

# Consultation on the Supplier Guaranteed and Overall Standards of Performance

## Consultation

**Publication date:** 30 June 2014  
**Response deadline:** 22 August 2014

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### Overview:

The supplier Guaranteed Standards of Performance (GS) and supplier Overall Standards of Performance (OS) give suppliers service level requirements when they have certain interactions with their customers.

In our 2012/13 Simplification Plan, we committed to reviewing the GS and OS to ensure that they remain fit for purpose, reflect consumer needs and do not create unnecessary burdens.

Last year we conducted a call for evidence on the GS and OS. After the call closed, we gathered more evidence and explored consumer attitudes and experiences through research. In this document, we'll show what we've found, and what we propose. We're seeking stakeholder views and more evidence.

## Context

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Ofgem regulates the gas and electricity markets in Great Britain. Our principal objective is to protect the interests of current and future gas and electricity consumers.

We use various regulatory measures to ensure that consumers, particularly consumers in vulnerable situations, remain protected and receive an appropriate level of service. The supplier Guaranteed Standards of Performance (GS) and the supplier Overall Standards of Performance (OS) are two of the regulatory measures we use for these purposes.

In our 2012/13 Simplification Plan, we committed to reviewing the GS and OS to ensure that they are still fit for purpose, reflect consumer needs and do not create unnecessary burdens.

In line with this commitment, we have examined each of the existing GS and OS and have proposed changes to their content and coverage, GS payment levels and information provision.

This document seeks your views and further evidence in relation to our proposals and sets out our plans for completing the review.

## Associated Documents

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Readers should be aware of the following documents which relate to this publication:

Overall standards of performance for electricity suppliers

<https://www.ofgem.gov.uk/ofgem-publications/57323/electricity-overall-supply-standards.pdf>

Overall standards of performance for gas suppliers

<https://www.ofgem.gov.uk/ofgem-publications/57324/gas-overall-supply-standards.pdf>

The Electricity (Standards of Performance) Regulations

<http://www.legislation.gov.uk/uksi/2010/698/contents/made>

The Gas (Standards of Performance) Regulations

<http://www.legislation.gov.uk/uksi/2005/1135/contents/made>

Supplier Guaranteed and Overall Standards of Performance – Call for Evidence

<https://www.ofgem.gov.uk/ofgem-publications/57322/call-evidence-gosp.pdf>

Supplier Guaranteed and Overall Standards of Performance – Call for Evidence responses

*Published alongside this document*

Consumer First Panel Report – Supplier Guaranteed and Overall Standards of Performance

*Published alongside this document*

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## Executive Summary

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The Guaranteed Standards of Performance (GS) and Overall Standards of Performance (OS) give suppliers service level requirements when they have certain interactions with their customers. The GS requires that suppliers make payments to customers in individual cases of GS breach, while the OS sets targets and measures performance against them.

The OS and GS have existed for a number of years, and some concerns have been raised with us about whether they remain relevant. In our 2012/13 Simplification Plan, we committed to reviewing the GS and OS to ensure that they are still fit for purpose, reflect consumer needs and do not create unnecessary burdens.

Following a call for evidence last year, we reviewed the GS and OS against these principles, including considering their positioning in the context of our Retail Market Review remedies and last summer's introduction of supplier Standards of Conduct for domestic and business customers. We have also sought the views of the Consumer First Panel. **What we've found and what we propose:**

### **The GS and OS mechanisms**

- We think the GS mechanism still has value in the retail market and we propose to retain it. The GS will continue as a useful way to set clear expectations for suppliers in key areas of customer service and a way to give consumers redress if standards are not met.
- We intend to remove the OS. We will create new GS to replace those OS where we think protection is needed, and will remove the duplication between some of the OS and certain GS.
- We intend to create either a single Statutory Instrument (SI) for supplier standards or separate SI's for gas and electricity suppliers only, stripping out those standards which do not apply (those for gas and electricity networks).

### **Consumer coverage**

- We think the GS should continue to apply to domestic consumers. We are seeking views on whether the GS should cover services to micro-business consumers as well.
- We do not think that the GS should apply to larger businesses which are well placed to negotiate their own arrangements with suppliers.

### **Service coverage**

- We are not using this review to extend performance standards coverage to new areas of customer service not covered under either the OS or GS. Instead, we will consider the use of GS in new areas on a case by case basis, as part of our ongoing work.
- We think it is right to replace the existing OS on reconnecting consumers after disconnection for unpaid charges with a GS. This is a key area where the level of detriment due to a failure is likely to be significant for individual consumers.

- We intend to keep the existing GS on visiting to fix a faulty prepayment meter. We're seeking views on whether to change response timeframes.
- We intend to keep the GS on faulty metering (metering operating outside the margins of error) and seek views on whether the content of the GS needs amending.
- We intend to keep the GS for making and keeping appointments. It is important that there are clear rules in this area to minimise the inconvenience to consumers and allow suppliers to plan tasks effectively.
- We intend to remove the GS which only applies to customers of former monopoly suppliers operating in their former monopoly areas. This distinction needlessly complicates the GS regime and makes it harder to communicate arrangements.
- Therefore, under our proposals, there will be a revised GS regime providing clear, strong performance standards on:
  - a. Reconnection following disconnection for unpaid charges
  - b. Fixing faulty prepayment meters
  - c. Faulty metering (not prepayment)
  - d. Making and keeping appointments.

#### **Payment levels**

- Supplier GS payment levels have not been adjusted for some years, although amounts under the parallel arrangements for distribution companies have recently been increased. Where gas and electricity payment levels differ, we propose aligning them. We also propose that payment levels be increased for all of the GS from the current level of £20/£22 to £29, and seek views on whether differing levels should be set for differing standards. The GS aim to reflect inconvenience to consumers, rather than actual loss, and we do not propose to change this.

#### **Awareness and reporting**

- We want to provide suppliers with the flexibility to give information about consumers' rights under the standards in ways designed to best engage them. We therefore envisage removing the requirement to send an annual notice.
- We want to provide greater transparency on each supplier's performance against the GS. We intend to introduce a requirement on suppliers to provide this information to consumers while giving them the flexibility to decide how best to do so.

We seek views on these proposals.

# 1. Background

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## Chapter Summary

This chapter sets out the background to the supplier Guaranteed Standards of Performance (GS) and the supplier Overall Standards of Performance (OS). It describes how they work in practice and the areas of service that are covered under the current arrangements. We'll refer to the objectives of our review and the scope of our work, the evidence we're using to inform the review, as well as our next steps.

## Origins of the supplier Guaranteed Standards of Performance and the supplier Overall Standards of Performance

1.1 Provision is made for GS and OS in the Gas Act 1986 and Electricity Act 1989.<sup>1</sup>

1.2 The GS and OS were first introduced for electricity suppliers in 1991. GS and OS for gas suppliers were introduced in 2002. Both were designed to ensure that customers received a minimum level of service from suppliers in a privatised market. The GS have been reviewed and amended on several occasions, but neither have had a fundamental review in the last decade.

### The GS mechanism

1.3 The GS mechanism sets service level requirements for suppliers where they have certain specific interactions with their customers. The mechanism requires that suppliers prepare a notice of rights for their customers and send this notice to their domestic customers annually. The mechanism also requires suppliers to make payments to customers in individual cases of breach.

### The OS mechanism

1.4 The OS mechanism sets overall service level targets for suppliers where they have certain specific interactions with their customers and measures suppliers' performance against these targets. Suppliers are required to prepare a notice of rights for their customers under the OS and send this notice to their domestic customers on an annual basis. The notice must include a summary of the supplier's performance against the OS. The OS mechanism sets overall performance targets so,

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<sup>1</sup> See Electricity Act 1989 sections 39, 39B, 40, 40B, 42, 42A and Gas Act 1986 sections 33A, 33AB, 33B, 33BAA, 33C, 33D. These sections provide Ofgem with powers to set GS and OS in relation to gas and electricity suppliers and the procedure for doing so. The sections also provide for the collection of information with respect to performance and for dispute resolution in relation to the GS.

unlike the GS mechanism, there is no requirement for suppliers to make payments to customers in individual cases of breach.

### Service areas covered under the existing GS and OS

1.5 Several specific service areas are covered under the existing GS and OS. Some apply to all customers, while others apply solely to domestic customers. Of these, some apply only to specific groups of domestic customers. We have published the current versions of both the GS and OS on our website<sup>2</sup> so stakeholders can access the standards in full. The existing GS and OS are summarised in the table below.

<b>Fuel/ Standard type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity GS 18  Gas GS 5	Domestic customers only	Fixing a faulty prepayment meter	Visit within three hours on a working day and within four hours on a non-working day (electricity)  Visit within four hours on any day (gas)	£22 electricity  £20 gas
Electricity GS 19  Gas GS 6	All customers (electricity)  Domestic customers only (gas)	Making and keeping appointments	Offer and keep an appointment within a time window; either wholly before one o'clock or wholly after noon or two hours.	£22 electricity  £20 gas

<sup>2</sup> Readers should follow the links on page three to the complete GS and OS in order to gain a complete understanding of each standard, including any relevant exemptions.



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Electricity GS 16	All customers served by ex-Public Electricity Suppliers (PES) operating in their ex-PES area	Queries about change of payment method, account accuracy and due payments	Provide a substantive written reply within five working days, and where a payment is due, to make it within a further five working days	£22 electricity
Electricity GS 17  Gas GS 4	Domestic customers only	Faulty metering (metering operating outside the margins of error)	Offer to attend to fix a faulty meter within seven working days/write to explain why a visit is not needed within five working days	£22 electricity  £20 gas
Electricity OS 2  Gas OS 4	Domestic customers only	Reconnection following disconnection for unpaid charges	100% of customers within 24 hours where the default has been made good	N/A
Electricity OS 4  Gas OS 3	Domestic customers only	Visit to fix a faulty prepayment meter	98% of all customers within three hours (electricity) four hours (gas) on a working day  95% of all customers within four hours on a non-working day (both fuels)	N/A
Electricity OS 1	Domestic customers supplied at a low voltage only	Visit to resite a meter	100% of customers within 15 working days	N/A

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Gas OS 1	(electricity) Domestic customers only (gas)			
Electricity OS 3 Gas OS 2	Domestic customers only	Visit to enable a change to the basis for charging by changing the meter following a customer request	100% of customers within ten working days	N/A

**The objectives and scope of our review**

1.6 In our 2012/13 Simplification Plan, we committed to reviewing the GS and OS arrangements to ensure that they remain fit for purpose, reflect consumer needs and do not create unnecessary burdens. These principles remain fundamental to our review.

1.7 We have focussed on refining and improving the existing performance standards mechanisms, and considering the specific service areas they cover. We have also considered whether it is appropriate to expand performance standards to new service areas not currently covered.

*Guaranteed Standards of Performance for electricity Distribution Network Operators and Gas Distribution Networks*

1.8 There are Guaranteed Standards of Performance for electricity Distribution Network Operators (DNOs) and Gas Distribution Networks (GDNs). GS for electricity suppliers and DNOs, and for gas suppliers and GDNs, are set out in two statutory instruments, one for electricity and one for gas. However in practice the supplier standards of performance regime runs separately from the DNO and GDN performance standards regimes.

1.9 Our review focuses purely on those performance standards that apply to suppliers. The changes we propose to make to supplier standards in this document

will not impact upon those applying to DNOs and GDNs<sup>3</sup> which are subject to separate review.

## **Evidence base**

1.10 We have used a broad evidence base to inform our review, in particular the results of a Call for Evidence and research with consumers on their attitudes and experiences.

### *Call for Evidence*

1.12 The analysis and proposals in this consultation draw on responses to a Call for Evidence we conducted last year. The responses are published alongside this document. Headlines from the call for evidence are:

#### **The mechanism**

- One consumer organisation saw an enduring role for the standards as a tool for protecting consumers and ensuring good customer service. Another saw some value in performance standards but questioned whether they help to solve the root cause of service failures. The majority of suppliers thought that standards of performance should either be removed entirely or at least significantly cut back. This was particularly the case for the OS. They felt that competitive pressures reduced the need for performance standards. Suppliers also noted a number of other rules/commitments and routes for redress that they felt negated or reduced the need for performance standards. We comment on the enduring role of supplier performance standards in chapter two.

#### **Scope**

- The majority of suppliers thought that performance standards were less relevant to larger non-domestic customers who would have their own customer service contractual arrangements with suppliers. We comment on consumer coverage in chapter three.

#### **Content**

- Both consumer representatives and suppliers saw a value in retaining a performance standard around fixing faulty prepayment meters. They noted that failures in this area often impact on vulnerable customers.
- Both consumer representatives and suppliers saw a value in retaining a performance standard around making and keeping appointments. They noted in particular the high volume of appointments that will need to be made during the

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<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/86976/guaranteedstandardsofperformanceconsultationletter31march2014.pdf>

smart meter roll-out. We consider individual service area coverage in chapter three.

### **Payment levels**

- Consumer representatives suggested that GS payment levels could be higher for business customers, reflecting the likely severity of financial loss incurred by them as a result of GS breaches. One of them commented on needing to ensure that vulnerable customers in particular receive appropriate redress. Suppliers generally thought that payment levels should remain as they are and that they could opt to make higher payments if they wished. Respondents concurred on wanting GS gas and electricity payment levels aligned. We consider GS payment levels in chapter four.

### **Awareness and reporting**

- Consumer representatives and suppliers noted a lack of consumer awareness of their rights under the supplier GS and OS.
- Consumer representatives commented on the visibility of supplier performance information, with one advocating that publishing performance results would add value by providing transparency. We comment on the provision of information about consumers' rights and supplier performance on GS in chapter four.

### **Compliance**

- Consumer Futures suggested that supplier GS payments are not always being made automatically by suppliers as they should be. We are not examining this as part of our review but will be contacting suppliers separately for confirmation that they have appropriate arrangements in place to ensure that they are compliant with regulatory requirements.

### *Consumer First Panel*

1.13 We asked the Consumer First Panel<sup>4</sup> to provide consumer views on different approaches to regulating the ways suppliers deal with their customers, namely the GS and OS for suppliers, and principles-based regulation, in September last year.

1.14 Panellists wanted supplier performance to be regulated by a standards scheme in conjunction with a principles-based approach. They felt that standards were particularly important in certain service areas where there is a potential for loss of supply or consumer detriment (financial or otherwise). Panellists also felt that standards would empower consumers to seek redress where supplier performance falls short.

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<sup>4</sup> The Consumer First Panel consists of 80-100 everyday domestic customers recruited from various locations across Britain. The Panel meets regularly to discuss key issues impacting on their participation in the energy market, as well as other energy-related topics.

1.15 Where relevant, we make reference to the Panel findings throughout this consultation. The Panel report is published alongside this consultation.

*GS and OS reporting data*

1.16 We have analysed data returns from the six large suppliers on their performance against the GS and OS. Our top-line analysis from the 12 months between April 2012 and March 2013 shows that:

- suppliers reported making GS payments totalling just over £2m
- almost three-quarters of payments were for failing the GS on making and keeping appointments
- reported performance rates against both the GS and OS standards generally ranged between 94% and 100%.

*Ofgem Consumer Affairs contacts database*

1.17 We receive a relatively small number of contacts directly from consumers. Where relevant we have used our Consumer Affairs contacts database to gauge how many of those contacts may be relevant to the GS and OS.

**Next steps**

1.18 We invite views on the questions posed in this consultation by close on Monday 22 August 2014. Please send responses to [Jonathan.Blagrove@ofgem.gov.uk](mailto:Jonathan.Blagrove@ofgem.gov.uk). After the consultation has closed and we've considered responses, we envisage issuing a further consultation and proposals notice in the Autumn, before we change the standards of performance later in the year.

## 2. The Enduring Role and Coverage of Supplier Performance Standards

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This chapter details our view of the enduring role for supplier performance standards. It also shows our conclusions about the extent of service area coverage, and the extent of coverage to different consumer groups.

### **The role of a supplier performance standards regime**

2.1. An effective performance standards mechanism can bring significant benefits to consumers. The mechanism can be used to ensure that consumers receive redress when they experience poor service. It can also help to drive high quality supplier performance in key areas of customer service, when competitive pressures may be insufficient.

2.2. Some respondents to our Call for Evidence suggested that the need for a performance standards mechanism has diminished, or even that mandated performance standards are no longer relevant in today's market.

2.3. The regulatory landscape has changed markedly since the GS and OS were introduced. Our recently implemented Standards of Conduct (SoC) mean that suppliers must meet acceptable standards which deliver fair outcomes for consumers. Suppliers need to ensure that they have accounted for the needs of consumers in their dealings with them per the SoC.

2.4. There are also now several routes for providing consumers redress if they experience poor service. The Complaints Handling Standards Regulations cover any expression of dissatisfaction by a domestic or micro-business<sup>5</sup> consumer and put certain obligations on suppliers for how they handle complaints. These include informing customers in writing about their right to refer their complaint to Ombudsman Services: Energy. The Ombudsman has a range of remedies at its disposal including awarding compensation. Ofgem also has enforcement powers in relation to the Consumer Protection from Unfair Trading Regulations.

2.5. In addition, our Consumer Vulnerability Strategy is helping to shift suppliers' policies and practices towards a focus on the individual characteristics of each customer, as well as considering the impact of their own actions and behaviour. This should result in more tailored customer service, especially for those customers who find themselves in vulnerable circumstances. Our review of the Priority Services Register will further strengthen protections for such customers

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<sup>5</sup> As defined in the Electricity Supply Standard Licence Conditions and the Gas Supplier Standard Licence Conditions.

2.6. There would be less need for a mandated performance standards regime in an effectively competitive market. In this environment, suppliers would in theory drive and maintain high performance standards through competing with one another on a broad range of offerings such as customer service which benefit all customer types including those who may find themselves in vulnerable circumstances.

2.7. However, even in an effectively competitive market, consumers may not necessarily prioritise customer service offerings when considering their switching options. Therefore, suppliers may feel less competitive pressure to drive and maintain high customer service standards compared to, for example, pressures to compete with one another on price. This may be more significant in a market like energy, which provides essential services, than in other sectors. Our research<sup>6</sup> shows that when customers are choosing a new supplier, the primary driver is price which is likely to lead to many suppliers also focusing primarily on this element of their offering ahead of customer service.

2.8. We are also conscious of current consumer attitudes and experiences of the energy market more generally. We know that many customers find it difficult to engage with the market and, they generally want better offerings and services from suppliers. They also have low trust and confidence in suppliers. A mandated performance standards scheme gives suppliers the opportunity to showcase their service provision in key areas of customer service and develop strong relationships with their customers where expectations are clear.

2.9. We therefore think that a performance standards mechanism can still play a valuable role in today's environment for domestic and, where appropriate, micro-business consumers. Therefore, we propose to retain a performance standards mechanism to ensure that consumers' interests remain protected, particularly while the Standards of Conduct and other retail market reforms are being embedded. We will monitor the effectiveness of any new arrangements once they are in place, and will revisit the enduring role and relevance of a supplier performance standards mechanism as the retail market continues to evolve and as we evaluate the impact of our Retail Market Review reforms.

### **Scope of the standards of performance statutory instruments**

2.10. There are currently two statutory instruments (SI) providing for the GS: one each for electricity and gas supply and distribution. There are also two sets of OS, determined by the Authority, one each for gas and electricity. There are further SI's for connections standards.

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<sup>6</sup> <https://www.ofgem.gov.uk/ofgem-publications/74756/customer-engagement-energy-market-tracking-survey-2013.pdf>

2.11. Some of the standards, for example the GS on appointments, apply both to gas and electricity supply, and to distribution and transportation. These SIs have developed over time and although similar obligations apply across gas and electricity, there are slight differences, for example the definition of working hours.

2.12. In this consultation we have sought to simplify arrangements for standards of performance applying to gas and electricity suppliers. Any changes we propose to make for suppliers will have implications for network businesses, particularly where there are common obligations applying to both. Therefore, we have decided to separate the supplier standards from the existing gas and electricity SIs and will consider creating either a single SI just for supplier standards or SI's for gas and electricity suppliers only. It will strip out those standards which do not apply (those for gas and electricity networks) and, potentially, give suppliers and consumers one discrete place to look for relevant standards.

### **Service area coverage**

2.13. As part of this review we have looked at whether to expand performance standards coverage to new service areas not subject to the current arrangements.

2.14. A few respondents to our Call for Evidence suggested some potential new areas for coverage. These high-level proposals mainly focused on a wide range of smart metering related issues. However, suppliers are still in the early stages of developing their smart-specific customer service offerings. We are also aware of various rules and ongoing work to ensure consumers with smart meters remain protected and receive good service.

2.15. We have concluded that it is not appropriate to expand performance standards coverage to new service areas related to smart metering as part of this review. Nevertheless, we intend to work with colleagues and stakeholders leading other projects focused on ensuring that consumers receive good service from suppliers offering smart metering, to assess whether to add new performance standards.

2.16. Coverage could be expanded in future to other areas not referenced by respondents to our Call for Evidence. For example, as part of our Smarter Markets Programme, we are addressing erroneous transfers. A new performance standard could be relevant in this area and we will engage with colleagues to assess whether one might be appropriate as their work progresses.

2.17. In considering creating any new performance standards in future, we will seek to apply the same principles (see paragraph 3.1) that we have used in assessing the service areas covered under the current arrangements. We will also consider any expansion of coverage in the context of broader market developments.



## 3. Existing Guaranteed Standards and Overall Standards Service Area Coverage

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### Chapter Summary

In this chapter we examine each of the individual service areas currently covered under the Guaranteed Standards (GS) and Overall Standards (OS). We set out our proposals on whether standards of performance are necessary in order to protect consumers for each service area.

**Question 1:** Do you agree that a GS should be created, replacing the existing OS, to cover the time taken for suppliers to reconnect customers disconnected for unpaid charges once the debt has been repaid/an agreement reached? Would the core requirements of the standard need to change from those set out in the existing OS?

**Question 2:** Do you agree that the existing GS and OS should be merged to create a revised GS on visiting to repair or replace a faulty prepayment meter? Would the core requirements of the existing standard need to change, for example aligning the timeframes for visit?

**Question 3:** Do you agree that the GS to cover the making and keeping of appointments by suppliers should be retained? Would the core requirements of the existing standard in this area need to change and if so, how?

**Question 4:** Do you agree that the GS for faulty metering should be retained? Do any of the core requirements need to change, and if so, how?

**Question 5:** Do you agree that the OS for resiting meters can be removed? How will suppliers manage requests from customers wishing to have their meters resited in the absence of a performance standard in this area?

**Question 6:** Do you agree that the existing OS requirement for changing the basis of charging involving a change of meter should be removed? How will suppliers seek to manage requests from customers in the absence of a performance standard in this area?

**Question 7:** Do you agree that the GS applying solely to customers served by an ex-PES supplier operating in their ex-PES area should be removed?

**Question 8:** We would welcome views along with supporting evidence on whether the revised GS should apply to micro business customers as well as domestic. We would also be interested in views regarding whether coverage should be limited to a subset of micro-business customers and if so how any such subset might be defined, and whether only certain of the revised GS might apply to them.

**Question 9:** Are there any areas of the regulations where you think the obligations could be clarified? Please explain why.

**Question 10:** Do you agree that the definition of working hours should be aligned? If so, what should those working hours be?

### Assessing individual service area coverage

3.1 We have used a number of criteria to assess whether performance standards should be retained, in some form, for each of the service areas covered by the existing GS and OS<sup>7</sup>. We have assessed:

- 1) Whether a failure in the service area is likely to impact on an individual customer's supply.
- 2) Whether there is clear evidence or risk of significant consumer detriment due to delivery failures in the service area, both in terms of the frequency of failures across the industry and the impact of failure on an individual customer.
- 3) Whether other rules or commitments adequately cover the specific service area covered under the existing arrangements.

3.2 Below we summarise the service areas where we believe performance standards should either be retained or created, as well as those where we think a standard may no longer be needed.

### Service areas where we think that a GS should be retained/created

*Reconnection following disconnection for unpaid charges*

<b>Fuel/ Standard type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity OS 2  Gas OS 4	Domestic customers only	Reconnection following disconnection for unpaid charges	100% of customers within 24 hours where the default has been made good	N/A

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<sup>7</sup> In the following section we summarise individual GS and OS. Readers should follow the links on page three to the complete GS and OS in order to gain a complete understanding of each standard, including any relevant exemptions.

- 1) **Impact on supply:** A failure to provide this specific service will clearly result in a delay to a customer's supply being restored.
- 2) **Consumer detriment:** The level of detriment due to a failure in this service area is likely to be significant in each individual case given that the affected customer will be off supply. We also note that consumers disconnected for debt reasons may be in vulnerable circumstances having previously been unable to repay a debt.<sup>8</sup>
- 3) **Views from our Consumer First Panel:** Panellists specifically considered the existing OS covering this service area. A key output from Panellists was their feeling that the timeframe that applies to the current OS (24 hours) was too long, and that the timeframe could be aligned with that applied for fixing faulty prepayment meters (currently three or four hours). Some Panellists felt that with technological advances, reconnection could be immediate. There was the expectation that compensation is desirable where people are inconvenienced or continuity of supply is threatened.
- 4) **Other relevant coverage:** We monitor a range of disconnection activities through our Social Obligations Reporting (SOR), including monitoring the number of customers that have been reconnected during quarterly and annual periods and the time it has taken for these customers to be reconnected. The six large suppliers are committed to a voluntary code of practice, the Energy UK Safety Net, which signs them up to reconnecting customers where they have been disconnected in error or where they have been identified as 'vulnerable'<sup>9</sup> following disconnection. The Safety Net commits the six large suppliers to conduct these reconnections usually within 24 hours. There is also protection from disconnection for certain customers in the supply licence conditions<sup>10</sup>.
- 5) **Duplication:** We do not believe that the requirements in this performance standard are entirely duplicated elsewhere, although recognise that there is some overlap with other work and commitments.

3.3 On the basis of our analysis, we are minded to create a new GS to replace the existing OS and thus retain performance standards coverage in this area. We believe that it is important consumers remain fully protected by a performance standard in this area primarily in light of the significant detriment that is likely to occur wherever a supplier fails to act swiftly to reconnect a customer's supply.

**Question 1:** Do you agree that a GS should be created, replacing the existing OS, to cover the time taken for suppliers to reconnect customers disconnected for unpaid charges once the debt has been repaid/an agreement reached? Would the core requirements of the standard need to change from those set out in the existing OS?

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<sup>8</sup> These customers can access specialist support from Consumer Futures Extra Help Unit.

<sup>9</sup> As defined in the Energy UK Safety Net.  
<http://www.energy-uk.org.uk/policy/disconnection.html>

<sup>10</sup> SLC27.9-27.11B gas and electricity supply licences.

*Fixing faulty prepayment meters*

<b>Fuel/ Standard Type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity GS 18  Gas GS 5	Domestic customers only	Fixing a faulty prepayment meter	Visit within three hours on a working day and within four hours on a non-working day (electricity)  Visit within four hours on any day (gas)	£22 electricity  £20 gas
Electricity OS 4  Gas OS 3	Domestic customers only	Visit to fix a faulty prepayment meter	98% of all customers within three hours (electricity), four hours (gas) on a working day  95% of all customers within four hours on a non-working day (both fuels)	N/A

- 1) **Impact on supply:** A failure to provide this specific service may in severe cases result in a loss of supply to an individual customer.
- 2) **Consumer detriment:** The level of detriment due to a failure in this service area will be significant where the fault results in a loss of supply or prolonged inaccurate billing. In other cases, the level of detriment will be less severe.
- 3) **Views from our Consumer First Panel:** Panellists specifically considered the existing OS in this service area. A key output from Panellists was their positive reaction to the response timeframes associated with the current performance standards (three-four hours). There was also the view that compensation is warranted where people are inconvenienced or continuity of supply is threatened.
- 4) **Other relevant coverage:** We are not aware of other directly relevant coverage in this area.

- 5) **Duplication:** We do not believe that the requirements in these performance standards are duplicated elsewhere.

3.3 On the basis of our analysis, we are minded to combine the existing GS and OS in this area and retain a revised GS. It is important that prepayment customers, especially those who find themselves in vulnerable circumstances, receive a swift response from their supplier where their meter develops a fault. This is especially important where that fault results in a loss of supply or prolonged inaccurate billing. We can see no reason why the difference in the hours for visits between gas and electricity should remain.

**Question 2:** Do you think that the existing GS and OS should be merged to create a revised GS on acting quickly to repair or replace a faulty prepayment meter? Would the core requirements of the existing standard need to change, for example aligning the timeframes for visit?

*Making and keeping appointments*

<b>Fuel/ Standard Type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity GS 19	All customers (electricity)	Making and keeping appointments	Offer and keep an appointment within a time window; either wholly before 1 o'clock or wholly after noon or two hours	£22 electricity
Gas GS 6	Domestic customers only (gas)			£20 gas

- 1) **Impact on supply:** A failure to provide this service is unlikely to result in a loss of supply to an individual customer.
- 2) **Consumer detriment:** Late or missed appointments can result in inconvenience and financial detriment to an individual customer, particularly where they have taken time off work or where a micro business has planned for operational disruption. The level of detriment will clearly vary significantly according to the individual circumstances of each case.
- 3) **Views from our Consumer First Panel:** Panellists specifically considered the existing GS in this service area. A key output from Panellists was their view that when arranging a timed appointment, they should be able to agree an appointment within a two or three hour window. A few panellists would be content with a longer slot as long as they received a text one hour before the appointment.

- 4) **Other relevant coverage:** There are some rules around arranging appointments in the Smart Metering Installation Code of Practice (SMICOP). The current SMICOP rules refer to the GS on appointments which sets more specific requirements for arranging an appointment within a time window than are set out in the SMICOP.
- 5) **Duplication:** We do not believe that the requirements in this performance standard are entirely duplicated elsewhere, although recognise that there is some overlap with other rules.

3.4 On the basis of our analysis, we consider that a GS in this area should be retained. Clear rules are needed where consumers and suppliers seek to arrange timed appointments so that both parties have reasonable expectations and can plan other activities around the appointment.

3.5 As noted above, Consumer First Panellists considered a two / three hour appointment window was appropriate, and were willing to accept a longer appointment time in return for better communication of when the supplier would be attending. In this context we are aware that suppliers' value having the flexibility to offer differing types of appointments which suit the customer and optimise efficiency. This will be particularly important as suppliers roll out smart meters to every household and small business.

3.6 We are keen to understand whether the current appointment standard meets the needs of both customers and suppliers in this context or whether a revised standard would provide greater simplicity while retaining flexibility. For example, one option for a revised standard could be for suppliers to offer a three-hour appointment window as standard while also having the flexibility to make other offerings including conducting visits on spec where this approach is appropriate and carefully managed.

3.7 Consumers have differing lifestyle and working patterns which may impact on their preferences when arranging appointments. Therefore, suppliers may also need to consider providing, on a voluntary basis out of hours appointments in certain situations for example where the customer is absent from the property during the week.

**Question 3:** Do you agree that the GS to cover the making and keeping of appointments by suppliers should be retained? Would the core requirements of the existing standard in this area need to change and if so, how?

*Responding to and taking action on queries relating to meters operating outside the margins of error within a prescribed period*

Fuel/ Standard Type/ Regulation	Customer Application	Supplier Service	Performance Standard	Payment
Electricity GS 17  Gas GS 4	Domestic customers only	Faulty metering (metering operating outside the margins of error)	Offer to attend to fix a faulty meter within seven working days/ write to explain why a visit is not needed within five working days	£22 electricity  £20 gas

- 1) **Impact on supply:** A failure to provide this service is unlikely to result in a loss of supply to an individual customer.
- 2) **Consumer detriment:** Consumers make a significant number of complaints to suppliers relating to perceived account inaccuracies, of which some relate to meters appearing to operate outside the margins of error. Delayed responses to these queries can cause frustration for customers and in severe cases result in financial detriment if a meter is shown to be operating inaccurately.
- 3) **Views from our Consumer First Panel:** Panellists specifically considered the existing GS on responding to and taking action on queries relating to meters operating outside the margins of error, and voiced some concern about the possibility of being overcharged. A key output from Panellists considering all queries was a desire for their inquiry to be treated on its merits and with a suitable degree of empathy.
- 4) **Other relevant coverage:** Five of the six large suppliers are signed up to the Energy UK Billing Code which sets out guidelines for the way in which suppliers should deal with billing issues. Other suppliers have their own similar commitments. However, the Energy UK Billing Code does not set out specific response timeframes for suppliers when dealing with queries related to meters operating outside the margins of error, and we are not aware of other requirements or industry-wide commitments on this specific issue.
- 5) **Duplication:** We do not believe that the requirements in these performance standards are entirely duplicated elsewhere, although recognise that there is some overlap with other commitments.

3.8 On the basis of our analysis, we are minded to retain a GS in this area. It is important that suppliers' take appropriate action to reassure consumers that their meter is accurate and to resolve the matter quickly where it is not, particularly in a period of increasing energy prices.

**Question 4:** Do you agree that the GS for faulty metering should be retained? Do any of the core requirements need to change, and if so, how?

**Service areas where performance standards may no longer be needed**

*Resiting meters*

<b>Fuel/ Standard Type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity OS 1	Domestic customers supplied at a low voltage only (electricity)	Visit to resite a meter	100% of customers within 15 working days	N/A
Gas OS 1	Domestic customers only (gas)			

- 1) **Impact on supply:** A failure to provide this service is unlikely to result in a loss of supply to an individual customer.
- 2) **Consumer detriment:** Although a failure in this area could result in some inconvenience for a customer, the detriment caused to an individual customer is likely to be minimal.
- 3) **Views from our Consumer First Panel:** Panellists did not specifically consider the existing requirements in this area. However Panellists did discuss their expectations of supplier performance when resiting meters. Aside from where a meter would need to be moved to enable a customer to remain on supply, Panellists thought that a meter move would not be an urgent issue and therefore placed less value on suppliers having to meet a specific standard in this area compared to other areas.
- 4) **Other relevant coverage:** All customers using a prepayment meter are protected by existing licence conditions requiring that suppliers consider whether it is safe and reasonably practicable for them to do so. Where a supplier identifies safety or practicality issues, one potential solution is to resite the meter. In addition, certain customers in vulnerable situations needing their prepayment meter resited due to infirmity are protected by a separate licence condition requiring a supplier to resite the meter.
- 5) **Duplication:** We do not believe that the requirements in this performance standard are entirely duplicated elsewhere because other requirements do not set a timeframe within which action should be taken. However, other requirements do provide substantial protection for customers needing to have their meter resited.



3.9 On the basis of our analysis, we are minded to remove the existing OS in this area. Existing coverage elsewhere provides consumers, especially consumers finding themselves in vulnerable circumstances, with protection where they need to have their meter resited. With these protections in place we can see little need for a performance standard in this area. We are not aware of any evidence to suggest that consumers have particular concerns or experience particular issues in this area or that suppliers fail to act within acceptable timeframes where meter resiting is concerned. We also note that the existing OS in electricity already only applies where the consumer is supplied at low voltage.

**Question 5:** Do you agree that the OS for resiting meters can be removed? How will suppliers manage requests from customers wishing to have their meters resited in the absence of a performance standard in this area?

*Change to the basis for charging involving a change of meter*

<b>Fuel/ Standard Type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity OS 3  Gas OS 2	All domestic customers	Visit to enable a change to the basis for charging by changing the meter following a customer request	100% of customers within ten working days	N/A

- 1) **Impact on supply:** A failure in this service area is unlikely to result in a loss of supply to an individual customer.
- 2) **Consumer detriment:** Although a failure in this service area could result in some inconvenience for a customer, we believe that the detriment caused to an individual customer is likely to be minimal.
- 3) **Views from our Consumer First Panel:** Panellists did not consider this service area directly but they did discuss changing suppliers with an existing supplier. They prioritised transparency in this area and felt a principle-based approach would be most suitable.
- 4) **Other relevant coverage:** Existing licence conditions require suppliers with 50,000 or more customers to provide their customers with a wide choice of payment options. Ofgem collects information on the number of prepayment meters installed for debt, and the number of customers who request an exchange of meter from prepayment to credit as part of its social obligations monitoring.
- 5) **Duplication:** We do not believe that the requirements in these performance standards are duplicated elsewhere.

3.10 On the basis of our initial analysis, we are minded to remove the existing performance standard requirements in this area. Suppliers have a strong commercial incentive to arrange payment methods that will allow for their customers to pay for the gas and electricity they use. Delays in making these arrangements will result in delays to payments being made. Any delays that are experienced by customers may cause inconvenience but any detriment is likely to be minimal.

**Question 6:** Do you agree that the existing OS requirement for changing the basis of charging involving a change of meter should be removed? How will suppliers seek to manage requests from customers in the absence of a performance standard in this area?

*Responding to queries about a change of payment method or the correctness of an account*

<b>Fuel/ Standard Type/ Regulation</b>	<b>Customer Application</b>	<b>Supplier Service</b>	<b>Performance Standard</b>	<b>Payment</b>
Electricity GS 16	All customers served by ex-Public Electricity Suppliers (PES) operating in their ex-PES area	Queries about change of payment method, account accuracy and due payments	Provide a substantive written reply within five working days, and where a payment is due, to make it within a further five working days	£22 electricity

- 1) **Impact on supply:** A failure in this service area is unlikely to result in a loss of supply to an individual customer.
- 2) **Consumer detriment:** Although a failure in this service area could result in some inconvenience for a customer, we believe that the detriment caused to an individual customer is likely to be minimal.
- 3) **Views from our Consumer First Panel:** Panellists did not specifically consider the existing requirements applying only to PES only in this area.
- 4) **Other relevant coverage:** Existing licence conditions require suppliers with 50,000 or more customers to provide their customers with a wide choice of payment options. Domestic suppliers are also unable to back-bill customers for energy used more than 12 months before where they are at fault.
- 5) **Duplication:** We do not believe that the requirements in these performance standards are duplicated elsewhere.

3.11 We are minded to remove the GS in this area. This GS applies only to customers of former monopoly suppliers operating in their former monopoly areas.

While many suppliers retain a significant market share in their former monopoly areas, it is not apparent that these consumers need any greater protection on this particular issue than consumers served by non ex-PES suppliers. Additionally, we consider that this distinction needlessly complicates the GS regime and makes it harder to communicate arrangements to consumers.

**Question 7:** Do you agree that the GS applying solely to customers served by an ex-PES supplier operating in their ex-PES area should be removed?

### **Micro-business coverage**

3.12 The current standards regime applies almost wholly to domestic customers only, with some protection provided to business customers. With the exception of electricity GS 16 applying to ex-PES customers only, and electricity GS 19 on appointments, the standards in electricity apply solely to domestic consumers. The GS in gas apply only to domestic consumers. The OS in both gas and electricity also apply only to domestic consumers.

3.13 As noted above, the Complaints Handling Standards Regulations cover complaints to suppliers from domestic and micro-business consumers, and they can also refer their complaint to the Ombudsman. There are also protections in supply licence conditions relating to both domestic and micro-business consumers. In our Retail Market Review we noted that many small businesses have similar levels of knowledge of, and engagement in, the energy market to domestic customers. Micro-businesses may suffer inconvenience and potentially financial detriment in a similar manner to domestic customers where suppliers perform poorly in the service areas that we expect to be covered under the revised GS. We note that in the water industry, the equivalent standards cover both domestic and micro-business customers.

3.14 However, we are mindful of the significant differences between the small business energy market and domestic. Most customers have fixed-term contracts between one and three years. Prices are offered on a bespoke basis. Suppliers enter into quite different contractual arrangements with business customers compared to domestic customers. These contractual arrangements may include service level agreements that are not present where a supplier contracts with a domestic customer. The nature of the relationships that suppliers build with business customers may also be quite different to their relationships with domestic customers.

3.15 As noted above, the current standards regime provides some coverage to micro-business customers. Applying the revised GS to micro-business customers represents an extension of the scope of regulation and we are mindful that this could potentially increase regulatory burden on small suppliers operating in the non-domestic market. The definition of a micro business was also expanded from 31

March 2014 to provide further protection to a larger group of businesses<sup>11</sup>. We are also conscious that processing relatively small compensatory payments may perversely result in unwanted cost and administrative burden for some micro business customers. We note that where a micro business customer is dissatisfied with their energy supplier they can also seek compensation from the Ombudsman.

3.16 In the absence of clear evidence, and noting the potential advantages and disadvantages, we have not decided at this stage whether all the revised GS should apply solely to domestic customers (thus removing the single GS on appointments which applies to all customers in electricity) or be expanded to include micro-business customers as well. If micro business customers are to be included, one option would be to limit coverage to a particular sub-set or for only certain of the revised GS to apply to them. However, we recognise that this might serve to complicate the revised GS regime when our intention is to simplify it.

3.17 We do not intend to apply revised GS to larger business customers. Our research shows that larger businesses are well placed to agree their own contractual arrangements with suppliers including compensation arrangements where suppliers fail to meet agreed performance requirements. We do not think that these customers need the added protection of a GS regime.

**Question 8:** We would welcome views along with supporting evidence on whether the revised GS should apply to micro business customers as well as domestic. We would also be interested in views regarding whether coverage should be limited to a subset of micro-business customers and if so how any such subset might be defined, and whether only certain of the revised GS might apply to them.

### **New look coverage**

3.18 The effect of these changes will be that there is no longer a need for both the GS and OS mechanisms, and that the OS mechanism can be removed. The revised GS ensures that consumers will continue to receive redress where they experience service failures. The overlap that has existed between the current arrangements and which creates unnecessary regulatory complexity is removed.

3.19 In summary, under our proposals, there will be a revised GS regime containing clear, strong performance standards for consumers on:

- Reconnection following disconnection for unpaid charges;
- Fixing faulty prepayment meters;
- Faulty metering (not prepayment); and
- Making and keeping appointments.

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<sup>11</sup> <https://www.ofgem.gov.uk/publications-and-updates/implementation-retail-market-review-non-domestic-proposals-%E2%80%93-decision-make-licence-modifications>

## **Ancillary issues**

### *Disputes*

3.20 The current GS includes a function<sup>12</sup> for the Authority to determine disputes including those relating to GS applicable to suppliers. Where a consumer wishes to make a complaint about a supplier service failure, we would expect them to follow the normal complaints handling route, raising the issue with their supplier in the first instance. Where the complaint cannot be resolved within eight weeks or deadlock is reached (the supplier says it can do no more to resolve the complaint), whichever is sooner, the Ombudsman can investigate. Where a customer is dissatisfied with the Ombudsman's conclusion they can ultimately seek a determination by the Authority. We will consider whether it is necessary to publish a guidance document, similar to that published for connection charge disputes<sup>13</sup>, should we see a rise in requests for determination where the above process has not been followed.

### *Aligning means of GS payment options*

3.21 Through our review we also intend to align the current discrepancy between the gas and electricity GS around payment options, one of the detailed issues raised by respondents to our Call for Evidence. Under the current arrangements, customers can receive payments via a BACS transfer as well as via other means when they experience a service failure associated with gas supply. This payment route is not available under the electricity GS. We intend to align payments options in electricity with those currently available in gas.

### *GS Exemptions*

3.22 The current regime sets out circumstances where a supplier is exempt from making a GS payment. For example payments may not be made in some circumstances where the supplier is impacted by its employees taking industrial action. It does not appear to us that changes to these provisions are necessary.

### *Miscellaneous drafting issues*

3.23 We have identified a number of drafting issues within the current GS. In some cases, there are minor discrepancies between gas and electricity requirements which are otherwise identical. We will remedy these minor issues in the revised statutory instrument.

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<sup>12</sup> This function is derived from sub-section 33AB(1) of the Gas Act 1986 and section 39B(1) of the Electricity Act 1989.

<sup>13</sup> <https://www.ofgem.gov.uk/ofgem-publications/38164/determinationsguidanceaug2012.pdf>

**Question 9:** Are there any areas of the regulations where you think the obligations could be clarified? Please explain why.

3.24 We note that there are differences in the definition of working hours in Part II of both the gas and electricity regulations. In gas, the definition of working hours in Part II is 7.00 am and 7.00 pm on each working day and 9.00 am and 5.00 pm on any other day. In electricity it is 8.00 am to 8.00 pm on each working day and 9.00 am to 5.00 pm on any other working day. It is not clear why there should be any difference in working hours for suppliers and in our view these should be aligned in both fuels.

**Question 10:** Do you agree that the definition of working hours should be aligned? If so, what should those working hours be?

## 4. The Guaranteed Standards – Payments and Information Provision

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### Chapter Summary

This chapter looks at the Guaranteed Standards (GS) mechanism that requires suppliers to make payments to consumers in individual cases of breach. It also considers the existing requirements and options around providing information by suppliers on consumers' rights and their performance under the GS.

**Question 11:** Do you agree that payment levels should be aligned and increased to £29 for all standards? What method should be used to decide revised payment levels going forwards and how frequently should this review take place? Do you think that it would be appropriate to set differing payment levels for differing GS accounting for the likely impacts when each GS is breached?

**Question 12:** If the revised GS are applied to both domestic and micro-business customers, do you agree that the payment level should be the same?

**Question 13:** Do you agree that suppliers should be given flexibility in how to inform customers' of their rights under the supplier GS? Are there other options for raising awareness more generally?

**Question 14:** Do you agree that suppliers should be required to provide information about their performance, with flexibility in how to do so, via the Regulations? How might suppliers increase transparency about their performance?

### Provision of payments in individual cases of breach

4.1 Under the existing GS, suppliers must make automatic payments to customers in individual cases of breach. They must also make a further payment to the affected customer if they have failed to make the initial payment, and make a payment if they fail to respond to a customer who believes they are due a payment because of a GS breach within a prescribed period. As the OS mechanism sets overall performance targets there is no requirement for suppliers to make payments to customers in cases of breach under the OS.

4.2 Prescribed payments under the GS are not designed to provide compensation reflecting the levels of any financial loss suffered as a result of a failure to meet the relevant standard. Suppliers can provide compensation above the level of the GS if they wish, and the customer can seek independent redress from the Ombudsman. Nevertheless, the requirement for suppliers to make payments under the GS mechanism should help drive strong performance. Suppliers should be mindful that systemic failures leading to multiple breaches will result in significant cost, as well as the possibility of further individual compensation awarded by the Ombudsman or enforcement action by Ofgem..

4.3 The current GS payment levels are set at £22 for electricity and £20 for gas. Aside from a small increase in the payment levels for electricity from £20-£22, neither set of payment levels has been revised for more than a decade. Therefore, as part of this review, we are considering whether changes should be made to the compensation payable for a GS failure.

*Approaches to revising GS payment levels*

4.4 We have considered a number of potential options for revising GS payment levels:

- 1) Leaving payment levels as they are (£22 for all electricity GS, £20 for all gas GS).
- 2) Leaving payment levels as they are except revising the gas payment level up to match the electricity level.
- 3) Increasing the payment levels for all GS to a new set amount (with gas and electricity levels aligned).
- 4) Setting different levels for each GS accounting for the likely impacts when each GS is breached (with gas and electricity levels aligned).

4.5 There is no apparent reason why different payment levels apply in gas and electricity. While each individual circumstance will be different, we do not have any evidence to support having differing payment levels based solely on whether a service failure is associated with gas or electricity supply. Therefore, we propose that gas and electricity payment levels should be aligned.

4.6 Several different approaches could be taken to increase GS payment levels. Compensation for DNO/GDN service failures or to failures in the water sector could be used as a benchmark for the supplier GS. However, we note the significant differences in both the respective market environments and some of the performance standards themselves in these cases. We also note that in the water sector, compensation has not increased for a number of years.

4.7 Another approach could be to use increases in average energy bills as a benchmark, noting that there will be significant differences between the average domestic bills compared to the average micro-business bill. We could reflect the approach being taken for the GS that apply to DNOs as part of the RIIO ED-1 price control and increase payment levels in line with inflation.

4.8 As noted above, payment levels have been largely unchanged for more than a decade. Taking 2002 as a base line (when payment levels for both gas and electricity were £20) an increase in line with inflation since then to its expected level in 2015 would mean an increase to £29. We think that the GS should be increased to this level, in keeping with the approach for RIIO ED-1. This would better reflect the likely impact of inconvenience suffered by an individual consumer.



4.9 We note that similar performance standards regimes set differing payment levels for different standards in some cases, for example in the DNO/GDN GS regimes where compensation for a loss of supply is greater than that for a voltage complaint. It is also evident in the Guaranteed Standards of Service (GSS) scheme for water companies. Under the GSS for example, payment levels are significantly higher when a customer is affected by sewer flooding compared to other issues. The level of payment appears to be dictated by the severity of the impact on the consumer

**Question 11:** Do you agree that payment levels should be aligned and increased to £29 for all standards? What method should be used to decide revised payment levels going forwards and how frequently should this review take place? Do you think that it would be appropriate to set differing payment levels for differing GS accounting for the likely impacts when each GS is breached?

#### *Payment levels for micro-business customers*

4.10 Several respondents to our Call for Evidence suggested that it may be appropriate to set higher GS payment levels for business customers compared to domestic customers. Stakeholders suggested this approach on the basis that business customers may often suffer more severe financial detriment due to poor customer service.

4.11 It is not the role of the GS to compensate for actual or potential financial loss suffered by the individual consumer. If the customer is unhappy and wishes to seek compensation at a level higher than the GS they can use the existing complaints and redress mechanisms provided by the complaints standards and Ombudsman. If any or all of the revised GS are applied to micro business, we do not intend that the payment levels for micro businesses and domestic customers are different.

**Question 12:** If the revised GS are applied to both domestic and micro-business customers, do you agree that the payment level should be the same?

#### **Provision of information on consumers' rights**

4.12 Under the current standards, suppliers must produce a statement setting out consumers' rights in relation to the performance standards and to send this to their domestic customers annually. Some suppliers also publish a statement on their website that shows consumers' rights.

4.13 Our Consumer First Panel was critical of suppliers in this area, believing that they did not publicise the GS enough. However, we note from other research that while consumers would like to see more information in general from suppliers, they also acknowledge that they are unlikely to read it. In this context it is not clear that the current arrangements are the best way to increase consumer understanding. The GS requires suppliers to make payments to customers automatically where they

become aware of individual cases of breach, arguably reducing the need for consumers to be sent an individual copy of their rights annually.

4.14 Therefore, it is not clear to us that there is a continuing need to prescribe in the regulations that the list of supplier GS be sent to consumers on an annual basis. We want to provide suppliers with the flexibility to give information about consumers' rights under the standards in ways designed to best engage them. Suppliers will still be required to send a notice of rights to customers on behalf of the electricity distributor in accordance with regulation 24(5), and the gas transporter in accordance with regulation 15(4). There may also be value in an awareness-raising initiative to highlight consumers' rights under the GS as proposed by some respondents to our Call for Evidence.

**Question 13:** Do you agree that suppliers should be given flexibility in how to inform customers' of their rights under the supplier GS? Are there other options for raising awareness more generally?

### **Publication of information on suppliers' performance**

4.15 While suppliers must currently publish a statement showing performance achieved against the OS, there is no requirement for suppliers to communicate their performance under the GS to consumers. The Citizens Advice Service is required to publish information on GS performance; it is open to them to publish any information in a form, manner and at a frequency which it deems appropriate.

4.16 We believe that increased visibility of supplier performance against the GS may drive consumer benefits through reputational regulation. One way of ensuring this would be to include a requirement in the Regulations for suppliers to provide this information but giving them the flexibility to determine how this might be best done. This is an approach we have taken with energy suppliers in other areas such as domestic consumer complaints data, and debt and disconnection. All domestic suppliers now publish complaints information in a common format together with an explanation of what is driving complaints and what suppliers are doing about them. Ofgem also provides links to this information on individual supplier websites to increase its visibility. Comparing supplier performance could also help to empower consumers considering their switching options.

**Question 14:** Do you agree that suppliers' should be required to provide information about their GS performance, with flexibility in how to do so, via the Regulations? How might suppliers increase transparency about their performance?

## Appendix 1 – Consultation response and questions

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1.1. Ofgem would like to hear your views of on any of the issues in this document.

1.2. We would especially welcome responses to the specific questions which we have put at the beginning of each chapter.

1.3. Please respond by close of business on Monday 22 August 2014. Please Send responses to:

Jonathan Blagrove  
Consumer Policy and Insight  
Ofgem, 9 Millbank, London SW1P 3GE  
020 7901 7368  
[jonathan.blagrove@ofgem.gov.uk](mailto:jonathan.blagrove@ofgem.gov.uk)

1.4. Unless marked confidential, all responses will be published in Ofgem’s library and on our website [www.ofgem.gov.uk](http://www.ofgem.gov.uk). You may ask for your response to be kept confidential which we’ll respect subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.

1.5. If you want your response to be kept confidential, please mark your document/s to that effect and include the reasons for confidentiality. Please put any confidential material in the appendices to your responses.

**Question 1:** Do you agree that a GS should be created, replacing the existing OS, to cover the time taken for suppliers to reconnect customers disconnected for unpaid charges once the debt has been repaid/an agreement reached? Would the core requirements of the standard need to change from those set out in the existing OS standard?

**Question 2:** Do you that the existing GS and OS should be merged to create a revised GS on acting quickly to repair or replace a faulty prepayment meter? Would the core requirements of the existing standard need to change, for example aligning the timeframes for visit?

**Question 3:** Do you agree that the GS to cover the making and keeping of appointments by suppliers should be retained? Would the core requirements of the existing standard in this area need to change and if so, how?

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**Question 4:** Do you agree that the GS for faulty metering should be retained? Do any of the core requirements need to change, and if so, how?

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**Question 5:** Do you agree that the OS for resiting meters can be removed? How will suppliers manage requests from customers wishing to have their meters resited in the absence of a performance standard in this area?

**Question 6:** Do you agree that the existing OS requirement for changing the basis of charging involving a change of meter should be removed? How will suppliers seek to manage requests from customers in the absence of a performance standard in this area?

**Question 7:** Do you agree that the GS applying solely to customers served by an ex-PES supplier operating in their ex-PES area should be removed?

**Question 8:** We would welcome views along with supporting evidence on whether the revised GS should apply to micro business customers as well as domestic. We would also be interested in views regarding whether coverage should be limited to a subset of micro business customers and if so how any such subset might be defined, and whether only certain of the revised GS might apply to them

**Question 9:** Are there any areas of the regulations where you think the obligations could be clarified? Please explain why.

**Question 10:** Do you agree that the definition of working hours should be aligned? If so, what should those working hours be?

**Question 11:** Do you agree that payment levels should be aligned and increased to £29 for all standards? What method should be used to decide revised payment levels going forwards and how frequently should this review take place? Do you think that it would be appropriate to set differing payment levels for differing GS accounting for the likely impacts when each GS is breached?

**Question 12:** If the revised GS are applied to both domestic and micro-business customers, do you agree that the payment level should be the same?

**Question 13:** Do you agree that suppliers should be given flexibility in how to inform customers' of their rights under the supplier GS? Are there other options for raising awareness more generally?

**Question 14:** Do you agree that suppliers' should be required to provide information about their performance, with flexibility in how to do so, via the Regulations? How might suppliers increase transparency about their performance?

## Appendix 2 - Feedback Questionnaire

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1.1. Ofgem considers that consultation is at the heart of good policy development. We are keen to consider any comments or complaints about the manner in which this consultation has been conducted. We would be keen to get your answers to the following questions:

1. Do you have any comments about the overall process, which was adopted for this consultation?
2. Do you have any comments about the overall tone and content of the document?
3. Was the document easy to read and understand, could it have been better written?
4. To what extent did the document's conclusions provide a balanced view?
5. To what extent did the document make reasoned recommendations for improvement?
6. Please add any further comments.

## Appendix 3 – Glossary

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### C

Consumer First Panel - The Consumer First Panel consists of 80-100 everyday domestic customers recruited from various locations across Britain. The Panel meets regularly to discuss key issues impacting on their participation in the energy market, as well as other energy-related topics.

### D

DNO – (electricity) Distribution Network Operator.

### E

Ex-PES - Ex Public Electricity Supplier - The Public Electricity Suppliers were the supply companies originally created when the electricity market was privatised.

### G

GDN – Gas Distribution Network.

GS – Guaranteed Standard (of Performance).

### M

Micro-business – As defined in the Electricity Supply Standard Licence Conditions and the Gas Supplier Standard Licence Conditions.

### O

OS – Overall Standard (of Performance).

### S

SI – Statutory Instrument.