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### **Supplier Guaranteed and Overall Standards of Performance**

Dear Jonathan,

npower welcomes the opportunity to respond to this Ofgem consultation on Supplier Guaranteed and Overall Standards of Performance (GSOS). Answers to your questions are contained within the appendix to this letter. We are happy for our response to be placed in the public domain.

As the consultation document recognises, both the Guaranteed and Overall Standards have their origins in the pre-competitive energy markets, when they were seen as a proxy for competition in the provision of certain services. We broadly agree that while there is still a role for standards of this type, we support the proposed changes, in particular removing the Overall Standards.

We believe also that reviews of this type are integral to maintaining a robust and relevant framework, in understanding customer needs and the changing requirements of the industry. As a result, and as one can infer from the consultation document, this review is, therefore, long overdue.

Going forward, should changes be made to the standards, they may require revisiting and further potential review during or post smart metering roll-out as it likely to change the nature of certain interactions between customer and supplier.

Some key points we would like to make:

- ▲ We fully support the alignment of the gas and electricity guaranteed standards as both customer groups should be treated equally where this is possible. There are further advantages to suppliers in efficiency of process where the fuels are aligned.
- ▲ We remain unconvinced that GS should apply to micro-business sites at this time and that it is in the best interest of that customer group. We strongly disagree that a 'subset' of micro-business customers alone, should be considered for GS.
- ▲ Our experience with I&C customers indicates that there is very little benefit from including them within the revised standards as they are more than capable of contractually ensuring supplier performance levels. Additionally, the processing of relatively small payments may be burdensome to larger organisations.

Yours sincerely,

Richard Vernon



## Appendix

**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?**

We agree that with this proposed change to create a new GS, replacing the existing OS for this measure.

Smart meters should facilitate the improvement in any re-connection activity rates that can be effectively achieved remotely, making the disable / enable process almost instantaneous. It will be some time before new technology is available to the majority of customers so the proposed GS standard will add value over this period. There may be merit in revisiting these requirements when the smart metering rollout is nearing completion.

**Question 2: Do you think 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?**

We agree.

We support this proposed change and fully support the need to fix faulty prepayment meters at the earliest opportunity and alignment of the fuels to the effect. Where customers are left without good access to electricity or gas due to a metering fault, this should be addressed within four hours as a minimum.

**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?**

We agree.

As Ofgem is aware, smart-rollout will require a significant number of visits to relevant customers' premises and, given the increase in the need to make appointments, there will be, potentially, an increase in the number of failed visits; some of these failures will be outside of a supplier's control. It is hoped that this aspect of this huge exercise will not place an undue burden on suppliers in terms of the number of appointments required and which could attract a GS payment.

**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?**

We agree.

We fully support a GS for faulty metering in principle. Allowing suppliers to be able to write to customers and explaining why a visit isn't necessary should be retained, as this can avoid the cost of unnecessary and unjustifiable visits. In the case of any dispute, as the consultation document states elsewhere, there are avenues for any dispute about this (and the other) standard(s) to be dealt with.

When a customer is left without power due to a 'fault', an urgent response by the supplier would be appropriate and necessary.



When the 'fault' relates to other matters of a technical nature where the customer retains good access to power, a longer response period such as 7 days would not disadvantage the customer or create an undue burden for the industry.

**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?**

We agree.

The Smart Metering Installation Programme (SMIP) will identify an increasing number of instances where meters will need to be relocated. We would, therefore, not wish to see any changes that would further burden suppliers in this regard and, as such, agree that this Standard should be removed.

In electricity, meter relocation will usually require co-ordination between supplier and network operator, the latter needing to make the necessary alterations to their equipment, before the former can move any metering equipment. Consideration as to the co-ordination of supplier and network operator activities, arising from the Smart rollout, is currently being developed at an industry level under the DCUSA.

**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?**

We agree.

Smart meter functionality can be remotely switched between credit and prepayment as and when required. Although it is not instantaneous, the process should be fairly quick and the systems and processes that support these arrangements will be robust. We, therefore, do not see the need to keep this OS and agree with Ofgem's decision to remove it.

**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?**

We agree.

Given that competition is viewed at a national level, this standard is an anachronism and has been for sometime. We support the removal of this GS as it will ensure that all customers are dealt with consistently.

**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?**

There is no convincing evidence at this time that micro-business customers would benefit from falling within the scope of GS. To widen coverage without adequate scrutiny could lead to added complexity, cost and dubious benefits. Smart rollout may provide additional evidence overtime that could be used as a basis to revisit this GS.

Application of GS to a limited sub-set of micro business customers would seem messy and is likely to create an administrative burden upon suppliers. Further, it would mean that in practice there would be a different approach to customers from the same customer segment, which may appear discriminatory.



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

No.

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

We support the alignment where possible of gas and electricity requirements. 8am to 8pm would be our preference.

**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?**

Customer service is the main driver for meeting these standards. We support aligning the standards for continuity between the fuels and understand the proposal to increase payments. Notwithstanding, doing so at a time when the industry is being obliged to have to make site visits to every domestic and micro-business premises across GB by 2020 will add an additional burden on suppliers. This could be further compounded where OS are converted to GS and thus attract payments.

As was originally envisaged in setting GS payments, they must be at a level: (i) to reasonably compensate the customer for the inconvenience experienced; (ii) not to be punitive if a supplier fails to meet the standard; and (iii) not so low that it is cheaper for the supplier deliberately to fail the standard.

There may be some merit in exploring different payments for different breaches, thus recognising their relative importance to consumers. However, it would need to be done in a smooth and efficient manner to avoid overburdening suppliers with additional administration costs. Furthermore, the methodology behind the different payment levels would need to be clear and identify why customers in one scenario are more or less disadvantaged than in another scenario. We recognise, though, that this may be difficult given how broad the standards are.

**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?**

We agree.

There is no evidence to suggest why micro-business customers should receive higher or lower payments than domestic customers. Administering different payment levels will add additional complexity to the scheme.

**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?**

We agree.

At the moment suppliers have to dispatch annually information on the standards. These documents, as the consultation recognises, are often not read by customers. Allowing



suppliers to decide how best to publicise these obligations is helpful as it may yield a far better way of promulgating information that is useful.

**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?**

Suppliers already provide information on their complaints performance on their websites and this is widely publicised. This could be considered for supplier performance data under any revised standards. There is nothing to stop Ofgem mandating the prominence of any performance data. However, in so doing, it would be necessary to ensure that suppliers report in the same way as regards the application of standards.