



Making a positive difference  
for energy consumers

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

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Dear colleague

**Impact of COVID-19 on retail energy supply companies – regulatory expectations from 1 July 2020**

On 8 April 2020 I published an [open letter](#) with a framework on regulatory flexibility – applicable to 30 June 2020 – setting out how Ofgem would facilitate and provide clarity to domestic and non-domestic suppliers to prioritise work sensibly and respond to the impacts of COVID-19 on their customers, staff and supply chains.

This letter sets out our updated approach to regulating domestic and non-domestic supplier performance from 1 July 2020 and will be reviewed periodically in line with any material changes in the COVID-19 situation. This letter sets out key priorities as we enter the next phase and transition towards a new normal, particularly as we work towards a green recovery. We are mindful that the effects of COVID-19 are far-reaching and difficult to predict. If there is a material change in circumstances in the coming months (or beyond) we will revisit our expectations. We will continue to be pragmatic in response to unpredictable and changing circumstances.

Since the crisis began, I have heard how suppliers have quickly adapted to new ways of working, have found alternative ways to deliver good outcomes for customers and have dealt with many issues head on. While this period has not been without its challenges –

and there are no doubt more to come – there has been strong agreement that customers must be front and centre, including receiving appropriate support as befits an essential service. I want to recognise and pay tribute to the considerable efforts by you and your workforce to lead the way in managing this crisis and supporting customers through this difficult time.

We have closely monitored the situation since the 8 April framework was published. Based on discussions to date, we understand that customers can increasingly contact suppliers using a number of channels and that back office operations are increasingly available. While call volumes are not yet back to normal, most suppliers have not raised concerns about their ability to respond to an increase in customer contact. For the most part, we now expect suppliers to offer a good quality of service – though we recognise that things can change quickly and suppliers will need to adapt to the evolving circumstances. We expect that suppliers are easy to contact, and that messaging on phone lines (or other channels) that seeks to deflect non-emergency contact altogether should no longer need to be used, other than in exceptional circumstances and clear action is being taken to avoid the need to do so as soon as is practical. As always, suppliers should contact Ofgem through the usual channels should new concerns arise. We will want suppliers to satisfy us that any performance below the standard customers normally expect is the unavoidable consequence of the continuing effects of COVID-19.

We also expect suppliers to continue to provide strong support for those customers struggling to manage their energy costs, including continuing to honour the voluntary agreement with BEIS.<sup>1</sup> This includes ensuring that any debt management processes are fair and that repayment plans take account of ability to pay. Now, more than ever, it is also important that suppliers highlight the support available to their customers, ensure they are signposting to third-party advice and support where appropriate, as well as signposting to tariffs that may better meet a customer's needs and circumstances.

Many suppliers have raised ongoing practical challenges as they continue to navigate the evolving social distancing guidelines of the jurisdictions in which they operate. We will continue to take a pragmatic view of compliance particularly in those areas where face-to-face appointments with customers are necessary, including smart meter deployment, collecting meter readings and work associated with the Energy Company Obligation (ECO)<sup>2</sup>. It is critical that suppliers take into account prevailing Government advice in the

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<sup>1</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/873960/Supplier\\_Agreement\\_19.3.2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873960/Supplier_Agreement_19.3.2020.pdf)

<sup>2</sup>[https://www.ofgem.gov.uk/system/files/docs/2020/06/eco\\_amidst\\_covid-19\\_v2.pdf](https://www.ofgem.gov.uk/system/files/docs/2020/06/eco_amidst_covid-19_v2.pdf)

jurisdictions in which they operate and deliver against their obligations in so far as that is possible to do so within the parameters of that prevailing Government advice. This includes active planning and preparation for non-emergency site visits, and installations re-commencing where a supplier has yet to do so. As is always the case, self-reporting of any non-compliance is strongly encouraged, especially when a supplier anticipates severe disruption to obligated activities. Where a supplier encounters barriers to face-to-face activities that they can't reasonably overcome or where customers delay appointments – they should contact us through the usual channels.

Energy suppliers remain under an obligation to take 'all reasonable steps' to deliver the smart meter rollout by the end of the current smart meter framework (or any revision to that framework) and Ofgem will look at actions taken and assess compliance over the whole rollout period. Where we feel suppliers have not made adequate efforts we will engage through the compliance process and take more formal action where appropriate, taking into account the circumstances, including the need to remain within government public health guidelines and any reasonable response to COVID-19 risks. BEIS is working with stakeholders in sharing good practice and finding common solutions to common challenges on smart metering, including supporting energy suppliers in securing the achievement of the objectives underpinning the Smart Meter Installation Code of Practice (SMICoP) obligations.

Further expectations of suppliers are set out in the Annex below. 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. Suppliers should continue to work hard to minimise any disruption or harm to customers, and should continue the current direction of travel towards a new normal. We expect that customer needs are met, particularly for the most vulnerable, that suppliers maintain secure, reliable and safe supplies of energy to all customers, and that they ensure the safety and protection of customers and the workforce. We recognise this is an evolving situation, and where issues arise that are unavoidable consequences of the continuing effects of COVID-19 we will – as always – continue to take a pragmatic approach to compliance.

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



**Jonathan Brearley**  
**Chief Executive**

## **Annex**

This Annex contains further detail of our renewed expectations of suppliers.

**Risk management and governance** - As always, we expect suppliers to take steps to manage risks and to work hard to meet their obligations, including delivering good customer service. We do not know how long the COVID-19 outbreak will last, or whether there will be further peaks of infection. Regardless of severity or duration it is important to minimise risks to business disruption and associated risks of customer harm.

Suppliers should prepare for a range of scenarios, including the possibility of further COVID-19 related illnesses (impacting staff and/or customers) later in the year (and beyond). Robust risk management plans that include adequate oversight, escalation and mitigation of identified risks should still be in place, and be used to inform the reintroduction of any paused or scaled-down activities. As always, suppliers should contact us through the usual channels where they have concerns about delivering on obligations.

**Customer debt management** – Many domestic and non-domestic customers are struggling to pay their bills as a direct or indirect impact of COVID-19. We thank suppliers for the steps they have taken in recent months to provide these customers with support. Suppliers should continue to uphold the voluntary agreement with BEIS, and to provide support to impacted customers. However, we recognise that suppliers cannot extend unlimited credit to customers – nor is this in customers’ interests overall – and we anticipate suppliers will begin to restart debt management activities that may have been paused during the immediate crisis. We expect suppliers (and any third parties contracted by them) to ensure that any debt management processes are fair and give careful consideration to the customer’s circumstances and ability to pay – we will not tolerate sharp practice or aggressive debt collection and suppliers could face enforcement action where this is the case. Suppliers need to consider how their approach to debt management should evolve going forward as they continue to deal with customers financially impacted by the COVID-19 crisis. In August 2019 we consulted on proposals to strengthen protections against PPM customers self-disconnecting. We intend to proceed with this work and will publish an update shortly.

**Reactive customer communications, ie dealing with issues, queries and complaints** – Many suppliers are now delivering good service and have returned to pre-crisis response times (albeit at reduced contact volumes). We expect that customers should now be able to easily contact their supplier across a range of channels, eg phone, email or other digital means and that their preferred method of contact will be successful. Customers should generally receive a swift response and timely resolution to their queries. Suppliers may need to deal with contact volumes significantly greater than current levels and they should have plans in place to be able to cope with this. Processes

should remain in place to easily identify any emergency contact, and these contacts should be prioritised for swift resolution. It is critical that all complaints raised during this crisis are recorded and resolved for the individual customers and any systemic issues they uncover are also identified and addressed. Suppliers must work hard to swiftly address any backlog of complaints, including maintaining effective complaints procedures and referring unresolved complaints to the Energy Ombudsman at 8 weeks.

**Home and non-domestic site visits** – We understand that suppliers are operating within the context of evolving social distancing guidelines, and we will continue to take a pragmatic view of compliance where face-to-face obligations are concerned. This includes suppliers' approach to meter reading, smart metering, ECO and WHD obligations. We expect suppliers to continue essential/emergency visits (eg for the purposes of ensuring energy supply is safe and customers remain on supply) in addition to restarting any non-essential work that was previously de-prioritised, in line with Government guidelines. The pace at which such activities increase should be guided by Government advice (including that of devolved Governments), but where the guidelines permit, this work must move forward. Activity recommencement planning should be well under way (eg adequate training of field agents, acquisition of any necessary additional equipment and booking of appointments where possible), and work re-commencing where a supplier has yet to do so. The inability for suppliers to collect meter readings will inevitably have an on-going impact on the accuracy of bills. While increasing non-essential field activity may address this in part, we expect suppliers to engage with customers to ensure, where possible, accurate reads are provided to assist with accurate billing and debt management.

With respect to smart metering the stakeholder engagement activity facilitated by BEIS will allow the sharing of good practice and will enable suppliers to move at pace to ramp back up, while continuing to comply with Government safety guidance.

As part of the smart metering installation process, energy suppliers are required to take all reasonable steps to secure the achievement of the Smart Meter Installation Code of Practice (SMICoP) objectives, including ensuring consumers know how to use and benefit from their smart metering equipment. There is flexibility for energy suppliers to exercise a degree of judgement in the way in which they meet these obligations, including in response to COVID-19 risks. This could, for example, include increased engagement with customers post-installation where it is not appropriate in the current circumstances to demonstrate equipment or provide tailored energy efficiency guidance face-to-face

during the visit. Energy suppliers should have a clear policy in place that sets out how they will endeavour to meet the SMICoP objectives in these circumstances.

**Guaranteed Standards** – In our letter of 8 April, we took the view that, in many instances, the impact of COVID-19 on suppliers’ operations would represent ‘exceptional circumstances’ beyond suppliers’ control and could be used as a legitimate reason for suppliers not to pay guaranteed standards<sup>[1]</sup> compensation under the relevant regulations. Going forward, we anticipate that COVID-19 related impacts on suppliers’ operations will no longer comprise exceptional circumstances beyond suppliers’ control in the majority of cases, and it is likely that suppliers will be able to meet the requirements under the guaranteed standards, including those standards that came into force on 1 May 2020. For example, as field activity begins to recommence in line with Government guidelines, we expect that appointments should not be missed or cancelled – where this happens, compensation would be payable as normal.

However, we also recognise that local conditions and the circumstances affecting a suppliers’ ability to meet the requirements under the guaranteed standards may differ, and COVID-19 related exceptional circumstances may continue to arise in some areas and in respect of some suppliers for a while.

**Regulatory reporting** – In our letter of 8 April 2020 we signalled that we would push back all deadlines to submit Q1 2020 quarterly and monthly reports for the following recurrent RFIs:

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

We now reconfirm that responses to these three regulatory reporting requirements must be submitted by the end of July 2020. Our expectation is that the processes previously in place to gather and provide this information are still in full operation, so we expect accurate and complete responses from the outset.

We plan to significantly reduce the scope and frequency of the COVID-19 Monitoring RFI from early July, with a view to easing reporting pressures on suppliers. Over the coming month we will engage suppliers on a draft of the updated, shorter version of the COVID-19 Monitoring RFI to ensure we can collect the information we require. We intend to

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<sup>[1]</sup> 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.

proceed with this updated RFI from the second week of August 2020. We expect this updated COVID-19 Monitoring RFI to remain in place in some form until at least March 2021, and we ask that suppliers continue to ensure they can provide this important information. We will reassess on a regular basis whether this RFI, or related information, continues to be required. Suppliers are responsible for ensuring they have systems and processes in place to detect and prevent customers harm, including ensuring they have sufficient leading indicators that would indicate a growing trend in self-disconnection, for example.

**Regulatory engagement** – To enable industry to focus its efforts on responding to the immediate crisis presented by COVID-19 we temporarily paused external engagement on a number of areas. In the coming weeks and months we will increasingly look to recommence regulatory engagement, including policy development, being mindful of the capacity of regulatory teams to engage.

**Switching** – Suppliers should facilitate switch requests and all associated processes, in line with their obligations, including prompting switches to better deals and enabling engagement from customers. Suppliers should ensure they are able to provide a good level of customer service to their existing customers and be confident that acquisitions of new customers will not result in detriment of service to all.

**E-serve scheme payments** – We have been clear that suppliers must comply with their scheme payments eg Feed-in-tariff (FIT), Renewables Obligations (RO) and Warm Home Discount (WHD), for the current financial year. As always, we will take appropriate enforcement action where suppliers do not comply.