

Energy UK response to Ofgem: Call for input – Reviewing the supplier Guaranteed Standards of Performance

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About Energy UK

Energy UK is the trade association for the energy industry, representing companies investing billions of pounds to secure our country's current and future energy needs.

From growing start-ups to major electricity generators, grid and infrastructure developers, and energy suppliers, our members are driving change across power, heat, transport, and flexibility.

We provide a collective voice for the sector working with governments, regulators, charities and other organisations to provide crucial insight that shapes policy, offers solutions and promotes best practice.

Our broad view across the whole system supports evidence-based positions which are not tied to particular technologies, and are focused on delivering strategic benefits for people, businesses and the economy.

We champion initiatives such as our Vulnerability Commitment, which pushes suppliers to go beyond regulation to support customers with additional needs, and TIDE, the industry's drive for greater inclusion and diversity. Through our Young Energy Professionals Forum, we support the development of future leaders. We are equally committed to our team and are proud to be recognised as a 'Gold' Investors in People employer.

Introduction

Energy UK welcomes the opportunity to respond to Ofgem's review of the Guaranteed Standards of Performance (GSoPs).

However, we are concerned that the call for input does not assess the impact of the GSoPs regime and whether it meets its intended aims. We would expect any further activity in this space to seek greater clarity on outcomes for customers.

We think that GSoPs must adhere to the following rules:

1. **The outcomes should be achievable in every circumstance by an efficient energy supplier directly** – suppliers should be in the position that they only need to make a minimal number of GSoP payments once they have the appropriate systems and processes in place. If suppliers are making high numbers of payments because the GSOP is impossible to meet, it is not a suitable GSoP. In the context of the price cap, ‘achievable’ includes ensuring that there are sufficient allowances in the price cap to enable investment in minimising the number of GSoP payments, such as the payment of premature removal charges on meters and the cost of updating systems and processes.
2. **They are unambiguous** – it should be clear to both suppliers and consumers whether a GSoP condition has been met in all cases. If GSoPs are ambiguous it will lead to inconsistency of application and unmet expectations.
3. **They are resistant to gaming** – consumers, or intermediaries, should not be able to take actions that would result in the customer receiving GSoP payments.
4. **They are not layered on top of already prescriptive requirements** – GSoPs should avoid duplicating detailed regulatory obligations that already set out specific behaviours or timelines, as this risks creating double regulation without improving consumer outcomes.

GSoPs provide a cost incentive on suppliers to take action to minimise their exposure to payments. This drives action where suppliers see benefit to changes to their services. Where GSoPs add costs to suppliers that they can’t mitigate efficiently as part of a sustainable business model they reflect an unavoidable system cost for consumers.

Many aspects of a supplier’s deliverables are dependent on other actors and in these cases GSoPs are not an effective tool. As more intermediaries operate in the retail space, direct control of outcomes will be decreasing.

There are trade-offs that suppliers make when investing in their service. What they spend capital on will be determined by a combination of what they are obligated to provide and what they think will work well for their customers. The Customer Outcomes work seems to support suppliers having greater control of how they develop their services to meet their own customer needs. In contrast, GSoPs, by definition, required suppliers to focus on meeting obligations, regardless of what is best for the customers.

While GSoPs should represent minimum standards, they also require a common service obligation model, which means a supplier is constrained in its service options and therefore investment approach. GSoPs as a concept are therefore not aligned with the apparent, and welcome, intent of the Consumer Outcomes, to give suppliers scope to develop tailored solutions that can achieve the most positive customer outcomes. This is particularly the case given the increasing diversity of domestic customer service needs and the very diverse non-domestic market.

Ofgem should provide clarity on the prospective implementation timelines for the Consumer Outcomes and GSoPs, with the Consumer Outcomes being developed and implemented first. Reviewing the GSoPs ahead of Customer Outcomes risks repeated, reactive revisions, exposing a regulatory sequencing failure that could frustrate the Standards' purpose. While monitoring GSoPs effectiveness is welcome, frequent adjustments to address avoidable duplication and clarify non-negotiable minimum service standards would be inefficient and sub-optimal.

Given that the emphasis of the Customer Outcomes work is on moving towards principle-based regulation rather than unchecked use of prescription, we think that the intent and direction of this work should be clearer before establishing in isolation the role of a specific regulatory tool such as GSoPs. Further, considering the lack of identified value, inherent limitations of effective GSoPs and proposed changes to smart meter GSoPs that have not yet bedded in, we think the Customer Outcomes work should be focused on things other than GSoPs.

Role & Scope – Response overview

GSoPs work best when applied to clear, predictable consumer harms that suppliers can reasonably control. Their efficiency declines when the cost of monitoring and enforcing a Standard exceeds the value of the compensation provided to the consumer. This is likely to be particularly so when applied to wider non-domestic customers than microbusinesses. Poorly targeted standards risk undermining the objectives of providing quick, automatic compensation.

Where delivery is dependent on factors outside of suppliers' control, GSoPs risk driving payments without driving improvement. To maintain their effectiveness, GSoPs should be targeted at areas where suppliers' actions have a direct impact on the outcome, rather than issues outside of their control or highly complex processes. In addition, the recent Smart GSoPs should be given time to embed and demonstrate their effectiveness before considering further expansion.

Also, it is important to clarify the scope and eligibility for any new standards, particularly for non-domestic customers where customer size and risk of harm vary widely. Other regulatory tools within Consumer Outcomes may be more appropriate than GSoPs.

It would be inappropriate to tie suppliers to a universal GSOP framework for Suppliers servicing large Industrial and Commercial (I&C) customers because these customers negotiate and agree to bespoke, commercially specific SLAs within their individual supply agreements. Breaching these terms often results in penalties owed to the customer. Unlike domestic consumers who require blanket regulatory protection, I&C customers typically have sophisticated account management and tailored contracts that reflect their unique energy needs and priorities. Imposing a fixed, regulatory GSOP for these customers would supersede or conflict with their

agreed-upon commercial terms, undermining the principle of commercial freedom and potentially leading to confusion about which standards i.e. contractual or statutory (as part of GSOP) take precedence. This approach would be disproportionate, as it fails to acknowledge the established commercial mechanisms for redress already agreed upon by informed business consumers and their suppliers.

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?

We recommend that GSOP focus protections on the consumer segments most affected by the relevant poor performance. Ofgem should be careful to avoid any unintended and inadvertent regulation overshooting into market segments and customer types not in the need of any additional protections.

Q2. Do you have any comments on our proposed objectives for the GSOP mechanism?

GSOP obligations must apply only to elements within suppliers' reasonable control, with defined "clock-stops" for consumer or third-party dependencies (e.g., property access, TPI-only communication). Without this objective, GSOP would not act as an incentive for improved performance (since it cannot be improved).

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?

Prevents detriment – Detriment is very subjective and can vary depending on the type, size and segment of the effected customer. Larger non-domestic customers often dictate their own timescales and do not suffer the same levels of detriment, as opposed to the small non-domestic or domestic customer. Large industrial and commercial customers often negotiate and agree to bespoke, commercially specific service license agreements within their individual supply agreements. Breaching these terms often results in penalties owed to the customer.

Ability to improve – There are scenarios outside of the supplier control, for example, where a customer chooses to contract with their own agents. A supplier, has limited to no control over their chosen agent's performance levels. As a supplier, we monitor performance of "external" agents and feedback any improvement recommendations. Where a supplier proposes to change the agent to one contracted by the supplier i.e. in-house, they run the risk of damaging that customer relationship, at no fault of their own. This obstructs the supplier's ability to improve the overall customer experience. We propose that the standards include exemptions for scenarios outside the supplier's control.

While the primary goal of these standards is to incentivise better service, the regulatory framework must also account for the significant role of Third-Party

Intermediaries (TPIs), who often act as the main interface for the customer. Because TPIs are not currently subject to the same rigorous licence obligations as suppliers, their involvement can introduce complexities, i.e. such as delays in obtaining vital information or opaque communication. These are beyond a supplier's ability to manage, especially in scenarios where the customer opts for communication via the TPI only. To remain fit for purpose, the criteria should include appropriate exemptions that recognise these external dependencies, ensuring suppliers are not unfairly penalised for service failures initiated by intermediaries representing the consumer.

Q4. How effective is the current GSOP framework and individual standards in delivering good consumer outcomes? Please provide evidence where possible.

We would expect a clear evidence base before there is any further work in this area.

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?

Whether a GSOP or license condition is the best tool to improve supplier performance, it is important to note that they should be used to compensate for service failure, not to prevent it. This distinction should be at the core of which tool is appropriate, i.e., GSoPs or regulatory requirements. They are not the appropriate tool where meeting standards in an area is of critical importance and/or where failures could result in significant customer detriment. In these cases, other interventions should be considered.

Further, GSoPs could play a useful role in raising standards in certain areas. They are likely to be most effective where there is already some alignment with supplier incentives, but widespread poor performance persists despite evidence that standards can be reasonably met in the vast majority of cases. Where there is no underlying incentive to meet a particular standard, layering on an additional GSoP is unlikely to lead to meaningful improvement.

The type of rules best suited for GSoP are those that are objective, measurable, and binary in nature. They must remove any need for subjective judgment or interpretation to determine if a breach has occurred, thereby allowing for automatic payments for breaches. While the core rules are objective, any applicable exemptions must also be clearly and specifically defined (e.g., severe weather events, third-party actions or in-actions, inability to gain access). This still maintains a high level of clarity around when the rule applies. These types of rules stand in contrast to any subjective rules which require investigation, an assessment of individual detriment, and flexible fixes.

In refining the design of new Guaranteed Standards (GSOP) or integrating them into Supplier Licence Conditions, it is crucial that Ofgem acknowledges the reciprocal nature of service delivery, from a customer standpoint. For a supplier to successfully

meet its measured obligations, i.e. such as making and keeping appointments or resolving meter faults, the consumer must also fulfil certain responsibilities, including providing timely property access and sharing accurate information. Without explicit regulatory recognition of these customer dependencies, Suppliers risk being unfairly penalised for delays caused by lack of cooperation. The new criteria should therefore include clear exemptions or "clock-stopping" mechanisms where a supplier's failure is directly attributable to the consumer's inability or refusal to enable the required task.

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?

We strongly believe that there needs to be a widely agreed and established problem which requires addressing and evidence of the value of GSoPs before any changes are made.

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?

We do not support expanding the GSoPs any further into the non-domestic market.

Design – response to questions 9-14

GSoPs should be grounded in a transparent and practical rationale and must be clearly communicated and understandable for both consumers and suppliers, including non-domestic customers with varying levels of sophistication.

This should then ensure that the purpose of the GSoP payments, the circumstances in which they apply and how compliance is monitored are all unambiguous to market participants. GSoP payment levels and the mechanisms should be, administratively manageable and focused on areas where suppliers can realistically influence outcomes. GSoPs are most effective when they provide a clear, simple and consistent baseline for automatic compensation. This clarity helps customers understand their entitlements and enables suppliers to apply the standards more consistently. It also reflects the intended role of GSoPs as a standardised mechanism for baseline redress, rather than as a tool for assessing or compensating individual financial loss. Where customers experience more severe impacts and further remediation may be appropriate, these situations are better addressed through existing escalation and redress routes on a case-by-case basis, allowing suppliers to respond in a more tailored way and deliver better overall consumer outcomes.

Proposals for repeat or variable payments should be approached cautiously. While they may better reflect the duration or severity of a breach, they can also create operational complexity, higher administrative costs and delays in delivering compensation. Before introducing such mechanisms, it would be important to consider the practical feasibility for suppliers. Payments should also incentivise proactive service improvements, rather than only providing compensation after failure.

Also, Ofgem must ensure that any new obligations do not disproportionately impact operational efficiency across the non-domestic market and balance the potential benefit to consumers against the risk of creating a process that is difficult to implement consistently or understand clearly.

The design of payment mechanisms should avoid duplication with existing GSOPs, licence conditions, or other regulatory obligations. The measures would need to be well-defined, justified with evidence and consistently applied. Variations in non-domestic contracts and the potential for factors outside supplier control would need to be accounted for in non-domestic supply.

The target levels of existing standards should be reviewed periodically based on evidence of supplier performance and the actual impact on consumers, including microbusinesses and larger non-domestic customers should these be included. Any changes should be ambitious enough to drive improvements, yet operationally achievable to avoid excessive administrative burden.

Specifically in terms of non-domestic expansion beyond microbusinesses, there should be recognition that non-domestic customers vary widely in size, contract complexity, and operational impact. For example, for a multi-site retailer, the typical low, fixed payment may be financially insignificant, fail to reflect the scale of harm and may not be a credible behavioural incentive. However, at this stage, we do not propose changes to the target levels of existing standards. Decisions about target levels should flow from clarity on the intended role of GSoPs within the wider regulatory framework, including the Consumer Outcomes work.

Also, the current non-domestic Standard that is applied to microbusinesses is likely to become operationally unrealistic when multiple meters across sites or bespoke contracts/portfolio arrangements come into play. Examples could include gym groups or regional care homes. In this case, the Standard would be continuously breached for reasons outside of genuine service failure.

The issue the breached Standard applies to will be more likely to be subject to shared responsibilities across suppliers, agents, networks and customers for the bigger non-domestic customer. If applying the DESNZ small business customer

definition¹, these customers could be small chains of hotels or supermarkets. Further, in these kinds of complex relationships, the automatic GSoP payments could conflict with contract terms, and they can result in a kind of strict liability effect where no material detriment occurred or even undercompensate serious harm.

Operation – Response to questions 15-19

From a supplier perspective, the primary focus of GSoPs should be on consistently high-quality service to customers and ensuring that, where standards are not met, targeted and timely redress is provided. With simple and consistent minimum standards suppliers can be demonstrative of their obligations, manage operational compliance efficiently and reduce administrative burden. This is all while also making it easier to detect and correct breaches.

In principle, well designed and targeted GSoPs should not require additional supporting guidance. Instead, Ofgem should work closely with industry to ensure that the core requirements are clear, unambiguous, and capable of being applied consistently across suppliers. Any additional guidance should therefore meet a high threshold, be used only where necessary, always be published, and introduced only where there is clear evidence of a risk of inconsistent application.

Whilst consumer awareness is important, it is not the primary lever for making GSoPs effective. A well-designed standard should operate automatically and not depend on consumers spotting errors. However, when consumers know about GSoPs they are more likely to engage constructively, recognise when a standard has been breached, and receive appropriate compensation. We believe this can have the effect of reinforcing trust in the market. Nonetheless, any decisions on consumer awareness should follow agreement on whether and how GSoPs fit within the Consumer Outcomes framework. It is not possible to develop effective awareness strategies before the purpose, scope, and role of GSoPs have been clearly established.

From a non-domestic market perspective, GSoP coverage is currently limited to microbusiness customers. Any expansion should consider the diversity in business size, contract complexity and the potential operational impact across the non-domestic market. Standards for non-domestic customers should focus on predictable harms that suppliers can control rather than complex processes or network-dependent issues. This would ensure these GSoPs are practical, enforceable and proportionate across all non-domestic customer types.

While these principles – simplicity, clarity, proportionality, operational feasibility and effective communication – are crucial for good outcomes, there is a question of whether GSoPs are the most effective tool to achieve these objectives. Alternative

¹ [DESNZ \(2024\) New threshold for businesses accessing the Energy Ombudsman](#)

approaches, such as within the Consumer Outcomes work could potentially achieve the same consumer protections. And with greater efficiency, flexibility and alignment to business realities – particularly in the diverse non-domestic energy supply market.

you would like to discuss the above or any other related matters, contact us directly at rosie.nurse@energy-uk.org.uk and candice.orr@energy-uk.org.uk.