

Jemma Baker
Deputy Director, Future Retail Markets
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

20 December 2024

Dear Jemma,

CONSUMER STANDARDS – 24/7 METERING SUPPORT STATUTORY CONSULTATION

Thank you for the opportunity to respond to the above consultation, seeking views on Ofgem's proposal to activate the dormant licence condition 31G.3A(c). If activated, this licence condition would require suppliers to provide a 24/7 enquiry service to offer immediate information, advice or guidance where a customer is off supply due to a meter fault.

Given the potential for customers to experience significant harm due to an interruption in supply caused by a meter fault, we agree it is important that a solution be found to the inability of some customers with a meter fault to receive support outside of their supplier's operating hours. We continue to have concerns, however, around the costs and regulatory burden of this proposal and in particular the potential for the benefits to be outweighed by the implementation and ongoing costs required to implement such a service, which will ultimately be passed to consumers. In this regard, we regret the lack of progress in finding an industry-led solution to the problem and we continue to be supportive of working with other suppliers, network operators and industry bodies to develop and deliver an industry-wide approach that is cost effective and provides the right level of support for consumers.

Our answers to the consultation questions are in Annex 1 to this letter, with the key points summarised below.

Impact Assessment

We welcomed Ofgem's decision to undertake an impact assessment as part of its consultation process to activate SLC 31G.3A(c) in order to better understand the scale of the issue, given suppliers' concerns that the costs of the proposal could outweigh the benefits. However, on review of Ofgem's impact assessment, we are concerned that the benefits to the consumer are still not sufficiently clear, with Ofgem's decision relying heavily on non-monetised benefits given the lack of comprehensive data. We do not

consider this provides a thorough and accurate evaluation of all relevant benefits and costs.

We believe Ofgem should commit itself to revisiting the impact assessment after the licence obligation has been in place for an appropriate period of time. Ofgem should then use actual data to support a more accurate assessment of the costs and benefits of the policy, and be prepared to withdraw the obligation if the evidence shows that the costs exceed the benefits.

Industry-led solution

We still consider that a substantially more efficient way for industry to deliver this policy aim would be for suppliers to work with network companies to make use of existing 24/7 call centres on appropriate commercial terms. This would enable them to provide appropriate support to customers for any out-of-hours query, ensuring that the customer is directed to the responsible party, and an appropriate action is taken in reasonable timescales to restore the customer's supply.

As Ofgem will be aware, it has proved difficult to make progress with an industry-wide solution given the differing expectations of network and supply companies. We were therefore encouraged to hear from Ofgem in December 2023 that they were intending to circulate an open letter from SP Energy Networks (SPEN) to suppliers inviting further discussion. However, we did not receive this letter from Ofgem and nor (we think) did other suppliers. This has potentially resulted in an avoidable delay in moving forward with this initiative, and we would therefore invite Ofgem to (a) circulate the SPEN letter to suppliers (assuming SPEN is still willing) and (b) allow an extension to the planned timeframe for activating SLC 31G.3A(c) to allow industry to reopen conversations.

Delivery timeframe

In our response to Ofgem's Consumer Standards Consultation we advised that to contract for and implement a new 24/7 service would require between four and six months. It is important that Ofgem allows a suitable timeframe for implementation to ensure suppliers can implement an effective, robust service.

Yours sincerely,



Richard Sweet
Director of Regulatory Policy

**CONSUMER STANDARDS – 24/7 METERING SUPPORT STATUTORY CONSULTATION
– SCOTTISHPOWER RESPONSE**

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

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.

In response to Questions 1 and 2, while we agree with Ofgem's focus on ensuring customers are supported where they experience a disruption in supply due to a meter fault out of normal operating hours, we welcome Ofgem's consideration of allowing a further extension to its planned timeframe for activating SLC 31G.3A (c).

We remain of the view that a substantially more efficient way for this protection to be delivered would be through an industry-wide solution, and Ofgem's consultation suggests Ofgem has a similar view. Such an approach would ensure that customers do not need to consider whether their disruption is due to a network or a meter fault, and we consider there may also be savings in costs from making use of existing call centres.

An industry-wide solution would potentially involve suppliers working with network companies to make use of existing 24/7 call centres on appropriate commercial terms. This would enable them to provide appropriate support to customers for any out-of-hours query, ensuring that the customer is directed to the responsible party, and an appropriate action is taken in reasonable timescales to restore the customer's supply.

As Ofgem will be aware, it has proved difficult to make progress with this given the differing expectations of network and supply companies. We were therefore encouraged to hear from Ofgem in December 2023¹ that it was intending to circulate an open letter from SP Energy Networks to suppliers inviting further discussion. However, we did not receive this letter from Ofgem and nor (we think) did other suppliers. This has potentially resulted in an avoidable delay in moving forward with this initiative, and we would therefore invite Ofgem to (a) circulate the SPEN letter to suppliers (assuming SPEN are still willing) and (b) allow an extension to the planned timeframe for activating SLC 31G.3A(c) to allow industry to reopen conversations.

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?

From our review, the Impact Assessment appears to have quantified and monetised the regulatory benefits of the proposal using limited data. We believe that Ofgem's reliance on non-monetised benefits in assessing net benefits, despite insufficient data, fails to provide a sufficiently comprehensive and accurate evaluation of all relevant benefits and costs.

We believe Ofgem should commit itself to revisiting the impact assessment after the licence obligation has been in place for an appropriate period of time, perhaps six or twelve months. Ofgem should then use actual operational data to support a more accurate assessment of the costs and benefits of the policy, and be prepared to withdraw the obligation if the evidence shows that the costs exceed the benefits.

¹ 'Regulatory Directors Call – Minutes and Actions, 19/12/2023'

Our review has also highlighted that Ofgem's use of the electricity 'value of lost load' (VoLL) in assessing monetised benefits, which is a weighted average of both domestic and SME customers, is an inaccurate representation of the monetised benefits from activating SLC 31G.3A(c). We would suggest using the winter, peak, weekday domestic VoLL (£10,289), calculated in the same 2013 London Economics paper Ofgem references in the impact assessment, to better represent the monetised benefits from reducing time off-supply for domestic customers.

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

We welcome the clarity provided by the updated draft SLC and Guidance.

ScottishPower
December 2024