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23<sup>rd</sup> January 2015

## **ICoSS Response to Consultation on supplier Guaranteed and Overall Standards of Performance (GOSP)**

The Industrial and Commercial Shippers and Suppliers (ICoSS) group is the trade body representing non-domestic industrial and commercial (I&C) suppliers in the GB energy market. Members collectively supply three-quarters of the gas needs of the non-domestic sector as well as half of the electricity provided by non-domestic independent suppliers<sup>1</sup>.

Whilst the rollout of smart metering is beset with delays the Independent Suppliers are at the forefront of rolling out our Advanced Meters which are delivering the benefits of remote reading to hundreds of thousands of non-domestic customers.

Independent non domestic Suppliers operate in a vibrant and highly liquid market and their customers are engaged with the market and who proactively have chosen to purchase energy from them. In such competitive environment dissatisfied customers vote with their feet and thus good customer service is key to achieving a high level of customer satisfaction.

Further to our response of 22<sup>nd</sup> August, we are providing further views to the proposal to extend GOSP appointments standards to gas microbusiness customers, as set out in Ofgem's initial proposal document dated 30<sup>th</sup> June 2014.



### *Extension to Microbusiness Sector*

Whilst we note Ofgem's broad intention to remove unnecessary standards as we stated in a previous consultation response, we believe that the extension of any aspect of the GOSP to the micro-business sector is unnecessary and inappropriate. It will result in disproportionately higher costs for independent micro business suppliers, impede competition and it would not provide appropriate compensation for the customer.

With regard to this specific standard, we do not believe that failure to keep an appointment for a business customer during working hours represents an automatic inconvenience (as it might for a domestic customer) and so do not believe that automatic compensation should be paid. In this market any relevant proportionate compensation is generally determined through bi-lateral discussions with the relevant Supplier. Importantly we also note that the Microbusiness Customer already has the ability to raise a complaint and have it escalated via the Energy Ombudsman.

In addition to being unnecessary, extending an additional obligation to a new sector of the market (non-domestic gas market) represents a disproportionate burden on independent non-domestic suppliers. It introduces significant IT system and commercial changes for such suppliers, explored in more detail below.

### *Proposed Implementation Date*

Notwithstanding our comments that are set out above, ICoSS members have significant concerns regarding the proposed implementation date of July 2015.

Though the potential obligation appears simple, the proactive tracking and verification of compliance against the appointment standard would be complex and time-consuming, with consequent significant IT system and process and procedure changes required. This is because appointments are the first step in a series of related activities. Being such a fundamental process means that changes to it will have significant knock-on impact in terms of system changes and impact the relationship with third party service providers. The alternative is to rely on manual process which considering the nature of the obligation (suppliers to identify any failings themselves and effectively self-penalise), would be onerous and time-consuming relative to the scale of the problem.

The gas industry is currently in the detailed development phase of its biggest commercial and system changes since it was opened up to competition, namely Project Nexus which is proposed to be implemented in October 2015 with industry testing currently scheduled to

commence in June 2015. Any system changes prior to Nexus Go Live will have a finite life and perhaps more importantly, whether system solution or manual workaround, will impact resources which are largely already fully committed to project Nexus.

In addition to this significant industry wide programme, at this time, suppliers in the gas market are accommodating industry changes as a result of:

- The rollout of Advanced Metering & Automated Meter Reading (AMR) and Smart Metering
- The introduction of new Energy Theft arrangements
- The introduction of REMIT
- The rollout of EU changes
- The introduction of a performance assurance framework.
- The review of Xoserve
- Introduction of Demand Side Response (DSR)
- The introduction of new arrangements for Brokers/TPI's

For those Suppliers also operating in the Power Market we also additionally have:

- Electricity Market Reform (EMR)
- HH settlement for profile classes 5-8

Importantly the above list does not include Suppliers' own programs of change to enhance their services.

Adding this new system change to track appointment keeping with less than six months lead-time is a significant and disproportionate burden for independent Suppliers and will further add risk to the other system changes identified above. This may jeopardise Suppliers ability to meet the delivery deadlines for these critical industry projects.

In light of these issues, the implementation date, if approved, for these new obligations should at the very least be rescheduled for after the implementation of Project Nexus, that after 1 October 2015.

#### *Data Publication*

With regard to publication, we agree that publication of data should not be mandated, particularly for smaller suppliers. We note that Citizen's Advice has recently proposed to undertake the same activity and has decided that to do so would be unfair for suppliers with less than 50,000

customers<sup>2</sup>. The publication of performance standards is possible when the statistical sample is suitably large to remove the potential for a small transient error to skew the perceived performance of a supplier. We suggest that the sample size suggested by Citizen's Advice (i.e. 50,000 microbusiness customers) is an appropriate minimum threshold.

#### *Commercial & Third Party Suppliers*

The introduction of the proposals will require independent Supplier who largely use Third Party Service Providers e.g. MAM's MRA's etc. to review and potentially amend, introduce new service levels within existing third party service provider contracts e.g. being required to introduce a 4 hour appointment window. Additionally independent Suppliers will also have to review and potentially amend General Conditions of Contract to reflect these new arrangements.

#### *Payment Mechanisms*

We also seek clarification on how a made is deemed to be made. The draft Statutory Instrument notes that payments are to be made within 10 Working Days, and includes the crediting of the account. We are unclear as whether confirmation issued to the customer within 10 Working Days advising them that their account has been credited be sufficient to meet the requirement or whether a separate payment is needed.

#### *In Summary*

Whilst the proposals overall reduce the burden on the Suppliers in the domestic market which is acknowledged as not being competitive and for which an ongoing CMA investigation is in progress it perversely it introduces new obligations in a sector of the market in which independent Suppliers operate and whose customers have proactively chosen to contract with them. We therefore believe the proposals introduce a disproportionate and unnecessary burden on independent Suppliers and for the reasons set out should not be taken forward.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Evans', is positioned above the typed name.

Gareth Evans  
Chair ICoSS

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<sup>2</sup> [http://www.citizensadvice.org.uk/small\\_supplier\\_complaint\\_handling\\_performance.pdf](http://www.citizensadvice.org.uk/small_supplier_complaint_handling_performance.pdf)