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Dear Steve Kirkwood,

## **BUUK response on the reviewed supplier Guaranteed Standards of Performance (GSOP)**

I am writing to you on behalf of Metropolitan, part of the BUUK Infrastructure Group of companies (BUUK), in response to Ofgem's Call for Input on [Reviewing the Supplier Guaranteed Standards of Performance \(GSOP\)](#), which was published on 10<sup>th</sup> November 2025. This letter presents a high-level summary of our views on the proposals set out in the consultation. I can confirm this response is not confidential and can be published on the Ofgem website.

### **Overview of our business**

BUUK is the leading UK multi-utility infrastructure investor, working across Great Britain and competing against incumbent utility companies. We have provided over three million utility connections, serving customers across 48,000 discrete networks and six essential utilities; we therefore have considerable experience across multiple utility industries. Our main investor is Brookfield, which formerly owned 800MW of heat / cooling plant in North America. We operate in the heat networks sector under our Metropolitan brand and as a multi-utility provider under our GTC brand where we install and maintain gas and electricity distribution assets. Therefore, we can offer a unique perspective as an investor and operator of heat systems and an experienced owner operator of last mile utility distribution systems in five other regulated utilities.

### **Our views on the reviewed GSOP**

We welcome Ofgem's decision to review the Supplier Guaranteed Standards of Performance (GSOP) alongside the wider Consumer Outcomes work. We agree that GSOPs are an important regulatory tool, particularly where they establish clear minimum service expectations and provide automatic redress for consumers when those standards are not met.

We support Ofgem's intention to consider the role, scope, design, and operation of GSOPs holistically, and to ensure they are deployed where they are most effective, proportionate, and aligned with the wider move toward a more outcomes-based regulatory framework.

In our view, GSOPs are most effective where:

- failures are **clear-cut and objectively identifiable**;
- breaches can be **measured unambiguously**;
- suppliers have **direct control** over the relevant service; and

- automatic compensation can be delivered **without subjective judgement**.

Where these conditions are not met, licence conditions or outcomes-based obligations are generally more appropriate.

### **Role of GSOP within the wider regulatory toolbox (Q1 - Q2)**

We broadly agree with Ofgem's draft objectives for the GSOP framework and support the continued use of GSOPs as a **backstop mechanism** to protect consumers from unacceptably poor service.

However, we strongly support the principle that GSOPs should **remain a targeted tool**, rather than becoming a default mechanism for driving service improvements across all aspects of supplier behaviour. Over-extension of GSOPs into areas involving judgement, discretion, or complex consumer circumstances risks undermining their effectiveness and blurring the distinction between minimum standards and broader consumer outcomes. In this regard, we consider GSOPs to be most complementary to:

- outcomes-based regulation (by enforcing a floor, not a ceiling); and
- prescriptive licence conditions (by providing automatic redress where those conditions are breached in clearly defined ways).

### **Criteria for designing new GSOPs (Q3)**

We broadly support Ofgem's proposed criteria for the design of new GSOPs and agree these provide a sensible framework for determining suitability. In particular, we consider the following criteria to be critical:

- **Measurable and enforceable**, without reliance on subjective interpretation;
- **Prevents detriment** and **Identifiable customer**, such that compensation is clearly linked to a specific failure;
- **Ability to improve**, ensuring suppliers can reasonably control and prevent breaches through the implementation of appropriate systems and processes.

We would caution against introducing GSOPs in areas where:

- performance is heavily dependent on third party activity that is outside of the supplier's control;
- determining fault requires case-by-case judgement; or
- compensation risks becoming a proxy for enforcement rather than redress.

### **Effectiveness of the current GSOP framework (Q4)**

We agree with Ofgem's assessment that the current GSOP framework has delivered clear consumer benefits, particularly by ensuring automatic compensation without requiring consumers to navigate complaints processes.

However, the relatively stable volume of breaches over recent years may also indicate that GSOPs are effectively maintaining a minimum level of service and preventing deterioration, rather than that their impact has diminished. In this sense, our view is that GSOPs play an important role as a baseline safeguard, ensuring consistently acceptable performance across suppliers, even where other incentives for improvement may be weaker.

This reinforces the importance of using GSOPs as a targeted backstop mechanism, rather than as the primary driver of continuous service improvement. In our view, GSOPs are most effective when they define clear minimum standards, while longer-term improvements are driven through competition, reputational incentives and outcomes-based regulatory expectations.

### **Scope of GSOPs – service areas and customer coverage (Q5 - Q8)**

- **GSOPs vs licence conditions**

In our view, a key consideration in determining the appropriate scope of GSOPs is whether a given aspect of service is best improved through competitive pressure or whether it represents a minimum standard that all suppliers should be required to meet, regardless of market dynamics. As such, we agree that not all of the services that suppliers provide may be suited to a GSOP and that a key consideration should be whether a requirement is better delivered through:

- GSOPs, where failures are binary, time-bound, objectively identifiable and relate to minimum standards that consumers should reasonably expect all suppliers to meet;
- licence conditions or outcomes-based obligations, where performance depends on judgement, proportionality or more complex consumer circumstances and where competition or reputational incentives can play a greater role in driving improvement.

We support Ofgem's cautious approach to expanding GSOP scope and agree that not all customer service areas are suitable for automatic compensation mechanisms.

- **Non-domestic consumers**

We recognise that the original rationale for excluding business consumers from GSOP protections was that they are generally better placed to engage, switch suppliers and secure improved services through market mechanisms. However, this assumption may not hold uniformly for all smaller non-domestic customers, particularly microbusinesses with limited time, bargaining power or technical expertise. As such, we recognise the potential merits of extending GSOP coverage to certain non-domestic consumer groups, noting that non-domestic GSS payments exist in the water sector, particularly microbusinesses, where:

- service arrangements closely resemble domestic supply; and
- consumers may lack bargaining power or technical expertise.

However, we consider that broader extension to larger non-domestic customers should be approached with caution, given:

- more complex contractual arrangements;
- use of intermediaries and brokers; and
- bespoke metering and billing structures.

Any extension should therefore be **highly targeted and evidence-based**.

### **Design of GSOP payments and mechanisms (Q9 -Q12)**

We support Ofgem's position that GSOP payments should continue to compensate for inconvenience, rather than attempting to reflect actual loss or harm. Introducing loss-based compensation would inevitably require subjective assessment and undermine the automatic

nature of GSOPs. This is particularly relevant for standards linked to switching or administrative processes, where any theoretical financial loss is highly variable and difficult to attribute and where attempting to do so risks undermining the clarity and automatic nature of GSOP payments. As such, we recognise the logic in variable or repeat payments to help address poor customer outcomes through:

- repeat payments for ongoing breaches, and
- limited differentiation based on severity or consumer type.

However, we caution that increasing complexity in payment structures risks:

- higher administrative burdens;
- increased system costs for suppliers;
- greater risk of error or misinterpretation; and
- reduced transparency for consumers.

Any move toward variable or repeat payments should therefore be tightly constrained, clearly justified by evidence of consumer detriment, and applied only where it materially improves outcomes.

### **Exemptions and performance targets (Q13- Q14)**

We agree that evolving consumer expectations, including around the speed of restoration and the availability of real-time monitoring should inform the periodic review of performance targets. However, any tightening of targets should be accompanied by clear evidence of consumer harm and sufficient lead-in time to allow suppliers to adapt systems, processes and contractual arrangements.

We support Ofgem's intention to review exemptions and performance targets to ensure they remain appropriate as market arrangements evolve. In doing so, we consider it important that:

- exemptions remain sufficiently flexible to reflect circumstances genuinely outside supplier control; and
- performance targets are reviewed in light of new obligations (e.g. 24/7 contact requirements), but only where there is clear evidence of harm.

Over-tightening performance targets without allowing sufficient lead-in time for system, process and contractual changes, risks undermining delivery, as suppliers may be unable to implement necessary changes effectively within the required timeframe.

### **Operation, monitoring, and consumer awareness (Q15 - Q19)**

We support Ofgem's focus on improving compliance and automation of GSOP payments and agree that consumers should not be required to actively claim compensation where breaches occur.

However, we caution against approaches that significantly increase reporting or data-collection burdens where these do not clearly improve consumer outcomes. There is a risk that increasingly granular monitoring could Duplicate existing oversight mechanisms or re-introduce prescriptive operational scrutiny without a clear consumer benefit, particularly where reporting burdens are not aligned with those faced by regulated network operators.

On consumer awareness, we agree that transparency is valuable but note that the primary **consumer benefit of GSOPs lies in automatic payment**, rather than consumer knowledge of entitlements. Any initiatives to increase awareness should therefore be proportionate and focused on ensuring trust.

Overall, we support the continued use of GSOPs as a **targeted, proportionate, and consumer-focused tool**, deployed alongside outcomes-based regulation and licence conditions. We encourage Ofgem to preserve the clarity and simplicity of the GSOP framework, ensure it remains focused on objectively identifiable service failures, and avoid extending it into areas better addressed through broader regulatory approaches.

I hope that this letter is helpful. If you would like to discuss any of the issues I have raised, please contact me via email ([keith.hutton@bu-uk.co.uk](mailto:keith.hutton@bu-uk.co.uk)) or phone (07970 730688).

Kind regards,



Keith Hutton

**Group Regulation Director**