



Making a positive difference
for energy consumers

To chief executive officers of
energy supply companies and
other interested stakeholders

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Date: 08 April 2020

Dear colleague

Impact of COVID-19 on retail energy supply companies – an enabling framework for regulatory flexibility

First, I want to thank you for all the efforts by you and your workforce during this crisis, which are critical to keeping essential energy supplies flowing to consumers. We also welcome your agreement with the Government to protect the domestic energy supply of those most in need during the disruption caused by COVID-19.

I write following recent work with energy suppliers on the above subject. I would like to set out how Ofgem plans to facilitate and help provide clarity to suppliers to prioritise work sensibly and respond to the impacts of COVID-19 on their customers, staff and supply chains.

Our overarching objectives in working with suppliers during this period of extra-ordinary measures to combat COVID-19 are: to ensure that customer needs are met, particularly the most vulnerable; to maintain secure, reliable and safe supplies of energy to consumers in the short to medium term (ie through to the end of next winter); and to ensure the safety and protection of consumers and the workforce.

Recognising the unprecedented circumstances and the need for suppliers to take difficult judgements in a fluid situation, Ofgem supports suppliers prioritising the objectives above. This is an overarching consideration that we expect suppliers to bear in mind when reading everything that follows.

We will be pragmatic in our approach to compliance during this period, and companies should not be afraid to do the right thing for their customers¹. Our focus in compliance will be to ensure that companies protect consumers from immediate harm, particularly vulnerable customers or where customers are at risk of going off supply, including self-disconnection. Where licensees can demonstrate that any compliance issues have resulted from prioritising efforts to protect customers and security of supply, we will take full account of this in any decisions we take.

We don't intend to prescribe all the activities suppliers should and should not prioritise during this period in order to protect consumers. In these exceptional circumstances, we recognise that suppliers' individual circumstances will vary from each other and evolve over time and there is no one-size-fits-all response. The question a supplier should ask itself, when taking a decision around how to prioritise its resources, is 'how am I going to treat my customers fairly and how am I going to protect vulnerable consumers given the resources I have available?' Given that it is highly likely that circumstances will change quickly, suppliers should put in place a process to regularly review these decisions. As long as they do this openly and with the clear intention of protecting consumers from immediate harm Ofgem should be in a position to support these decisions and should not need to take enforcement action against suppliers.

Following discussions with a range of suppliers, we outline a few themes in the annex for suppliers to consider in their prioritisation exercises. We may update this list following further discussions.

Assuming there is no material change in circumstances, this framework of regulatory flexibility will remain in place for an initial period of three months until 30 June 2020. As we approach that time, we will review the case for extending and/or amending it, based on circumstances at the time.

This enabling framework deals with our pragmatic view of compliance related to core, ongoing customer-facing aspects of supplier activity. We will be making separate announcements regarding our Forward Work Programme that will address questions raised

¹ In this letter we refer to both domestic and non-domestic customers/consumers when we use the term 'customers'/'consumers' unless specifically stipulated in the relevant sentence.

regarding delivery of the Strategic Change Programmes. We will also continue to engage with other key parties across industry on specific issues and will update suppliers on these issues where relevant.

From our discussions, I know the importance you are attaching to following Government guidance, public health advice and safety legislation more generally, which we fully expect you to continue to do. As a general rule, compliance with Government advice and guidance will take precedence over any provisions in this letter, should there emerge at any time any conflict between the two.

I look forward to continuing to work closely with you in these challenging circumstances to ensure that energy consumers continue to be protected.

A handwritten signature in black ink, appearing to read 'JBearley', written in a cursive style.

Jonathan Brearley
Chief Executive

Annex

Governance – We expect suppliers to be making customer-centric, reasonable, fair and transparent decisions on what activities they will prioritise whilst always focusing on treating their customers fairly and looking after the vulnerable. We expect suppliers to ensure that they are in a position to make decisions when they need to. This may mean that they will need to adapt their existing governance frameworks.

All suppliers should have robust risk management plans in place, ensure oversight of these risks is escalated to an appropriate level within their organisation and actively take steps to minimise these risks. We expect suppliers to be prioritising proactive risk mitigation steps for the risks with the most significant potential of immediate consumer harm – for example, suppliers should be identifying and monitoring any risks to customers going off supply, safety risks and risks to vulnerable consumers. We understand that suppliers may take a more reactive approach to managing other risks.

Home and non-domestic site visits – We expect suppliers to continue essential/emergency visits (eg for the purposes of ensuring energy supply is safe and customers remain on supply). We understand that suppliers may temporarily deprioritise all other reasons for visits, including: collecting accurate meter reads, non-safety related theft detection activity, non-essential smart meter installations (all in response to current Government advice²), and/or to focus capacity on delivering essential/emergency visits in the event of escalating impacts of COVID-19 on the capacity of their workforce.

Billing and payments – Suppliers have agreed with BEIS to support domestic customers who may be financially impacted by COVID-19³ and this should frame their approach to bills, payment and supporting prepayment customers to stay on supply. We do not expect suppliers to be disconnecting domestic customers because of debt. We recognise that disconnections may be necessary for safety reasons, or appropriate for dealing with theft or vacant properties. Where this is necessary, suppliers should be aware they may need to put extra support in place for those affected. We understand that some suppliers have paused debt collection activity, beyond payment reminders. We expect domestic suppliers to consider customers' ability to pay depending on their circumstances and help customers to understand the options available to them if they are struggling to pay bills including any new support put in place by Government specifically to help households through this crisis.

² <https://www.gov.uk/government/publications/full-guidance-on-staying-at-home-and-away-from-others/full-guidance-on-staying-at-home-and-away-from-others#going-to-work>

³ BEIS/ domestic energy supply companies: agreement: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873960/Supplier_Agreement_19.3.2020.pdf

We expect non-domestic suppliers to be reasonable in considering what support they can offer their customers. We are mindful of the financial pressures that some small businesses are under and we expect suppliers to treat small business customers fairly to support them in managing their energy needs.

Reactive customer communications (ie dealing with issues, queries and complaints) – We understand that over this period the level of consumer engagement could be higher than normal and the number of staff to manage calls will very likely be down because of staff absence. We therefore understand that suppliers could look at routing customer contacts through other channels. We expect suppliers to maintain a number of channels for customers to contact them to resolve issues, eg phone line, email and/or digital channels. We also expect suppliers to maintain their main communication channel for the most serious issues and ensure that the relevant contact details are easily accessible to customers, with particular consideration of vulnerable customers. We expect suppliers will prioritise critical/urgent customer contacts, and recognise that they may need to delay/pause the receipt of and/or responses to non-urgent customer contacts at exceptionally critical times. We understand suppliers will face challenges in timely complaint resolution. We will take a pragmatic view on customer service and complaints handling standards and will support the decisions of suppliers doing the best for their customers in these challenging times. However, this is predicated on the supplier being able to demonstrate that it is prioritising critical/urgent customer contacts over all non-essential work that the staff able to handle customer contacts are doing. Where this is expected to lead to a delay in responding to a customer, the supplier must have processes in place to ensure all customer contacts received are logged to enable resolution at a later date. Regardless of whether a supplier classifies customer contacts as critical/urgent or non-urgent, we expect suppliers to continue to signpost customers to alternative dispute resolution services in the usual timeframe.

Proactive customer communications – We expect suppliers to maintain clear guidance for customers on how customers can contact them, particularly in emergency and critical situations, including how this may change given any changes to the suppliers' operational approach due to COVID-19. For example, a supplier may want to recommend its customers use webchat over phone lines as they have less call centre staff available, or vice versa. We understand some suppliers have used FAQ pages on their websites, social media and Interactive Voice Response (IVR) messages to keep customers informed. We expect suppliers to continue to signpost customers to other sources of support such as their own Priority Services Register, and other relevant agencies and charities. Further information can be found on our '[COVID-19 and your energy supply](https://www.ofgem.gov.uk/coronavirus-covid-19/coronavirus-covid-19-and-your-energy-supply)' webpage⁴. Where customers are at

⁴ <https://www.ofgem.gov.uk/coronavirus-covid-19/coronavirus-covid-19-and-your-energy-supply>

risk of disconnection, for whatever reason, we would expect pro-active contact to be made to give timely information on available support.

There are a number of activities (some of which are driven by licence conditions) that suppliers undertake across their whole consumer base which can prompt a significant volume of customer contacts. We expect suppliers to consider their ability to handle this additional contact volume when deciding whether to continue such activities: for example, we understand suppliers may, after such consideration, decide that it is necessary to deprioritise activities such as routine reviews of direct debt adequacy, refreshing the look and feel of bills, and introducing new payment methods.

Customer compensation – Where a supplier error has resulted in detriment to a customer, we expect suppliers to rectify and as appropriate compensate for this as swiftly as possible, prioritising the processing of payments based on the value of the compensation and the customer’s circumstances. We continue to expect suppliers to pay customers back if the supplier has made an error (eg if they have overcharged a customer). We expect suppliers to focus on either crediting accounts or making payment to bank accounts when compensating customers.

Guaranteed Standards – The regulations governing the payment of compensation by suppliers to their customers, should suppliers not meet certain guaranteed standards⁵, permit suppliers not to pay compensation when the supplier’s failure to meet the guaranteed standard concerned was due to exceptional circumstances beyond its control. It is our view that a supplier’s inability to meet the guaranteed standards due to the unavailability of resources because of a) redeploying staff, changing behaviour, or suspending certain activities as a direct response to Government advice on COVID-19; b) staff absences due to staff absences or an inability of staff to travel to a place of work due to the impacts of COVID-19 and c) the redeployment of staff to meet customer needs that are more pressing in response to COVID-19 preparedness would represent such ‘exceptional circumstances’.

As far as is possible, we expect suppliers to meet the requirements under existing guaranteed standards and the standards that are due to come into force from 1 May 2020. Suppliers should also aim to continue to monitor and record any breaches. However, we recognise that suppliers are currently under pressure to redeploy resources to meet customers’ pressing needs, and that social isolation measures introduced by Government

⁵ The guaranteed standards of service relate to appointments (including metering appointments), fixing faulty meters including PPMs, reconnection, identification investigation and resolution of erroneous transfers, credit balances and distributed payments. As of 1 May 2020 they will also relate to the provision of a final bill, the avoidance of erroneous transfers and the completion of supplier transfers.

limit suppliers' ability to carry out certain activities. We consider that these exceptional circumstances would only endure for as long as this framework of regulatory flexibility remains in place.

Suppliers should clearly explain to their customers any issues relating to guaranteed standards. For example, we expect suppliers to tell customers if they are cancelling appointments and why.

Regulatory reporting – Where we identify priority information requests (for example if we are concerned about the extent to which a supplier is robustly business continuity planning for COVID-19), we expect suppliers to provide timely information to Ofgem – and we will agree a reasonable timeframe with suppliers. We are also pausing some regular reporting requirements. Suppliers should be open with us if they cannot meet statutory deadlines and should let us know when this information will be available. Ofgem will not request any new reporting or changes to existing regulatory reporting at this time, unless absolutely necessary, for example to manage our response to COVID- 19. Where we introduce further reporting we will look to deprioritise existing reporting requirements to ensure the overall burden on suppliers does not increase.

In line with this approach, on 3 April 2020 we issued a COVID-19 Monitoring RFI to suppliers, and have asked that they prioritise this RFI at this time. In order to reduce the additional burden this places on suppliers, we are pushing back all deadlines to submit Q1 2020 quarterly and monthly reports for:

1. Complaints
2. Social Obligations Reporting (SOR)
3. Guaranteed Standards of Performance

Responses to these three existing regulatory reporting requirements can now be submitted at the end of July 2020.

Regulatory engagement – We strongly encourage continued transparency and self-reporting by suppliers, and for suppliers to make use of regular ongoing engagement with Ofgem to raise any risks and issues⁶. Recognising the current extenuating circumstances and our pragmatic view of compliance in these times, we expect suppliers to be open with us about what they are able to do and what they are unable to do. We fully understand that suppliers will need to prioritise resource and effort. Suppliers must do the right thing for their customers, as outlined above. So long as they do this openly and with the clear

⁶ Regular calls are scheduled by Ofgem's supplier account managers. All suppliers without an account manager have been contacted by email and offered further opportunity to engage with Ofgem's retail compliance team directly.

intention of protecting consumers from immediate harm Ofgem should be in a position to support these decisions and should not need to take action against suppliers.