



James Crump
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

21 December 2018

Dear James,

Statutory Instrument Consultation re. Supplier Guaranteed Standards for Switching

We welcome the opportunity to respond to Ofgem's consultation on the Statutory Instrument for Supplier Switching Guaranteed Standards. We are responding on behalf of SSE Electricity Limited, Southern Electric Gas Limited, and SSE Energy Supply Limited.

We are broadly accepting of your proposals and are pleased with the recognition that the shared attribution of Guaranteed Standards liability is likely to have unintended consequences and does not provide an appropriate supplier performance incentive. We feel this aspect of your consultation is an exemplar of good policy development.

We support this revised intention and are of the view that responsibility for compensation payment should fairly and accurately fall upon parties at fault for the detriment. We must ensure this policy intention is implemented equitably and with clarity and that all compensation is consistently paid by parties responsible through the lack of their reasonable diligence, for the guaranteed standard in question.

We believe there is an anomaly for further consideration arising from your first phase proposals for Guaranteed Standards B and D as per the following rationale. For instances where there is a failure to reach an agreement under standard B, the contacted supplier will not be able to send a letter to notify resolution of the erroneous switch and will incur 2 penalty payments for B and D of £60. Correspondingly, the other supplier party will incur a single payment for B of £30. This is not an appropriate or proportionate outcome, since the contacted supplier cannot send a letter and will be penalised under D if the erroneous switch is not resolved.

We are also not convinced with the justification for separate Guaranteed Standards for B and D, since agreement as to whether there is an erroneous transfer is by nature between suppliers and the sending of the letter of confirmation to the customer is part of this process. We therefore feel it would be appropriate to pause implementation of the



currently proposed Standard 'D' from the first phase delivery and propose the following rewording for Standard 'B':

To agree and communicate to the customer whether a switch is valid or erroneous within 20 working days of identification of the possible erroneous switch. The acceptable standard is for both suppliers to agree a resolution for the erroneous switch and as part of this process for the contacted supplier to trigger a letter communication to the customer within 20 working days.

Regarding wording in the draft Statutory Instrument, we are concerned with the obligations within 6D Credit balances (3) which appear to contradict the basic premise under contract law regarding date of posting, rather than the date received. The Guaranteed Standard timescale should therefore refer to "sent" rather than "received". We believe it would be unreasonable for suppliers to bear the risk of delay within the postal mechanism, which would have a disproportionate effect in areas serving more remote locations such as those reliant on sea ferry crossings.

We have already indicated our intention to participate with your workgroup, prior to the introduction of the "second phase" of Supplier Switching Guaranteed Standards. We hope these sessions will enable the accurate targeting of culpability for cause of problems requiring Guaranteed Standards payment. Upon conclusion of this work, we note your intention is to move to consultation for a further Statutory Instrument, however we believe there is need for a further process step if there are changes beyond the scope of the previously consulted policy proposals. If this is apparent, we see justification for a further formal consultation to ensure scrutiny of the widest source of information, beyond limitations of the "workshop environment".

We are pleased to provide our response to your statutory consultation. We remain strongly supportive of the aims and objectives from delivery of new Supplier Switching Guaranteed Standards and look forward to their effective operation in practice. We will also welcome participation in development of the Standards for the second phase delivery. If you have further questions related to our response, please contact martyn.edwards@sse.com.

Yours sincerely,

Martyn Edwards

Regulation – Industry Codes