

Supplier Guaranteed and Overall Standards of Performance - statutory consultation and proposals

Consultation and Proposals Notice

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Overview:

The supplier Guaranteed Standards of Performance (GS) place service level requirements on suppliers when they have certain interactions with their customers. Suppliers must pay compensation to customers where they breach an individual GS. The supplier Overall Standards of Performance (OS) set performance standards in similar areas, with suppliers needing to meet overall targets against each OS.

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. We then ran a consultation seeking stakeholders' views. Now, we are seeking your views on detailed proposals. This consultation includes draft statutory instrument provisions reflecting our proposals for the GS.



Context

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 gives you an opportunity to comment on our detailed proposals. We have included drafting for a statutory instrument reflecting our proposals for a revised set of supplier guaranteed standards of performance.

Associated documents

These documents 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 2010

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

The Gas (Standards of Performance) Regulations 2005

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

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

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

The Electricity (Connections Standards of Performance) Regulations 2010

<http://www.legislation.gov.uk/uksi/2010/2088/contents/made>

Standard Special Condition D10 – Quality of service standards

<https://epr.ofgem.gov.uk//Content/Documents/Standard%20Special%20Conditions%20-%20PART%20D%20Consolidated%20-%20Current%20Version.pdf>

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

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-consumer-first-panel-year-5-research-inform-ofgems-review-guaranteed-and-overall-standards-performance-gosp>

Consultation on the Supplier Guaranteed and Overall Standards of Performance (and responses)

<https://www.ofgem.gov.uk/publications-and-updates/consultation-supplier-guaranteed-and-overall-standards-performance-gosp>

Indicative draft Statutory Instrument – Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015

Published alongside this document



Contents

Executive summary	5
1. Background	7
Structure of this document	7
Compliance	7
Legislative changes	8
Impact assessment	8
2. Guaranteed Standards and Overall Standards service coverage	10
3. The Guaranteed Standards – payments, awareness and performance reporting	19
Appendices	23
Appendix 1 – summer consultation questions and responses	24
Appendix 2 - consultation question and indicative draft statutory instrument	26
Appendix 3 - feedback questionnaire	27

Executive summary


The GS and OS place service level requirements on suppliers when they have certain interactions with their customers. The GS requires suppliers to make payments to customers in individual cases of failure, while the OS set targets and measure performance against them. The supplier OS and GS have existed for a number of years and have remained largely unchanged.

In our 2012/13 Simplification Plan, we committed to reviewing the supplier standards 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, considering their positioning in the context of our Retail Market Review remedies and the introduction of supplier Standards of Conduct for domestic and micro-business customers. We subsequently sought the views of the Consumer First Panel, and consulted on our initial proposals this summer. We have used the evidence gathered from these exercises to develop these detailed proposals.

Service coverage

- We propose replacing the existing OS on reconnecting consumers after disconnection for unpaid charges with a GS which will include a requirement to pay compensation in cases of breach. This is a key area where the level of detriment due to a failure is likely to be significant for individual consumers.
- We propose retaining the existing GS on visiting to fix a faulty prepayment meter and aligning requirements between gas and electricity. It is important that prepayment customers continue to receive a rapid response from suppliers where their metering develops a fault, in particular where it results in loss of supply.
- We propose retaining the GS for making and keeping appointments. We propose simplifying this GS by adjusting the existing requirement to offer a timed appointment to one where suppliers must offer an appointment within a four hour window as standard. It is important that both consumers and suppliers are clear on what to expect when scheduling appointments, especially during the mass roll-out of smart meters when there will be a significant increase in the number of appointments. Suppliers will have flexibility to make any additional offerings that suit the needs of their customers and their business.
- We propose keeping the GS on fixing faulty metering and shifting its emphasis so that suppliers are required to resolve issues rather than simply take an action. This will retain protection for consumers where their credit meter develops a fault and reinforce the need for suppliers to deal with the root cause of an issue.
- We propose removing the GS on change of payment method, account accuracy, and due payments that 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 to consumers.

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- We propose removing all of the OS. We propose creating new GS to replace the existing OS where GS protection is necessary. Removing the OS will eliminate duplication with the GS and reduce regulatory burden.
 - Therefore, under our proposals, there would be a revised GS regime providing clear, strong performance standards on:
 - 1) Reconnection after disconnection for unpaid charges.
 - 2) Fixing faulty prepayment meters.
 - 3) Making and keeping appointments.
 - 4) Fixing faulty metering (metering operating outside the margins of error).

Consumer coverage

- We propose that all of the GS should continue to apply to domestic consumers. In the case of making and keeping appointments only, we propose that the GS should also apply to micro-businesses. This will protect both customer groups in this key area. We do not propose that the GS should apply to larger businesses.

Payment levels

- We propose increasing payment levels to £30 for gas and electricity, reflecting the approach for uprating DNO payments. The GS aim to reflect inconvenience to consumers, rather than actual loss, and we do not propose to change this.

Awareness

- We propose requiring suppliers to publish a notice covering all GS on their website. We propose that suppliers will be required to send a copy of the notice to any customer on request, and continue to relay electricity distribution network operator notices describing customer rights in relation to supply interruptions and restoration to customers in areas where interruptions are most common. Suppliers will have flexibility to give information about consumers' rights in any other ways designed to best engage them. We also propose that suppliers inform customers about a supplier GS when it is relevant to a specific interaction.

Reporting

- We want suppliers to increase transparency around their performance against the GS, retaining the principle behind the OS for suppliers to demonstrate their overall performance record. We therefore propose that suppliers report against their performance on a quarterly basis, in an agreed format.

We consider that our proposals simplify the existing standards of performance arrangements, and provide appropriate protection in key areas to consumers while at the same time reducing regulatory and cost burden for suppliers.

We would like to hear your views on the proposals in this document and on the drafting for regulations reflecting those proposals. We propose that changes should take effect from 1 July 2015.

1. Background

Chapter Summary: This chapter explains the background to the supplier GS and OS, the structure of this document, our expectations around supplier compliance, the impact our proposals would have on the legislative framework, impact assessment considerations, and next steps.

1.1. In our summer consultation¹ we set out the background to the supplier GS and OS. We described how they work in practice and the areas of service that are covered under the current arrangements. We referred to the objectives of our review and the scope of our work including noting that the scope of our work did not involve revising the standards of performance covering DNOs and GDNs under the GS statutory instruments. We referenced the evidence base informing our review, and our next steps.

1.2. Since then we have developed our proposals further including utilising the evidence provided by respondents to our summer consultation. The GS are implemented via secondary legislation and we have produced draft statutory instrument (SI) provisions reflecting our proposals for a revised GS regime.

Structure of this document

1.3. This document is organised as follows:


- In chapter two, we set out our proposals for the individual standards of performance which will apply to energy suppliers.
- In chapter three, we set out our proposals for payments under the GS, providing information about consumers' rights, and the publication of suppliers' performance.
- In appendix 2, we seek comments on our draft SI provisions² reflecting our GS proposals in detail.

Compliance

1.4. We intend writing to domestic and micro-business suppliers before implementing any changes to the GS and OS to seek confirmation that they will have robust processes in place for ensuring compliance with the new requirements. Until

¹ Throughout this document we refer to our "summer consultation". This consultation was published on 30 June 2014 and is available on our website: <https://www.ofgem.gov.uk/publications-and-updates/consultation-supplier-guaranteed-and-overall-standards-performance-gosp>

² Indicative draft Statutory Instrument – Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015



any changes take effect, the current obligations will remain in place and suppliers should continue to ensure their compliance with these arrangements.

Legislative changes

1.5. We propose creating one SI including all of the revised GS for both gas and electricity suppliers. This will significantly simplify arrangements by consolidating the current GS obligations on suppliers in one document.

1.6. Implementing our proposals will require consequential amendments to the regulations which currently contain the existing supplier GS requirements. Provisions relating to supplier obligations in the Gas (Standards of Performance) Regulations 2005 will be replaced with provisions in our proposed new SI. The Electricity (Standards of Performance) Regulations 2010 will be replaced in early 2015 as part of the RII0-ED1 price control process (that process and the GS obligations placed on DNOs is subject to separate consultation). The new Electricity (Standards of Performance) Regulations will not, however, change the current supplier obligations and so again, those provisions relating to supplier obligations will be replaced with provisions in our proposed new SI.

1.7. The Gas (Standards of Performance) Regulations 2005, and Electricity (Connection Standards of Performance) Regulations 2010 will also be subject to minor consequential amendments where they refer to distributors preparing notices of customer rights, so that the drafting more clearly reflects our proposals that suppliers do not automatically pass on such notices but instead place the information on their websites as standard. The new Electricity (Standards of Performance) Regulations will also reflect our proposals in relation to the provision of information on customer rights.

1.8. The indicative draft SI published alongside this document sets out our proposals for the GS in the form of detailed drafting and for the purposes of aiding consultees' understanding of our proposals. The draft SI is subject to further revisions.

Impact assessment

1.9. We do not think an impact assessment is necessary or appropriate in this instance. We have considered the requirements of section 5A of the Utilities Act 2000 and our own impact assessment guidance.³ Our proposals do not involve a change in the activities of the Authority. Our proposals are restricted to the updating of existing arrangements, and we do not think they will have significant impacts on the general public, gas or electricity market participants; those engaged in related commercial activities or the environment.

Next steps

³ <https://www.ofgem.gov.uk/publications-and-updates/impact-assessment-guidance>

1.10. Responses to this consultation are invited by close on 23 January 2015. Following the consultation period and consideration of responses, we will produce a final version of the regulations to be made by the Authority with the consent of the Secretary of State. We currently expect to make the regulations by the end of March 2015 with a view to the revised supplier standards of performance arrangements taking effect from 1 July 2015.

1.11. We recognise that suppliers and their representatives will need to adjust their processes in some areas to implement improvements. Having the GS changes take effect from 1 July 2015 will give suppliers and their representatives a significant period of time to make these adjustments in preparation for the revised regime going live.



2. Guaranteed Standards and Overall Standards service coverage

Chapter Summary: In our summer consultation we examined each of the individual service areas currently covered under the supplier GS and OS. We set out our proposals on whether standards of performance are necessary to protect consumers for each service area. In this chapter we summarise views from stakeholders responding to the questions we posed in our summer consultation on each performance standard, and set out our detailed proposals for each standard.

Reconnection following disconnection for unpaid charges

2.1. In our summer consultation (Q1) we proposed creating a GS, replacing the existing OS to cover the time taken for suppliers to reconnect customers disconnected for unpaid charges once the debt has been repaid/a repayment plan agreed.

Respondents' views

2.2. Respondents supported our proposal in this area. Most respondents did not see any need for changes to the core requirements of the existing standard. One small supplier suggested that suppliers should have to take action within three or four hours instead of 24 hours given the seriousness of being left off supply.

Our proposal

2.3. We propose creating a GS, retaining the core requirements of the existing OS. We consider 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 supply.

2.4. The requirement to act within 24 hours sets a minimum benchmark for suppliers. We expect that in many cases, suppliers will be able to exceed this standard by acting more swiftly.

Fixing faulty prepayment meters

2.5. In our summer consultation (Q2) we proposed that the existing GS and OS should be merged to create a revised GS on visiting to repair or replace a faulty prepayment meter, and asked whether its core requirements needed to change.

Respondents' views

2.6. Respondents supported our proposal in this area. A consumer body thought that the requirement to act should be set at three hours in all cases, whilst suppliers thought that the requirement should be set at four hours in all cases. Some suppliers stated that they would need time to renegotiate contracts with meter operators were the working day requirements for gas aligned with electricity and reduced from four hours to three.

Our proposal

2.7. We think 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.

2.8. We can see no reason why gas prepayment consumers should receive a poorer standard of service than their electricity counterparts. We therefore propose setting the response timeframe at three hours on a working day as per the requirements of the current electricity GS and four hours on a non-working day per the current GS for both fuels. This strengthens protections for consumers so that those with a gas prepayment meter can expect the same level of service as those with an electricity prepayment meter. It also simplifies arrangements and will make it easier for requirements to be communicated to customers.

2.9. We also propose providing suppliers with greater flexibility to deal with a prepayment meter issue through whatever means necessary rather than requiring that they make a site visit in every case. This approach reflects that with the emergence of smart metering, suppliers may be able to deal with some issues remotely without the need for a site visit.

Making and keeping appointments


2.10. In our summer consultation (Q3) we proposed retaining a GS for making and keeping appointments and asked whether its requirements should be changed.

Respondents' views

2.11. Aside from one large supplier, respondents supported our proposal to retain a GS in this area. There were differing views about whether the core requirements of the GS should be changed.

2.12. A consumer body and an industry trade body thought that suppliers should have to offer two or three hour windows for appointments. The consumer body noted views from our Consumer First Panel⁴ where most consumers wanted suppliers to offer a two or three hour window. However most suppliers opposed any fundamental changes ahead of the mass roll-out of smart meters given the additional resource pressures that the roll-out would bring.

⁴ <https://www.ofgem.gov.uk/publications-and-updates/ofgem-consumer-first-panel-year-5-research-inform-ofgems-review-guaranteed-and-overall-standards-performance-gosp>



Our proposal

2.13. We propose retaining a GS for making and keeping appointments. We think that 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.

2.14. We propose simplifying the existing requirement so that suppliers must as standard offer customers an appointment within a four hour window, with flexibility to make any other offering in addition to this basic requirement. Suppliers will also have to not unreasonably withhold agreement to a request for an appointment so long as the appointment window is not less than two hours, per the current arrangements.

2.15. This approach provides a balance between the wish for suppliers to offer appointments within two or three hour windows as expressed by our Consumer First Panel⁵ and suppliers need to manage resources effectively. This will be particularly important during the mass roll-out of smart meters when demand will be at its peak and resources may become stretched.

2.16. Some suppliers have been offering appointments within four hour windows as standard for some time.⁵ In other sectors, customers can already expect appointments within similar timeframes. For example, operators in the telecoms sector generally offer appointments within four or five hour windows. Our proposal will ensure that customers of energy suppliers can expect the same minimum level of service regardless of their supplier.

2.17. Some customers will want an appointment within a more narrow time band than the four hour window we are proposing, and/or an out-of-hours appointment. The new GS will give suppliers flexibility to make additional offerings, for example, an all-day appointment with the guarantee of a phone call half an hour before arrival, as suggested by a large supplier in their consultation response. Suppliers will be able to differentiate themselves in the competitive market in this way. There is no reason for suppliers who currently offer appointments within narrow time bands or out-of hours appointments to move away from making these offerings.

Fixing faulty metering

2.18. In our summer consultation (Q4) we proposed retaining a GS for faulty metering (metering operating outside the margins of error).

⁵ British Gas response to our consultation: "Smart Metering Installation Code of Practice", March 2013:
<https://www.ofgem.gov.uk/ofgem-publications/57300/british-gas-response-smart-metering-installation-code-practice.pdf>

Respondents' views

2.19. Aside from one large supplier, respondents supported our proposal in this area.

2.20. A consumer body advocated retaining the current requirement for a supplier to write to a customer explaining why a visit is not needed in certain cases.

Our proposal

2.21. We propose retaining a GS in this area. We think it is important that suppliers' take appropriate action to reassure customers' that their meter is accurate and resolve the matter quickly where it is not, particularly where there is a risk of financial detriment.

2.22. We propose changing the emphasis of the requirement so that suppliers must resolve an issue within a set timeframe rather than simply take an action. In recognition of this we propose giving suppliers a longer timeframe (15 working days) to meet this GS. Suppliers have told us that in some cases where a faulty meter is reported, they install a "check meter" that runs alongside the original meter for seven days to allow for a comparative data set to be generated. Our proposed 15 working days timeframe will allow suppliers time to arrange two appointments to install such a meter and subsequently replace the original meter if necessary.

2.23. In line with our proposal for the GS on fixing faulty prepayment meters, we are also proposing providing suppliers with greater flexibility to deal with a faulty meter through whatever means necessary. This approach reflects that with the emergence of smart metering; suppliers may be able to deal with certain issues remotely without the need for a site visit.

Resiting meters


2.24. In our summer consultation (Q5) we said that were minded to remove the existing OS in this area.

Respondents' views

2.25. With the exception of one consumer body and a third party, respondents supported our proposal in this area. The consumer body said they would support the removal of this performance standard if other regulations covering meter resiting required performance reporting.

2.26. Large and small suppliers and an industry trade body supported removing the requirement, stating that they would retain their current practices for dealing with resiting requests regardless of whether the OS was removed. Some noted that resiting meters often requires DNO involvement and extended completion timeframes as a result.

Our proposal



2.27. We propose removing the performance standard in this area. We think that existing coverage elsewhere provides consumers, especially consumers in vulnerable circumstances, with protection where they need to have their meter resited.

2.28. 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.

Change to the basis for charging involving a change of meter

2.29. In our summer consultation (Q6) we proposed removing the existing OS requirement for changing the basis of charging involving a change of meter.

Respondents' views

2.30. Other than an industry trade body who took a neutral stance, respondents supported our proposal. Both the industry trade body and a large supplier noted that the introduction of smart metering should help make it easier and quicker for customers to change payment type.

Our proposal

2.31. We propose removing the performance standard in this area. We think that 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 experienced by customers due to poor supplier performance against this standard may cause inconvenience but any detriment is likely to be minimal.

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

2.32. In our summer consultation (Q7) we said that we were minded to remove the GS applying solely to ex-public electricity suppliers (PES) operating in their ex-PES area covering account accuracy queries, change of payment method and due payments.

Respondents' views

2.33. Respondents supported our proposal in this area.

2.34. Although supportive of our proposal, a consumer body did note that they wanted to see supplier performance on one aspect of this GS (complaints related to account accuracy) improve.

Our proposal

2.35. We propose removing the performance standard in this area. While many suppliers retain a significant market share in their former monopoly areas, it is not apparent that these consumers need any greater protection than other consumers. Additionally, we consider that the distinction between a customer served by an ex-PES supplier and another supplier needlessly complicates the GS regime and makes it harder to communicate arrangements to consumers.

Micro-business coverage

2.36. In our summer consultation (Q8) we asked whether micro-businesses should be covered under the revised GS regime and if so, whether only a subset of this customer group should be covered, and whether this coverage should apply to all GS.

Respondents' views

2.37. Views were split on whether micro-businesses should be covered under the revised GS.


2.38. Two consumer bodies, an industry trade body and a third party wanted to see micro-businesses covered. One of the consumer bodies suggested that many micro-businesses are similar to domestic customers in how they engage with the energy market and therefore need the same level of protection. They also felt that micro-businesses are poorly placed (compared to larger businesses) to negotiate favourable contracts with suppliers because they hold a low level of bargaining power. One large supplier suggested that it might be appropriate for the GS on making and keeping appointments to apply to micro-businesses.

2.39. Other large suppliers and small suppliers said that micro-businesses are fundamentally different to domestic customers and that a different approach is therefore warranted. Some noted that micro-businesses can negotiate bespoke tariff arrangements which could include performance-related compensation arrangements. Others thought that micro-businesses would often expect far higher levels of compensation than domestic customers because of the likely financial impact to them of service failures and so a GS payment would not be appropriate for them.

2.40. While largely opposed to the concept of GS applying to micro-businesses, large and small suppliers put forward various possible options for creating a subset of this customer group which could be covered. One suggested that businesses could be covered according to whether they were on evergreen or fixed-term contracts. Another suggested businesses with only one or two employees could be covered, whilst one respondent put forward the option of covering micro-businesses falling into profile classes three and four.⁶

Our proposal

⁶ As defined in the Balancing and Settlement Code.



2.41. We propose that in the case of making and keeping appointments only, the GS should apply to micro-businesses as well as domestic customers. The current GS in electricity for making and keeping appointments applies to all customers and therefore already covers micro-businesses, whereas the equivalent GS in gas applies solely to domestic customers. It appears iniquitous that micro-business customers using one fuel should be afforded a better service under the GS than those using another.

2.42. Domestic and micro-business customers are likely to have similar expectations when it comes to arranging and keeping appointments, and will suffer detriment in the same way where suppliers arrive late/fail to attend appointments. Therefore, we think both customer groups will benefit from receiving as standard a basic four hour window offering and a compensation payment where suppliers fail to make this offering or arrive late/fail to attend an appointment. This coverage will be especially important during the smart meter roll-out when many more appointments will be needed than during other times.

2.43. Our proposals may require suppliers to change their appointment arrangement processes where they provide gas to micro-business customers. We do not expect those suppliers who already make a good basic offering as standard and/or currently supply both electricity and gas customers to encounter significant issues with implementing our proposals. In addition, our proposals will significantly reduce regulatory burden for those suppliers providing electricity in the non-domestic market by removing coverage entirely for customers above the micro-business threshold.

2.44. We do not propose extending GS coverage to micro-business customers under the other GS covering metering and disconnection/reconnection arrangements. Some aspects of metering and disconnection/reconnection arrangements in the business sector are quite different compared to the domestic sector and we do not have sufficient evidence to suggest that applying the same GS coverage in these other areas (either to all micro-business customers or a sub-set of this customer group) would be relevant or appropriate.

2.45. As the micro-business market continues to develop and suppliers' offerings evolve, we will review the application of GS for this customer group.

Revised GS requirements

2.46. Under our proposals there would be a revised standards of performance regime focussed solely on GS providing clear, strong service standards on:

1. Reconnection after disconnection for unpaid charges.
2. Fixing faulty prepayment meters.
3. Making and keeping appointments.
4. Fixing faulty metering (metering operating outside the margins of error).

2.47. We consider that these proposals simplify the existing standards of performance arrangements, and provide appropriate protection in key areas to consumers while at the same time reducing regulatory and cost burden for suppliers.

Other drafting issues

2.48. In our summer consultation (Q9) we asked whether there were any area of the regulations that needed clarity.

Respondents' views

2.49. In practice most respondents addressed this question when answering other questions, for example those questions focused on individual GS.

2.50. Some suppliers questioned whether the existing list of general exemptions to the GS would be retained.

Our proposal

2.51. We propose retaining a list of general exemptions to the GS per the current arrangements. Of the current list, we propose removing the clause that can exempt a supplier from meeting a GS obligation where its employees take industrial action. We do not believe that customers should suffer detriment in this scenario. Suppliers operating in a competitive market should plan for and implement suitable business arrangements in the event of industrial action.

Definition of working hours

2.52. In our summer consultation (Q10) we proposed aligning the definition of "working hours" between gas and electricity for simplicity in the absence of grounds for a misalignment between the two. The definition of "working hours" is important for a number of standards where suppliers must act within set timeframes.

Respondents' views

2.53. The majority of respondents thought that working hours should be defined as being between 8am and 8pm on a working day, and between 9am and 5pm on a non-working day.

2.54. A consumer body thought that the working hours on a working day should start at 7am. They also wanted extended working hours to support customers using prepayment meters.

Our proposal

2.55. We propose setting the working hours for the purposes of the GS as between 8am and 8pm on a working day and 9am and 5pm on a non-working day. This reflects suppliers' common working practice and corrects the current misalignment between the working hours used in the gas GS compared to the electricity GS. This



will simplify arrangements and also make it easier to communicate customers' rights under the GS to them.

3. The Guaranteed Standards – payments, awareness and performance reporting

Chapter Summary: In our summer consultation, we looked at the GS mechanism that requires suppliers to make payments to consumers in individual cases of breach. We also considered the existing requirements and options around suppliers' providing information on consumers' rights and supplier performance under the GS. In this chapter we summarise views from stakeholders responding to the questions we posed in our summer consultation on payments and information provision, and set out our detailed proposals in these areas.

Provision of payments in individual cases of breach

3.1. In our summer consultation we proposed uprating GS payment levels so that they keep pace with inflation, and asked how frequently these levels should be reviewed. We proposed having the same level for domestic and micro-business payments if the revised GS were to be applied to micro-businesses and aligning gas and electricity payment levels.

Respondents' views

3.2. There was broad support for our proposal to align gas and electricity payment levels and to uprate them in line with inflation. There was broad consensus for payment levels being the same across the GS and being the same for both domestic and micro-business customers, if the revised GS were applied to micro-business customers.


3.3. A consumer body suggested that the payment level for a missed GS payment should be higher than for a standard payment to reflect the multiple failing and to further incentivise making the initial payment. A network operator noted that if the supplier GS payment levels were to be uprated in line with inflation per the formula used to uprate DNO GS payments under RIIO-ED1, the level would be set at £30.

3.4. A consumer body advocated regular payment level reviews and one small supplier suggested a review after two or three years. However most suppliers did not want too early a review, some suggesting a review after five years to avoid system change costs that would be needed to implement minimal payment level rises.

Our proposal

3.5. We propose increasing the GS payment level to £30 for gas and electricity, for all GS. We do not propose fixing a payment level review date in the legislation or seeking to review payment levels in the short-term. Instead we will keep the level under review and consider changes in future in line with fiscal and market developments and changes to the payment levels for the DNO and GDN GS.

3.6. We propose aligning payment levels across gas and electricity. There is no evidence to suggest that the current distinction in payment levels by fuel type should



remain. We propose setting the same payment level for domestic and micro-business customers rather than setting a higher level for micro-business customers. It is not the role of the GS to compensate for actual or potential financial loss suffered by the individual consumer. On this basis, we do not see a need to set differing payment levels for different consumer groups.

3.7. We have reflected on the approach taken to calculate the revised payment level. We think there is merit in precisely matching the data set and calculations used for DNOs under the RIIO-ED1 price control. This means using the electricity GS payment level (£22) as the start point and uprating this to £30 in line with the forecast inflation rate in 2018-19, utilising the same data set and rounding used to calculate the uplift in the DNO GS payment level.

3.8. Uprating in this way will mean using a common, recognised approach to the calculation of payment levels. It will also make it easier to communicate compensation levels to customers, with a greater level of uniformity between supplier and DNO payment levels.⁷

3.9. Our proposal will mean setting an updated, uniform payment level that will provide customers with a basic level of redress where service failures occur while having the advantage of being simple to communicate to customers. In some cases suppliers will need to reach beyond this basic level and provide their customers with a higher level of payment reflecting the circumstances of the individual case.

Provision of information on consumers' rights

3.10. In our summer consultation we said that it was 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.

Respondents' views

3.11. Respondents supported our proposal in this area.

3.12. Several large suppliers noted that the current requirement to send out an annual notice of rights to every customer is costly – one suggested that their annual paper mail-out operation costs circa £1.5m. Some advocated publishing customers' rights on their websites and only sending out individual copies on request as an alternative approach.

3.13. A large supplier and a DNO noted our initial proposal to retain the requirement for suppliers to send out annual notices to customers setting out their rights under

⁷ From 1 April 2015 the payment level for some of the DNO GS will be set at £30. Others will be set at higher levels.

the DNO/GDN GS. Both questioned the merit of this approach, with the DNO suggesting that this might cause confusion for consumers.

Our proposal

3.14. The current approach does not appear to be the most effective way to engage consumers on this topic. Only two out of 93 participants in our Consumer First Panel were aware of the supplier GS, both saying that they had become aware of them via their suppliers' websites. We therefore propose requiring that suppliers publish a statement on their website setting out customers' rights under the supplier GS, with a requirement to send out individual copies on request.

3.15. We propose the same approach for the DNO and GDN GS, except for those DNO customers in areas where interruptions are most common. These customers are more likely to need to access notice of rights information on a regular basis. We therefore propose that suppliers continue to send an annual notice of rights covering the DNO GS to customers' identified by DNOs as being in areas where interruptions are most common. Targeted awareness raising initiatives by DNOs in these areas may in time allow for this requirement to be phased out.

3.16. Suppliers currently provide customers with other performance standard information. They provide information on behalf of DNOs in the annual notice of rights about customers' rights under the Electricity (Connection Standards of Performance) Regulations 2010. These regulations set performance standards for DNOs when establishing electricity connections. Suppliers also provide information to customers on behalf of GDNs in the annual notice of rights under Standard Special condition D10 which sets overall performance targets for GDNs.

3.17. We envisage suppliers taking the same approach for providing performance standard information under these arrangements as for the information they provide under the supplier GS.

3.18. This approach will significantly reduce the cost and administrative burden associated with annual paper mail-outs. All consumers will be able to access their rights online, and suppliers will have the additional option of promoting the GS to their customers in other ways they choose.


Publication of information on suppliers' performance

3.19. In our summer consultation we proposed that suppliers should be required to publish information on their performance against the GS.

Respondents' views

3.20. The majority of respondents agreed that it would be beneficial for suppliers to publish data on their performance on their websites.

3.21. The exception to this were some suppliers who did not wish to publish performance data themselves or were neutral to this concept, believing that supplier



publication would duplicate Citizens Advice Service existing duty to publish GS performance statistics.

Our proposal

3.22. We wish to see all suppliers publish data on their GS performance on their websites each quarter, in the same way they publish complaints data. We think this will improve transparency and broaden the base of information consumers can access when considering switching options.

3.23. There is an opportunity here for suppliers to lead the way in empowering their customers. It is not therefore our intention to prescribe the requirements for publishing performance information in legislation. Instead, we will work with suppliers to develop a reporting framework. We think that there is a need for uniformity of reporting, so will write to suppliers separately with a summary of our proposed reporting format.

3.24. We will continue to collect quarterly data from suppliers, and will pass this data to the Citizens Advice Service. The Citizens Advice Service can discharge their statutory duty to publish information as they see fit.

Appendices

Index

Appendix	Name of Appendix	Page Number
1	Summer consultation questions and responses	24
2	Consultation question and indicative draft statutory instrument	26
3	Feedback questionnaire	27



Appendix 1 – summer consultation questions and responses

1.1. We consulted on our proposals to reform the supplier Guaranteed and Overall Standards of Performance in June this year. Here is a list of the consultation questions we posed and a list of respondents.

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 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?

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?

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?

List of respondents

Association of Meter Operators
British Gas
Citizens Advice Service
Co-Operative Energy
Ecotricity
EDF
Electricity North West
Energy UK
Federation of Small Businesses
Industrial and Commercial Shippers and Suppliers (ICOSS)
Jane Porter
Northern Power Grid
RWE Npower
Scottish Power
Smartest Energy
SSE
Utility Customer Services Management
(Two confidential respondents)



Appendix 2 - consultation question and indicative draft statutory instrument

1.1. We would like to hear your views on any of the issues raised in this document. In particular, we welcome views on the draft regulations published alongside this document. Please respond by close on 23 January 2015 and send responses to:

Jonathan Blagrove
Senior Manager - Consumer Policy and Insight
Ofgem, 9 Millbank, London SW1P 3GE
020 7901 7368
jonathan.blagrove@ofgem.gov.uk

1.2. Unless marked confidential, all responses will be published in Ofgem's library and on our website www.ofgem.gov.uk. You may ask for your response to be kept confidential which we will respect subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004. If you want your response to be kept confidential, please clearly mark your document(s) accordingly.

Appendix 3 - feedback questionnaire

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 are 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) Did the document's conclusions provide a balanced view?
- 5) Did the document make reasoned recommendations for improvement?
- 6) Please add any further comments.