

Gas and electricity suppliers,  
energy consumers and their  
representatives and other  
interested parties

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## **Decision to modify the electricity and gas supply licences to introduce five narrow principles and remove certain prescriptive customer communications rules**

This letter notifies stakeholders of our decision to modify the electricity and gas supply licences. We are introducing a package of five enforceable principles across four new standard licence conditions (SLCs), SLCs 31F, 31G, 31H and 31I. We are also removing a large number of prescriptive rules relating to domestic supplier-customer communications.

These rule changes are part of our move to rely more on regulating through principles, which we consider will provide strong consumer protection in a fast-changing market. Our new rules, in combination with the existing Standards of Conduct (SOC) and SLC 25 informed choices principles, will enable suppliers to take different approaches to meet the diverse needs of their customers (including the vulnerable), while putting responsibility firmly on suppliers to deliver positive consumer outcomes. These rules make our expectations of suppliers crystal clear.

Our decision follows extensive stakeholder engagement over the last year.<sup>1</sup> We have carefully considered responses to our September 2018 statutory consultation, where stakeholders strongly supported our package of proposals. We have decided to proceed with the proposals set out in the statutory notices, with some minor changes to clarify our policy intent and correct typographical errors.

The modification notices<sup>2</sup> accompanying this letter include a list of all the changes we have made following our statutory consultation proposals. Appendix 1 to this letter provides an overview of stakeholder responses to the statutory consultation and outlines the rationale for our final decision in each policy area. We have also published a guide on how the rules are changing overall, to provide a simple explanation of the new framework (available at the same link as the modification notices).

### **Summary of the final changes we are making**

#### **1. Encouraging and enabling engagement**

We are introducing two new principles relating to engagement: one around providing information to enable consumers to understand and manage their costs and consumption on an ongoing basis (referred to as the 'continuing to make informed tariff and

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<sup>1</sup> Ofgem, [Statutory consultation: Domestic supplier-customer communications rulebook reforms](#), September 2018. Ofgem, [Policy consultation: Domestic supplier-customer communications rulebook reforms](#), May 2018. Ofgem, [Working paper: Domestic supplier-customer communications rulebook reforms](#), December 2017.

<sup>2</sup> The final modification notices published alongside this letter are available online at: <https://www.ofgem.gov.uk/publications-and-updates/final-decision-domestic-supplier-customer-communications-rulebook-reforms>.

consumption choices' principle), and one around consumers being being informed by their suppliers that they can switch tariff or supplier (referred to as the 'comparing and switching tariff and supplier' principle). A consumer engagement objective will sit above these principles (and the rules around prompting engagement in SLC 31F.5) to focus suppliers' minds on the manner in which they can comply with the principles. To be clear, the overarching objective at the start of SLC 31F (specifically SLC 31F.1 and SLC 31F.2) is part of both principles (contained in SLC 31F.3 and SLC 31F.4) and the SLC 31F.5 rule. The objective needs to be read in conjunction with these other rules to understand the overall obligation on suppliers.

Following our statutory consultation, we have made a few minor changes to the drafting of the engagement objective and principles. Key changes we have made are to:

- rephrase part of the engagement objective (SLC 31F.1) to improve its readability (this is not a change in intent).
- separate SLC 31F.2 into parts (a) and (b). This is a structural change only, for clarity. We've made the equivalent change to all of the principles.
- add "and consumption" into the title of the 'continuing to make informed tariff choices' principle, to express our policy intent more clearly.

The final wording of the new consumer engagement objective, and the two 'encouraging and enabling engagement' principles, is as follows:

### **Condition 31F. Encouraging and enabling engagement**

#### **Consumer engagement objective**

*31F.1 In complying with paragraphs 31F.3 to 31F.5, the licensee must act in a manner which is designed to promote positive engagement by encouraging each Domestic Customer (as appropriate to the circumstance) to:*

- (a) consider switching Tariff or [Electricity/Gas] Supplier; and/or*
- (b) understand and manage the costs associated with that Domestic Customer's Tariff and the [electricity/gas] that Domestic Customer consumes.*

*31F.2 In complying with paragraphs 31F.3 and 31F.4 the licensee must take into account:*

- (a) that Domestic Customer's characteristics and current Tariff's features; and*
- (b) where appropriate, that Domestic Customer's preferences.*

#### **Continuing to make informed tariff and consumption choices**

*31F.3 The licensee must ensure that each Domestic Customer is provided with information, services and/or tools in a Form and at a frequency sufficient to enable that Domestic Customer to:*

- (a) understand the key features of their Tariff, including any charges, fees or payments; and*
- (b) make informed choices in when, and how much, [electricity/gas] that Domestic Customer consumes, including prompting that Domestic Customer to consider ways to be more efficient and/or flexible in how and when that Domestic Customer consumes [electricity/gas].*

#### **Comparing and switching tariff and supplier**

*31F.4 The licensee must ensure that each Domestic Customer is provided with information in a Form and at a frequency that is sufficient to enable that Domestic Customer to understand that they can switch Tariff and [Electricity/Gas] Supplier, and may benefit from doing so, including financially.*

Our final changes to the detailed rules around encouraging and enabling engagement are largely the same as presented in the statutory consultation. We are:

- amending existing rules about when the Estimated Annual Costs, the Cheapest Tariff Message (CTM) and "About Your Tariff" label must be provided. Rather than providing these on certain communications, suppliers will need to send them together at least once a year, and at other Key Prompt Points<sup>3</sup> as appropriate to meet the consumer engagement objective. We are also removing many of the specific content and formatting rules of the CTM and "About Your Tariff" label.
- amending existing rules about the Tariff Information Label, removing many of the specific content and formatting rules.
- retaining rules about information that must be provided alongside Estimated Annual Costs, providing the Tariff Information Label and Estimated Annual Costs along with Principal Terms, information about energy efficiency, and requiring suppliers to ensure customers with bespoke heating system arrangements aren't at a disadvantage when comparing or switching tariffs.
- removing other detailed rules about bespoke heating system arrangements.

Key changes we have made to prescriptive rules in this area are to:

- rephrase SLC 31F.5 to improve readability and clarify our policy intent. We have defined the package of information comprising a customer's Estimated Annual Costs, CTM and "About Your Tariff" label as 'Switching Information', so that references to this collective information in SLC 31F.5 are clearer. We have also clarified our policy intent that suppliers must provide the Switching Information all together at least once in a 12 month period, and all together at other Key Prompt Points as they consider appropriate to meet the consumer engagement objective. This does not preclude suppliers providing these pieces of information separately at other times, so long as they are provided together at least once in a 12 month period.
- amend the CTM rules to be clear that if the customer is already on the cheapest tariff or a supplier only has one tariff, then the supplier must tell the customer they are already on the cheapest tariff, instead of providing the CTM. We have also removed the rule clarifying treatment of the CTM for dual fuel customers, as we consider that the CTM definition is sufficient to ensure that consumers are presented with clear and accurate information on the cheapest relevant and alternative tariffs.
- add a rule to clarify that Estimated Annual Costs must be shown separately for electricity and gas at Key Prompt Points. (This is currently required under schedule 1 of SLC 31A but was not clear from the statutory consultation drafting.)

## 2. Assistance and advice information

We are introducing a new principle to ensure consumers can quickly and easily understand how to identify and access the help that is available to them. The first part of the principle (SLC 31G.1) sets out information that needs to be communicated to *all* consumers, while the second part (SLC 31G.2) sets out information is most relevant for consumers at *certain* times. We have not made any changes to this principle from our statutory consultation proposal, other than adding the word 'that' into SLC 31G.1 for consistency with SLC 31G.2 and the other principles, and restructuring SLC 31G.3 into two parts. The final wording is as follows:

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<sup>3</sup> "Key Prompt Points" are points in time at which a Domestic Customer is likely to want to consider, or could benefit from considering, their options relating to switching Tariff. For more information on what this concept means in practice, refer to our [statutory consultation](#) (in particular pages 34-6).

### **Condition 31G. Assistance and advice information**

*31G.1 The licensee must ensure that each Domestic Customer is provided with information in a Form and at a frequency that is sufficient to enable that Domestic Customer to quickly and easily understand how to:*

- (a) identify and contact each Relevant Party about a problem, question or any other request for assistance. This includes queries, complaints, disputes or emergencies; and*
- (b) seek impartial advice from Citizens Advice consumer service.*

*31G.2 The licensee must ensure that each Domestic Customer is provided, as appropriate in the circumstances, with information in a Form and at a frequency that is sufficient to enable that Domestic Customer to quickly and easily understand:*

- (a) what their rights are as regards to the means of dispute settlement available in the event of a dispute, including how to identify and contact the Relevant Ombudsman for the circumstances; and*
- (b) how to access appropriate assistance and advice. This includes information about:
  - (i) debt prevention and management;*
  - (ii) improving energy efficiency, including management of [electricity/gas] consumption and associated costs; and*
  - (iii) social, financial and energy efficiency programmes**

*31G.3 In complying with paragraphs 31G.1 and 31G.2 the licensee must take into account:*

- (a) that Domestic Customer's characteristics and current Tariff's features; and*
- (b) where appropriate, that Domestic Customer's preferences.*

Our final changes to the detailed rules around assistance and advice information have not changed from the statutory consultation (other than typographical corrections). We are:

- retaining the requirement for suppliers to provide information about reporting (suspected) gas leaks.
- retaining rules about energy consumer guidance and dispute settlement information.
- retaining rules about certain pieces of information (supply number and information about Citizens Advice) being provided annually if customers don't get a Bill or statement of account.
- removing detailed rules about informing consumers about electricity and gas network company contact details, as the outcomes that these rules are designed to achieve are covered by the new 'assistance and advice information' principle.

### 3. Relevant Billing Information, Bills and statements of account

We are introducing a new principle to ensure consumers get the information they need to understand much they have paid, or will need to pay, for their energy. This principle is also unchanged from our statutory consultation proposal, bar the addition of the word 'that' in SLC 31H.1 for consistency with the other principles and restructuring of SLC 31H.2 into two parts. The final wording is as follows:

**Condition 31H. Relevant Billing Information, Bills and statements of account**

**Provision of Relevant Billing Information, Bills and statements of account**

*31H.1 The licensee must ensure that each Domestic Customer is provided with Relevant Billing Information, and where relevant Bills or statements of account, in a Form and at a frequency that is sufficient to enable that Domestic Customer to understand and manage the costs associated with their Tariff and the [electricity/gas] they consume.*

*31H.2 In complying with paragraph 31H.1 the licensee must take into account:*

- (a) that Domestic Customer's characteristics and current Tariff's features; and*
- (b) where appropriate, that Domestic Customer's preferences.*

Our final changes to the detailed rules around Relevant Billing Information, Bills and statements of account are largely the same as in the statutory consultation. We are:

- introducing a rule that Bills and statements of account must be provided in a form that can be easily retained as a copy, or easily made available for reference.
- retaining certain rules around the content of Bills and statements of account (supply number, comparison of consumption with the same period last year, QR code, "About Your Tariff" Label, and dispute settlement and Citizens Advice information).
- removing other Bill content rules.

Key changes we have made to prescriptive rules in this area from our statutory consultation proposals are to:

- make it clear suppliers must consider other rules relating to Bills and Billing Information in the supply licence in addition to those set out in SLC 31H – specifically making reference to the rules in SLCs 21B and 21BA.
- make minor drafting amends to SLCs 31H.3 (about Bills and statements of account being made easily available for reference) and SLC 31H.4 (about information being provided in Bills and statements of account) to ensure our intent is clear.

#### 4. Contract changes information

We are introducing a new principle to ensure that customers are made aware of changes to their contract (such as when a fixed-term contract is ending, or suppliers increase prices or otherwise vary the terms of a contract to the disadvantage of the customer). Suppliers must ensure they provide sufficient information so that customers can understand what is changing and when, and the implications of this, in order that they can effectively respond to the change. We have made some minor changes to this principle from our statutory consultation proposal:

- structurally separating out SLC 31I.3 into two parts for ease of reading,
- adding the word 'that' into SLC 31I.1, and
- replacing 'a renewal' with 'the end' [of a fixed term contract] in SLC 31I.1(c).

The final wording of the 'contract changes information' principle is as follows:

**Condition 31I. Contract changes information (notifications of price increases, disadvantageous unilateral variations and end of fixed term contracts)**

31I.1 The licensee must ensure that each Domestic Customer is provided with a Notice prior to the event of:

- (a) a Disadvantageous Unilateral Variation;
- (b) an increase in the Charge(s) for the Supply of [Electricity/Gas] to a Domestic Premises (including by making any reduction in the amount of a Discount that is applied to a Unit Rate or Standing Charge); and
- (c) the end of a Fixed Term Supply Contract.

31I.2 Notices under paragraph 31I.1 must:

- (a) be provided in a Form and at an appropriate time that is designed to prompt that Domestic Customer to make an informed choice in light of the proposed Change(s), leaving reasonable time for that Domestic Customer to avoid any Change(s) before they take effect; and
- (b) contain information which is sufficient to enable that Domestic Customer to understand:
  - (i) the Change(s), including the main reason(s) for the Change(s);
  - (ii) any potential implications (including any financial implications) of the Change(s) for that Domestic Customer if no action is taken;
  - (iii) when the Change(s) take effect; and
  - (iv) that Domestic Customer's rights and available options relevant to the Change(s).

31I.3 In complying with paragraphs 31I.1 and 31I.2 the licensee must take into account:

- (a) that Domestic Customer's characteristics; and
- (b) where appropriate, that Domestic Customer's preferences.

Our final changes to the detailed rules around contract changes information are largely the same as in the statutory consultation.

- We are removing the majority of rules about content that must be included in Price Increase Notifications (PINs)<sup>4</sup> and Statements of Renewal Terms (SORTs), though a few specific rules remain (see the modification notices for more detail).
- We are also removing certain content that has to be included on a dead tariff notice (rules currently in SLC 22D.9).
- We are removing the detailed timing rules around when contract change notices have to be provided. This relates to each of the notices set out above, and also SLC 22C.5 notices<sup>5</sup>, to ensure consistency across the licence.

Key changes we have made to prescriptive rules in this area from our statutory consultation proposals are to:

- require PINs, SORTs and SLC 22C.5 notices to all be provided separately from other documents, but not other information. This was our original policy intent, but the drafting differed slightly between different notices, so we have made this consistent for clarity. We continue to think it's important that each notice should be sent separately from any other document, so as not to detract from the important messages they contain. But we do think suppliers should have the flexibility to

<sup>4</sup> In this document, unless stated otherwise, we use 'price increase' as shorthand for any unilateral variation made to a contract by a supplier that is to the consumer's disadvantage. This could, for example, include changes such as an increase in the early termination fees on a contract. Similarly, we use 'Price Increase Notification' to refer to any notice sent to the consumer informing them of a disadvantageous unilateral variation, pursuant to SLC 23.

<sup>5</sup> SLC 22C.5 notices are sent when a supplier extends the duration of an existing fixed-term contract for another fixed term period.

include additional information within the notices themselves, provided they meet the overall outcome of the 'contract changes information' principle.

- remove SLC 23.4A, which required a combined PIN to be sent for dual fuel accounts. This rule currently exists as there is a separate template that must be used for dual fuel notices, compared to gas or electricity only notices. As we are removing templates, we don't think this rule is needed any more. Our new and existing principles will require suppliers to be clear in communicating how any price increase or contract change affects dual fuel customers.
- rephrase SLC 31I.5(c)(i) (the requirement for SORTs to 'draw the customer's attention' to the current principal terms) to be clearer on our policy intent – that suppliers can either provide the actual principal terms, or else explain how the customer can access them.

## 5. Annual Statements

We are removing the requirement for suppliers to provide Annual Statements (rules currently in section B of SLC 31A). The information provided on the Annual Statement is important, but we believe there could be more effective ways of providing it. As set out in the statutory consultation, we expect suppliers to consider the most effective way of communicating this information by delivering the outcomes set out in our new principles.

## 6. Consequential changes

We are making a number of consequential changes throughout the gas and electricity licences, including updating cross-references and removing redundant definitions. We have identified some further minor changes that need to be made to our statutory consultation proposals, for the new licence conditions to be accurate. These are reflected in the final modification notices.

We are proceeding with relevant changes to the rules around dead tariff and white labels as set out in the statutory consultation. This includes removing dead tariff rules that no longer apply, and merging alternative definitions for white labels with the original definitions in SLC 1.

### **Related directions / derogations from prescriptive rules**

#### *Potential direction to allow suppliers to vary the terms of existing fixed-term contracts*

In the statutory consultation, we asked whether stakeholders considered that suppliers need a direction to allow them to change the terms of their existing fixed-term contracts, so that those customers could benefit from our rule changes sooner. We have considered evidence received in consultation responses, and concluded that such a direction is not needed. If suppliers are confident that the changes they want to make to fixed-term contracts are in consumers' interests and will not be disadvantageous, then the rules do not prevent them from doing so. This is in the spirit of moving to principles-based regulation, where suppliers should be taking responsibility for delivering good consumer outcomes.

#### *Proposal to move the Cheapest Tariff Message rules into a direction in the future*

In the statutory consultation, we also proposed to place rules around prompting engagement within a direction in the future. We note the comments raised by stakeholders in relation to this proposal. As we said in the consultation, this idea is separate from the rule changes decision we are making in this document, and we are not making a decision on whether to proceed with it or not at this stage. If we consider there is merit in continuing with this proposal, we will take it forward separately.

## *Existing market-wide Statement of Renewal Terms derogation*

In December 2017 we issued a market-wide derogation<sup>6</sup> to allow suppliers to make changes to the content and format of their SORTs. This was intended to give suppliers flexibility to make their SORTs more engaging and improve consumer engagement, ahead of our wider customer communications rule changes coming into effect. Suppliers using the derogation no longer had to comply with a number of prescriptive rules, but still had to deliver the underlying policy intent of these rules through their SORTs.

Once our rule changes come into effect, we don't consider there will be a further need for the market-wide derogation. The majority of rules that were covered by the derogation will be removed. Our overarching policy intent has not changed either under the old rules, new rules, or the derogation. Suppliers should be making sure that customers are aware that their tariff is ending and what happens if they take no action, and that they are prompted to consider their options and have the information they need to make an informed choice.

**We are therefore revoking this derogation for all suppliers<sup>7</sup>**, effective from the date our new rules come into effect (11 February 2019). We are aware that certain rules that are currently covered by the derogation are remaining in our new framework of rules. The four suppliers who took advantage of the derogation may therefore need to make changes to their SORTs to ensure they are fully compliant with the new framework of rules. We expect these suppliers to do so as quickly as possible, where relevant.

### **Wider policy linkages**

These changes to the customer communications rules mark the conclusion of our planned work under the 'Future Retail Regulation' project, through which we have been conducting reviews of specific areas of the supply licences to introduce new principles and remove unnecessary prescriptive rules. Any further changes to the licence will be identified and taken forward as part of our usual policy development work, where we are keen to continue evolving our rulebook to enable innovation while ensuring strong consumer protection. Going forward we are committed to relying on principles where it is appropriate to do so. Upcoming areas of policy development that may be of particular interest include:

- Ongoing cross-governmental work to implement midata in the energy sector will facilitate better access to consumer data. As part of this work, we are considering whether the requirements for QR codes to be included on Bills would still be necessary following the implementation of midata. We expect to consult on this proposal next year, with a view to any licence changes taking effect by autumn 2019.
- In considering the potential consumer impacts that may arise following the introduction of market-wide half hourly electricity settlement, we are considering to what extent our current framework of rules, including the full suite of broad and narrow principles, addresses any potential risks. We are keen to hear what stakeholders think about this. We expect to issue a call for evidence in winter 2018/19.
- During our call for evidence<sup>8</sup> on the current 'supplier hub' model<sup>9</sup>, several stakeholders expressed strong support for any new framework to build on our moves towards principles-based regulation in the supply licences. In July, we

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<sup>6</sup> Ofgem, [Decision to grant all licensed suppliers a temporary and limited derogation from various elements of standard licence condition \(SLC\) 22C of their electricity and gas supply licences](#), December 2017.

<sup>7</sup> This revocation also applies to equivalent directions which have been issued to gas and electricity suppliers who have been granted a licence since the publication of our market-wide derogation on 14 December 2017.

<sup>8</sup> Ofgem, [Future supply market arrangements – response to our call for evidence](#), July 2018.

<sup>9</sup> We call this the 'supplier hub' because the supplier is positioned as the primary intermediary between consumers and the energy system. With this position comes a wide range of roles and responsibilities that have become entrenched in legal frameworks, licensing arrangements and industry rules. For consumers, it means they are obliged to access the energy system through a licensed supplier, with these firms recovering costs arising through their energy use.



responded to this call for evidence. We concluded that the current retail market design may not be fit for purpose for energy consumers over the longer term, and there is a strong case for considering fundamental reforms. One area we highlighted for investigation related to consumer protections, and ensuring they are appropriately targeted, proportionate, and flexible to change. In line with our conclusions, Government and Ofgem have recently launched a comprehensive joint review into the retail energy market that will consider options for enabling new business models and propositions, while ensuring future consumers are protected.

### **Next steps**

The changes set out in the modification notices published alongside this letter will take effect on **11 February 2019**.

Stakeholders should refer to our [statutory consultation](#) (particularly chapter 8) for more detail on our expectations around when we expect to see suppliers making changes in response to these rule changes. Suppliers should be able to demonstrate how their current and future approach is meeting consumers' needs. We appreciate that in relation to SLC 31F.5(b), suppliers are likely to need to make changes to their contract change notices to ensure they are providing the required information (eg the "About Your Tariff" Label), however we expect suppliers to make this transition as quickly as possible to ensure they are compliant with the new rules.

We will be keeping a close eye on consumer outcomes in this area, as part of our wider monitoring of the new package of principles, and stand ready to take action where needed. Suppliers should take these obligations seriously.

Yours faithfully,

### **Kiera Schoenemann**

Deputy Director, Monitoring & Compliance

Duly authorised on behalf of the Gas and Electricity Markets Authority

## **Appendix 1: Overview of statutory consultation responses and way forward**

This licence modification decision follows two consultations, published in May 2018 and September 2018 respectively, that described our changes and rationale. We have also published a working paper and presented at several workshops that gave stakeholders an opportunity to engage with us on our proposals. We note that many respondents have welcomed this as an open and inclusive consultation approach. In reaching this decision, we have carefully considered and taken into account all views put forward by stakeholders.

We received 23 responses to our September 2018 statutory consultation from suppliers, a consumer group, industry groups and third parties. Two of these responses were confidential.<sup>10</sup> An overview of stakeholder responses, and our way forward, is set out below. We have summarised all licence drafting suggestions in a table at the end of this document, and provided commentary on whether we have adopted them or not and why.

### **Our final package of proposals**

#### Statutory consultation proposal and stakeholder feedback

We proposed to introduce five new customer communications principles, and remove a large number of detailed prescriptive rules relating to content, format, timing and frequency of the information that is given to consumers.

Stakeholders remain supportive of our direction of travel, and were generally positive about our final package of proposals. A few suppliers remain of the view that we could rely more heavily on the SOC and/or the new principles, and therefore remove more prescription. Stakeholders highlighted a number of consequential amendments, most of which were typographical errors. We have summarised these and other drafting comments in a table at the end of this document.

Some more specific overarching comments were made. Several suppliers and an industry group suggested that using the word 'provide' is not modern or future-proof enough, and we should use an alternative. Only one alternative was raised during our probing in follow-up engagement, which was to require suppliers to ensure each customer 'has made available for them, and is informed about' [Relevant Billing Information, or the equivalent information required by other principles]. Two stakeholders suggested we define the word 'provide' to formalise our intent. One supplier thought that the definition of 'form' should be amended so suppliers must consider how accessible key information is. Another supplier questioned why clauses related to guidance and 'exception to compliance with condition' had been included in the four new SLCs.

One supplier commented that customer characteristics and tariff features are often the same. They argued that making the distinction between the two in the new principles should just be about future-proofing the rules (as tariff features could differ in the future, eg for time of use tariffs) rather than placing additional expectations on suppliers to identify further characteristics than they already do.

A couple of suppliers mentioned that certain parts of the new principles set an unreasonably high expectation of what they can achieve. For example, one supplier argued that the 'continuing to make informed tariff choices' principle expects suppliers to ensure that customers understand the costs associated with their tariff. Another supplier said that for the 'billing information' principle, suppliers can only provide information to help consumers understand their costs, but cannot ensure that consumers use this to manage their costs.

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<sup>10</sup> Non-confidential responses to our September 2018 statutory consultation are available on our [website](#).

### *Direction to allow suppliers to vary the terms of existing fixed-term contracts*

We asked stakeholders whether they thought suppliers would need a derogation to enable them to make changes to their existing fixed-term contracts. Responses were mixed, with some suppliers commenting that they did not need such a derogation, and others providing examples of clauses which they did not consider they could vary without a derogation. Stakeholders broadly agreed that if we did issue a direction, it should allow consumers the opportunity to avoid the change without being penalised, and *enable* rather than *require* suppliers to make changes to contracts.

### Way forward and rationale

We have decided to proceed with our package of proposals broadly as set out in the statutory consultation, with some minor amendments as outlined in the rest of this document and reflected in the final drafting in the modification notices. As previously stated, we believe this is an ambitious package of proposals and we have gone as far in removing prescriptive rules as we feel able to at this time.

There was a general trend of stakeholder comments focusing on specific words or phrases within principle drafting, which were not considered in the wider context of the whole principle. In the spirit of these rule changes we strongly encourage suppliers to think about the overall combined effect of the wording of the new principles and the outcomes they are designed to achieve.

On the more specific overarching comments:

- We do not agree that the word 'provide' is either unclear in its intent or insufficiently future-proof. 'Provide' is used throughout the supply licences, and in each case its meaning is taken from the context in which it is used. For the new principles, this context is consumers receiving information they need to understand certain things and/or take certain actions. These rules focus on what consumer outcomes we want to see, rather than how those outcomes are achieved. The use of 'provide' here is technology-neutral and does not imply that information needs to be communicated in a specific way (for example only by post or in PDF form). We have considered alternative wording, but we don't consider that requiring suppliers to ensure each customer 'has made available for them, and is informed about' information will ensure the consumer outcomes we want to see for all consumers. Some customers (eg those without internet access) will need to be directly sent information in order to achieve the outcomes in the principles, and the alternative wording suggested would not require this. We have therefore concluded that 'provide' best captures the outcomes we want to see for consumers. We don't consider it is necessary to define 'provide' in the licences – this could lead to confusion about how other uses of the word 'provide' in the licences should be interpreted.
- We agree that suppliers should consider how accessible key information is. However we don't intend to add this into the definition of the word 'form'. Each of our new principles requires information sufficient to deliver the outcomes we expect to see for each customer, including considering their characteristics and preferences. There is already a requirement as part of the SOC for suppliers to ensure that important information is given appropriate prominence.
- We included clauses relating to guidance and 'exception to compliance with condition' in each new SLC to future-proof the rules, in case these provisions are required in the future in scenarios that we have not envisaged now. We don't intend to issue guidance on our rules or envisage offering derogations from any aspects of the new package of rules (including individual directions and/or guidance for specific suppliers), but we retain the right to do so in the future if the need arises.
- We recognise that there could be cases where customer characteristics and tariff features align very closely. However this won't always be the case – for example, being on a more complex tariff with peak and off-peak periods is a feature of that

tariff but not a characteristic of the customer on that tariff. Regardless of whether something is considered a characteristic or tariff feature, our expectations are that these are taken into account in the context of the outcomes expressed in each principle. We already expect suppliers to be taking considerations like this into account.

- We do not consider that the new principles place an unrealistic expectation on suppliers. The principles should be read as a whole to understand the outcomes we are expecting. The 'continuing to make informed tariff choices' principle does not require suppliers to ensure customers understand their tariff or costs – it requires suppliers to provide customers with information that is *sufficient to enable them* to understand. The 'billing information' principle is drafted in a similar way with respect to consumers understanding and managing their costs. We have deliberately chosen this wording across the principles to reflect that we understand a supplier cannot ensure a customer understands or manages something. However we expect suppliers to consider what information consumers need to understand and manage their tariffs or cost, and present this in a clear and simple way that is designed to help them understand. We do not consider that this is an unrealistic expectation, or unachievable for suppliers.

We have concluded that a derogation to enable suppliers to make changes to their existing fixed-term contracts is not needed. If suppliers are confident that the changes they want to make to fixed-term contracts are in consumers' interests and will not be disadvantageous, then the rules do not prevent them from doing so.

## **Encouraging and enabling engagement**

### Statutory consultation proposal and stakeholder feedback

We proposed to introduce two new principles – one relating to consumers knowing they can switch, and another relating to consumers being able to make ongoing informed choices about their tariff and managing their costs and consumption. We also proposed a new overarching consumer engagement objective to focus suppliers' minds on the manner in which they comply with these principles. We proposed to introduce the concept of Key Prompt Points to require suppliers to consider the best time to provide consumers with prompts to engage and information to enable them to do so. We proposed to retain the core purpose of the CTM, "About Your Tariff" Label and Tariff Information Label, but remove some detailed prescription relating to format and content.

Stakeholders broadly agreed that these proposals reflect our policy intent, and several welcomed our intent being expressed more clearly through the rules than in our previous proposals. A number of comments were made and clarifications sought in this area, which we set out below. Several small drafting suggestions to the rules in SLC 31F were made, which are set out in the table at the end of this document.

#### *'Continuing to make informed tariff choices' principle*

Two stakeholders suggested that the title of this principle should be changed to better reflect our policy intent. Another supplier questioned our expectations around providing energy efficiency advice to vulnerable consumers, where reducing consumption could cause detriment to those consumers.

#### *Providing prompts to engage*

Stakeholders raised several specific points relating to providing information at Key Prompt Points:

- One stakeholder didn't think there was clear rationale for requiring the CTM, Estimated Annual Costs and "About Your Tariff" Label to be sent once a year.

- One stakeholder requested more clarity relating to Key Prompt Points, detailing what suppliers will be expected to provide and when.
- One stakeholder noted that Key Prompt Points can already involve a lot of information being provided to customers, and it wouldn't be effective to also require all of the CTM, Estimated Annual Costs and "About Your Tariff" Label to be sent at these times. They also noted that providing this information at certain reactive Key Prompt Points such as calls on unrelated subjects may not provide a good customer experience. They thought suppliers should be able to provide the most relevant information at these times, with the backstop of all three pieces of information being provided together at least once every 12 months.

One supplier commented that they do not see a meaningful distinction between the Tariff Information Label and "About Your Tariff" Label.

Another stakeholder sought clarity over whether Confidence Code-accredited comparison sites would be required to display the Tariff Information Label in the same format as suppliers choose to use. They argued that TPIs should be able to use different formats of the TIL if they choose, to enable them to use the same TIL format for all tariffs on their site. This stakeholder considered that a minor change would be needed to the wording of the Confidence Code to provide this flexibility.

### *Cheapest Tariff Message*

Several stakeholders expressed disappointment that we are not reviewing the methodology of the CTM at this stage, and noted that the level of prescription we proposed to retain here is out of line with our general direction of travel. Some further suggestions were made as to changes to the CTM methodology that stakeholders would like us to make.

One stakeholder questioned whether suppliers will still need to provide the CTM to consumers where the customer is already on the supplier's cheapest tariff, in particular if the supplier only offers one tariff.

Two stakeholders noted that the requirement for the CTM to always be shown separately for gas and electricity for dual fuel customers goes further than the current rules, which only require this when the CTM is displayed on Bills or statements of account.

While a few stakeholders were supportive, the majority of suppliers strongly disagreed with our proposal to move rules around prompting engagement into a direction outside of the supply licences, to give us the flexibility to respond in a more agile and dynamic way to market developments and trial results. Concerns raised included that the transparency of consultation process could be lost, and that creating rules outside of the licence could be confusing for new entrants and be easily missed.

### Way forward and rationale

We have decided to proceed with our proposals, with some minor changes to the principles drafting and associated prescription in SLC 31F as set out in the main part of this document. Below we respond to stakeholder comments raised on this area.

#### *'Continuing to make informed tariff choices' principle*

We have decided to change the title of this principle to 'continuing to make informed tariff and consumption choices', as we agree with stakeholders that consumption choices is an important aspect of this principle.

On energy efficiency advice for vulnerable consumers, suppliers should already be carefully considering the nature of energy efficiency advice they give to all consumers, particularly those they have identified as being in vulnerable situations. For example, suggesting a consumer turns their thermostat down could be detrimental if it is already set to a very low

temperature. Tailoring energy efficiency advice should not be a new concept for suppliers – both our 2013 Consumer Vulnerability Strategy and the vulnerability limb of the SOC make it clear that we expect suppliers to take a customer’s circumstances into account in all their dealings with them.

#### *Providing prompts to engage*

We consider that the CTM, Estimated Annual Costs and “About Your Tariff” Label together are an important package of information that prompts consumers to think about switching, and provides them with the tools to do so. At a bare minimum, we think every consumer should get this package of information once a year so they have the information they need to compare tariffs and switch if they wanted to.

We recognise that it won’t always be appropriate to provide the information at every Key Prompt Point, which is why the drafting of SLC 31F.5 gives suppliers flexibility over and above this minimum to work out the best other times during a year to provide the information.

We don’t intend to provide any more detail as to when suppliers should provide this information, or what other information they might want to send at the same time, as this would undermine the flexibility we are giving suppliers to determine for themselves the most effective way of delivering the consumer outcomes we want to see.

There is a difference between the Tariff Information Label and “About Your Tariff” Label. The latter should contain information a consumer would need to compare tariffs across the retail market, which will involve some information that is tailored to them, for example the name of the tariff they are on, or their annual consumption. Tariff Information Labels, on the other hand, do not contain personalised information (beyond any locational factors).

Consistent with the position we took when making our decision on Estimated Annual Costs<sup>11</sup>, we think consumers should be able to get a like-for-like comparison of tariffs within each supplier or comparison site. We therefore agree that sites should be able to use their own version of the Tariff Information Label, provided it meets the licence definition that is signposted to via the Confidence Code. We don’t consider that a change to the Confidence Code wording is needed at this time; the Code refers to “*the* Tariff Information Label”, which will now be defined without reference to a specific format. Suppliers and comparison sites should agree between themselves as to how information on tariffs will be shared.

#### *Cheapest Tariff Message*

We have noted suggestions for potential changes to the CTM. We are considering these as part of ongoing policy development relating to wider prompts to engage. While we are retaining the prescriptive methodology for the CTM at this time, we want to be clear that suppliers are not restricted in how they explain the message to consumers. Our rules do not require suppliers to use specific words to describe the cheapest relevant and alternative tariffs.

We accept that removing SLCs 31E.2-3 could create ambiguity around expectations of suppliers with only one tariff, or customers who are already on the cheapest tariff. We therefore propose to retain an amended version of these rules (new SLC 31F.6) to be clear that in these cases, customers should be told they are already on the cheapest tariff.

We agree that if a customer is on a dual fuel tariff with a single name, the supplier should be allowed to present that as one name rather than repeating it for electricity and gas. We have therefore removed SLC 31F.6 as was presented in the statutory notices. We consider that the definition of ‘Cheapest Tariff Message’, which requires suppliers to use exact tariff

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<sup>11</sup> Ofgem, [Decision: Estimated Annual Cost for domestic consumers](#), December 2017.

names, is sufficient to ensure that consumers are presented with accurate information on the names of the cheapest relevant and alternative tariffs.

We do still consider it is important for the Estimated Annual Costs to be shown separately for electricity and gas at Key Prompt Points, so we have added SLC 31F.9 to reflect this.

We note the comments raised by stakeholders in relation to our proposal to move rules around prompting engagement into a direction. As noted in our statutory consultation, this idea is separate from the rule changes we are making a decision on here. If we consider there is merit in continuing with this proposal, we will take it forward separately.

## **Assistance and advice information**

### Statutory consultation proposal and stakeholder feedback

We proposed to introduce a new principle requiring suppliers to ensure consumers can quickly and easily understand how to identify and access the help that is available to them. Following stakeholder responses we structurally split this principle into two parts, to reflect that some information needs to be communicated to *all* consumers while other information is most relevant for consumers at *certain* times. We proposed to retain most prescriptive rules relating to this area, but to remove prescriptive requirements for suppliers to provide certain contact information, and for how they communicate safety information.

Stakeholders agreed that that our proposals for the rules around assistance and advice information reflect our policy intent. A few minor comments were raised:

- One supplier did not believe that all the guidance information they are required to send to customers, such as the Energy Consumer Guidance, is relevant in the format that it is presented.
- One supplier noted that some of the wording in the principle is open to interpretation, such as 'emergencies' or 'request for assistance', and this could limit consistency and clarity for consumers who may change suppliers and receive different information.
- One stakeholder highlighted that Ofgem must continue to be considerate of the fact that there are reasonable limits as to what suppliers can achieve in supporting customers and signposting them to available help.
- One stakeholder highlighted the importance of all suppliers having telephone services so their customers can contact them easily, and suggested that a prescriptive rule could be added to set out this minimum standard.

### Way forward and rationale

We have decided to proceed with our proposals, with no changes to our statutory consultation proposal (bar a minor restructuring of one part of the principle, as we have done for the other principles too). To respond to stakeholder comments:

- On the Energy Consumer Guidance and Concise Guidance, our rules require this to be published on a supplier's website, and then provided at certain times (when supply first starts, on request, and annually). We have previously been clear that 'providing' does not just mean in paper or PDF form.
- We understand that the principle may lead to suppliers taking different approaches to providing assistance and advice information. We consider this to be a key benefit of moving to principles-based regulation. While this won't result in consistency across suppliers, the onus is on each supplier to ensure that the information they provide to their customers is clear. In this way, consumers should have clear information that they need, regardless of who their supplier is.

- We appreciate there are limits to what is in a supplier's control when it comes to consumers understanding communications. Nevertheless we consider that our principle sets out a realistic expectation of what consumers might reasonably expect to receive from their supplier.
- We acknowledge that being able to contact their supplier by telephone will be a preference for many customers. While the updated SOC and the new customer communication rules do not prescribe telephone service provision, we expect suppliers to make it easy for consumers to contact them, act promptly to put things right when they make a mistake, and ensure customer service arrangements are fit for purpose, including taking into account any vulnerable situation of domestic customers identified as vulnerable. Suppliers should satisfy themselves that they are delivering the outcomes of the principles for all consumers. Suppliers who opt for innovative solutions such as online-only models, need to ensure their model provides adequate levels of protection for customers in all circumstances, including where very short response times are needed because of the urgency of the issue. We do note that there are specific obligations for suppliers to offer contact via telephone as part of their complaints handling procedures<sup>12</sup>, as well as certain other prescriptive rules.<sup>13</sup>

## **Relevant Billing Information, Bills and statements of account**

### Statutory consultation proposal and stakeholder feedback

We proposed to introduce a new principle to ensure that consumers have the information they need to understand and manage the costs associated with their tariff and energy they consume. We also proposed to remove various prescriptive rules relating to Bill content, though certain pieces of information will still need to be included on Bills and statements of account. We also proposed to retain rules about minimum billing frequency for traditional credit meter customers, and to introduce a new rule about Bills and statements of account being either provided in a form that allows customers to easily retain a copy, or being easily made available for reference.

Stakeholders supported the flexibility that the proposals will give suppliers to make information around billing more engaging, and broadly agreed that our proposed changes reflect our policy intent. One supplier considered that our proposed new 'billing information' principle overlaps with the 'continuing to make informed tariff and consumption choices' principle.

Two stakeholders noted that there are rules in SLC 21B that also relate to billing, particularly 21B.5 and 21B.9. It was suggested that it would be helpful to either move these rules to SLC 31H or otherwise signpost to them.

A consumer group thought that Bills and statements of account will remain important to some customers in the future, such as those who are offline or rely on the support of others to help them with their Bills. This stakeholder highlighted the importance of suppliers taking into account characteristics, Tariff features and, where appropriate, preferences when considering the relevance of Bills and statements of account for different consumers. The same respondent also raised concerns that customers who only receive Relevant Billing Information may not have a copy available for reference should they need it.

### Way forward and rationale

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<sup>12</sup> The Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008.

<sup>13</sup> For gas and electricity suppliers this includes operating a telephone information service that provides that energy efficiency information free of charge (new SLC 31F.14(b)) and for gas suppliers this includes providing customers with a telephone number to be used in emergency situations (SLC 20.1(b) and new SLC 31G.7 for non-domestic and domestic customers respectively).



We have decided to proceed with our proposals, with some minor changes to the principles drafting and associated prescription in SLC 31H as set out in the main part of this document. Below we respond to stakeholder comments raised on this area.

We acknowledge that the 'billing information' and 'continuing to make informed tariff and consumption choices' principles are aiming to achieve similar outcomes, but we maintain that the two principles have some important distinctions. The 'billing information' principle is about providing factual information about what a customer's costs were and how these were arrived at, so that a customer can understand their costs. The 'continuing to make informed tariff and consumption choices' principle requires suppliers to provide more interpretive information so that a customer is able to manage their costs and consumption and make ongoing informed choices.

We don't intend to move any of the rules from SLC 21B to 31H, as these rules apply to non-domestic customers as well. However we have added a reference to these rules to SLC 31H, as we agree this explicit linkage will be helpful for anyone unfamiliar with our rules.

We agree that suppliers should take characteristics, Tariff features and, where appropriate, preferences into account when determining the appropriate type of billing information to provide to consumers. The definition of Relevant Billing Information is deliberately broad to give suppliers the flexibility to provide the appropriate content and Form of information that is needed to deliver the outcome of the principle for each customer. The focus should therefore be less on whether a customer has been provided with 'Relevant Billing Information', 'a Bill' or 'a statement of account', and more on whether what has been provided is sufficient to meet the outcome set out in the principle for a given customer.

We deliberately chose to not include Relevant Billing Information in the new rule requiring Bills and statements of account to be in a Form that can be retained as a copy or made easily available for reference. This is because we didn't want to limit future innovative forms of billing information that may not meet this requirement, for example using in home devices or similar to provide Relevant Billing Information.

However, suppliers need to make sure that the way in which they choose to provide information under this principle meets the needs of their customers and delivers the outcomes in the principle. For consumers who don't receive Bills or statements of account at all, suppliers should consider whether these consumers are able to access a record of their Relevant Billing Information in some way, for example if they need to refer to it in the event of a billing dispute. In addition, we remind suppliers of their obligation under 21B.9 to make billing and consumption information available to all customers if they request it.

### **Contract changes information (price increases, disadvantageous unilateral variations and fixed-term contracts coming to an end)**

#### Statutory consultation proposal and stakeholder feedback

We proposed to introduce a new principle to ensure consumers have the information they need to be able to understand and respond to contract changes. We proposed to remove the prescriptive timing rules, and many (though not all) of the detailed content rules, relating to SORTs and PINs.

Stakeholders generally agreed that our proposals relating to contract changes information reflect our policy intent. One stakeholder noted that high quality information in this area will be particularly important with the upcoming price cap, as the level of the cap will be reviewed every six months so customers on default tariffs could potentially receive PINs this frequently.

One stakeholder recognised our rationale for the principle not covering price decreases, but commented that they would prefer price decreases to be considered as Key Prompt Points so that consumers are prompted to engage at these times. This stakeholder also noted that suppliers will need to carefully consider the impact of non-price changes relating to

complex time of use tariffs, eg changes in the hours for certain rates, and make conservative assessments as to whether these would be disadvantageous to the customer.

A number of suppliers questioned our intent around additional information such as marketing being provided on or with SORTs and PINs. Two suppliers wanted flexibility to include other marketing on the SORT and PIN, providing it was General Data Protection Regulation (GDPR) compliant and relevant to a customer's characteristics and preferences. A third supplier wanted to be able to offer additional information alongside contract change notices, such as Citizens Advice's Know Your Rights leaflet, though they did not support marketing being included in such an information pack. However another supplier disagreed, and thought that contract change information should *not* be sent in conjunction with any other information.

One supplier commented that requiring PINs for dual fuel customers to be sent as a combined notice could be confusing if the contract change only covered gas or electricity.

While stakeholders generally supported our proposed change to the switching window rule<sup>14</sup>, a few stakeholders suggested that this should be reviewed as switching times reduce, to see whether 49 days is still an appropriate timeframe. One supplier said that while we have removed the prescriptive timing around when the SORT is sent, because the prescriptive switching window remains and customers still need to be told when the window starts, the supplier cannot envisage a situation when there is a benefit for the SORT to be sent after the switching window starts. Another stakeholder suggested that suppliers might consider sending 'light touch' communications ahead of their full SORT, as an early reminder to consumers.

One supplier questioned how the changes to the rules around contract changes will be considered as part of the incoming price cap, particularly around whether there will be enough notice for suppliers to provide any PINs for customers 30 days before the first cap period starts.

One supplier reiterated that they consider there is unnecessary duplication between the new contract changes principle and some of the prescription we are proposing to retain.

Several suppliers queried how the changes to the contract changes rules will interact with the current market-wide derogation for SORT content.

### Way forward and rationale

We have decided to proceed with the 'contract changes information' principle as proposed in the statutory consultation. We have made a few small changes to the associated prescription in SLC 31I, as set out in the main part of this document. Below we respond to stakeholder comments raised on this area.

We stand by our previous rationale for the principle not covering price decreases. If suppliers are varying the terms of complex tariffs, such as hours that certain rates apply to, they should be considering very carefully whether this constitutes a price rise or a disadvantageous unilateral variation. Suppliers should note the broad definition of disadvantageous unilateral variations. We urge suppliers to fully consider potential impacts any changes might have on each customer and any consequences if the customer is not fully informed of the change in good time. We think the 'contract changes information' principle provides strong consumer protection in these cases, as it requires suppliers to communicate the specific change and what this means for consumers.

We appreciate that the difference in wording between SLCs 31I.4(a) and 31I.6 (and 22C.5(a)(i)) could be read as a difference in information suppliers are allowed to include on

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<sup>14</sup> We proposed that the switching window (the requirement that suppliers do not charge exit fees for consumers who switch up to 49 days before the end of their fixed-term contract) will start 49 days before the end of a fixed term contract or when the SORT is sent, whichever is earlier.

a SORT, PIN or SLC 22C.5 notice. This is not reflective of our policy intent so we have made changes to align these rules. We still consider it important that contract change notices are provided as standalone documents. However we do think suppliers should have more flexibility about the information that is shown in the notices themselves, providing it does not detract from the key message of the document. We have therefore used the wording that was originally just in SLC 31I.6 to say that the SORT, PIN and SLC 22C.5 notices must be separate from any other document.

We agree that suppliers should have the flexibility to determine the best way of communicating any single fuel price increases to dual fuel customers. We have therefore been clear in the final wording of SLC 31I.5 that suppliers may still provide combined dual fuel PINs, but they don't have to. We consider that other rules (particularly the SOC and new 'contract changes information' principle) will require suppliers to be clear in communicating how any contract changes apply to dual fuel customers.

We agree it may be worth revisiting the switching window definition in the future as the faster switching programme progresses. We will keep this under review.

We disagree that retaining an amended version of the switching window prescription will prevent suppliers from sending SORTs at a different time than is currently the case. The information suppliers are required to send to consumers about the switching window is tied to when the SORT is sent, not when the switching window starts. Suppliers may choose to send the SORT to some customers closer to the contract end date than 49 days before, if they consider this will deliver the outcomes in the new 'contract changes information' principle. In this case, any customers who decide to switch from 49 days, but before receiving the SORT, would still not incur exit fees, so our policy intent will still be achieved. We also note that, in line with the new 'continuing to make informed tariff and consumption choices' principle, suppliers should be considering more generally how to make customers aware of when exit fees – a key tariff feature – do and don't apply.

These rule changes will not be in effect before the start of the first price cap period. We clarified in our price cap decision<sup>15</sup> that we still expect suppliers to send PINs to any affected customers 30 days in advance of the default tariff cap becoming effective, in accordance with SLC 23.

We have decided to retain certain prescriptive rules that are similar to wording used in the 'contract changes information' principle. We are aware of this duplication, but still consider it important to retain the prescriptive rules as they set out certain specific rights that we consider it is vital for consumers to be told about.

As clarified in the main body of this document, we have decided to revoke the market-wide SORT derogation, effective from the date our new rules take effect, as we consider it will no longer be needed.

## **Other comments**

### Stakeholder feedback

A number of respondents highlighted the importance of effective monitoring of the new rules, and sought more detail on the approach we intend to take. A few stakeholders encouraged us to continue to review prescription in the licence and see where more can be removed, particularly after Great Britain has left the EU.

One supplier sought assurances that we would not take enforcement action under the current prescriptive rules we are proposing to remove, providing there is no consumer harm. This supplier also called for Ofgem to be open to the fact that trialling new

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<sup>15</sup> Ofgem, [Default tariff cap: decision – overview](#), November 2018.

communications can lead to mistakes, and for us to take a flexible approach to compliance where suppliers act quickly to resolve issues.

### Our response

#### *How we will monitor these rule changes*

We appreciate that stakeholders are keen to know more about our approach to monitoring. We have been considering this as our policy proposals develop, and had a helpful session with stakeholders who attended our annual Compliance and Enforcement Conference in September. Similar to the approach we have taken with our existing principles, we don't intend to publicise specific detail about what we will particularly focus on monitoring at this time. This risks creating incentives for suppliers to focus their efforts on improving performance in those areas rather than considering the opportunities of our package of rule changes as a whole, and focusing on where they can make most improvements for their customers. Having said that, below we share some of our current thinking.

As with our other rules we will be taking a risk-based approach to monitoring customer communications, focusing on the areas where there is a particularly high risk of customer detriment. We are mindful of the amount of information we already collect directly from suppliers, and so are keen to rely on this and other sources of data as far as possible, rather than additional regular data requests.

We are paying particular attention to monitoring customer service standards as the price cap comes into force, and this will closely align with our monitoring of the customer communications rule changes. Sources of data that will be particularly valuable include our ongoing complaints monitoring which, following our revised complaints data reporting that came into effect in August 2018, now allows us to identify the main reasons behind the complaints each supplier receives. We will continue to work closely with Citizens Advice and the Ombudsman Services: Energy to identify systemic issues and emerging trends.

As we've previously said, we will increasingly be asking consumers directly to tell us about their experiences and the quality of the communications they receive. Ofgem and Citizens Advice have recently launched a quarterly survey to monitor consumers' satisfaction with their energy supplier and some of the components that contribute to satisfaction such as customer service, information provision, billing and complaints. This includes a number of questions relating to various aspects of customer communications, and will help us baseline consumer outcomes. We have also increased our social media monitoring, using social listening tools to monitor online consumer sentiment in relation to energy suppliers. Doing so increasingly allows us to identify trends and potential issues at an early stage, and to respond accordingly.

We will also be asking all suppliers to tell us how they are actively considering and meeting their consumers' information needs in 2019.

This range of intelligence sources will provide early indicators of areas where suppliers may be delivering poor consumer outcomes. Where we decide to investigate a potential issue further, our focus will be on constructive two-way engagement with the supplier to understand more about whether there is an issue, and if so how it is being resolved and consumers compensated if appropriate. We continue to encourage suppliers to self-report if things go wrong.

We may consider 'deep dives' on certain issues if our intelligence gives us reason to believe that poor consumer outcomes are being delivered across the market in a certain area. Where we focus our efforts is likely to evolve over time, and we are happy to engage with stakeholders about their views and any supporting evidence to inform our priorities.

#### *Other comments raised*

While this decision marks the conclusion of our planned work under the 'Future Retail Regulation' project, we remain committed to relying on principles and removing unnecessary prescription where possible. The areas of activity outlined on pages 8-9 demonstrate this commitment.

We confirm our position from the statutory consultation that we are not proactively deprioritising enforcement for the customer communication rules. Our rule changes will come into effect 56 days after this decision is published. We don't consider it is good practice to set a precedent of regularly disregarding existing rules before they have legally been removed from the licence. Where we have done this in the past, it was in specific circumstances which do not apply in this case.

On our approach to compliance when suppliers trial new communications, we already set out our expectations around this in the statutory consultation. We did this to provide suppliers with assurance that we already, and will continue to, take a proportionate approach to compliance and enforcement. As we have previously noted, constructive and proactive two-way engagement with suppliers is really important. We strongly encourage suppliers to talk to their account managers within Ofgem if they are planning any initiatives that could affect the quality of service they provide to their customers.

## Specific stakeholder comments made on licence drafting

Stakeholder comment made		Our response
SLC 1	The definition of 'excluded staggered charging tariff' has been deleted from the electricity licence but not the gas licence	This was unintentional. We have now deleted the definition in the gas licence in the final modification notice
	The Tariff Information Label definition should refer to 31F.10 specifically	We agree with this suggestion and have reflected this in the final drafting
SLC 21B	21B.5 and 21B.9 should be moved to SLC 31H, or otherwise signposted so suppliers know there are additional obligations relevant to Bills in SLC 21B	We have added 31H.11 to be clear that there are other billing rules in the licence, including SLCs 21B and 21BA
SLC 22C	There is unnecessary duplication between the 'contract changes information' principle and prescription remaining in SLC 22C. For example, 22C.3(c)(iv) is covered by 31I.2(b)(ii) and 22C.3(c)(vi) by 31I.2(b)(iv)	We are retaining certain prescriptive rules that are similar to wording used in the 'contract changes information' principle. We are aware there is potential for duplication, but still consider it important to retain the prescriptive rules as they set out certain specific rights that we consider it is vital for consumers to be told about
	22C.3 should be reworded to 'prior to the end [of a fixed term contract]' as not all customers renew their tariff	We agree with both these comments and have reflected these changes in the final drafting
	The reference to 22C.5(a)(v) in 22C.13(c) should be removed as we are deleting it	
SLC 22D	22D.2 should be updated from 'Subject to paragraphs 22D.5 to 22D.19', as we are deleting 22D.6 and 22D.7	To avoid renumbering the rules in 22D, we are changing 22D.4-6 to 'not used' rather than removing the numbers completely. Given this, 22D.2 is still accurate as drafted
	Should 'form' be capitalised in 22D.9(aa)?	We agree with this suggestion and have reflected this in the final drafting
	Why is the prescription relating to the dead tariff notice being kept when it is similar to the SLC 23 notice prescription that is being removed (as covered by 31I.2)?	We did not prioritise a detailed review of the dead tariff rules within the scope of our changes and therefore have not undertaken a full review of this section of the supply licence. However we have made a number of consequential changes to ensure consistency where possible
SLC 23	Should 'form' be capitalised in 23.2(a)?	We agree with this suggestion and have reflected this in the final drafting
	The wording of 23.4A, requiring a combined price increase notice to be issued to customers on dual fuel accounts, may not lead to good consumer outcomes if the change only affects one meter	As we are removing the detailed PIN templates that distinguished between single and dual fuel notices, we agree that we can remove 23.4A too. We consider that other rules (particularly the SOC and new 'contract changes information' principle) will require suppliers to be clear in communicating how any contract changes apply to dual fuel customers. We have now clarified this in SLC 31I
	Should the price hold requirement of 23.6 should be suspended when licensees rely on the 23.8 exception?	This doesn't relate to provision of information and so isn't in scope for us to consider at this time
	The redrafting of 23.8B doesn't appear related to our policy decision, and refers to 23.3 which no longer refers to a specific notice. Historically 23.8B didn't apply to	We are updating 23.8B to reflect new licence references, but are not intending to change its policy intent. We have amended the drafting to be clearer on this, and not refer to 23.3 any more.

	disadvantageous unilateral variations, so this should be redrafted to fit policy intent	The original drafting covered both price increases and disadvantageous unilateral variations, so we have retained this
	23.9A(d) should refer to 31I.4(b) rather than 311.3(b)	We have updated the references in 23.9A so they reflect the intent of the old references
	23.9A(b) and (c) should be the other way round	
SLC 31F	Saying the manner 'must be effective' in 31F.1 is an impossibly high standard with no room for trial and error. Alternative suggestion that we say 'designed to effectively promote' instead	We have reworded 31F.1 to improve readability, and removed the 'effective' reference. We don't consider that this changes our policy intent
	The use of the word 'promote' in 31F.1 is odd. Suggestion to either reword or use 'prompt' instead	We have reworded this to improve readability, without changing policy intent. We have not used the word 'prompt' as we don't consider this best reflects our policy intent in this context
	Remove the word 'positive' in 31F.1, as there is no difference between positive and normal engagement	We are retaining the word 'positive' to avoid ambiguity
	Environmental impact could be made an explicit component of informed tariff choices	We agree that this is a factor that consumers may wish consider in making an informed tariff choice. However to require it to be an explicit requirement would be going further than our existing policy intent, so we have not made this change
	31F.6 would require suppliers to provide separate gas and electricity tariff names in the CTM for dual fuel customers, even if they have the same name. Suppliers should be able to provide this in aggregate	We agree that suppliers should be able to aggregate tariff names across electricity and gas for dual fuel customers if the name is the same for both. We have reflected this in the final drafting
	Two suggestions were made for changes to the "About Your Tariff" label drafting: (a) 'all information that customer <i>would</i> require to <i>accurately</i> compare tariffs' – to ensure that suppliers provide information to enable customers to make the most accurate comparison possible on price comparison websites (b) 'any information that customer may <i>reasonably</i> require...' – to avoid the scope of suppliers having to provide 'any' information a customer 'may' need to compare tariffs being very broad	We have carefully considered both of these suggestions, and decided to retain our original drafting. On (a), adding the word 'accurate' may have a wider read-across (eg requiring suppliers to get accurate meter reads before they can provide this information) that would go beyond our original policy intent. On (b), we have deliberately kept the scope broad to future-proof this rule, and allow for different types of information to be provided, which was the intent in making this rule principles-based
	Clarification of 31F.11 is needed	This is an existing requirement (31E.8). While we've removed the reference to information being provided in plain and intelligible language (as this is already required by the SOC), the meaning of this rule hasn't changed
	The reference to electricity in 31F.8 of the gas licence should be to gas instead	We have corrected these in the final drafting
	31F.9 should refer to 31H.4(d), not 31H.5(d)	
	31F.12 in the gas licence should use 'their' rather than 'his/her'	
The definition of Relevant Change in 31F.15 is in the wrong place		
	The reference to electricity in 31G.5(a) of the gas licence should be to gas	We have corrected this in the final drafting

	<p>31G.2(b) could be interpreted as suppliers having to provide all the information listed at the same time in all instances. Suggestion to change the 'and' after 31G.2(b)(ii) to 'and/or'</p>	<p>From reading the principle in the whole, it is clear that the outcome we expect is that consumers can quickly and easily understand how to access appropriate assistance and advice. The information in (b) provides indicative examples of this rather than an exhaustive list. We think it is already clear that the rule doesn't require all this information to be provided in all instances, but these are examples of information suppliers should consider providing to deliver the outcome set out</p>
SLC 31G	<p>Should 31G.6 be 'to each of its Domestic Customers' rather than 'to a Domestic Customer'?</p>	<p>We agree and have amended this in the final drafting</p>
	<p>What does 'informed' in 31G.7 of the gas licence mean?</p>	<p>This is an existing requirement (currently 20.1 in the gas licence) and its meaning hasn't changed. Suppliers should consider for themselves what the most appropriate form and frequency of information to provide is, to ensure consumers know to report a (suspected) gas leak immediately</p>
	<p>Why is 31G.8 in the gas licence much briefer than the equivalent rule in the electricity licence?</p>	<p>Requirements for dispute settlement information to be provided (31G.7 in the electricity licence / 31G.8 in the gas licence) stem from EU rules, which are more detailed for electricity than gas</p>
SLC 31H	<p>Should the title of SLC 31H refer to supply contracts too, as they are covered in these rules?</p>	<p>The contract references in SLC 31H relate to billing information, so for simplicity we are keeping the title of 31H focused on billing information</p>
	<p>31H gas doesn't have (e) referring to dispute settlement</p>	<p>This requirement stems from EU rules which only cover electricity in this case</p>
	<p>31H.4 should refer to Bills being 'provided' rather than 'sent' for consistency</p>	<p>We have amended this in the final drafting</p>
	<p>31H.2 in the gas licence – there is a space missing between 'must' and 'take'</p>	<p>We have corrected these in the final drafting</p>
	<p>31H.4(e) in the electricity licence should refer to 31G.7, not 31G.8</p>	
	<p>The references to electricity in 31H.6 and 31H.7 of the gas licence should be to gas</p>	
SLC 31I	<p>The definition of Relevant Contract Change Notice should refer to 23.4A, not 23.4</p>	<p>We have updated this definition so it is clearer. As part of this we have removed the reference to 23.4</p>
	<p>The wording in 31I.4(c) is not the same in the gas and electricity licences</p>	<p>We have aligned this wording across both licences</p>
	<p>The references to 23.4(f) and 23.4(h) in the gas licence need to be updated, as we are removing these rules</p>	<p>We have corrected these in the final drafting</p>
	<p>The reference to electricity in 31I.4(c) of the gas licence should be to gas</p>	
	<p>31I.4(d) in the gas licence should end with a full stop not a semi colon</p>	
	<p>The reference to 'principles terms' in 31I.5(c) should be 'principal terms'</p>	
	<p>The drafting in 31I.5(c)(i) could be clearer</p>	<p>We have redrafted this SLC to clarify our intent</p>
General	<p>Certain SLCs (eg 22C.13A, 22D.16A and 23.9A) requiring things to be in contract terms are not needed, as there are also licence requirements for contract terms to comply with applicable SLCs</p>	<p>We are retaining these rules, to be clear where there are specific things that must be included in contract terms. Relying only on requirements for contract terms to comply with certain SLCs may not necessarily result in the same outcome</p>