7 Metering Support Statutory Consultation

Dear Steve

Thank you for the opportunity to respond to this statutory consultation.

We support Ofgem's aims to improve customer outcomes, particularly for those in vulnerable situations. However, we are not convinced that this intervention is necessary, or will result in materially better outcomes, based on the data Ofgem has shared as part of this consultation. Ofgem has not provided sufficient new data compared to its position last year (to not introduce the new licence condition) to provide clarity on the scale or type of issue it is trying to address, and we think the information provided in the impact assessment is not concrete enough to base a robust assessment on.

We continue to urge Ofgem to adopt a principles-based approach to regulation, rather than introducing many specific rules and requirements on how suppliers must run their operations. We welcome the fact that Ofgem has taken a principles based approach here, but encourage Ofgem to not use additional guidance documents to set minimum standards or specific requirements on how to implement this.

We are concerned that Ofgem's Ease of Contact guidance can be updated by Ofgem at any time and without any process of formal consultation or stakeholder engagement. At a minimum, the guidance must include the process or framework Ofgem will follow. Without this, it would be possible for Ofgem to amend the guidance in a way which would substantially change compliance with SLC 31G.3A(c), e.g. requiring a 24/7 phone service. We urge Ofgem to add such a framework to its guidance ahead of any implementation.

We are proud of the support already provide to our customers in vulnerable situations. We consider that our out of hours arrangements provide appropriate support for customers with meter faults and in emergency situations.

Finally, we note that in paragraph 3.27 Ofgem intends to undertake a wider review of the Guaranteed Standards of Performance (GSOP) framework. In doing this, Ofgem must gather robust data to inform its thinking ahead of that review to ensure that any proposed modification is evidence based from the outset.

We have provided further detail in our response to your questions in the Appendix below.

Kevin Hammond
Head of Regulatory Compliance
Octopus Energy

Appendix A - Response to Ofgem questions

Process to Activate Dormant Licence Condition

Q1. Do you agree with our proposal to activate supplier SLC 31G.3A(c) in order to meet our desired outcome for consumers?

No.

We understand why Ofgem has proposed activating SLC 31G.3A(c). However, we have concerns that Ofgem has not completed a suitable impact assessment which shares information about which customers Ofgem has identified which are currently suffering detriment. For example, in our previous response we question whether the poor outcomes Ofgem sees are limited to particular suppliers or distribution regions, and this information has not been provided. It is therefore impossible for us to know what the problem is that we're attempting to fix, and the scale of the issue. There remains a lack of clarity over the number of customers who experience loss of supply due to genuine meter faults.

Ofgem's impact assessment assumes that activating the licence condition will result in customers with supply interruptions due to meter faults having their supply restored quicker. The restoration of supply, however, is entirely dependent on the availability of meter operatives to attend site, and not on how quickly the supplier receives contact from its customer. For instance, a customer in an emergency situation who calls a supplier at 8am compared to one that calls the supplier at 3am may both get an appointment at 9am if there is a meter operative available.

It is therefore unclear whether activating the licence condition will meet Ofgem's desired outcomes of consumers.

There also seems to be contradictory positions within Ofgem's decision. For example, Ofgem's impact assessment states in paragraph 1.2 that *"many customers are unable to report the fault or receive any assistance until the next working day"*, while that seems to be contradicted by paragraph 1.6 *"it appears that the majority of domestic customers could already be with suppliers that are contactable outside of regular working hours should they be off-supply due to meter faults"*.

Q2. Are there any further issues with implementation that we have not considered in this consultation? Please provide any relevant information to evidence the issues.

The success of the proposed licence condition depends on the ability of a customer without supply to determine whether that is due to a meter fault or other issue, i.e. with the distribution network or the infrastructure within their own home. Ofgem's guidance expects that *"The customer understands which organisation to contact and how..."*. Ofgem will need to allow industry to develop this level of understanding amongst customers, as it will not be sufficient from the implementation date. As Ofgem itself recognises in para 2.9 *"a consumer may not generally know the reasons why they are off-supply and whether this would be an issue for their supplier or network operators."*

Therefore, this level of customer understanding will need to be built over time, and it is not reasonable to expect suppliers and network companies to begin communicating in advance of the proposed implementation date about services which may not be in place by some parties who have noted that they are not already compliant.

Ofgem has not considered that a 24/7 enquiry service will inevitably take calls from customers who are not in an emergency situation. Ofgem has not considered the risk that this may mean that potentially smaller out of hours teams have a more difficult task in receiving and responding to genuine emergency calls.

Q3. Do you have any comments on the draft Impact Assessment published alongside this document, including the costs and benefits, competition impacts, and unintended consequences?

Ofgem has not published or shared information from network companies to understand:

1. What the problem is, and
2. The scale of solution required.

Therefore it is still unclear exactly what the problem is. The impact assessment shows that gas and electricity network companies receive an estimated total of 29,973 enquiries per year.¹ Broken down over the 14 electricity public supply areas, that equates to an average of less than 6 enquiries per day.²

¹ "5.21 Applying the above methodology results in a total estimated number of enquiries between 20:00 and 8:00 (per year) of 83,204 (53,232 from suppliers and 29,973 from DNOs/GDNs)"

² $((29,973 \div 14) \div 365.25) = 5.8$.

Split by gas and electricity using the figures provided in the impact assessment³, this is an estimated 2.6 calls per electricity DNO per day, and 5 calls per day to gas GDNs - assuming 14 DNOs and 8 GDN, which excludes IDNOS and IGTs.

We do not see how Ofgem has concluded benefits from such low numbers such as *“faster restoration of supply, and lower call waiting times for emergency calls to network operators”*.

Furthermore, it is difficult to understand how Ofgem has linked having the enquiry service to customer outcomes based on these estimated figures.

In addition, Ofgem states that the main monetised benefit is the *“reduced risk reduced risk of harm (injuries, fatalities and/or damage to property) resulting from faster guidance/advice and/or faster restoration of supply, and lower call waiting for emergency calls to network operators”*⁴, quantifying this as *“£0.15m to £1.08m per year”*. However, there is no available evidence of an occurrence or injury caused by a meter fault, unless there had been meter tampering or attempted energy theft at the premises.

Any incident of death or injury would need to be reported to the Health and Safety Executive (HSE), and then published. We are not aware of HSE publishing information which supports Ofgem’s monetised benefits.

Update to Contact Ease Guidance

Q4. Does the guidance provide sufficient clarity for suppliers, consumers and their representatives on Ofgem’s expectations and consumer outcomes?

We are concerned that the introduction of the proposed guidance further complicates an already complex regulatory framework and therefore increases the risk of poorer customer outcomes. We also have concerns that Ofgem is not bound by the same consultation process to review or update guidance documents as it is when it is required to modify the standard licence conditions.

At a minimum, the guidance must include the process or framework Ofgem will follow to propose, consult on, and implement modifications. Without this, there is a risk that the guidance could be modified in a way which would substantially change compliance with SLC 31G.3A(c) or other aspects of the licence, such as requiring a 24/7 phone service.

³ *“This results in estimates of 13,574 for electricity and 15,137 for gas (for enquiries between 20:00 and 8:00 per year).”*

⁴ Impact assessment, page 5 and 6

We also have specific concerns with the guidance as it's currently drafted as the proposed version places an unrealistic expectation of compliance on suppliers. We would like Ofgem to adopt a pragmatic stance and workshop the guidance with suppliers to resolve these issues.

For example, the current drafting looks to impose wholly inappropriate guidance on suppliers, including paragraphs where the supplier has no possibility of influencing customer outcomes and which are not guidance at all, but policy statements from Ofgem, e.g:

- *“**A2.7** Network distribution companies have existing licence obligations to provide 24/7 services for consumers without power and consumers with gas leaks. We consider that this is critical in keeping consumers safe.”*
- *“**A2.18** We intend to work with network companies and suppliers to help facilitate the delivery of good consumer outcomes.”*
- *“**A2.19** We do not expect consumers to be able to determine whether their loss of supply is due to network issues or supplier issues. We will therefore work with network companies and suppliers to ensure that it is clear who customers should contact in emergency situations.”*

Ofgem has also drafted the guidance to exceed the current SLC 31G.1 licence requirement regarding the provision of information to domestic customers. The proposed Contact Ease Guidance contradicts Ofgem's 2019 licence changes on domestic customer communications:⁵

*“**A2.12(i)** The customer understands which organisation to contact and how, and that the relevant contact information is clear and easy to find.”*

The proposed guidance sets an unenforceable compliance threshold of requiring every customer to understand the information provided to them, whereas the current SLC 31G requirement was drafted to reflect that a supplier must ensure that each customer is provided with that information. Ofgem specifically commented on this in the final decision for the domestic customer communications rule changes.

The decision document for those licence modifications states:

“We appreciate there are limits to what is in a supplier's control when it comes to consumers understanding communications. Nevertheless we consider that our principle sets out a realistic expectation of what consumers might reasonably expect to receive from their supplier.”

⁵ Page 16

https://www.ofgem.gov.uk/sites/default/files/docs/2018/12/final_decision_-_customer_communications_rule_changes.pdf

SLC 31G.1 *"The licensee must ensure that each Domestic Customer is provided with information in a Form and at a frequency that is sufficient to enable that Domestic Customer to quickly and easily understand how to: (a) identify and contact each Relevant Party about a problem, question or any other request for assistance. This includes queries, complaints, disputes or emergencies; and (b) seek impartial advice from Citizens Advice consumer service."*

Octopus Energy

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