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Ofgem  
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Dear Jonathan,

**SUPPLIER GUARANTEED AND OVERALL STANDARDS OF PERFORMANCE -  
STATUTORY CONSULTATION AND PROPOSALS**

Thank you for the opportunity to comment on the revised proposals for the Supplier Guaranteed and Overall Standards of Performance and the.

As we stated in our response to Ofgem's initial consultation, we believe that the supplier standards should focus only on areas where there is a clear rationale for intervention, such as ensuring customers have a safe and secure supply of energy. While the revised proposals in this consultation cover a broader range of standards than this, we recognise that the revised proposals are a step towards a simplified and more focused set of supplier standards.

We set out below our comments on the revised proposals and the draft Statutory Instrument (SI). We have also provided some drafting comments on the SI in Annex 1.

Application of Regulation 5 and 6 to faulty prepayment meters operating outside the margins of error but with no risk of loss of supply

Regulation 6 sets out the standards that suppliers must meet where they are notified by a customer that a prepayment meter is "not operating so as to permit a supply to be given to a customer's premises in the manner for which that prepayment meter was designed". The standard is an emergency response of 3 hours on a working day and 4 hours on any other day. As drafted, the Regulation would appear to cover situations where a meter is still allowing a supply to the premises, but the customer is concerned that the meter is not operating within the permitted tolerance level. Except where the out of tolerance operation is so extreme as to put the supply at risk, we think that the matter should be covered under Regulation 5 instead. This would avoid the cost of unnecessarily treating it as an emergency and allow meter operators the option of using calibration specialists to check the meter.

Issuing of notice of rights to customers

We welcome Ofgem's revised proposals for making customers aware of their rights under the Supplier Guaranteed Standards and note that the same reduction of paper mailings will apply to the great majority of DNO and GDN mailings sent out by suppliers. The residual mailing of DNO information to identified customers is complex because it would be a selective mailing. It may be that specific letters would need to be prepared

and posted for this one communication. While it may make sense for the supplier to write as owner of the customer relationship, we would ask that Ofgem consider again whether such a mailing is proportionate and necessary, and how the threshold for DNO's requesting such letters is to be defined, especially if suppliers are bearing the costs (would suppliers be writing 10,000 such letters, 100,000 or 1 million)?

#### Revocations of existing Regulations

The draft SI has no detail on revocations and consequential amendments that will be needed in the proposed Electricity (Standards of Performance) Regulations 2015, which are likely to be in place prior to the new supplier standards, and in the Gas (Standards of Performance) Regulations 2005. We would ask that industry has an opportunity to review the proposed revocations and consequentials prior to the SI being finalised.

It may be helpful to consider if transitional provisions are needed to deal with failures that take place immediately prior to the new Regulations being in place. The normal convention would be to apply the rules in force at the time of the failure, even if the payment to the customer is later, but a cleaner switch-over may be more practicable.

#### Impact assessment

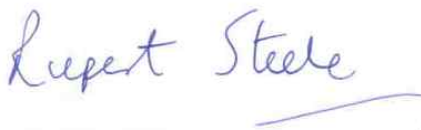
Ofgem has not undertaken an Impact Assessment (IA) on the proposals as it believes that they are "restricted to the updating of existing arrangements" and "will not have significant impacts on the general public, gas or electricity market participants" – and an IA is therefore not required under Section 5A of the Utilities Act 2000. We believe this is a borderline case given the range of industry participants impacted by the proposals, and the potential for this impact to be "significant" under the definition in Ofgem's 2013 IA Guidance. The change in the appointments standard, including its extension to micro-business customers, will require changes to supplier and meter operator systems and processes as well as to contractual agreements. In such circumstances we believe it would be good practice for an IA to be undertaken. As well as helping to understand the costs of implementing the revised proposals, an IA would also provide insight into the timescales for implementation. Changes to internal systems and processes take time to develop, test and implement; and as suppliers use multiple meter operators to cover their customer base, contractual changes could also take time to be agreed.

#### Implementation timescales

While we welcome Ofgem's revised timeline for implementation, which takes some account of the level of change noted in our previous responses, we are still concerned that it may be challenging to meet the revised timescale of 1 July 2015. We previously estimated that it would require at least 6 months to implement the changes, and we therefore believe that an implementation date of 1 October 2015 would be appropriate.

Should you wish to discuss any of the above points, please contact me via the details provided or contact Rhona Peat ([rhona.peat@scottishpower.com](mailto:rhona.peat@scottishpower.com)) on 0141 568 3231.

Yours sincerely,



**Rupert Steele**  
Director of Regulation

## ANNEX 1

### ELECTRICITY AND GAS (STANDARDS OF PERFORMANCE) (SUPPLIERS) REGULATIONS 2015 SCOTTISHPOWER COMMENTS

The table below sets out the key comments from ScottishPower on the Draft Statutory Instrument for the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015.

Reference	Comment	Amendment (if relevant)
Regulation 5, paragraph (5)	Extend this definition to apply to Regulation 6 as well (paving for next proposed amendment)	After "regulation" insert " <b>and regulation 6</b> "
Regulation 6, paragraph (4)(b)	Exclude minor PPM calibration errors, so they fall within Regulation 5	Line 3, at end insert " <b>(but this shall not include the operation, or suspected operation, of the meter outside the margins of error, unless the difference is so great as to materially affect the ability of the customer to obtain a supply of gas or electricity over the next 15 days)</b> "
Regulation 11 paragraph (1)(b)(i)	Minor drafting amendment	Replace "if the supplier is a gas supplier" with "if the supplier is a gas supplier"
Schedule 2	<p>As noted in our main response, we cannot comment on any proposed revocations until Ofgem provides us with the required detail. We ask that suppliers get sight of the revocations prior to the revised SI coming into force.</p> <p>We note that the revocations need to ensure that all supplier obligations are removed from The Gas (Standards of Performance) Regulations 2005, The Gas (Standards of Performance) (Amendment) Regulations 2008 and The Electricity (Standards of Performance) Regulations 2015. We also suggest that a short transitional arrangement may be appropriate to ensure it is clear what set of regulations apply for failures that take immediately prior to the new regulations coming into force.</p>	