



Jonathan Blagrove
Consumer Policy and Insight
Ofgem
9 Millbank
London
SW1P 3GE

22 August 2014

Dear Jonathan,

Consultation on the Supplier Guaranteed and Overall Standards of Performance

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy welcomes Ofgem's timely review of the Guaranteed and Overall Standards of performance. We believe the outcome of the review should ensure that the arrangements are fit for purpose, reflect consumer needs and do not create unnecessary burdens.

Primarily, we believe that the proposed changes to the standards appropriately reflect the current market structure in terms of the protection required by consumers whilst taking due account of the existing protections offered to consumers such as the consumer complaints and redress mechanism. Furthermore, we are supportive of Ofgem's proposal to align the arrangements across all suppliers, as having obligations solely on ex-Public Electricity Suppliers creates a two-tier system which does not fit in the current GB wide market place.

We note that the roll-out of smart metering will necessitate a further review of these standards and that, as a result, the standards will need to be revisited in the near future. For example, the majority of current Guaranteed Standards (GS) are focused solely on the meter, whereas under smart roll-out the metering system includes the communications hub and an In Home Display. Furthermore, technological advances will allow some activities that previously required a site visit to be able to be performed at the press of a button. Equally, there may be scenarios where the smart meter is operating normally within the parameters of the GS; however, the meters are not operating in smart mode due to communication issues. These developments should be considered holistically to ensure that post smart meter roll-out customers continue to benefit from an appropriate guaranteed standard of service and experience.

We would welcome further clarity as to how Ofgem considers smart metering will change the landscape and scope of GS. For example, will a supplier be required to declare a GS failure, and be liable for a penalty payment, if when notified of an issue it remotely sends messages to the meter via the DCC to diagnose/fix the problem, but there is a delay in the message getting to the meter because of communication issue?

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Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Denise Willis on 0191 5125442, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink that reads "Paul Delamare".

Paul Delamare
Head of Downstream Policy and Regulation

Attachment

Consultation on the Supplier Guaranteed and Overall Standards of Performance

EDF Energy's response to your questions

Q1. 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?

We agree with the approach and criteria Ofgem has taken when assessing whether performance standards should be retained, namely:

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

There is currently no equivalent GS standard in this area which covers reconnection in 24 hours following disconnection for unpaid charges, once the charges have been paid. The Energy UK Safety Net does provide a protection around disconnection in error for domestic customers (payment of £50), and a similar protection for micro-business customers under the Non-Domestic Spring (payment of at least £100.00).

However, this does not include a financial penalty for failure to reconnect following disconnection for debt, once the payment has been received.

Given the impact on individual supply, and consumer detriment, we agree that a GS should be created to replace the existing OS standard for domestic customers. We believe that the core requirements set out in the existing OS should be retained.

However, we would oppose any moves to apply a similar standard in the micro-business market. We believe the costs incurred by suppliers to implement such a change would not be proportionate, nor applicable in instances where there is a disconnection for debt at a vacant non-domestic premise.

Suppliers should not incur high charges to re-connect a supply within 24 hours; costs would include not just that of the emergency or out of hours appointment (that may be passed on directly to the customer), but also significant operational costs such as revising re-connection processes, and longer opening hours to be able to meet the standard at weekends.

In many instances business premises will be empty at the point of the disconnection. In such circumstances, a standard to reconnect within 24 hours would provide little

consumer benefit and could cause undue detriment, as customers could incur high reconnection charges (emergency and out of hours appointments) to restore a supply that is not in use.

The speed at which we can reconnect a supply for non smart meters is dependent upon appointments available with the meter operator for both, domestic and non-domestic premises. If this standard was applied to a group of micro-business customers, this would place additional burden on meter operator resource, potentially reducing the availability for appointments to reconnect domestic customers. We question the value of extra resource in this area, given the points above, and the fact that in the near future suppliers may be able to reconnect remotely without a site visit.

Given that appointments to reconnect in 24 hours are dependent upon Meter Operator resource and are therefore outside of the direct control of the supplier, we suggest the either inclusion of an exemption under Regulation 22 within the Statutory Instrument if suppliers have attempted to reconnect but are not able to secure an appointment with the Meter Operator within 24 hours, or the ability to pass on to the customer, any unreasonable costs incurred as a result of reconnection within 24 hours.

Q2. 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?

We support the Ofgem assessment and agree that the existing OS and GS should be combined into one revised GS standard covering faulty prepayment meters for domestic customers.

In principle, we support aligning the timeframes for gas appointments to the existing electricity appointments. However, we have concerns that the Gas Meter Operators may not be able to fulfil these requests on behalf of suppliers, and in particular IGT sites, leading to a poor customer experience and decrease in trust for suppliers. We urge Ofgem to consult with the Gas Meter Operators to ensure that these requirements will be deliverable by them, and if so, Ofgem should mandate these within the regulations. This will lead to the most effective and simple implementation of revised timescales.

Given the very small number of pre-payment meters in the micro-business market, we do not believe any protections are required in this area.

The roll-out of smart metering will require a review of this standard as there will be only one type of meter, negating the need for a separate GS for prepayment.

Q3. 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?

Yes, we agree that a GS covering the making and keeping of appointments should be retained for domestic customers and may also be valuable for micro-businesses, as

protections for this are not directly covered elsewhere. This ensures that such consumers receive a standard and guaranteed payment amount for failures.

We are supportive of further reviewing the existing appointment times in order to ensure that these are fit for consumers needs today and that suppliers are able to operate these in an effective and sustainable way.

For example, in addition to the mandated AM/PM and 2 hour time banded appointment slots, we can also offer an 'all day' appointment with a guaranteed telephone call half an hour before the operative arrives. This is particularly useful for customers who may not be able to stay in at home and wait for the operative, but prefer to return home when they know the operative is on the way. As we have a larger degree of flexibility in scheduling these appointments, customers can generally get an acceptable appointment slot more quickly. This flexibility also supports our sustainability aims, in that appointments in the same geographical areas can be more effectively scheduled, as well as providing a good customer service by having the ability to offer customers a range of appointments that best meet their needs and preferences.

Notwithstanding the above, we would oppose any fundamental reform of this GS. In preparation for the roll-out of smart metering, EDF Energy has developed a customer journey, call scripts, will shortly be entering into commercial contracts with third party field force providers and developed appointment optimisation tools based around the existing GSOPs and SMICOP arrangements. Any fundamental reform of the appointment booking standards, so close to the start of the smart metering roll-out, would have a significant and costly impact on all of these arrangements. Therefore, we believe that the existing format of the standard should be retained, although would be supportive of reviewing and possibly amending the 2 hour window slot to 3 hours.

Q4. 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?

We do not agree that the GS for faulty metering should be retained for domestic or micro-business customers.

We disagree with Ofgem's assessment of the impact. Meters operating outside of their parameters are not a common occurrence and in most cases, once a customer has provided a series of meter readings, suppliers are able to address their concerns without the need for a site visit (e.g. estimated billing queries).

Smart meters will reduce the need for site visits even further due to its technical capabilities and in particular its ability to send to suppliers' alerts and data on a far more granular level.

Ofgem references the volume of complaints made to suppliers about perceived billing errors, but these are largely a result of billing systems rather than meter issues. The Energy UK Billing Code provides robust protections for both, domestic and micro business customers around incorrect billing ensuring that customers are not disadvantaged.

Q5. 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?

Yes, we fully agree with the removal of this OS. As above, suppliers already have the overarching obligation to make and keep appointments under electricity GS 19 and gas GS 6; therefore, we would continue to manage appointments to resite meters under this standard. Additional protections for specific appointments types where there is no adverse consumer impact are not required.

Q6. 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?

As above, we fully agree with the removal of this OS. Suppliers already have the overarching obligation to make and keep appointments under electricity GS 19 and gas GS 6; therefore, would continue to manage appointments to change meter types under this standard.

Q7. 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?

Yes, we fully support the removal of ex-PES supplier specific GS. The competitive open market is now sufficiently mature for this requirement to be obsolete. There are no other obligations or services within the energy market which require us to operate in a comparable manner.

Customers have the choice to be supplied by any supplier they wish, regardless of geographical location; therefore, their experience and expectation of service should not be differentiated by the location of their supplier's former monopoly area. Rather than making it fairer for consumers, this historical obligation treats customers differently relative to who they are supplied by and therefore should be removed.

Q8. 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

We have set out our views for each of the proposed GS in our responses above. We do not believe micro-business customers generally need to be protected by a new set of standards of performance. Protections are already in place for such customers against unfair disconnection and inaccurately operating meters.

As set out above, we would potentially support a standard being kept around making and keeping appointments. Failure to keep an appointment could cause detriment to a customer, for example if a trader had set time aside to give access to an unmanned site

and nobody arrives, or financial loss if a business had closed on the assumption a meter operator was due to attend at a certain time.

However, we also note the consumer panel that fed into this consultation was focussed on domestic consumers, so therefore we cannot assume the views reflected match those of business consumers. Further research in this area would perhaps be a more definitive way to understand whether micro businesses believe standards of performance provide them with the right kind of protections.

Q9. Are there any areas of the regulations where you think the obligations could be clarified? Please explain why.

Ofgem has acknowledged that there are some drafting issues within the current GS, including discrepancies in the drafting between electricity and gas obligations, which will be remedied in the revised statutory instrument. Aside from these, we have no further issues in terms of clarity.

Q10 Do you agree that the definition of working hours should be aligned? If so, what should those working hours be?

As with Question 2, in principal, we agree with aligning the definition of gas working hours to electricity working. However, we believe Ofgem should liaise with the Gas Meter Operators to ensure that this will be deliverable. If they are deliverable, these should be mandated these within the regulations.

Q11. 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?

We agree that payment levels should be aligned between electricity and gas and we are satisfied with Ofgem's methodology in calculating the revised amount of £29. However, we do not believe this figure should be revised on an overly frequently basis. Any revisions such as this incur IT costs, additional retraining and literature reprint charges. Ultimately, these costs are spread across the whole of our customer base; therefore, we urge Ofgem to set a sensible review period for any changes to the penalty level.

We believe that the payment level should be the same across all GS. Setting different payment levels across different standards would significantly increase the complexity of this regime, where the aim is to 'not create unnecessary burdens'.

Q12. If the revised GS are applied to both domestic and micro-business customers, do you agree that the payment level should be the same?

If the revised GS apply to both, domestic and micro business customers, we agree the revised payment levels should be the same given their aim is to drive strong performance rather than provide compensation for loss.

Q13. 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?

Yes, we agree that suppliers should be given flexibility in how to provide this information to its customers. Furthermore, Ofgem should consider issuing guidelines, or best practice, to ensure equal prominence is given to this customer information by all suppliers. However, we welcome Ofgem setting out common best practice standards in order that any variances in approach by suppliers do not cause customer confusion and ensure a consistent experience, for example, the standard approach used to signpost the Ombudsman Services: Energy.

We do not understand why suppliers will still be required to send a notice of rights to customers covering the distributor and transporter standards. If suppliers are able to use alternative methods of communicating the supplier GS, why should this not equally apply to distributor and transporter standards?

Q14. 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?

We would welcome further industry consideration of this issue and suggest a working group with attendees from Ofgem, Energy UK and suppliers is established to progress this. This would ensure any data suppliers agree to publish is done so in a comparable and useful way. We do not believe at this stage it is necessary to mandate this in Regulations.

We would have some concern in publishing all performance data as meeting the standards relies partly on other parties and not just supplier actions (e.g. we could correctly book an appointment for a time agreed with the customer, but the MOP agent may be late, fail to turn up etc).

This consultation process should also consider other areas of data publication, in order to provide a holistic and rounded view of supplier performance across all areas, e.g. direct complaints, escalated complaints, contact channel performance, etc. We believe that suppliers publishing their performance data, including smaller suppliers, enable customers to make effective and informed switching decisions.

**EDF Energy
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