

Consumers and their
representatives, energy
suppliers, meter operators,
network companies and other
interested parties

Direct Dial: 0207 901 7368
Email: jonathan.blagrove@ofgem.gov.uk

Date: 10th November 2015

Supplier Guaranteed and Overall Standards of Performance reforms – consultation response

On 28 July 2015, we published a Final Decision letter confirming that the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 had been made by the Authority and received Ministerial consent.¹ The new Regulations will come into force on **1 January 2016** and are published on www.legislation.gov.uk².

We also confirmed that the Authority had made a determination to revoke the supplier Overall Standards of Performance (OS). The revocation will take effect on **1 January 2016** to coincide with the commencement of the new Regulations, so the OS will remain in place until then. A notice confirming the revocation of the OS was published on our website alongside our Final Decision letter.

In our Final Decision letter, we said that we had made some changes to the draft regulations we had previously published alongside our December 2014 statutory consultation³ to account for the views and evidence we received in response to our consultation. We also said that the key policy proposals underpinning the draft regulations we published in December 2014 had not changed.

In the annex to this letter, we respond to the statutory consultation we published in December 2014, including setting out more details about the changes we made to the draft regulations we published alongside the statutory consultation. We also set out details of the arrangements for the reporting and publication of performance against the revised Guaranteed Standards (GS) by suppliers.

Yours faithfully,



Jonathan Blagrove
Senior Manager – Consumers and Sustainability

¹ <https://www.ofgem.gov.uk/publications-and-updates/supplier-guaranteed-and-overall-standards-performance-reforms-final-decision-and-statutory-instrument>

² <http://www.legislation.gov.uk/uksi/2015/1544/contents/made>

³ <https://www.ofgem.gov.uk/publications-and-updates/supplier-guaranteed-and-overall-standards-performance-statutory-consultation-and-proposals>

Annex 1

Background

Last year, we consulted on reforming the supplier Guaranteed and Overall Standards of Performance. We set out our plans to amend the standards to better reflect consumer needs and remove unnecessary regulatory burden making it easier for suppliers to implement. The new SI we made in July took account of the views and evidence we received to the consultation. The SI will come into effect on 1 January 2016.

In this annex, we respond to the statutory consultation we published in December 2014, including setting out details about the changes we made to the draft regulations we published alongside the consultation. We also set out the arrangements for the reporting and publication of performance against the revised Guaranteed Standards (GS) by suppliers.

Legislative changes

We made one statutory instrument (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.

Implementing our proposals required making consequential amendments to the regulations which currently contain the existing supplier GS requirements. These regulations are the Gas (Standards of Performance) Regulations 2005 and the Electricity (Standards of Performance) Regulations 2015.

Provisions relating to supplier obligations in the Gas (Standards of Performance) Regulations 2005 will be revoked and replaced with the modified provisions of the new SI. Similarly, provisions relating to supplier obligations in the Electricity (Standards of Performance) Regulations 2015 will be revoked and replaced with the modified provisions in the new SI⁴. These amendments will take effect on 1 January 2016, when the new SI comes into force.

Consultation question and responses

In our December 2014 consultation document we asked for views on any of the issues raised in the consultation document. In particular, we requested views on the draft regulations published alongside the consultation.

Material changes

We made material changes in three areas following our December 2014 consultation. Below we summarise the responses we received on these issues and the changes we made.

1. Timing

Responses: Several suppliers, trade associations and other industry participants were concerned that our proposed implementation date of 1 July 2015 would provide them with insufficient time to make changes to their systems and processes. Some suggested setting the commencement date of the SI back to 1 October 2015, while others advocated making 1 January 2016 the commencement date.

Revised drafting: We made the commencement date of the Regulations 1 January 2016. This revised date provides suppliers and third parties with significant additional time to prepare for the new regulations coming into force.

⁴ The Electricity (Standards of Performance) Regulations 2015 revoked and replaced (with modifications) the Electricity (Standards of Performance) Regulations 2010 on 1 April 2015 as part of the RIIO-ED1 price control process, but the provisions relating to the supplier GS were unchanged.

2. Regulation 4 - Faulty meters

Responses: Several suppliers and a trade association told us that in many cases it would not be possible to fully resolve a faulty metering issue within a 15 working day window (as required by our draft regulations) or even within a longer window of time. They said that the approach and timeframes would vary significantly according to the circumstances of the case. For example one supplier noted that a check meter might be run alongside the affected meter for varying periods of time, perhaps several weeks. Load testing and other approaches taking a variable amount of time might also be used.

Revised drafting: We revised the drafting of Regulation 4 in recognition that the timescales for resolving a faulty metering case may vary significantly according to the circumstances of the case. Under the revised drafting, suppliers will need to make an initial assessment of the case and take an appropriate action within five working days. They will also need to offer to write to the customer with an explanation of their assessment and initial action and set out the steps they will take to resolve the issue, including the timescales they will work to.

3. Regulation 5 – Faulty prepayment meters

Responses: Several suppliers thought that the drafting of Regulation 5 should be refined to prioritise cases where consumer detriment would be most significant, in particular where the prepayment meter fault had left the customer off supply.

Revised drafting: We revised the drafting of Regulation 5 to ensure that loss of supply cases are prioritised. In these cases, suppliers will need to commence a visit to restore supply or take such other action that will allow them to restore supply within three hours on a working day and four hours on a non-working day. Where supply has not been lost, suppliers will have the flexibility to take an appropriate action within the same timeframes, with a range of options as to what that action is. This distinction recognises the importance of prioritising cases where supply is lost while retaining the need for suppliers to act quickly in all cases where a prepayment meter develops a fault.

Non-material changes

We made a number of minor drafting changes to the draft regulations we published in December 2014 to maximise clarity and simplicity, including the addition of transitional provisions. We also changed the ordering of certain regulations for the same reason.

Providing information to consumers

Regulation 10(8) of the new SI requires electricity suppliers to, at least once in any period of 12 months, send to any of its customers who are the subject of a Distribution Network Operator's (DNO) request, a notice of electricity interruption and restoration standards⁵.

In our December 2014 consultation we indicated that in our view, it was still appropriate for suppliers to send this notice to customers in areas where interruptions are most common⁶. We also said that targeted awareness raising initiatives by DNOs in these areas may in time allow for this requirement to be phased out.

Initially we expect suppliers and DNOs to work together in this area to exchange lists of customers who live in areas where interruptions are most common. However, the new

⁵ The notice prepared by the DNO under regulation 22 Electricity (Standards of Performance) Regulations 2015.

⁶ Customers experiencing on average at least four higher voltage interruptions per year over a three year period ie 12 or more over three years.

Regulations do not obligate DNOs to provide suppliers with these lists unless the DNO asks for the notice to be sent to a specific customer or customers. This approach provides suppliers and DNOs with the flexibility to phase out this practice where they can be confident that other approaches will be equally or more effective in informing consumers of their rights under the electricity interruption and restoration standards.

Performance reporting and publication

Reporting

All suppliers of all sizes serving domestic and/or micro-business customers will report to us on their compliance with the GS on a quarterly basis. This reporting will allow us to assess compliance with the GS and act quickly where issues arise.

We have discussed the detail of these reporting requirements with suppliers and will circulate a reporting template to domestic and micro-business suppliers. The template is contained in an Excel workbook which also includes a worked example submission.

Returns will be due on a quarterly basis at the end of the first month following the previous quarter. For example, for reporting from January 2016 – March 2016, returns will be due by the end of April 2016. Completed returns should be submitted via email to performancestandards@ofgem.gov.uk.

Publication of domestic customer performance data

In our previous consultations, we said that we wanted to see suppliers publish information about their performance on their websites. We believe this will help increase transparency and inform consumers when they come to make switching choices. We were encouraged to note that the majority of suppliers told us they supported this principle.

Domestic suppliers currently publish quarterly data about their performance when handling customer complaints on their websites⁷. We believe that the approach taken for complaints reporting provides an established model for data publication that can be used by domestic suppliers when publishing their performance against the GS. We will circulate a worked example to domestic suppliers showing what the publication of GS data could look like where the complaints handling model is used by a domestic supplier.

In step with the current arrangements for publishing domestic customer complaints data, our expectation is that domestic suppliers will publish their performance against the GS on a quarterly basis at the end of the first month following the previous quarter. For example, for performance from January 2016 – March 2016, our expectation is that performance reporting will be published by the end of April 2016.

Compliance

All domestic and micro-business suppliers must put the relevant processes in place to ensure their compliance with this new GS framework. The Authority may take enforcement action under Part 1 of the Electricity Act 1989 and/or Part 1 of the Gas Act 1986 in response to a breach of the GS.

⁷ <https://www.ofgem.gov.uk/about-us/how-we-work/working-consumers/supplier-performance-consumer-complaints>

Consultation responses

We have published the following responses we received to our December 2014 consultation from the stakeholders listed below on our website:

Association of Meter Operators
British Gas
Corona Energy
Ecotricity
EDF Energy
Electricity North West
Energy Networks Association
Energy UK
Federation of Small Businesses
First Utility
Industrial and Commercial Shippers and Suppliers (ICoSS)
National Grid Metering
Northern Powergrid
Scottish Power
Siemens
SSE
UK Power Networks