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

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.

We are largely satisfied that the proposed standards reflect a workable and common-sense approach to providing protection for consumers around service level requirements. We agree that these are largely fit for purpose, reflect consumer needs and do not create unnecessary burdens.

Service coverage

Reconnection after disconnection for unpaid charges

We agree with the proposal to replace the existing Overall Standard (OS) with a Guaranteed Standard (GS). This reflects our comments in the previous consultation and provides consumers with the necessary protection in this area.

Fixing faulty prepayment meters

We agree with the proposal to retain the GS covering faulty prepayment meters and are pleased to see the requirements being aligned between gas and electricity. However, it was not initially made clear that the scope of this standard was to include not only prepayment meters off supply, but also on supply prepayment meters that potentially are exhibiting other faults such as running outside the permitted margins of error (running too fast or too slow). We consider that this standard creates a disparity between the experiences of credit meter customers and prepayment meter customers as credit meters with other faults are not required to be attended to within 3 or 4 hours. However, we understand that this is intentional by Ofgem as it seeks to offer prepayment customers additional protections.

However, the necessity to attend customers' premises within 3 or 4 hours for every type of prepayment meter fault is very likely to have a detrimental impact on the metering agent's ability to fulfil the most urgent of prepayment meter fault (prepayment meters off supply) appointments. We are therefore extremely concerned about the impact this requirement may have on prepayment customers. Consequently, as per your discussion with Denise

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Willis on 8 January, we believe a workable way forward is for the drafting of the requirement “the supplier must have commenced such work as appears necessary...” within Regulation 6.3 to be interpreted as including for example:

- the making of an appointment which suits the customer, but which may not be within 3 or 4 hours.
- in the instance of a prepayment meter which the customer suspects may be running fast or slow, to ask the customer to provide a meter reading at that point (meeting the requirements to have “commenced such work... within 3 or 4 hours), and call back in 7 days with another meter reading to ascertain any changes to their daily average consumption.
- book an appointment for a future date to install a ‘check- meter’, but schedule that appointment with the customer within 3 or 4 hours.
- For smart meters operating in Pay as You Go mode we can interrogate the event log and undertake remote diagnostics.

We believe that suppliers should be provided with appropriate flexibility to decide which types of prepayment metering faults require a site visit within 3 or 4 hours (for example, where the supplier deems that the customer has no supply, is at an immediate risk of losing supply or there is sufficient evidence that the customer is having to charge extensively and beyond what would normally be expected to maintain a supply) in order that these receive priority scheduling.

The policy intent of this requirement is such that the supplier must have ‘commenced such work’. Consequently, as long as the supplier is able to demonstrate the commencement of an action which seeks to resolve the customer’s prepayment metering issue, the requirement has been satisfied.

Making and keeping appointments

We agree with the proposal to retain the GS for making and keeping appointments. We are pleased to see that Ofgem has considered the appointment time bands, and that as long as suppliers offer, as standard, a four hour appointment (with a two hour time band if the customer requests it), then suppliers are free to innovate and offer other types of time bands which may suit the customers circumstances better e.g. an all day appointment with a guaranteed call 30 minutes before.

However, any changes to appointment time bandings may involve a change to the metering contracts we currently have in place with our meter operators. Our agents will be mandated to move to a new contractual infrastructure as SMART metering is implemented, but this may not be achievable for all metering by the proposed implementation date of 1 July 2015. Some of our legacy contracts will need to be managed and new contracts set up. We therefore consider that a sunset clause should be included within the Regulation in order to allow legacy contractual arrangements to be fulfilled without detriment to the parties, with a ‘no later than date’ to be agreed (i.e. legacy contracts may still offer an am or a pm appointment rather than a 4 hour appointment).

Fixing faulty metering (metering operating outside the margins of error)

We agree that this standard should be retained. As above, we do not believe that the current drafting makes it clear that this standard applies only to credit meters which may be operating outside of the tolerance. We acknowledge the inclusion of the new line in regulation 5.2 ("But this regulation does not apply where regulation 6 applies") seeks to add clarity, however, we consider that making a simple amendment to the title of the requirement (i.e. 'Faulty meters' to 'Faulty Credit meters') would make this much more transparent.

We do not believe that the current requirement to have started, completed and advised the customer of the outcome of the steps taken to resolve the issue, within 15 working days is achievable. The action to investigate a possible meter running fast or slow may involve the installation of a 'check meter' at the customer's premises. Although this was referenced by Ofgem in the Statutory Consultation document dated 16 December, we believe that the 'check meter' is generally installed for a period of one month rather than one week, in order to accurately assess the original meters accuracy. It may be installed for periods longer than one month if a customer requests this.

In order for this requirement to be achievable by the industry, we believe that the timeframe should require us to have 'commenced such action to resolve' within 15 working days, or to retain the existing standard of attend the customers premises (if necessary) within 10 working days.

We are pleased to see that Ofgem has removed the remainder of the OS, and also the GS which applied only to ex-host PES electricity suppliers. This better reflects the current market arrangements and is a much fairer system for consumers who now have a 'level playing field' of expected standards regardless of which supplier they choose to contract with.

Consumer Coverage

We agree that the making and keeping of appointments standard provides useful protection to micro-business customers. This reflects the comments we made during the consultation in that we consider that this standard provides adequate protection for micro-business customers.

Payment levels

We are satisfied that the criteria and methodology used by Ofgem to calculate the increase in payment levels is fair and proportionate. We also agree with Ofgem's proposal not to review payment levels in the short-term but instead consider changes in future in line with fiscal and market developments.

Awareness

We agree with the proposal to allow suppliers to publish a notice covering supplier's GS on its website and that there is no longer a requirement to automatically send this to all domestic customers annually. We agree that suppliers should send a copy to customers upon request.

However, we do not agree that suppliers should still have to send a notice to customers covering the electricity distribution network standards. We appreciate that the proposal is for suppliers to publish this on its websites but also to send these to customers in areas where interruptions are most common. We feel that having this information available on the websites of suppliers and network operators is a better solution, and in line with the requirements around notifying customers of the supplier's standards. We could, of course, send these upon request if asked by a customer.

We would also like to draw attention to the work being carried out by suppliers to improve the level and accessibility of information relating to supply interruptions and network outages. This will largely involve adding more detailed information relating to distributors emergency procedures and relevant contact details to suppliers websites in a prominent position. To this effect, Ofgem may consider that the level of consumer information will be sufficient for consumers via this method, negating the need to actually send this information out to customers.

Reporting

As stated in our consultation response, 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 requirement. This would ensure any data suppliers agree to publish is performed in a comparable and useful way.

When meeting the standards, suppliers rely in part on the actions and performance of other parties as well as their own (e.g. a supplier could correctly book an appointment for a time agreed with the customer, but the MOP agent may be late or fail to turn up etc). Consequently, due consideration needs to be given as to the most appropriate level of performance information that should be published.

Overall, we are largely satisfied with the proposed requirements on the basis that they represent a useful and balanced regime of consumer protections. Notwithstanding this, we request that Ofgem issue supplementary guidance to accompany the new regulations in order that clarity is achieved, particularly around proposed standards 5 and 6.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Denise Willis on 0191 512 5442, 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 Customers Policy and Regulation