

Appendices



Appendix I

Performance against 2017-18 deliverables

Our Forward Work Programme for 2017-18 included deliverables to be achieved in each quarter.

The table below and detail on the following pages show the deliverables we met.

FWP 2017-18 Deliverables: End of Year status	Delivery status	Planned Quarter	Actual Quarter	Met in Quarter?	Met in later quarter?	Deferred to 2018/9
Amend the broad principles in gas and electricity supply licenses, including a new vulnerability principle – Q2	√	Q2	Q2	Y	n/a	n/a
Publish Social Obligations report – Q2	√	Q2	Q3	N	Y	n/a
Publish decision on intermediate proposals for amendments to Confidence Code and, if appropriate, make Code amendments outlined in our consultation – Q1	√	Q1	Q2	N	Y	n/a
Outline our proposed next steps for our review of Confidence Code	√	Q3	Q3	Y	n/a	n/a
Publish Blueprint decision document (Design Baseline 3) on Switching programme – Q3	√	Q3	Q4	N	Y	n/a
Complete Detailed Level Specification Phase and publish Design Baseline 4 on switching programme – Q4	Moved to 2018-19	Q4	n/a	N	n/a	Y
Publish plan for enabling a smart, flexible energy system jointly with the BEIS – Q1	√	Q1	Q2	N	Y	n/a
Publish proposed high-level strategic approach to market and regulatory reform in response to the energy systems transition – Q2	√	Q2	Q2	Y	n/a	n/a
Publish final decision on current industry code modifications that relate to aspects of embedded benefits – Q1	√	Q1	Q1	Y	n/a	n/a

FWP 2017-18 Deliverables: End of Year status	Delivery status	Planned Quarter	Actual Quarter	Met in Quarter?	Met in later quarter?	Deferred to 2018/9
Publish our approach to the proposed Targeted Charging Review – Q2	√	Q2	Q3	N	Y	n/a
Modification of National Grid Gas transporter licence to ensure compliance with Tariff Network Code – Q3	√	Q3	Q4	N	Y	n/a
Implement Data and Communications Company operational performance regime – Q1	√	Q1	Q2	N	Y	n/a
Publish Data and Communications Company price control decision for 2016-17 – Q4	√	Q4	Q4	Y	n/a	n/a
Publish revised mandatory HHS plan – Q1	√	Q1	Q2	N	Y	n/a
Launch Significant Code Review – Q1	√	Q1	Q2	N	Y	n/a
Update letter on timelines for implementation of CMA code governance remedies – Q1	√	Q1	Q2	N	Y	n/a
Review the Innovation Link based on our experience in delivering the services – Q2	√	Q2	Q2	Y	n/a	n/a
Implement a requirement for companies to prepare accounts in accordance with the regulatory financial reporting standard for 2017-18 – Q4	√	Q4	Q4	Y	n/a	n/a
Make initial decision on need for the North West Coast Connections transmission project as well as deciding whether to tender that project – Q2	x ¹¹	Q2	n/a	n/a	n/a	n/a
Make final decision on need for the Hinkley-Seabank transmission project as well as deciding whether to tender the project – Q3	√	Q3	Q4	N	Y	n/a

¹¹ Cancelled - external principal withdrew proposal.

FWP 2017-18 Deliverables: End of Year status	Delivery status	Planned Quarter	Actual Quarter	Met in Quarter?	Met in later quarter?	Deferred to 2018/9
Select a Preferred Bidder for the Burbo Bank project in offshore transmission owner Tender Round 4 – Q1	√	Q1	Q2	N	Y	n/a
Select Preferred Bidders for the Dudgeon, Rampion and Race Bank projects in offshore transmission owner Tender Round 5 – Q4	Partly met, partly deferred to 2018-19	Q4	Partly achieved	Partly achieved	n/a	Y
Publish State of the Market Report – Q3	√	Q3	Q3	Y	n/a	n/a
Publish our Enforcement Overview on our performance exercising our enforcement powers	√	Q1	Q1	Y	n/a	n/a
Submit Business Impact Target report - Q1	√	Q1	Q1	Y	n/a	n/a
Host an Annual Enforcement Conference to share our experience and learnings in exercising our powers - Q2		Q2	Q2	Y	n/a	n/a
Procure a third party, with expertise in consumer charities, to effectively allocate funds from voluntary redress - Q2	√	Q2	Q2	Y	n/a	n/a
Decision on review of Fleetwood Regulatory Asset Value for National Grid Gas Transmission - Q2	√	Q2	Q2	Y	n/a	n/a
Publish decision on adjustments to licensees revenue - Q2	√	Q2	Q2	Y	n/a	n/a
Publish annual report on Domestic Renewable Heat Incentive scheme	√	Q2	Q2	Y	n/a	n/a
Publish annual report on the Non-Domestic Renewable Heat Incentive Scheme	√	Q2	Q2	Y	n/a	n/a
Complete Feed-in Tariff annual levelisation process	√	Q2	Q2	Y	n/a	n/a
Complete final determination on ECO2 Carbon Saving Community Obligation	√	Q2	Q2	Y	n/a	n/a
Publish enforcement guidelines and our approach to opening investigations - Q3	√	Q3	Q3	Y	n/a	n/a

FWP 2017-18 Deliverables: End of Year status	Delivery status	Planned Quarter	Actual Quarter	Met in Quarter?	Met in later quarter?	Deferred to 2018/9
Make a decision on which projects to fund in relation to the Network Innovation Competition - Q3	√	Q3	Q3	Y	n/a	n/a
Publish annual report on the Feed-in Tariff Scheme	√	Q4	Q3	Y	n/a	n/a
Publish annual report on the Renewables Obligation scheme	√	Q4	Q4	Y	n/a	n/a
Publish Annual Report on the Warm Home Discount scheme	√	Q4	Q4	Y	n/a	n/a
Publish compliance progress reports against the Energy Company Obligation	√	n/a	n/a	Y	n/a	n/a
Publish E-Serve performance web charts	√	n/a	n/a	Y	n/a	n/a
Publish quarterly report on Domestic Renewable Heat Incentive Scheme	√	ALL	ALL	Y	n/a	n/a
Publish quarterly report on Non-Domestic Renewable Heat Incentive Scheme	√	ALL	ALL	Y	n/a	n/a

Appendix II

Key Performance Indicators 2017-18

Effective Competition			
Metric (KPIs)	Details of what is being measured	Annual target 2017-18	Actual
RMR Derogation Requests	Make decisions on RMR derogation requests within 60 working days of receiving a request (unless formal consultation is needed)	90%	100%
Offshore Transmission Processing	Licence grants within 70 days of commencement of Section 8a consultation	70 working days	34 working days
Offshore Transmission Processing	Preferred Bidder selection within 120 days of ITT submission (excluding Best & Final Offer)	120 working days	79 working days
Licence Applications	Make decisions on Licence Applications within 45 days	100%	100%
Code Modifications	Make code modification decisions within 25 working days of receiving the Final Modification Report (or, where applicable, final responses to a Final Impact Assessment or other Ofgem consultation)	90%	67% ¹²
Code Modifications	Where applicable, publish code modification Impact Assessment (or other Ofgem consultation) within 3 months of receiving the Final Modification Report	90%	67% ¹³
Customer Contacts	Time taken for first response to customer contacts	93% - 10 working days	82% ¹⁴
Whistle-blowers	Time taken for first response to whistle-blower contacts	100% to receive initial engagement within 1 working day	100%

¹² Figure is rolling throughout the year – falling to 67% by the end of the year due to a number of complex decisions requiring additional time and competing priorities within Ofgem

¹³ As above

¹⁴ The achieved annual KPI is below target primarily due to limited resources. Over the last six months processes have been overhauled and additional resources have been put in place which has resulted in a recent upturn in the monthly KPI. It is expected that this will continue to improve throughout next year, as processes are embedded and experience builds across the team.

E-Serve KPIs 2017-18			
Metric	What is being measured	Annual Target 2017-18	Actual 2017-18
Domestic RHI processing	Responding to enquiries about applications within 10 working days	90%	92.90%
Non-Domestic RHI processing	Responding to queries within 10 working days	90%	98.90%
Renewables Obligation (RO) processing	Responding to enquiries about applications within 10 working days	90%	82.80% ¹⁵
Feed-In Tariff (FIT) processing	Responding to enquiries about applications within 10 working days	90%	98.80%
Energy Company Obligation (ECO)	Responding to queries within 10 working days	90%	100%
Warm Home Discount (WHD) processing	Responding to obligated party submitted Warm Homes Discount schemes for approval, within 28 days	100%	100%
Domestic RHI processing	Maintaining system availability during business hours	99% or above	99.42%
Non-Domestic RHI processing	Maintaining system availability during business hours	99% or above	99.11%
Renewables Obligation (RO) processing	Maintaining system availability during business hours	99% or above	99.60%
Feed-In Tariff (FIT) processing	Maintaining system availability during business hours	99% or above	99.70%
Energy Company Obligation (ECO)	Maintaining system availability during business hours	99% or above	99.30%
Domestic RHI processing	Making payments within 5 working days	95%	98.10%
Non-Domestic RHI processing	Making payments within 30 working days	95%	90.60% ¹⁶
Renewables Obligation (RO) processing	Issuing the main batch of Renewables Obligations Certificates following the generators' output data reporting deadline, within 17 working days (Apr-Jun) and 12 working days (Jul-Mar)	95%	98.10%
Feed-In Tariff (FIT) processing	Completing the levelisation process within 22 working days	95%	100%
Energy Company Obligation (ECO)	Processing the measures submitted in one calendar month by the end of the following month	95%	100%
E-Serve performance	Publishing updated E-Serve performance web charts every month	100%	100%

¹⁵ At the start of the year we saw a very high volume of email which was primarily driven by the closure of the scheme on 31 March 2017. This resulted in us missing our 'Responding to stakeholders' KPI target of responding to 90% of application enquiries within 10 working days for three months. The bulk of the correspondence concerned prospective participants submitting supplementary evidence to us in respect of accreditation applications made in the previous month. The volume of emails started to ease in June, and has remained at just over 1000 each month. The KPI target was met every month since June 2017.

¹⁶ During Q1-Q2, we consistently achieved our target YTD KPI; however an increase in the number of aged cases being accredited to the scheme consequentially affected the overall Payments KPI in the latter stages of 17/18.

Appendix III

Investigations and enforcement action 2017-18

Details of our cases are available on our website¹⁷ in accordance with our policy as set out in our Enforcement Guidelines¹⁸. We will usually publish brief details of the facts and nature of the investigations on our website¹⁹, although policy is different for cases relating to the Regulation²⁰ on Wholesale Energy Market Integrity and Transparency (REMIT)²¹.

Below you can find details of the investigations that we have completed this year. In investigations where we secured redress, the companies made payments either directly to consumers and/or to programmes and funds that would benefit them.

Company	Issue	Decision	Date of decision
British Gas	Compliance with SLCs 7A, 7B, 14A and 21B in relation to billing and customer service to microbusiness and non-domestic consumers.	Settlement. British Gas has agreed to pay a £1 penalty and redress of £9.5 million (less £1).	June 2017
E	Compliance with SLC 25 (sales and marketing) and 13 (arrangements for site access).	Settlement. E has agreed to pay a £1 penalty and redress of £260,000 (less £1).	January 2018

Below are details of redress that Ofgem has secured through alternative action or compliance work. This gives a company a chance to swiftly put things right for consumers without us exercising our statutory enforcement powers.

Company	Issue	Decision	Date of decision
British Gas	Guaranteed Standards for suppliers set specific customer service standards.	Closed through alternative action. British Gas agreed to pay redress of £1.1m and has taken action to change its customer service processes.	July 2017
SSE	Switching customers to Prepayment meters.	Closed through alternative action. SSE agreed to implement improvement actions to address the concerns identified.	November 2017
Utilita	Prepayment Charge restrictions – usage thresholds.	Closed. We reviewed this issue and were satisfied that appropriate remedial action had been taken and affected customers appropriately compensated.	December 2017
SSE	Switching customers to dead tariffs.	Closed through compliance action. We reviewed the issue and were satisfied that affected customers were appropriately compensated. SSE agreed to pay redress of £670,000.	September 2017
E.On & Npower	Switching window for customers on fixed term tariffs.	Closed through compliance action. Both suppliers updated their processes and paid redress to affected customers for a combined total of over £21,000.	November 2017

¹⁷ <https://www.ofgem.gov.uk/investigations>

¹⁸ https://www.ofgem.gov.uk/system/files/docs/2017/10/enforcement_guidelines_october_2017.pdf

¹⁹ The fact that we have opened an investigation does not imply that the companies involved have breached licence conditions or other obligations.

²⁰ Regulation No 1227/2011 of the European Parliament and of the Council of 25 October 2011

²¹ Our Remit Procedural Guidelines can be found at: <https://www.ofgem.gov.uk/publications-and-updates/consultation-decision-remit-penalties-statement-and-procedural-guidelines>

In March 2018 we issued a provisional order banning Iresa from taking on new customers, increasing existing customers' direct debits, and asking them for one-off-payments, for up to three months until it resolves customer service issues. A provisional order may be used, if considered necessary, to require a regulated person to do or not do something to prevent loss or damage that might arise before a final order can be made.

We have ordered Iresa to:

- extend call centre hours, bring down average call waiting times to below 5 minutes and respond to customers who request a call back by the end of the next working day;
- respond to customer emails within 5 working days;
- clear a backlog of customer emails;
- log and record all expressions of customer dissatisfaction; and
- act to identify and manage all of its vulnerable customers, including offering to put them on a priority services register (PSR).

If Iresa fails to take these steps within the next three months, we could take further action which includes, ultimately, revoking the supplier's licence. A wider investigation into Iresa's compliance is ongoing.

Below are the open investigations as at the end of March 2018. Please note, the opening of an investigation does not imply that we have made any finding(s) about non-compliance. Ofgem does not publish information on all open investigations, in particular when Ofgem is conducting investigations into potential failures to comply with REMIT requirements. As a general rule, we do not comment further on these investigations, including who we are investigating, unless we consider it necessary to do so in the interests of consumers or market confidence.

Company	Date Opened	Issue
Npower	September 2014	Investigation into whether npower has complied with SLC 12 in relation to taking all reasonable steps to install, and supply electricity through advanced meters at the premises of its larger non-domestic customers.
Extra Energy	July 2016	Investigation into whether Extra Energy has complied with its obligations under SLCs 7B, 14, 21B, 25C, 27 and 31A and with the CHRs in relation to billing, customer service and complaints handling.
Economy Energy	September 2016	Investigation into whether Economy Energy has complied with the relevant conditions set out in SLC 25 in relation to its sales and marketing obligations.
Economy Energy, E(Gas and Electricity) and Dyball Associates	October 2016	Investigation into whether there has been an infringement of Chapter I of the Competition Act 1998 in relation to possible anti-competitive agreements and concerted practices.
British Gas	June 2017	Investigation into whether British Gas has complied with its obligations under SLCs 24 and 25C, in relation to termination of domestic supply contracts.
SSE	October 2017	Investigation into whether SSE has complied with SLCs 31A and 25C in relation to provision of information on Annual Statements to domestic customers.
Ovo	February 2018	Investigation into whether Ovo has complied with SLCs 31A and 25C/0 in respect of information on Bills, statements of account and Annual Statements.
Iresa	February 2018	Investigation into whether Iresa has complied with SLCs 14, 23.3, 23.4, 25C/0, 27.5 to 27.8, 27.16 and the CHRs.
Not disclosed	July 2017	Investigation into whether there has been an infringement of Chapter II of the Competition Act 1998 and/or Article 102 of the Treaty on the Functioning of the European Union, concerning potential abuse of a dominant position by a company providing services to the energy industry.

Appendix IV

Off-payroll appointees

Off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than six months

The following table summarises the situation on off-payroll engagements as at 31 March 2018:

No. of existing engagements as of 31 March 2018	8
Of which:	
No. that have existed for less than one year at time of reporting.	4
No. that have existed for between one and two years at time of reporting.	2
No. that have existed for between two and three years at time of reporting.	2
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

All existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

New off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	10
No. of the above which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	4
No. for whom assurance has been requested	3
Of which:	
No. for whom assurance has been received	3
No. for whom assurance has not been received	0
No. that have been terminated as a result of assurance not being received.	0

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
No. of individuals that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both off-payroll and on-payroll engagements.	2

Appendix V

Trade Union Facility Time

Table 1
Relevant union officials

What was the total number of your employees who were relevant union officials during the relevant period?

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
10	816

Table 2
Percentage of time spent on facility time

How many of your employees who were relevant union officials employed during the relevant period spent a) 0%, b) 1%-50%, c) 51%-99% or d) 100% of their working hours on facility time?

Percentage of time	Number of employees
0%	1
1-50%	9
51%-99%	0
100%	0

Table 3
Percentage of pay bill spent on facility time

Provide the figures requested in the first column of the table below to determine the percentage of your total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period.

Provide the total cost of facility time	11,232
Provide the total pay bill	51,071,000
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.022%

Table 4
Paid trade union activities

As a percentage of total paid facility time hours, how many hours were spent by employees who were relevant union officials during the relevant period on paid trade union activities?

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	24%
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