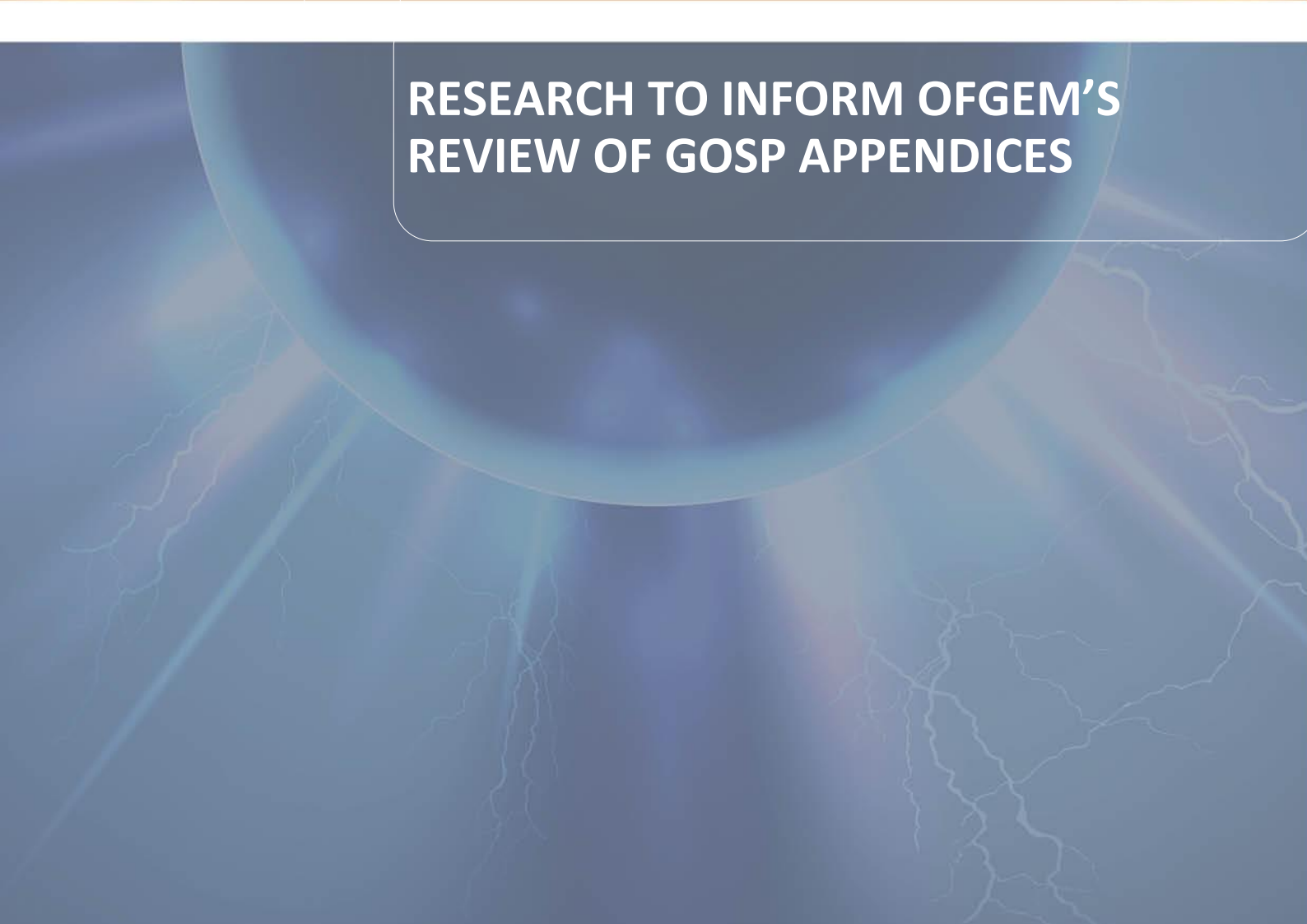


**RESEARCH TO INFORM OFGEM'S  
REVIEW OF GOSP APPENDICES**



## RESEARCH MATERIALS

This appendix to the Ofgem Guaranteed and Overall Standards of Performance (GOSP) report includes the following key documents:

- Discussion guide
- Panel presentation

### DISCUSSION GUIDE

#### Ofgem Consumer First Panel

#### Workshop 3 – Guaranteed and Overall Standards of Performance and Retail Market Review message testing

#### Research objectives: Guaranteed and Overall Standards of Performance (GOSP)

The research should inform Ofgem’s review of the GOSP.

- What value, if any, do consumers put on requiring suppliers to meet minimum levels of customer service
- To what extent do consumers think minimum standards are necessary? What role, if any, should they play alongside principles-based approaches to improving standards?
- Do consumers think the existing standards are necessary (alongside principles-based) or should be updated? If so:
  - What changes would you like to see?
  - What should any new standards cover?
  - How should they be met?
- If consumers believe the existing standards are fit for purpose then which aspects of them do they particularly value and why?

Timing	Exercises / activities	Comments
10 MINS	<p><b><u>Introduction:</u></b>  <i>AIM: Welcome back Panellists, recap on previous workshop findings and introduce structure for the evening.</i></p>	
15 MINS	<p><b><u>Section 1: Spontaneous discussion of consumer-supplier interactions</u></b>  <i>AIM: to get Panel thinking about how and in what circumstances consumers interact with suppliers and what service standards they value. To begin to understand what priorities consumers have from these dealings.</i></p>	
35 MINS	<p><b><u>Section 2: Introduction to standards/principles and revealing consumer expectations</u></b>  <i>AIM: to understand</i></p> <ul style="list-style-type: none"> <li>➤ What value consumers put on standards</li> <li>➤ What are their minimum expectations</li> </ul>	
25 MINS	<p><b><u>Section 3: Comparison with GOSP</u></b>  <i>AIM: to understand:</i></p> <ul style="list-style-type: none"> <li>➤ Consumers views on current standards and how, if at all, they would update them</li> </ul>	

<p>10 MINS</p> <p>15 MINS</p>	<p>➤ <i>How Panellists would want suppliers to ensure that ideal standards are met</i></p> <p><b>Section 4: Cost of GOSP</b>  <i>AIM: to understand whether Panellist suggestions for their ideal standards are seen as essential or simply ‘nice to have’ in light of cost considerations</i></p> <p><b><u>BREAK</u></b></p>	
<p>00.00-00.10</p> <p>10 MINS</p>	<p><b><u>Arrival and Registration</u></b></p> <p><b>Pre-workshop poster activity</b>  A number of themed posters will be arranged on the walls in the workshop venue and Panellists will be asked to write their thoughts on these posters. Moderators/note-takers keep an eye on what is being written on the posters and ask Panellists to explain/elaborate on anything that is unclear.</p> <p>Themes for posters:</p> <ul style="list-style-type: none"> <li>• What have you heard about the energy market recently?</li> <li>• Has anything changed in the energy market since we last met?</li> </ul> <p><b><u>PLENARY Introduction</u></b></p> <p><i>Lead moderator to welcome, introduce the team and observers (as applicable), housekeeping. Reassure Panellists that everything they say will be reflected in the report and fed back to Ofgem.</i></p> <p><i>Recap from Ipsos MORI chair about the Panel and how it operates.</i></p> <p><i>Show one slide which recaps on findings from previous round of workshops (Change of Supplier), and explain how Ofgem are using the findings.</i></p> <p><i>Say that second part of the workshop will be testing ideas for a potential new advertising campaign. First, we want to talk to you about your interactions with your supplier and the services suppliers provide. Introduce task using slide 5</i></p>	<p><i>AIM: Welcome back Panellists, recap on previous workshop findings and introduce structure for the evening.</i></p>
<p>00.10-00.25</p> <p>15 MINS</p> <p>5 mins</p>	<p><b><u>Section 1: Spontaneous discussion of consumer-supplier interactions and service standards</u></b></p> <p><b><u>IN TABLES</u></b></p> <p><b>Quick re-introductions around the table</b></p> <p><i>FLIPCHART: Ask Panellists to shout out all the different types of interactions you would have with your supplier.</i></p> <p><i>Prompt to cover (but note which emerge spontaneously):</i></p> <ol style="list-style-type: none"> <li>1. <i>Contact over change of address/change of name/change of payment method</i></li> <li>2. <i>Conversation with suppliers over billing issues</i></li> <li>3. <i>Debt disconnection/reconnection</i></li> <li>4. <i>Having the meter read/fixed</i></li> </ol>	<p><i>AIM: to get Panel thinking about supplier interactions and to begin to understand where consumer priorities lie with supplier interactions and service standards.</i></p> <p><i>NB. Panellists may mention power</i></p>

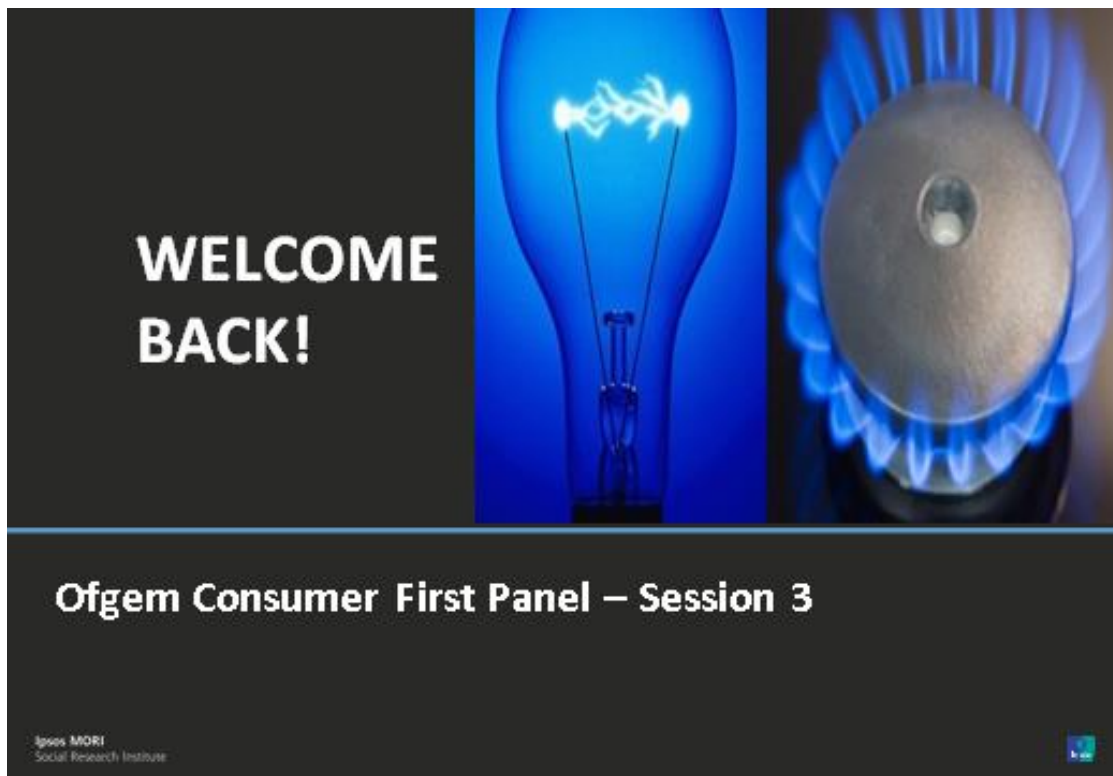
<p>10 mins</p>	<p>5. Reporting a faulty meter/PPM 6. Switching tariff/supplier 7. Arranging a supplier visit for any of these or other interactions</p> <p>TAKE EACH INTERACTION IN TURN AND ASK:</p> <ul style="list-style-type: none"> <li>- What would you consider to be a good/satisfying outcome for an energy consumer?</li> <li>- What sort of things would you want the supplier to do when dealing with that issue? <ul style="list-style-type: none"> <li>o Why those things?</li> <li>o Probe: based on personal experience, word of mouth, perception of supplier service etc.</li> </ul> </li> </ul>	<p>cuts/road works, which are DNO rather than supplier owned-areas. If these arise spontaneously do not shut-down the conversation as Ofgem are interested in consumer expectations/what standards should cover.</p>
<p>00.25-01.00 35 MINS</p> <p>5 mins</p> <p>10 mins</p> <p>8 mins</p>	<p><b>Section 2: Introduction to standards/principles and revealing consumer expectations</b></p> <p><b><u>PLENARY</u></b></p> <p><i>Lead facilitator talks through slide 7-11 and TEST FOR COMPREHENSION THEN explain that we want Panellists to think about whether or not principles alone can ensure appropriate consumer service/protection.</i></p> <p><b><u>IN TABLES</u></b></p> <p><i>Ensure that groups understand the difference between standards and principles:</i></p> <ul style="list-style-type: none"> <li>• Who can explain what the lead moderator has just said?</li> <li>• What do others think?</li> <li>• Can you think of any benefits / drawbacks to each of these different approaches? IF STRUGGLE THEN RE-INTRODUCE SLIDE 9 AND LEAVE SHOWING</li> </ul> <p>Thinking about these pros and cons, the purpose of the next task is to design different services areas and decide whether a principle based approach is enough (i.e. ensure customer service / consumer protection), if standards e.g. targets are also needed then... why is this? What would the standard need to look like e.g. acceptable timescales</p> <p><i>Split table into 3 groups – hand-out ideas books and invite them to select a scribe.</i></p> <ul style="list-style-type: none"> <li>• There is space in the ideas book for you to think about up to four service areas.</li> <li>• I want group 1 to work on xxx, group 2 to work on xx and group 3 to work on xxx but you can add others if you like.</li> <li>• If there are any areas that they think are important but haven't been mentioned so far then add them in now.</li> </ul> <p><u>... to help you get going we have added some prompts i.e. the supplier must... and if this doesn't happen, supplier has to do x'...but we want you to come up the rest.</u></p> <p><b>After 8 minutes:</b> <i>One from each group to present back on which areas they considered the most important ones and what were the minimum standards they designed?</i></p>	<p><i>AIM: to understand:</i></p> <p><i>What value consumers put on standards</i></p> <p><i>What are their minimum expectations for interactions with suppliers.</i></p> <p><i>Moderator ensure that discussion remains focussed on customer service and any discussion of prices and switching is parked</i></p> <p><i>IF NEEDED:</i> <i>It might help to think about the pizza company that sets standards on its delivery times. They say that if you have to wait more than 30 minutes for your pizza, then you get it free. That's their standard. An alternative pizza company might have a commitment that they will deliver the pizza as promptly as possible and to high standard overall. That would be a principles based way of ensuring the</i></p>

<p>12 mins</p>	<p><b>Why do you say that is an important standard? What do others think?</b></p> <p><b>Prompt on general principles</b>  <i>If there are general rules which say that suppliers must always be honest, transparent and professional whenever they interact with consumers, do we need specific rules e.g. targets about, for example, requesting a meter reading/querying a faulty meter reading or answering phone calls? Why? Why not?</i></p> <p><b>Prompt on specific standards</b>  <i>Why do you think for that interaction or service that specific standards e.g. targets are needed on top of general principles? If recommend a standard e.g. target for their areas then ask: which other areas would you want to see a standard/target in place.</i></p> <p><b>Prompt on compensation:</b>  <i>Where might the money go if suppliers are fined? If hasn't been spontaneously mentioned, how would you feel about money going to Charity. What about if the money went to vulnerable customers only or to the Treasury to pay for other things?</i></p> <p><b>Prompt on performance against principles/specific standards:</b>  <i>Should the principles/standards be published or advertised? Where? Why?  Should the results of performance against standards/principles be published? Why/why not?  If yes... where should the results be published? Why?  Who should be responsible for monitoring standards?   Who do you think would be interested in the results? Why?  If say consumers then ask what do you think energy customers might do with this information? Were you thinking of yourself when you said that?  If say Ofgem / another regulator – ask how they would want to know what Ofgem / another regulator would do e.g. enforcement action</i></p>	<p><i>customer gets a good pizza.</i></p> <p><i>Moderator assigns service areas to each mini group i.e. one group does 1-2; another does 3-4; and third does 5-7.</i></p> <p><i>Ask Panellists to give as much detail as they think is necessary - do you think it is enough to say something should be done quickly or should the standard be more specific, say something should be done within a set time period? If specific, get them to write down exactly how long.</i></p> <p><i>Remind them they can be as creative as you like on this task, you don't need to use ideas that already exist in other markets,</i></p>
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<p>01.00-01.25 25 MINS</p>	<p><b><u>Section 3: Comparison with Guaranteed and Overall Standards of Performance (GOSP)</u></b></p>	<p><i>AIM: to understand:</i></p>
<p>5 mins</p>	<p><b><u>PLENARY</u></b></p> <p><i>Introduce GOSP, say these are examples of some of the standards/targets that are in place currently and that Ofgem is looking at whether they're still needed, whether they're focussed on the right types of things, whether they're in line with what you'd expect to see as a good service.</i></p>	<p><i>Consumers views on current standards and how, if at all, they would update them</i></p>
<p>10 mins</p>	<p><b><u>IN TABLES HAND-OUT SLIDES 12-16 SHOWING EXAMPLES STANDARDS. ONE TABLE GOES THROUGH IN REVERSE ORDER</u></b></p> <p>So what do you think of those standards?</p> <ul style="list-style-type: none"> <li>- What's good about them? What's bad about them?</li> <li>- Is anything missing?</li> <li>- Is there anything you'd want to change? Why?</li> <li>- How do they compare with the standards you've just designed?</li> <li>- Are they more or less relevant?</li> <li>- How far are they relevant/useful in light of the fact that energy suppliers must also treat customers in a fair, honest, transparent, appropriate and professional manner (according to rules set by Ofgem this summer)?</li> </ul> <p>Do you want to make any changes to your service areas now you know what types of things are covered under the current system? What? Why?</p> <p>How do the penalties compare to what you have come up with?</p>	<p><i>Moderator note: if asked then say we will explain consumer compensation/redress under the current system after they have worked through how their standards might work in practice.</i></p>
<p>10 mins</p>	<p>Prompts:</p> <ul style="list-style-type: none"> <li>•What do you think of what you've just seen?</li> <li>•To what extent, if at all, do you think compensation/potential sanctions are the ways of enforcing them?</li> <li>•Do they go too far or not far enough? i.e. compensation/potential sanction</li> <li>•After hearing them do you want to change your proposed standards? How?</li> <li>•Or, would you keep these and just add some of your own ideas? In which case, what would the ideal situation look like?</li> </ul>	<p>Note any mention of standards relating to lowering prices e.g. unit prices must be lowered within one day of the fall in wholesale price. BUT ensure standards themselves are fully discussed. Key for this section is to explore how appropriate the existing standards are in comparison to consumers views of today's market</p>

<p><b>01.25-01.35</b> <b>10 MINS</b></p>	<p><b><u>Section 4: Cost</u></b> <b><u>IN TABLES</u></b></p> <p>So far we have discussed what you think these standards should look like. However, all of the suggestions (in particular specific standards e.g. targets) we've talked about will have a cost associated for example</p> <ul style="list-style-type: none"> <li>• Any standards scheme will carry an administrative cost for suppliers and those monitoring compliance, i.e. costs to train supplier operatives and costs to record (suppliers) and assess (Ofgem/others) compliance</li> <li>• Any standards scheme requiring financial compensation will carry a cost</li> <li>• The publication/communication of a standards scheme may carry cost</li> </ul> <p>Any additional cost will be likely to be passed on to customers.</p> <p><i>PLEASE ENSURE THAT ALL PANELLISTS UNDERSTAND THIS POINT BEFORE MOVING ON. If Panellists argue that the government should fund explain that as this would be through tax they would still all be paying and that Ofgem do not have the power to require it to come out of supplier profits so neither of these are options for consideration tonight.</i></p> <p>Does thinking about how it will be paid for impact on anyone's earlier views?</p> <p>One option might be to have lighter standards in a number of areas and tougher standards in one or two essential areas? If that was the case, what areas would you pick?</p> <p>What's the right balance in terms of customer service/protection and value for money?</p>	<p><i>AIM: to understand whether Panellist suggestions for the ideal standards are seen as essential or simply 'nice to have' but not worth paying for/ making 'red tape' for in the real world</i></p>
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PANEL PRESENTATION



**What is the Ofgem Consumer First Panel?** 

- 100 people (Panellists) from different backgrounds across GB taking part in a series of events to think about and discuss GB’s energy issues
- Membership of the Panel helps Ofgem better understand the views of energy consumers in Great Britain
- Thank you for your contributions throughout this year’s Panel!





## How does the Panel help Ofgem?

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- **Your input is important.** It helps Ofgem to ensure that the views of consumers (like you) are included in their policy making decisions
- **The previous session (held in the Spring) helped Ofgem understand...**
  - That making a tariff comparison is more likely to put you off switching supplier than the Change of Supplier (CoS) process itself
  - You raised the concern that a quicker CoS process might be less reliable
  - Because of this, most of you suggested only minor improvements in timings
  - Very few of you told us you would waive the cooling-off period for a quicker transfer

## The task...

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- Suppliers aim to provide you with a continuous gas and electricity supply, but to do that they provide a lot of other services ranging from setting up or changing account details to meter reading, meter moving and putting things right
- We want to talk about all these supplier services and any others you can think of as we go through...

## Using principles to ensuring consumers are treated fairly...

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- Ofgem is in charge of regulating how suppliers deal with their customers – the two main ways to do this is to set **principles** for suppliers to follow, or specific **standards e.g. targets** for them to meet
- In order to make suppliers improve their dealings with customers Ofgem has decided to introduce a **set of principles...**
  - The principles state that suppliers must act in a **fair, honest, transparent, appropriate and professional manner** when dealing with customers
  - They also mean that suppliers must ensure that their customer service arrangements are **complete, thorough, fit for purpose and transparent**
  - Ofgem also requires suppliers to **publish an annual ‘Treating Customers Fairly Statement’** to demonstrate they did these things

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## These aren't just words - Enforcement

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- In meeting these principles suppliers have some **flexibility**, but must nonetheless fully demonstrate they've met them
- The principles are **'enforceable'** – this means that if Ofgem decide that suppliers are not treating their customers in a **fair, honest, transparent, appropriate and professional manner**, Ofgem can take action (e.g. fine the supplier)
  - Ofgem will make decisions about whether to take action against a supplier using the **reasonable person test..**
    - consider if the supplier complied with a principle based on what a reasonable person would expect
  - They can also consider the supplier's **overall behaviour** and **how they perform relative to their competitors**

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## The other option for regulation - Standards



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- A different way of regulating to ensure that suppliers get things right and put things right if they go wrong is to set **standards/targets** e.g. suppliers must attend to move a meter within 15 working days
- **Ofgem is committed to a principles-based approach.** Why?
  - Principles make sure suppliers think about the wider consumer experience, and don't just focus on narrow targets they've been set
  - Specific standards/targets may be very clear, but they can mean suppliers only concentrate on these things (e.g. not missing an appointment time) and don't think about other things (e.g. politeness of staff) or the bigger picture
  - This might mean that suppliers are less likely to go 'above and beyond', i.e. continuously improve the services or products which they provide.
  - Specific standards/targets are less likely to be tailored around individual customers and their different needs



## Principles alone or do we still need standards?



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- **Principle-based regulations are already in place.** Ofgem is deciding whether they also need specific standards e.g. targets as well. It's our task tonight to let them know what you think about this issue!
- It's important to bear in mind the **role of competition** - customers can always choose to move to a different supplier whose services can best meet their needs

### Two possible options

- **general principles (in place since August)**  
e.g. suppliers must treat customers in a fair, honest, transparent, appropriate and professional manner
- **general principles (above) + specific standards**  
e.g. suppliers must attend to move a meter within 15 working days



## Guaranteed standards of performance

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### FAULTY METERING

Supplier must fix a faulty meter within seven working days of it being reported (or write to explain why they have not done so)

**What happens if supplier fails to do this?**

**Customer compensated: £22 electricity / £20 gas**

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### APPOINTMENTS

Supplier must offer a timed appointment and turn up at that time

**What happens if supplier fails to do this?**

**Customer compensated: £22 electricity / £20 gas**

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## Guaranteed standards of performance

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### NOTICE OF RIGHTS

Suppliers must send an annual Notice of Rights to their customers that tells them what their rights are, and what will happen if the supplier fails to meet the standards

### What happens if supplier fails to do this?

Ofgem can take action e.g. could impose fine, 'name and shame', and/or take other enforcement action

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## Overall standards of performance

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### FIXING A FAULTY PREPAYMENT METER (PPM)

Supplier must repair a faulty PPM

- 98% of customers within 3 hours (working day)
- 95% of customers within 4 hours (non-working day)

### What happens if supplier fails to do this?

Ofgem can take action e.g. could impose fine, 'name and shame', and/or take other enforcement action

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## Overall standards of performance

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### RECONNECTION FOLLOWING DEBT REPAYMENT

Supply must be reconnected within 24 hours for all customers, after arrears have been paid

### What happens if supplier fails to do this?

Ofgem can take action e.g. could impose fine, 'name and shame', and/or take other enforcement action