

Supplier Performance Report (SPR) Information for suppliers

Introduction to the SPR

This information document is to assist energy suppliers' understanding of the processes behind Ofgem's Supplier Performance Report (SPR).

The SPR covers all of the environmental and social schemes administered by Ofgem that place obligations on licensed energy suppliers. This will include any schemes that Ofgem may take on in the future.

Energy suppliers have a wide range of relevant conditions and requirements across the schemes. We have described these below and explained how we apply the term 'overriding obligation' – a term used in the SPR scoring matrix – to each scheme.

Please note that poor compliance performance, as shown on the SPR, will not necessarily lead to enforcement action. In making an assessment on whether or not to open an enforcement investigation, we consider a range of information against our case opening prioritisation criteria.

The schemes explained

Visit [our website](#) for a detailed overview of each scheme.

The **Feed-in Tariffs (FIT)** scheme is a government programme designed to promote the uptake of a range of small-scale renewable and low-carbon electricity generation technologies. Introduced on 1 April 2010, the scheme requires participating licensed electricity suppliers to make payments on both generation and export from eligible installations. FIT licensees (suppliers who are obligated, or who have chosen, to make FIT payments) are required to take Microgeneration Certification Scheme (MCS)¹ applicants through the registration process and make FIT payments for electricity generated and exported from accredited installations based on meter readings submitted to them by the generator.

All licensed electricity suppliers (regardless of their FIT participation status) are required to make payments into the FIT Levelisation Fund. This is based on their share of the electricity supply market of Great Britain and any FIT payments made to accredited installations under the scheme. We then redistribute the fund to FIT licensees who have made more payments to accredited installations than they would be required to by their market share contribution.

For the purposes of the SPR, the overriding obligation for suppliers is to accept requests for FIT payments from generators and to make payments when obligated to do so under the standard conditions of their electricity supply licences. If they fail to make any required payments under the scheme, we will score them as having failed to fulfil their overriding obligation.

¹ <http://www.microgenerationcertification.org/>

You can read more about the FIT scheme on [our website](#).

The **Renewables Obligation (RO)** is a support mechanism for large-scale renewable electricity projects in the UK. It places an obligation on UK electricity suppliers to source an increasing proportion of the electricity they supply to their customers from renewable sources. The annual obligation period runs from 1 April to 31 March. The obligation is set by the Department for Business, Energy and Industrial Strategy (BEIS) and published at least six months before each obligation period. For each obligation period, suppliers have to present a specified number of Renewables Obligation Certificates (ROCs) to Ofgem.

The overriding obligation for the purposes of the SPR is for suppliers is to meet their scheme obligations by presenting ROCs, making a buy-out payment, or a combination of the two. For example, if a supplier only submits enough ROCs to meet 95% of its obligation but makes no buy-out payment for the remaining 5%, it will have failed to meet its overriding obligation.

The **Energy Company Obligation (ECO)** is a government energy efficiency scheme in Great Britain to help reduce carbon emissions and tackle fuel poverty. Under the scheme, larger energy suppliers deliver energy efficiency measures to homes in Great Britain. Suppliers are given targets based on their share of the domestic gas and electricity market. The scheme focuses on the installation of heating measures and insulation, and supports vulnerable consumer groups. The scheme began in April 2013, and over time it has been amended. The latest changes to the scheme occurred in 2017, and apply to measures installed from 1 April 2017. We have termed the latest version of the scheme as ECO2t.

For the purposes of the SPR, a supplier meets its overriding obligation if it achieves the carbon and cost saving targets it has been set. If a supplier only delivers 80% of the measures required over the scheme period, then it will have failed to meet its overriding obligation.

The **Warm Home Discount (WHD)** is a scheme aimed at tackling fuel poverty in Great Britain. Under the scheme, larger energy suppliers support people who are in fuel poverty or are at risk of it. Some smaller suppliers also voluntarily participate in part of the scheme. The WHD scheme has three different elements: the Core Group, the Broader Group and Industry Initiatives. BEIS coordinates the Core Group, while we administer the Broader Group and Industry Initiatives.

Energy suppliers with over 250,000 domestic customers are required to participate in each element of the scheme. Voluntary suppliers, meanwhile, only take part in the Core Group.

For the purposes of the SPR, a supplier meets its overriding obligation if it delivers the required level of support to its customers in the form of rebates or Industry Initiatives during the scheme year. If it hasn't taken all reasonable actions to deliver support to those entitled, then it will not have met its overriding obligation. For example, if it delivers all of its Core Group measures but only 95% of its non-Core Group target, then it won't have met its overriding obligation.

The **Government Electricity Rebate (GER)** partially refunded all domestic electricity customers for the cost of the government's environmental policies. Under GER, licensed electricity suppliers had to pay a £12 rebate to these customers in the autumns of 2014 and 2015. The total value of these rebates was around £620 million. The scheme ran for two years only.

Suppliers had to deliver the rebates to all of their eligible customers. If a supplier made all effort within its power to pay the customer, but still couldn't make the payment (for example, it couldn't confirm the customer's bank account or address) then it met its overriding

obligation for the purposes of the SPR (as described in our scoring matrix). However, if it didn't exhaust all reasonable options to make payments, then it failed to meet its overriding obligation.

The **Offtaker of Last Resort (OLR)** aims to promote the availability of power purchase agreements (PPAs). It is intended as a last resort to help renewable generators who can't get a PPA through the usual commercial means.

The scheme provides an alternative route to market for eligible generators by facilitating a 'backstop' power purchase agreement (BPPA) between the generator and a licensed supplier.

This is achieved through a competitive process – the OLR auction. A licensed supplier will buy the electricity produced under a BPPA at a specified discount, below the market reference price. This ensures the OLR route to market is a genuine last resort.

If a supplier participates in a BPPA auction when required to do so and meets its contractual obligations as required by legislation, then it will have met its overriding obligation for the purposes of the SPR. If it fails to do either or both of these steps, then it will have failed to meet its overriding obligation. Similarly, if a voluntary participant in a BPPA auction is awarded a contract, but doesn't fulfil its contractual obligations, then it will have failed in its overriding obligation.

Fuel Mix Disclosure (FMD) - All electricity suppliers in Great Britain who supply electricity for the whole of a disclosure period (1 April – 31 March) must disclose to their customers the mix of fuels they used to generate the electricity they supplied that year. Suppliers must disclose this information by 1 October annually.

In order to evidence the renewable electricity supplied to their customers, suppliers are required to hold Renewable Energy Guarantee of Origin (REGO) Certificates in their accounts on our Renewables and CHP Register by midday on 1 July following the previous disclosure period. They must also submit requests to recognise EU Guarantees of Origin by this date.

If a supplier does not hold all of the necessary evidence sources required to demonstrate their renewable electricity supply for FMD by the required deadline, then it will have failed to meet its overriding obligation for the purposes of the SPR.

The SPR explained

The SPR is a data set that is regularly updated by Ofgem's scheme compliance teams.

An incident is added as a row of data to this spreadsheet when a compliance team has determined that an incident of non-compliance has occurred on one of the schemes outlined above.

We publish online charts and descriptive text on our website, and alongside this, the full SPR data set in an Excel file.

What constitutes non-compliance?

We have described how the SPR will record non-compliance with the overriding scheme obligations above. The SPR will also record non-compliance with any other obligation or requirement set out under each scheme's legislative framework or in Ofgem's scheme guidance documents. Some examples of legislative and administrative non-compliance incidents are:

- A supplier has not provided details of its customer numbers and supply volumes by the date specified in legislation
- A supplier has made a late submission for the FIT annual levelisation process
- A supplier has failed to conduct sufficient technical monitoring of measures under the ECO scheme
- Data supplied in relation to schemes is incorrect and needs revision.

The non-compliance incidents on the SPR can vary significantly in seriousness and impact, and as such, we categorise each incident to enable both trend analysis and the differentiation of more serious incidents.

We score all incidents against each of the following categories:

- Compliance with overriding scheme obligation
- Deadlines
- Governance
- Accuracy of data
- Financial implication

This will enable us to see where suppliers struggle with scheme compliance requirements and where they can make improvements. We can also use the data to discuss potential changes in policy with the government.

As above, we also categorise every incident as either legislative or administrative in nature.

Finally, we score all incidents from 0-4 against each of the categories above, with 4 being the most serious non-compliance. A score of 0 means that category is not relevant to the incident.

The scores are defined in our scoring matrix, which is in the appendix of this document.

The highest scoring category for an incident is the score we use to present the data for that incident.

Process for adding incidents to the SPR

The scheme compliance team will determine whether to add an incident to the SPR, and then inform the supplier about the details of the incident they propose to add. This will give the supplier its first opportunity to review the specific SPR entry.

Every year we will thoroughly review all scores across the schemes to ensure they are as accurate, consistent and objective as possible.

Reviewing incidents on the SPR

As described above, we will inform a supplier about the addition of an SPR non-compliance entry when it is first added by the scheme compliance team.

After the initial notification that we have recorded an incident on the SPR, the supplier will be able to make representations to us if they disagree with either the non-compliance incident itself or the score/categorisation.

It will be for scheme compliance teams to consider any representations and decide whether or not to make any changes to the record of the incident as a result. Their decision is final.

Process for publishing and further opportunities to review

Before we publish updates to the SPR, we will provide a two-week window in which suppliers can review their full data set and make any final representations to comment on the accuracy of the data. Following the end of this window, we will review any submissions and make any necessary changes to the data ahead of publishing.

Following this process, we will publish the SPR charts online, alongside the full data set. We will update the data every six months.

Frequently Asked Questions

How long will scores remain on the SPR?

We plan to keep incidents on the SPR for a maximum of four years.

Will audit results be included in the SPR?

Findings from audits will be recorded as separate incidents for each finding of non-compliance. Better working practices and advice will not be added to the SPR.

Will suppliers be penalised for proactively highlighting any errors in their compliance with the schemes?

We encourage all suppliers to maintain an open and constructive dialogue with Ofgem. There might be instances where the inclusion of the incident in the SPR is warranted, however any self-reporting is likely to reduce the severity of the associated scores and prevent the issue from being further compounded.

Why is compliance with the schemes not highlighted in the SPR?

We expect suppliers to comply with the schemes. We believe compliance should not be seen as suppliers doing well, but rather the expected status quo. We will however be publishing supporting information alongside the SPR data which highlights compliance with the schemes more broadly.

What will happen to data acquired before October 2015?

We have archived all pre-October 2015 data due to differences in the way we scored and recorded incidents on the SPR at that time. We do not plan to publish this data.

How frequently will data be published?

We will publish updates to the SPR every six months.

What if it was Ofgem's fault that a supplier was non-compliant?

If this is genuinely the case, and we agree with the supplier's assertion, then we will not add the incident to the SPR. However, please remember that while we will endeavour to provide you with as much guidance and assistance as possible, it is still your responsibility to comply with your scheme obligations.

Appendix – scoring matrix

Severity Category ↓	➔Severity Rating - 4	Severity Rating - 3	Severity Rating - 2	Severity Rating - 1	Severity - 0
<i>Compliance with overriding scheme obligation</i>	<p>ECO – Has not met its set obligation</p> <p>WHD – Has not met its set obligation</p> <p>GER – Has failed to make payments to one or more customer where it is within the supplier's ability to make the payment</p> <p>FIT – Fails to offer FIT payments when obliged to do so</p> <p>RO – Has not met its obligation for an obligation period</p> <p>OLR – Has not participated in a BPPA auction if mandated to do so and/or has not fulfilled contractual obligations</p> <p>FMD – Has not published approved data</p>				Has met their obligation
<i>Deadlines</i>	Supplier's action means we have to make special arrangements to complete compliance, eg extend a deadline.	<p>Leads to a future monthly monitoring requirement</p> <p>or</p> <p>Leads to delays/time constraints for Ofgem in completing compliance</p>	<p>Leads to a future quarterly monitoring requirement/ a site audit/ a required change in supplier's controls and procedures</p> <p>or</p> <p>Corporate strategy objectives moved or discarded</p>	<p>Leads to details published in annual report</p> <p>or</p> <p>Notification of minor non-compliance</p> <p>or</p> <p>Reprioritising of delivery required</p>	No / low reprioritising of delivery required
<i>Governance</i>	Ofgem requires supplier to significantly overhaul its governance structure	Leads to an investigation by scheme compliance team	Leads to a future quarterly monitoring requirement/ a site audit/	Details published in annual report	No concerns over governance

Severity Category ↓	➔Severity Rating - 4	Severity Rating - 3	Severity Rating - 2	Severity Rating - 1	Severity - 0
		<i>or</i> Leads to a future monthly monitoring requirement <i>or</i> Leads to a change in Ofgem's external guidance <i>or</i> Ofgem requires supplier to make some changes to governance structure	a required change in supplier's controls and procedures <i>or</i> Ofgem makes suggestions to change governance structure	Leads to communication with individual supplier clarifying compliance processes <i>or</i> Ofgem reviews governance structure	
<i>Accuracy of data</i>	Volume of incidents ≥ 5% of supplier's total obligation/number of measures claimed <i>or</i> Affects scheme obligation setting/calculation	Volume of incidents ≥3% to <5% of supplier's total obligation/number of measures claimed <i>or</i> Leads to an investigation by scheme compliance team <i>or</i> Leads to a future monthly monitoring requirement <i>or</i> Leads to a change in Ofgem's external guidance <i>or</i> Ofgem unable to process/accept data due to poor quality	Volume of incidents ≥1% to <3% of supplier's total obligation/number of measures claimed <i>or</i> Leads to a future quarterly monitoring requirement/ a site audit/ a required change in supplier's controls and procedures <i>or</i> Leads to a change in Ofgem's internal processes/procedures <i>or</i> Leads reconciliation in future compliance periods	Volume of incidents <1% of supplier's total obligation/number of measures claimed <i>or</i> Details published in annual report <i>or</i> Leads to communication with individual supplier clarifying compliance processes	No concerns over data accuracy
<i>Financial Implication</i>	≥ 10% of the supplier's obligation to the scheme	≥5% to <10% of the supplier's obligation to the scheme	≥1% to <5% of the supplier's obligation to the scheme	>1% of the supplier's obligation to the scheme	No / low financial loss to scheme participants
<i>Level of Escalation (internal use only)</i>	Highest level of staff involved: senior employee (associate director, managing director or CEO)	Highest level of staff involved: head of scheme	Highest level of staff involved: senior manager	Highest level of staff involved: manager	Highest level of staff involved: assistant manager
<i>Time required to resolve (internal use only)</i>	Over 4 months	3 - 4 months	2 - 3 months	1 - 2 months	Under 1 month