

Call for input

Reviewing the Supplier Guaranteed Standards of Performance (GSOP)

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We are undertaking a review of the supplier Guaranteed Standards of Performance (GSOP). The GSOP set minimum standards that suppliers must meet when providing specific services or pay affected consumers automatic compensation when these standards are not met. We particularly welcome responses from consumer groups, charities, and energy suppliers. We would also welcome responses from other stakeholders and the public.

Once the call for input is closed, we will consider all responses before publishing the outcome in Spring 2026. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at ofgem.gov.uk/consultations.



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Executive summary

Delivering good consumer outcomes

We're working to build an energy sector that truly listens to and serves its customers. We want to ensure that all customers, especially customers in vulnerable situations, are treated fairly and can access help when needed.

Our work over recent years is making a difference and suppliers have made real improvements in customer service. As shown in our recent <u>State of the Market Report</u>, domestic complaint volumes have reached their lowest levels since 2022 and <u>recent evidence from July/August 2025</u> shows welcome improvements in average domestic consumer overall and customer service satisfaction, reaching all-time highs of 82% and 76% respectively since we started tracking them.

We want to keep this progress going to ensure all consumers receive the best possible service. Together, we aspire to make energy a leading sector for customer service excellence by fostering innovation in suppliers' offerings while protecting consumers effectively. To achieve this we launched our Consumer Confidence Programme last year. The programme aims to set out what good service should look like for domestic and non-domestic consumers and how we regulate to achieve those outcomes.

Our separate <u>call for input on Consumer Outcomes</u> proposes a set of outcomes that suppliers should deliver for consumers and explores potential implementation options. In particular, it seeks views on whether our draft consumer outcomes are the right ones, whether these should be incorporated into our regulatory framework and, if so, which of our initial suggestions for implementation would be effective in driving improvements and innovation. One question that we will consider as we take this work forward is how to strike the right balance between detailed, prescriptive rules and outcomes-based rules. We recognise that there are a range of reasons why prescriptive rules might be more appropriate in some circumstances and that there are different regulatory tools for how that prescription could be delivered, including the Guaranteed Standards of Performance (GSOP).

Reviewing the Guaranteed Standards of Performance (GSOP)

This paper is deliberately published alongside the wider <u>Consumer Outcomes call for input</u> and seeks to consider the purpose of the supplier GSOP in this wider context and its effectiveness in ensuring consumers get good service from their supplier. Both pieces of work will progress together to help achieve our overarching ambition to improve consumers' experiences and foster innovation in the energy market.

The supplier GSOP is an important regulatory tool that sets a minimum level of acceptable performance on key services and provides consumers with direct and automatic compensation if they are not met. This can hold suppliers directly

accountable to consumers for instances of poor performance, help build consumer confidence and empower consumers by giving quick, automatic compensation when a standard is missed. However, the current GSOP framework has not been fully reviewed since being established in 2015, during which time the market has undergone significant change, and we want to ensure that the tool is being effectively utilised.

This review will both inform and be informed by our progress on developing and implementing the Consumer Outcomes. It will also examine the role and effectiveness of the GSOP and consider *where* and *how* it could be deployed to support our ambition to improve outcomes for consumers. For clarity, our review will only include the supplier GSOP.

This paper is the first step and seeks input at an early stage from stakeholders on our initial thinking across four areas where we consider reforms are most appropriate:

- Role We want to ensure that we are appropriately utilising this important regulatory tool as part of our wider regulatory approach. This will in part be informed by our development and implementation of our Consumer Outcomes, but this review will set out the objectives of the GSOP and criteria to guide the design of the standards.
- <u>Scope</u> The scope of GSOP is currently targeted at select metering and switching services, predominantly covering domestic consumers only. We want to ensure we are covering the right services and consumers with the GSOP protections. This includes identifying areas where the GSOP may be more appropriate or effective than the supply licence to set prescriptive rules.
- <u>Design</u> The detailed elements of individual standards, such as target performance levels, exemptions and the payment mechanism may need to be updated to improve the effectiveness of GSOP as a tool for consumer protection and supplier incentive.
- Operation Ofgem's approach to monitoring compliance with the GSOP may also need updating alongside any change to its role that we make to ensure confidence in the protection it provides consumers and their awareness of it.

We are keen to receive feedback and evidence about how the standards are working in practice and initial views on potential improvements or issues that need addressing. We also welcome joint responses to both this GSOP Review and the Consumer Outcomes call for input.

The review will also take into account similar standards or compensation mechanism in other sectors, as well as relevant feedback that we have already received through other work. This includes our <u>inflation-based uplift to the payment level</u> from January 2025, our recent consultation on <u>new smart metering specific standards</u>, and the DESNZ <u>call</u> for evidence on Ofgem's powers and remit.

Introduction

Delivering good consumer outcomes

To maintain the ongoing improvements in customers service and foster innovation as the market continues to evolve, we have launched our <u>Consumer Confidence</u>

<u>Programme</u>. We committed through this Programme to define the outcomes that we want suppliers to deliver for consumers now and in the future and consider whether the current supplier rules and incentives are the best ones to deliver these outcomes.

We have set out our initial thinking on what 'good' consumer outcomes look like in the <u>Consumer Outcomes call for input</u> published alongside this paper. We co-developed these outcomes with the sector, and they cover domestic, non-domestic and vulnerable consumers. We welcome feedback on these proposed outcomes through the Consumer Outcomes call for input, or in a joint response to this GSOP Review.

The <u>Consumer Outcomes call for input</u> also explores how we can best utilise our regulatory toolkit to ensure the delivery of these outcomes. For example, whether to embed outcomes in our regulatory framework, and if we do so, how we balance our use of prescriptive and outcomes-based rules and which regulatory tools we should deploy (including how we monitor the market, publish guidance and take compliance or enforcement action). This includes determining the best tool for setting these rules, whether that is through the supply licence or through regulations such as the Guaranteed Standards of Performance (GSOP).

Purpose of this call for input

Given this wider context, and the fact that the supplier GSOP has not been reviewed since 2015, now is the time to conduct a detailed review of the supplier GSOP framework. The supplier GSOP is an important regulatory tool that sets a minimum level of acceptable performance for specific services and provides consumers with direct and automatic compensation if they are not met. We are examining the role that the GSOP plays in our wider approach to supplier regulation and exploring where the scope and design of the individual standards and payments may need to change to this intended role.

Our review will be informed by our progress on developing and implementing the Consumer Outcomes, but it will take both a strategic look at the role GSOPs should play as well as reviewing in more granular detail exactly *where* and *how* a GSOP should be deployed. We are reviewing the GSOP separately to the Consumer Outcomes work to enable us to get into more detail of how they work in practice. However, we consider that the two workstreams are part of the same overarching aim to improve consumers' experience of the energy market, and the work is progressing in parallel to improve service without unnecessary delay.

We are also progressing work to introduce new GSOPs to cover smart metering specifically. Our aim is to align GSOPs with our Consumer Outcomes work to ensure a co-ordinated and coherent regulatory framework.

The first step, taken by this paper, is to seek views on our initial thinking on areas of the GSOP framework that could evolve to better meet our ambition to improve the outcomes suppliers deliver for all consumers:

- <u>Chapter 1 Role of the standards</u>: In conjunction with the Consumer Outcomes project, we are seeking views on how the GSOP should be utilised as part of our wider regulatory approach, including its objectives and criteria for individual standards.
- <u>Chapter 2 Scope of the standards:</u> We are considering whether the supplier services or consumer groups in scope of the GSOP should be changed to improve the effectiveness of the tool.
- <u>Chapter 3 Design of the standards:</u> We are exploring whether elements of individual standards should be updated to better meet our objectives for the GSOP framework. This includes the payment mechanism, target levels of performance and exemptions.
- <u>Chapter 4 Operation of the standards:</u> We are seeking input on our approach to supplier compliance with the standards and whether this needs to change if we adapt the role of GSOP, including our monitoring actions and use of data.

We ask specific questions in each section, a full list of which is available in Appendix 1.

Context of the standards

The <u>Electricity Act 1989</u> and <u>Gas Act 1986</u> grant Ofgem, with the consent of the Secretary of State, the power to set minimum standards of performance that suppliers must provide their customers. Where a supplier fails to meet a minimum standard, it must provide a £40 compensation payment to the customer directly and automatically for each failure. An additional £40 compensation payment is due if the supplier fails to make the original payment within 10 working days.

We have undertaken previous revisions and reviews of the framework, individual standards and payment level since their first introduction, but we have not fully reviewed the framework since 2015. Currently, the supplier GSOP only cover some metering and switching services focussed predominantly on domestic consumers. A summary of the current standards can be found in **Appendix 3**.

Call for input stages

This Call for Input is the first stage in our review of GSOP framework with responses welcome until 22 January 2026. Our current intention is to publish the outcome of this Call for Input in Spring 2026, followed by a policy consultation with specific proposals.

How to respond

We want to hear from anyone interested in this Call for Input and have asked for feedback in each of the questions throughout. Please respond as fully as you can. A full list of the questions asked in this Call for Input can be found in **Appendix 1**.

Please send your response to FutureConsumers@Ofgem.gov.uk before the response deadline. We will publish non-confidential responses on our website. You can reply to the GSOP Review and Consumer Outcomes calls for input in the same response to FutureConsumers@ofgem.gov.uk if that is easier. For ease of reference, we have also included a list of all the Consumer Outcomes questions in Appendix 2.

Your response, data, and confidentiality

You can ask us to keep your response, or parts of your response, confidential. We will respect this, subject to obligations to disclose information. For example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations, or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.

If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you do wish to be kept confidential and those that you do not wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we will contact you to discuss which parts of the information in your response should be kept confidential and which can be published. We might ask for reasons why.

If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the United Kingdom's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000.

If you wish to respond confidentially, we will keep your response confidential, but we will publish the number, but not the names, of confidential responses we receive. We will not link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

How to track the progress of a call for input

- 1. Find the web page for the call for input you would like to receive updates on.
- 2. Click 'Get emails about this page', enter your email address and click 'Submit'.
- 3. You will receive an email to notify you when it has changed status.

A call for input has two stages: 'Open' and 'Closed'.

1. Role of the standards

In conjunction with the Consumer Outcomes project, we are seeking views on how the GSOP should be utilised as part of our wider regulatory approach. This section sets out our initial thinking and includes draft objectives for the GSOP framework and criteria for designing individual standards.

The future role of GSOP in delivering good outcomes

Use of standards alongside other regulatory tools

- 1.1 The supplier Guaranteed Standards of Performance (GSOP) is just one of our regulatory tools that we can utilise to drive improvements to the outcomes that suppliers deliver for consumers.
- 1.2 Our GSOP Review is considering the role that we want the tool to play in our regulation of suppliers. This will guide our review of the scope of which supplier activities and services are covered by GSOPs and how we set the automatic compensation for any breaches. We want to build upon what we consider to be the benefits of GSOP:
 - Consumers are protected by having consistent minimum standards they should receive regardless of the supplier with which they have a contract.
 - Where a breach does occur, affected consumers receive automatic and direct compensation without the need for a lengthy complaints process.
 - The automatic compensation gives suppliers a clear financial incentive to meet the minimum standards that we set.
- 1.3 We have historically limited the GSOP to cover only suppliers metering services, where we considered that effective competition had not yet been established to protect consumers from poor supplier performance. We introduced further GSOPs relating to the switching process in 2019 and 2020 to incentivise suppliers to improve their switching performance and provide compensation automatically to a consumer if something goes wrong with their switch.
- 1.4 The exact role that we want the GSOP to play in protecting consumers will also be informed by the progress we make developing and implementing the Consumer Outcomes in our wider regulatory approach. We want to ensure that whichever approach we take, we are utilising the GSOP effectively to protect consumers, whilst also enabling innovation in supplier services.
- 1.5 In developing the role of GSOP, we will need to recognise some of the limitations and restrictions compared to other regulatory tools. For example, the GSOPs are set by secondary legislation which means that any changes require a more complex and time-consuming process than changes to the licence conditions. As

- a result, it could be less reactive to emerging harms or market innovation than other regulatory tools.
- 1.6 In addition, requiring suppliers to automatically make GSOP payments is an important feature of the tool, but this makes it best suited to issues that are clear-cut and have limited need for subjective assessment of a potential breach. This could restrict where GSOP would be a suitable tool for setting supplier requirements compared to prescriptive or outcomes-based licence conditions.

Draft objectives for the GSOP framework

- 1.7 As we develop our thinking on the use and design of the GSOP framework and individual standards, we want to be guided by a clear set of objectives that can be achieved simultaneously to improve consumers' experiences.
- 1.8 Our draft objectives for the GSOP are that they aim to:
 - Help support a competitive market that delivers positive consumer outcomes, in particular by building consumer confidence, trust and engagement.
 - Ensure clear and consistent minimum levels of supplier performance that protect consumers from unacceptably poor service.
 - Minimise the frequency and severity of poor service experienced by consumers by incentivising suppliers to improve performance.
 - Provide quick, automatic compensation directly to consumers when they do experience poor service.
- 1.9 Agreeing the role and objectives of the GSOP will be critical for determining any changes we make to its scope, design and operation discussed in the following chapters. These draft objectives are based on our early thinking on how we can most appropriately develop our use of the GSOP to build upon the benefits that we see it can provide for consumers, as well as align it with any changes to our regulatory approach to integrate the Consumer Outcomes.
 - Q1. Do you have any views on how the GSOP should be used to deliver good consumer outcomes as part of our wider regulatory toolbox?
 - Q2. Do you have any comments on our proposed objectives for the GSOP mechanism?

Draft criteria for individual standards

1.10 As we progress our review, we want to design a set of criteria that will guide our policy development. Specifically, this set of criteria would be used when considering which services provided by suppliers we could extend the standards into or whether existing standards need to be amended.

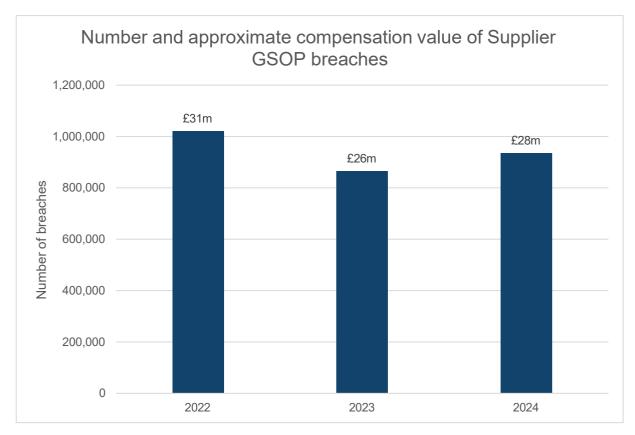
- 1.11 Based on the historical use of GSOP and our current thinking on its role as one part of our wider regulatory approach, we have drafted the below criteria for setting the individual standards:
 - <u>Clear, customer-centric rationale</u>: There is a clear rationale for improving the outcomes experienced by consumers by setting the standard.
 - <u>Ease of understanding and administration:</u> The standard should be understandable for consumers and administrable for suppliers.
 - <u>Evidence-based and achievable</u>: The target level of performance should be achievable and based on reliable, accurate evidence.
 - <u>Measurable and enforceable</u>: Standards should have clear and quantifiable metrics (such as a specified length of time to take an action).
 - <u>Prevents detriment</u>: Non-compliance with the standard is likely to cause detriment to the specific consumer.
 - <u>Identifiable customer</u>: The supplier should be able to identify the specific energy supply customer affected by a breach of the standard.
 - <u>Ability to improve</u>: Suppliers are ultimately responsible for the service (even those contracted through third party contracts) and should have the ability to improve the service.
 - <u>Compensation not already provided</u>: Automatic compensation for the failure is not already provided through another standard or similar obligation.
- 1.12 The draft criteria will likely evolve as we progress our review and refine our thinking on key areas, such as the role and objectives of the GSOP framework.
 - Q3. Do you have any comments on our proposed criteria for the design of any new Guaranteed Standards, or how we intend to use the criteria?

Effectiveness of the standards

Reflections on current effectiveness

- 1.13 We have undertaken an initial reflection on the effectiveness of the GSOP, including using the data we already collect from suppliers on their compliance with the requirements.
- 1.14 We consider that the GSOP has been an important tool for ensuring consumers affected by poor service are directly and automatically compensated for the inconvenience without the need to take action themselves, which would not be delivered by any of our other regulatory tools. Where they apply, the GSOPs have set clear minimum standards that all suppliers are incentivised to meet for the limited services covered by GSOP.

- 1.15 During 2024 there were 936,384 total breaches of the supplier standards which resulted in approximately £28m in total automatic compensation payments, including additional payments due to the original payment not being made to the consumer within 10 working days of the breach.
- 1.16 Similar levels of breaches were present in preceding years, with 1,020,636 breaches in 2022 resulting in around £31m in payments, and 864,973 breaches in 2023 resulting in around £26m in payments. If a similar number of breaches occurs throughout 2025 the payments made will be higher as the payment level was increased from £30 to £40 effective from January 2025 to account for inflation since 2015.



- 1.17 As illustrated in the chart above, the lack of a significant downward trend in breaches over recent years could indicate that the effectiveness of the standards to improve performance beyond a certain point is restricted. However, it may also indicate that GSOP payments are acting effectively to keep breaches to a minimum and that without them, or with a lower payment level, consumers would be experiencing poorer service in the area covered by the standards.
- 1.18 Our review will consider whether the effectiveness of the GSOP can be improved, whether that is by amending the services in scope (see Chapter 2) or the amount and design of the compensation payments (see Chapter 3).
 - Q4. How effective is the current GSOP framework and individual standards in delivering good consumer outcomes? Please provide evidence where possible.

2. Scope of the standards

We are considering whether the supplier services or groups of consumers within scope of the GSOP should be changed to improve the effectiveness of the tool. This section outlines our initial thinking on how the scope of the GSOP could change, dependent on the progress we make to develop and integrate our Consumer Outcomes.

Service areas

Amending service areas in scope of standards

- 2.1 The supplier Guaranteed Standards of Performance (GSOP) regulations currently cover a targeted selection of supplier responsibilities for metering services and the switching process. A summary of each existing standard can be found in **Appendix 3** of this paper.
- 2.2 As part of this review we will consider whether we should amend the scope of supplier activities and services to which GSOPs currently apply to ensure we utilise this tool effectively. We will be guided by the draft objectives and criteria explored in Chapter 1 to ensure they are aligned with the underlying role that GSOP has within our regulatory toolbox. For clarity, this could include adding new standards, moving standards from licence conditions to GSOPs or removing existing GSOPs if they are no longer deemed suitable for this regulatory tool.
- 2.3 Not all of the services that suppliers provide may be suitable for a GSOP, such as where determining the cause of a failure would require a subjective assessment, therefore making swift and automatic compensation unachievable. We want to ensure that where a GSOP is in place it helps deliver the overall objectives we set for the tool and can be designed in line with our GSOP criteria.
- 2.4 It will also be important to assess, in conjunction with our Consumer Outcomes work, whether the specific requirement is better placed in either a licence requirement to achieve the higher levels of supplier performance we want to see and facilitate supplier innovation. We welcome stakeholder feedback on how we should target the scope of GSOP for it to best achieve its intended role and objectives.

Example changes to service areas in scope

- 2.5 We have previously received feedback on a number of additional service areas that may benefit from inclusion within the GSOP to support consumers and provide compensation when things go wrong:
 - Adherence to complaints handling timescales: Supplier requirements to
 process and respond to complaints are set out in separate regulation, such as
 the <u>Complaints Handling Standards</u> (CHS). For example, currently a supplier
 must provide the customer with a 'decision letter' or 'letter of deadlock' by 8

- weeks (or earlier if it considers no further resolution is achievable) from which the consumer can refer their complaint to the Ombudsman. We could introduce a GSOP aligned with the required actions in the CHS to provide automatic compensation when they are not met by a supplier.
- Billing requirements: Over recent years billing has consistently been one of the main drivers of energy consumer complaints. Through 2025 we have been assessing suppliers' performance against existing rules, notably on accuracy, timeliness, backbilling, and Priority Servies Register meter read obligations. We have also launched a policy project to consider whether the current billing rules need to be amended or removed, or if more guidance is needed. This work will align with whether and how we balance our prescriptive and outcomes-based rules through our current Consumer Outcomes project. There is currently only one billing-related standard which requires a supplier to provide a final bill within 6 months of the supplier no longer supplying a consumer. However, there are other prescriptive billing requirements set out in the supply licence which could be suitable for moving to GSOPs, such as requirements to take annual meter reads or the frequency of billing.
- <u>Implementation of Ombudsman remedies:</u> Under the Ombudsman's terms of reference, suppliers must implement its remedies within 28 days from the point that the customer accepts the Ombudsman's decision. Based on the <u>Ombudsman's latest annual report</u>, in the year to June 2024, 7.9% (or 23,938) of remedies were not implemented by the supplier within the required 28 days. In the same period, 0.8% (or 2,511) had not been actioned at all. We could introduce a GSOP that provides automatic compensation where a supplier fails to implement the remedy in time without a valid exemption.
- 2.6 We are aware that DESNZ are currently <u>consulting on potential changes to the status and powers of the Ombudsman</u>, including the potential for it to levy penalties directly onto suppliers for non-compliance with remedies. Both the DESNZ proposal and the potential for a new GSOP are alternative methods to address the issue, so introducing both would be duplicative. We will work with DESNZ to ensure that only the most effective approach is progressed, if intervention is deemed to be appropriate.
- 2.7 These are just examples of potential GSOP scope changes. Some stakeholders have also encouraged us to consider other changes to the scope by extending GSOP coverage to other services, such as call waiting times. We are keen for stakeholder views on the scope of the GSOPs and particular services that could be covered.
 - Q5. Do you have any views on what would determine if a GSOP or a licence condition is the best tool to improve supplier performance?

- Q6. Are there any supplier service areas where it would be appropriate for us to explore new GSOPs, or move an existing licence condition into the GSOP framework?
- Q7. Should any of the current GSOPs be removed, or replaced with a licence condition to better achieve its policy aim?

Coverage of customers

Extending customer coverage

- 2.8 The supplier GSOP currently only cover domestic consumers, except the requirement on making and keeping appointments which also applies to microbusiness consumers. In comparison, standards in other sectors or markets such as the water sector or the energy network standards provide greater coverage for non-domestic customers.
- 2.9 We have already considered the inclusion of non-domestic consumers within some GSOPs. As part of our recent <u>Statutory Consultation on these smart</u> <u>metering standards</u>, we proposed that those new or amended standards would also cover microbusinesses, in addition to domestic customers. We will consider feedback received on this proposal as part of our review.
- 2.10 We recognise that in many areas the domestic and non-domestic market have different arrangements or processes that may make a similar standard inappropriate. For example, non-domestic customers frequently use third party intermediaries or brokers to engage with suppliers whilst most domestic customers do not. The billing and metering arrangements for larger non-domestic customers can also be much more complex than domestic arrangements. The design of any new potential standards would need to consider these differences.
- 2.11 However, there may be cases where a standard could be appropriate for additional customer groups, including non-domestic consumers. For example, small and microbusinesses are now within the Ombudsman's remit, and it could be appropriate to include this group of consumers if we progress a standard on Ombudsman remedies (see paragraph 2.5).
- 2.12 We welcome feedback on whether any of the existing standards or potential new services would be suitable for different consumers, such as non-domestic consumer groups.
 - Q8. Should we consider expanding the GSOP mechanism to cover non-domestic customers, or a sub-section of non-domestic customers? If so, which existing or potential future standards would be most appropriate?

3. Design of the standards

We are exploring whether elements of individual standards should be updated to better meet our objectives for the GSOP framework. This includes the payment mechanism, target levels of performance and exemptions.

Compensation payment levels

Existing payment level

- 3.1 Through this review we want to ensure we are utilising our supplier Guaranteed Standards of Performance (GSOP) regulatory tool effectively. The level and the mechanism for compensation payments are a crucial aspect of this tool closely linked to the overall role we envisage the GSOP playing in delivering good outcomes.
- 3.2 Historically, the payments made under the current GSOP framework have not been intended to provide compensation reflecting the levels of any financial loss suffered as a result of the breach. Instead, the driving rationale for the payments has been to compensate a consumer for the inconvenience caused by the supplier failing to meet the minimum standard.
- 3.3 Additional compensation can be provided by a supplier (such as through a goodwill payment) or by the Ombudsman following its assessment of a complaint, which can consider the circumstances of an individual complaint when determining any compensation award.
- 3.4 The current payment level of £40 per breach has been in place since January 2025 when we increased it to reflect inflation since it had last been reviewed. Prior to this uplift, the payment level had been at £30 since 2015.

Considerations for designing new payment levels

- 3.5 The amount and design of the compensation payment will be an important enabler of the GSOP delivering against the objectives we discuss in Chapter 1, particularly the building of consumer trust and the incentivising of suppliers to provide a consistently good service. We want to ensure that that the payments are effective at minimising instances of consumers receiving poor service from their supplier without inhibiting suppliers from developing innovative services in the market.
- 3.6 We also want to explore whether the existing underlying rationale for the payment level remains appropriate and delivers the objectives for the GSOP, or whether it needs to be updated to better reflect its developed role. We do not consider it the role of GSOP payments to reflect actual loss or harm suffered by a breach, as this would introduce subjective assessments into GSOP compliance and restrict its ability to remain automatic and quick for consumers.

- 3.7 However, it may be appropriate for the payment level to evolve from its current single payment to compensate for inconvenience and incorporate some recognition of the potential consumer harm caused by different breaches, or for different groups of consumers. In doing so, this could place a greater incentive on suppliers to deliver consistently good service for services with the greatest potential for harm. We are keen to understand from stakeholders whether developing this approach could better achieve the objectives for GSOP.
- 3.8 There are various trade-offs we will need to consider as we progress this area of the review. For example, whether increasing the payment level to better incentivise supplier compliance and drive improvements for consumers may have unintended consequences on innovative service offerings, market competition or consumers' bills.
- 3.9 We also want to ensure that the payment mechanism is not too complicated so that customers are able understand the protections in place, and suppliers do not face unnecessarily high costs to facilitate the automatic payment process.

Potential changes to payments

- 3.10 There are multiple ways we could change the current payment level or underlying mechanism, which currently restricts compensation to one single £40 payment for each breach. The options discussed below are not necessarily mutually exclusive, and we could explore a combination of changes:
 - <u>Singular increase</u>: The least complicated change would be a singular increase to the payment level for all standards if we determine the current level is insufficient to meet our GSOP objectives. This would mirror the historical updates we have made, but we would need to determine a single payment level that is suitable for all standards and does not have unintended consequences for meeting our objectives.
 - Variable level based on potential harm: We could consider providing for different levels of compensation payment for different individual GSOPs, based upon an assessment of the potential level of harm caused by breach. This would change the underlying rationale of the payment level from compensating solely for inconvenience to also include some consideration of the potential for harm, which may be appropriate if we are using GSOPs in place of prescriptive licence conditions. Differing payment levels would introduce some additional complication into the mechanism, and associated burden for suppliers, though this could be mitigated, at least in part, with a small number of categories of GSOP.
 - <u>Variable level based on consumer type</u>: We could consider differing payment levels based on the customer type, such as a different level for non-domestic customers. Under the current framework this would only impact microbusinesses where a supplier fails to meet the appointments standard.

- Our previous review concluded that domestic customers and microbusinesses should receive the same payment as it was not GSOP's role to compensate for actual or potential financial losses of a customer.
- Repeat payments for ongoing breaches: Currently, where a supplier's failure of a GSOP is ongoing, its payment obligation is limited to just one standard payment for each instance of a breach. Allowing for repeat payments where a breach has not been rectified could improve the outcome for consumers when things do go wrong and incentivise suppliers to remedy failures quicker. We are already considering this approach for one of the new smart metering GSOPs we recently consulted on.
- <u>Inflation-linked automatic changes:</u> We could consider including a mechanism to automatically uplift the payment level in line with inflation. This could ensure that the financial incentive and compensation remain consistent with inflation over time. Inflation-based uplift mechanisms are present in the energy networks standards and the water sector standards.
 - Q9. Do you have any views on what the underlying rationale for the payment level and mechanism should be to best achieve the GSOP objectives?
 - Q10. Do you have any views on specific changes to the payment mechanism we should consider, including the examples included in this paper?
 - Q11. Are there any issues we should consider with introducing repeat payments for ongoing breaches?
 - Q12. Are there any issues we should consider with introducing variable payment levels for different consumer groups or severity?

Exemptions and target performance levels

Existing performance targets and exemptions

- 3.11 Each of the existing standards sets specific minimum targets for suppliers' services, where a certain action must be taken withing a specified amount of time. Failure to meet these targets results in a breach of the standard and requires a compensation payment to be paid to the affected individual consumer.
- 3.12 The GSOP framework also includes exemptions where no payment is due for a supplier's failure to meet a standard, such as when the failure is due to circumstances outside of the supplier's control or as a result of the customer's actions. Individual standards also have specific exemptions or restrictions on supplier obligations that are relevant only to that particular standard.

Consideration of amending performance targets and exemptions

3.13 Through this review we want to ensure that the target performance levels and the allowable exemptions are still appropriate for the current market, and do not unnecessarily restrict supplier innovation as it continues to evolve.

- 3.14 This will need to be balanced with our intended role for the GSOP and how it is best used to deliver good outcomes for consumers. As set out in the draft objectives in Chapter 1, we consider that the GSOPs are best used as a means of establishing strong minimum standards for key services that all consumers should expect or are compensated automatically where the standard is not met.
- 3.15 Our GSOP Review will seek to ensure that the existing performance target levels are set appropriately to deliver on this objective, taking into account any changes to the market, technology or consumer expectations since our last review in 2015. In conjunction with our Consumer Outcomes project, we will also consider whether the existing performance target levels remain relevant based on changes to suppliers' licence conditions.
- 3.16 For example, from 1 August 2025 we <u>activated a previously dormant licence</u> condition that requires suppliers to be contactable 24/7 for domestic consumers who are off-supply due to a meter fault. However, if the supplier is notified outside of working hours, the current GSOPs on meter faults only require suppliers to investigate and/or fix a fault within certain timeframe that only begins at the start of the next set of working hours. There may be cause for us to review whether these timeframes should be amended to account for the new 24/7 contact requirement if there is sufficient evidence of consumer harm and if doing so aligns with our wider approach to implement the Consumer Outcomes.
- 3.17 We do not currently have a view on whether there are specific changes that should be made, either by tightening or loosening the target performance levels or exemptions for individual GSOPs. We are keen to hear from stakeholders with specific examples of changes that could be made in this area, with any supporting evidence available.
 - Q13. Are there any specific changes to the current set of exemptions that we should consider?
 - Q14. Are there any specific changes to the target levels of existing standards that we should consider?

4. Operation of the standards

We are seeking input on our approach to supplier compliance under the GSOP framework and whether this needs to change if we adapt its role, including our monitoring actions and use of the date we collect from suppliers.

Monitoring and compliance

Existing monitoring and compliance approach

- 4.1 Ofgem takes compliance with the supplier Guaranteed Standards of Performance (GSOP) regulations seriously. Suppliers are currently obligated to submit quarterly responses to two formal requests for information (RFIs) that sets out their compliance with the existing GSOPs.
- 4.2 Suppliers have a legal duty under section 33C of the Gas Act 1986 and section 42 the Electricity Act 1989 to provide this information when so directed. Standard Licence Condition 5 of the gas and electricity supply licences also grant Ofgem the power to request any information that we may reasonably require from a licensee and can be utilised by us to obtain further information in relation to suppliers' performance and compliance with the GSOP.
- 4.3 Where the data highlights potential issues we can engage with the supplier to understand the underlying reasons, and if necessary take compliance action or enforcement action in line with our Enforcement Guidelines. For example, we have taken compliance action previously where some suppliers have been found to not be making the required payments.
 - Q15. Are there any improvements we can make to the way we collect data from suppliers specifically on their compliance with the GSOP?

Potential changes to our existing approach

- 4.4 Some stakeholders have raised concerns about the risk of consumers not receiving GSOP payments when they are entitled to them, such as:
- 4.5 Risk of unintended misinterpretation: The risk that suppliers may inadvertently adopt different interpretations of a GSOP or an exemption. If different interpretations are being used, not all consumers may receive the same level of protection from the standards. Providing guidance to suppliers is one option to improve the consistency of exemptions being applied, but it may not be appropriate or possible to cover all potential circumstances. Alternatively, there may be changes to the specifics of the GSOP regulations themselves we could make that could minimise the risk of different interpretations.
- 4.6 <u>Risk of manual claims:</u> The risk that some suppliers may not automate the identification and payment of a GSOP where it is possible to do so, relying on

- customers to first request it instead of having systems to identify and provide payments at the point of failure (within the required timeframe). We want suppliers to automate processes as much as possible to minimise the risk of payments not being made to eligible consumers.
- 4.7 <u>Risk of non-compliance:</u> There is a risk that suppliers may not comply with the GSOPs, for example if there is a systems error causing a GSOP breach which may not be easily or quickly identified. We do not currently have any evidence of this occurring and if we become aware of such occurrences, we would follow our compliance processes.
- 4.8 We welcome any evidence stakeholders can provide to help us improve the operation of the GSOP. Our Retail Compliance team may engage further with selected suppliers to explore their approach to interpreting and complying with the current GSOPs, which will help further inform our review.
 - Q16. Are there any additional risks that we should consider when exploring our approach to monitoring and ensuring supplier compliance with the GSOP?
 - Q17. Is there a need for any supporting guidance, either aimed at suppliers or consumers, to improve the effectiveness of the GSOP?

Consumer awareness and confidence

Assessing and improving awareness

- 4.9 Suppliers are currently only required to maintain and publish a statement that describes the GSOP on their website. We have heard concerns from stakeholders about the lack of consumer awareness of GSOP impacting their effectiveness.
- 4.10 Some stakeholders consider that if consumers are aware of the protections provided by the GSOPs, then they may be more confident in engaging with the energy market and in particular the services covered by the GSOP. Other stakeholders consider that consumer awareness is not as important, so long as suppliers always issue payments whenever they have breached a GSOP standard.
- 4.11 We could take actions to help improve consumer awareness of the particular GSOPs. For example, by publishing more consumer guidance to explain their rights under the GSOP framework, by requiring suppliers to publish GSOP performance data or by publishing more performance data ourselves.
- 4.12 We welcome any feedback stakeholders have on the current consumer awareness of the standards, as well as whether there would be consumer benefits in improving their awareness.
 - Q18. Is it important that consumers are aware of GSOPs? Why?
 - Q19. Are there any actions that Ofgem or suppliers should take to improve consumer awareness of the Guaranteed Standards?

5. Conclusions and next steps

Future development of the standards

- 5.1 We see the supplier Guaranteed Standards of Performance (GSOP) as an important tool to ensure that consumers receive automatic compensation when suppliers fail to deliver a minimum level of service. We consider that changes can be made to make more effective use of this tool.
- 5.2 In this first stage of our GSOP review we have asked specific questions for each of the four focus areas. We have also included examples of potential reforms that have already been suggested by stakeholders. Depending on what changes we make, the GSOP framework and individual standards could look very different in the future, for example:
 - Role: We could pursue a different role for GSOP than it has had historically if we rebalance our use of prescriptive and outcomes-based rules, with GSOP playing a greater role for setting minimum standards across more service areas in place of licence conditions. We are interested in your views on the role GSOPs should play as part of our wider regulatory framework.
 - <u>Scope</u>: We want to ensure that the right services and customers are in scope of the standards based on the role for GSOP within our rulebook, which could lead to more standards being introduced and covering additional groups of consumers. If you think that existing GSOPs are working effectively and you think that they should be broadened to cover other aspects of customer service, then you may just want to focus on changes to scope.
 - <u>Design</u>: The individual elements of the standards need to work effectively. We
 may determine that changes to the payment levels/mechanism, target levels or
 exemptions are required to ensure this. If you think that we need stronger
 incentives for suppliers to deliver good service, then you may want to focus your
 comments on the design of the GSOPs.
 - Operation: We may consider further action is needed from us to improve consumer awareness of the standards, such as accompanying guidance. Our monitoring or compliance approach may change to ensure that we can be confident the GSOP framework are working effectively. If you think that the GSOPs are already designed correctly, then you may just want us to focus on operational changes to ensure that we are using them as effectively as possible.
- 5.3 We welcome engagement with interested stakeholders as we undertake our review. We will use all feedback received to develop our policy options, in conjunction with our ongoing development of the Consumer Outcomes. Please send any queries or responses to us at FutureConsumers@Ofgem.gov.uk. We would welcome joint or separate responses to both our GSOP review and Consumer Outcomes calls for input by 22 January 2026.

Appendix 1: Full list of GSOP questions

Role

- Q1. Do you have any views on how the GSOP should be used to deliver good consumer outcomes as part of our wider regulatory toolbox?
- Q2. Do you have any comments on our proposed objectives for the GSOP mechanism?
- Q3. Do you have any comments on our proposed criteria for the design of any new Guaranteed Standards, or how we intend to use the criteria?
- Q4. How effective is the current GSOP framework and individual standards in delivering good consumer outcomes? Please provide evidence where possible.

Scope

- Q5. Do you have any views on what would determine if a GSOP or a licence condition is the best tool to improve supplier performance?
- Q6. Are there any supplier service areas where it would be appropriate for us to explore new GSOPs, or move an existing licence condition into the GSOP framework?
- Q7. Should any of the current GSOPs be removed, or replaced with a licence condition to better achieve its policy aim?
- Q8. Should we consider expanding the GSOP mechanism to cover non-domestic customers, or a sub-section of non-domestic customers? If so, which existing or potential future standards would be most appropriate?

Design

- Q9. Do you have any views on what the underlying rationale for the payment level and mechanism should be to best achieve the GSOP objectives?
- Q10. Do you have any views on specific changes to the payment mechanism we should consider, including the examples included in this paper?
- Q11. Are there any issues we should consider with introducing repeat payments for ongoing breaches?
- Q12. Are there any issues we should consider with introducing variable payment levels for different consumer groups or severity?
- Q13. Are there any specific changes to the current set of exemptions that we should consider?
- Q14. Are there any specific changes to the target levels of existing standards that we should consider?

Operation

Q15. Are there any improvements we can make to the way we collect data from suppliers specifically on their compliance with the GSOP?

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- Q16. Are there any additional risks that we should consider when exploring our approach to monitoring and ensuring supplier compliance with the GSOP?
- Q17. Is there a need for any supporting guidance, either aimed at suppliers or consumers, to improve the effectiveness of the GSOP?
- Q18. Is it important that consumers are aware of GSOPs? Why?
- Q19. Are there any actions that Ofgem or suppliers should take to improve consumer awareness of the Guaranteed Standards?

Appendix 2: Full list of Consumer Outcomes questions

As part of our wider Consumer Confidence programme launched in September 2024, we have also published our <u>Consumer Outcomes call for input</u>. This paper explores a set of proposed outcomes that supplier should deliver to consumers. It seeks views on whether our draft consumer outcomes are the right ones, whether these should be incorporated into our regulatory framework and, if so, which of our initial suggestions for how we could do so would be effective in driving improvements and innovation.

In addition to the GSOP Review, we are also keen to hear your views on these draft outcomes and potential implementation options. If it is helpful, you can reply to both calls for input in the same response to FutureConsumers@ofgem.gov.uk.

We have included a list of all the Consumer Outcomes questions below for ease of reference.

- Q1. In your view, what are the key factors we should consider if we are updating our regulatory framework for retail energy suppliers, keeping in mind the balance between our growth and net zero goals, and consumer interest duties?
- Q2. Why do you think there is such a divergence of satisfaction rates across different consumer cohorts?
- Q3. The Consumer Outcomes have been developed based on what industry, charities, consumer groups and consumers have told us they need to cover. Do you agree that these outcomes cover the most important expectations consumers have of energy suppliers?
- Q4. Do you think we should streamline or consolidate the Consumer Outcomes further and, if so, which should we prioritise?
- Q5. Do you agree with the explanations provided of the Consumer Outcomes in the appendices of this call for input? Do they help you understand the intent of the outcomes?
- Q6. Why do you think these outcomes are not materialising consistently for all consumer groups given that they are in line with our existing rules?
- Q7. Do you think some outcomes are more important for consumers than others?
- Q8. Do you see an opportunity for outcomes, though not necessarily the Consumer Outcomes set out in this call for input, to be applied to wider market participants? Who should they apply to and why?
- Q9. Do you have a preferred approach among those outlined below or should we retain the current framework? Do you have an alternative suggestion? Please explain your reasoning.
 - a) What level of action/intervention do you feel would be proportionate to drive up customer service in the non-domestic sector? Does it differ from domestic?
- Q10. Do you think a voluntary approach where suppliers make a public commitment to deliver the Consumer Outcomes without formal regulatory change could be effective? What conditions would need to be in place for this to work?

- Q11. Could a more outcomes-based regulatory framework benefit the supply market? Do you think this kind of approach could unlock innovation and growth? Please provide examples.
- Q12. Are there specific licence conditions where less prescription could benefit the retail market without compromising consumer protection?
 - a) For suppliers: are there any areas where you find guidance helpful or unhelpful?
- Q13. Are there areas where prescriptive rules should remain in place? If so, why?
- Q14. What factors should we consider to determine whether specific rules are best delivered through prescription, principles or outcomes?
- Q15. Which of the monitoring approaches we outline below would be the most effective for monitoring supplier performance against the Consumer Outcomes? Are there alternative approaches? Please provide evidence.
- Q16. How do we best measure our success as to whether we have:
 - a) Improved consumer outcomes and achieved our ambitions for customer service and
 - b) Reduced regulatory burden and encouraged growth and innovation
- Q17. Is there anything Ofgem can do to improve how we work and engage with you as a stakeholder on retail energy supply policy and regulation?

Appendix 3: Summary of the supplier GSOP

The current Guaranteed Standards for suppliers are set in in regulations made as part of our 2015 review, with additional regulations introducing amendments to the original. The relevant regulations for these standards and amendments are:

- The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015
 Sets out the current set of Guaranteed Standards following our 2015 review.
- The Electricity and Gas (Standards of Performance) (Suppliers) (Amendment)
 Regulations 2019 – Amends the 2015 regulations to introduce the first phase of switching standards.
- The Electricity and Gas (Standards of Performance) (Suppliers) (Amendment)
 Regulations 2020 Amends the 2015 regulations to introduce the second phase of switching standards.
- The Consumer Scotland Act 2020 (Consequential Provisions and Modifications)
 Order 2022 Amends the 2015 regulations to include Consumer Scotland as a
 party that refer a dispute between a supplier and a customer to Ofgem for our
 determination.
- The Electricity and Gas (Standards of Performance) (Suppliers) (Amendment)
 Regulations 2024 Amends the 2015 regulations to reduce the time granted for a switch to be completed from 15 working days to 5 working days.
- The Electricity and Gas (Standards of Performance) (Suppliers) (Amendment) (No. 2) Regulations 2024 Amends the 2015 regulations to increase the payment level from £30 to £40 from January 2025.

Summary of existing standards

Making and keeping appointments (domestic and microbusiness)

Suppliers will provide a four-hour appointment slot. Suppliers will send an engineer with the right skills, experience and resources. The engineer will arrive on time or give more than one day's notice if they need to re-book.

Faulty credit meters

Within 5 working days of being contacted about a faulty credit meter, suppliers will:

- Complete an initial assessment to determine if the meter is faulty.
- Take appropriate action (eg fix or replace any meters found to be faulty).
- Confirm in writing the outcome of the assessment and the action the supplier will undertake.

Faulty PPMs (including where off-supply due to fault)

Suppliers will take an appropriate action or, if off-supply, commence work to fix the faulty meter in-person or remotely within:

- 3 hours of being notified of the issue on a working day.
- 4 hours of being notified of the issue on a weekend or bank holiday.

If a customer contacts a supplier outside of working hours, the supplier's time period begins at the start of the next period of working hours.

Reconnection following disconnection due to debt

If a supplier has disconnected a customer due to debt, then the supplier will reconnect a customer's supply within 24 hours of the customer paying any overdue charges, agreeing a repayment plan or agreeing to have prepayment meter installed.

If the customer takes these actions outside of working hours, then the supplier will reconnect the customer on the next working day.

Switching time to a new supplier

Suppliers must switch your electricity or gas within 5 working days.

Identification of an erroneous transfer of supplier

Where a customer reports to either supplier a switch without valid contract, the old and new suppliers have 20 working days to agree whether an erroneous transfer has occurred.

Investigating an erroneous transfer of supplier

A supplier must investigate and identify whether a customer has been erroneously transferred within 20 working days of being notified of a potential erroneous transfer and provide written confirmation or a statement of the outcome to the customer.

Avoidance of an erroneous transfer of supplier

Where a new supplier proposes to complete a supplier transfer, it must only complete a supplier transfer where there is a valid contract with the customer.

Resolution of an erroneous transfer of supplier

Where the suppliers have confirmed an erroneous transfer has occurred, the old supplier must re-register the customer within 21 working days.

Provision of a final bill following switch of supplier

If a customer leaves a supplier, the suppliers will send a final statement within 6 of weeks of either:

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- The customer telling the supplier that they are moving out.
- The customers' new energy supplier telling them that they are switching.

Refunding final credit balances

Suppliers will automatically refund any credit balance within 10 working days of sending a customer's final bill.

Make GSOP payments

Suppliers must pay any Supplier GSOP payments within 10 working days of the original breach.