

Decision to modify gas and electricity supply, electricity distribution and gas transporter licences for PSR arrangements

Final decision

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Overview:

The current Priority Services Register (PSR) licence provisions place obligations on energy companies to provide certain non-financial services free of charge. These services relate to safety, access and communication and must be offered to specified groups of domestic customers.

In our Consumer Vulnerability Strategy, we committed to reviewing PSR arrangements. We want to ensure that they are fit for purpose and fully meet the needs of customers in vulnerable situations.

Following an informal consultation in December 2015, we issued a statutory consultation and Licence Modification Notices to relevant suppliers and network operators in June 2016.

We have considered the responses to the revised proposals and proposed draft licence conditions set out in the statutory consultation. This final decision document outlines the reasons for the decision to modify the relevant supply and network licence conditions, as well as the decision that the licence changes will take effect on and from 1st January 2017.

Context

Consumer vulnerability is at the heart of our Corporate Strategy. Consumer outcomes in this strategy have helped shape our Consumer Vulnerability Strategy (CVS). The CVS document, 2013, sets out our definition to vulnerability and our expectations from industry in addressing needs of consumers in vulnerable situations. We committed to review the Priority Services Register (PSR), to enable improved consumer outcomes, which is the subject of this publication.

We want to ensure PSR arrangements are fit for purpose and fully meet the needs of consumers in vulnerable situations. We want industry to improve its identification of consumer vulnerability. In particular, we want PSR provisions to give companies the flexibility to achieve positive consumer outcomes. This is why we have redesigned the PSR licence provisions, incorporating a principles-based approach at their core. We have decided to implement these revised rules in the supply and network licence conditions.

We have outlined an overview of reasons for the decisions we have taken in this document. For more information on our decision making process, please refer to our December 2015 consultation¹ and June 2016 statutory consultation and Notices.²

¹ Ofgem, December 2015 <https://www.ofgem.gov.uk/publications-and-updates/priority-services-register-review-final-proposals>.

² Ofgem, June 2016 <https://www.ofgem.gov.uk/publications-and-updates/priority-services-register-review-statutory-consultation-and-notice>.

Associated documents

Research into the Priority Services Register and non-financial support for vulnerable energy consumers by Ipsos Mori, June 2013

<https://www.ofgem.gov.uk/ofgem-publications/75553/quant-psr-research-mori-consumer-vulnerability-strategy-june-2013.pdf>

Consumer Vulnerability Strategy, July 2013

<https://www.ofgem.gov.uk/publications-and-updates/consumer-vulnerability-strategy>

Gas Discretionary Reward Scheme Guidance, December 2014

<https://www.ofgem.gov.uk/publications-and-updates/decision-arrangements-first-gas-discretionary-reward-scheme-drs-under-riio-gd1>

Review of the Priority Services Register – update and next steps, March 2015

<https://www.ofgem.gov.uk/publications-and-updates/review-priority-services-register-update-and-next-steps>

Priority Services Register Review – Final Proposals, December 2015

<https://www.ofgem.gov.uk/publications-and-updates/priority-services-register-review-final-proposals>

The future of retail market regulation (consultation), December 2015

<https://www.ofgem.gov.uk/publications-and-updates/future-retail-market-regulation>

Electricity Distribution Stakeholder Engagement and Consumer Vulnerability (SECV) Incentive Guidance, April 2016

https://www.ofgem.gov.uk/system/files/docs/2016/04/electricity_distribution_secv_guidance_document.pdf

Priority Services Register review: statutory consultation, June 2016

<https://www.ofgem.gov.uk/publications-and-updates/priority-services-register-review-statutory-consultation-and-notices>

Future of retail market regulation: Working paper on broad principles, August 2016

<https://www.ofgem.gov.uk/publications-and-updates/future-retail-market-regulation-working-paper-broad-principles>

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Executive Summary

Consumers in vulnerable situations are a key priority for Ofgem. Our work is aimed at improving outcomes for these consumers so that they are not disadvantaged due to their circumstances. Our Consumer Vulnerability Strategy (CVS)³ sets out our definition of vulnerability and our expectations from industry. As part of our wider work plan focussed on consumers in vulnerable situations, we committed to reviewing the Priority Services Register (PSR) obligations on energy companies.

Energy supply and distribution network⁴ companies have a responsibility to meet the needs of customers in vulnerable situations through obligations in their licences and other legal requirements, including the Equality Act. This document explains the licence modifications we are making to PSR arrangements.

Embedding these core principles in companies' licence conditions

Current licence conditions require energy companies to provide specified groups of customers⁵ certain free non-financial services relating to safety, access and communication. We identified a number of issues with the current PSR arrangements:

- **Eligibility** is currently defined by specific groups, but most eligible customers are not registered.⁶ There are also customers who do not meet the current eligibility criteria, but would benefit from receiving PSR services;
- The provisions don't allow companies to be flexible about offering **services**, so they cannot adapt them to best meet individual consumers' needs, including accounting for technological advances;
- **Recording and sharing vulnerability data** across suppliers and network operators is inefficient; and
- There isn't much **awareness** of the PSR and what it offers. Our consumer research⁷ showed that only 24% of consumers are aware of any non-financial support provided by energy companies for customers in vulnerable situations.

The combined result of these issues is poor outcomes for consumers in vulnerable situations. With revised PSR licence provisions, we believe companies can do more to deliver better outcomes for consumers needing additional support.

Eligibility and identifying customers

We are introducing broader eligibility criteria for assessing whether a customer is in a vulnerable situation. We are requiring that suppliers take all reasonable steps to identify customers who may benefit from PSR services. We are also requiring that


³ Ofgem, July 2013 <https://www.ofgem.gov.uk/publications-and-updates/consumer-vulnerability-strategy>.

⁴ In this document, by network companies, we mean Gas Distribution Networks (GDNs), Distribution Network Operators (DNOs), Independent Gas Transporters (IGTs), and Independent Distribution Network Operators (IDNOs).

⁵ Such as customers who are disabled, chronically sick or of pensionable age.

⁶ Ipsos MORI UK Limited and Ofgem, June 2013 <https://www.ofgem.gov.uk/ofgem-publications/75553/quant-psr-research-mori-consumer-vulnerability-strategy-june-2013.pdf>.

⁷ Ibid.



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network operators set up practices and procedures to identify customers in vulnerable situations.

Services

We are requiring that suppliers offer free non-financial services, which are focused on delivering positive consumer outcomes. The change here reflects a shift towards our principles-based regulatory approach. Network operators will still have to offer specific non-financial services free of charge to customers in vulnerable situations.

Data recording and sharing

We are requiring companies to record and share relevant data about their customers with identified vulnerability needs within the parameters of any laws related to data protection and/or privacy. Industry is working to update and create the new mechanisms needed to share this data more effectively. These changes will take effect from next year.

Awareness of Priority Services

We are requiring that suppliers take all reasonable steps to promote the PSR in innovative ways to make more customers aware of the support available. Where possible, companies should collaborate with consumer groups and other third parties to develop customer advice and information on Priority Services to improve awareness.

Compliance and performance monitoring

We will continue monitoring supplier performance through our Social Obligation Reporting (SOR).⁸ We will consider improving it, and developing new tools to assess performance. We will monitor network operator performance through existing incentive schemes.⁹ We also expect IDNOs, IGTs¹⁰ and other relevant licence holders to work with the industry in the best interest of consumers in vulnerable situations. They also have the same licence condition requirements placed on them as the other network operators.

Next Steps

Overall, we received 30 responses broadly supporting our proposals. We received no major opposition to the proposals; although some companies were concerned about the timetable for delivering revised data sharing arrangements (see Chapter 3). Any changes made to the licence drafting in light of consultation responses are outlined in Appendix 1. On this occasion, we have decided to extend the implementation date beyond the statutory minimum of 56 days from the publication of this Notice. This will allow companies additional time to ensure their systems are ready to go live on and from 1st January 2017. This date will also mean that suppliers will report to us using the SOR under the revised arrangements for a full calendar quarter.

⁸ The SOR summarises domestic suppliers' performance on debt, disconnection, prepayment meters, and services for consumers in vulnerable situations.

⁹ These incentives apply to Distribution Network Operators (DNOs) and Gas Distribution Network Operators (GDNs).

¹⁰ Independent Distribution Network Operators (IDNOs) and Independent Gas Transporters (IGTs).

1. Eligibility and customer identification

1.1. With one exception relating to a particular requirement for network operators, there have been no changes to the policy intent since we consulted on in our June 2016 statutory consultation. The change, relating to the effect of the policy in respect of network operators, has been made to correct an error and it is explained below in paragraphs 1.13-1.14. This and other minor licence drafting changes are set out in Appendix 1.

Current arrangements and issues

1.2. Under existing arrangements, only specific groups¹¹ of customers with particular characteristics are eligible for PSR services. However, most eligible customers are not on a register.¹² There are also customers who do not meet the current eligibility criteria, but would benefit from receiving additional services.¹³ In addition, we are concerned that companies do not currently do enough to identify vulnerability during interactions with their customers.

June 2016 statutory consultation proposals

Customer eligibility

1.3. We proposed suppliers account for a revised range of personal characteristics and the particular situation the customer may be in when assessing customers' needs.

1.4. We proposed network operators offer services to customers in revised core groups¹⁴ and consider whether their customers are in a vulnerable situation.

Customer identification

1.5. We proposed suppliers take 'all reasonable steps' to identify customers who are eligible to receive PSR services during the course of their interactions with them.

¹¹ Such as customers who are disabled, chronically sick or of pensionable age.

¹² Ipsos MORI UK Limited and Ofgem, June 2013 <https://www.ofgem.gov.uk/ofgem-publications/75553/quant-psr-research-mori-consumer-vulnerability-strategy-june-2013.pdf>.

¹³ For example, customers in a transient vulnerable situation, such as a customer with a broken leg.

¹⁴ Core groups are specific customer groups outlined in the network operators' licence conditions.

Summary of consultation responses

1.6. Of those who responded to changes to eligibility and customer identification, 11 continued to express broad support for our proposals and 11 other respondents expressed explicit support in this area including draft licence conditions.

Personal Characteristics

1.7. Two suppliers wanted 'Pensionable Age' in the supply licence conditions to be replaced with 'people aged 75 or over', or be otherwise defined according to a specific age. One supplier wanted 'Pensionable Age' defined as they thought it might be too difficult to keep up with changes to state pension age definitions. The other supplier and a consumer body suggested that older age in itself does not necessarily represent vulnerability and that individual customer needs must be considered when assessing a customer's eligibility.

1.8. A supplier and gas network operator suggested adding families with young children to the definition of 'Personal Characteristics' in the supply licence conditions to reflect the draft network operator licence conditions.

Core groups

1.9. Two electricity network operators queried why the proposed core group in networks' draft licence conditions included 'families with children aged five and under', as per December 2015 consultation drafting; when in the March 2015 Open Letter¹⁵ we consulted on the addition of 'families with children under 5'.

Other members of the household

1.10. A consumer body and a supplier suggested that the draft licence conditions should include provisions for other members of the household, as there may be people other than the Domestic Customer in the household who are in vulnerable situations and in need of Priority Services.

Our decision

¹⁵ Ofgem, March 2015 <https://www.ofgem.gov.uk/publications-and-updates/review-priority-services-register-update-and-next-steps>.

Personal Characteristics

1.11. We have decided to retain 'Pensionable Age'¹⁶ in the list of personal characteristics and therefore this definition will continue to apply in the same way as for the original version of supply standard licence condition 26. In our December 2015 consultation,¹⁷ we noted that industry participants suggested that 'Pensionable Age' would provide appropriate coverage and is consistent with coverage for wider support in the energy market. We also considered that further defining this group to 'aged 75 years and above' could risk excluding customers between the age boundaries of 'Pensionable Age' and 'aged 75 years and above' in need of Priority Services.

1.12. We have decided not to amend the list of 'Personal Characteristics' in the new supply licence conditions by adding 'families with children under five'. In our December 2015 consultation,¹⁸ we noted that young children are at a particularly high risk of suffering detriment from living in cold homes, and are therefore more susceptible to detriment caused by supply interruption. We argued that this group should be listed as a core group in network operator licence conditions to reflect the importance of this group being protected in cases of supply interruption. In this context, given the particular responsibilities of network operators for maintaining connections for supply, we do not consider that it is necessary to expressly refer to this group in supplier licence conditions.

Core groups


1.13. We recognise that the original intent was for 'families with children under five' to be included as a core group in the draft network operator licence conditions, as set out in our March 2015 open letter. We came to this view because this group, families with young children (specifically with under-fives), are most at risk of detriment because of supply interruptions, and would benefit from the protection of these licence provisions. This is the first time that the shift in wording (to 'aged five and under') has come to our attention. This shift, as in the December 2015 and June 2016 consultations, was a result of drafting error. It was not meant to reflect an actual shift in policy towards this core group. We have accordingly corrected the new network licence drafting, in line with our original aim.

1.14. We appreciate that by reinstating 'under five', the policy effect of the licence drafting has changed from that as proposed in our June 2016 statutory consultation. We have considered both drafting options in making our decision. We believe that clarifying the original wording does not restrict additional assistance from being available to families with young children not under five. The new licence conditions allow any customer to personally approach the licensee to register their details as an eligible party. In addition, we have included (where they did not already exist),

¹⁶ Pensionable Age is defined in standard condition 1 of the relevant supply licence.

¹⁷ p.16-17, Ofgem, December 2015, <https://www.ofgem.gov.uk/publications-and-updates/priority-services-register-review-final-proposals>.

¹⁸ p.17-18, Ofgem, December 2015, <https://www.ofgem.gov.uk/publications-and-updates/priority-services-register-review-final-proposals>.



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specific provisions in the new network licences, so that licensees are free to identify other customers (outside those specified as eligible), whom they consider appropriate to receive additional assistance.

Other members of the household

1.15. As set out in the June 2016 statutory consultation, while the new licence conditions cover the domestic customer, they do not restrict companies from offering services to other members of the household if they wish to do so, and we would encourage this where it is appropriate.

2. Priority Services

2.1. There have been no changes to the policy intent since we consulted on in our June 2016 statutory consultation. However, in light of consultation responses, some minor changes have been made to the new supply licence condition drafting to better reflect the policy intention and these changes are set out in Appendix 1.

Current arrangements and issues

2.2. Companies are required to offer specific non-financial services¹⁹ free of charge to eligible customers. Network operators are required to offer services to the core groups outlined in their licence conditions. Current PSR services listed in licence conditions are prescriptive and do not allow room for innovation and flexibility to meet the needs of customers in vulnerable situations.

June 2016 statutory consultation proposals

Suppliers

2.3. We proposed that suppliers offer services to customers in vulnerable situations based on delivering positive consumer outcomes, and we included outcomes-focused draft licence conditions to reflect this.

2.4. In line with existing supply licence conditions, we recognised that in certain situations, other members of the household might be able to read a customer's gas or electricity meter on their behalf. We reinserted a similar provision into the draft supply licence conditions in recognition of this, in line with the suggestions made in responses to our December 2015 consultation.

Network operators

2.5. We proposed that network operators offer specific services outlined in their draft licence conditions to ensure minimum protection for consumers in vulnerable situations. At the request of gas network licensees, we also proposed including a provision to allow gas network operators to provide additional services, exceeding those required under this condition, to customers they consider require them. This aligns with an existing requirement in the electricity network operator licence condition.

¹⁹ Such as, provide a password scheme, quarterly meter reads, send bills to a nominated person, and alike.

Summary of consultation responses

2.6. Of those who responded to the changes regarding Priority Services, ten respondents continued to express broad support, with ten explicitly agreeing with our proposals in this area including the draft licence conditions.

Meter reading

2.7. A supplier raised an issue with the wording in the draft supply licence conditions 26.5 (c). They stated the proposed wording suggested a supplier must offer a meter reading service where any one person in the household is unable to read the meter, inadvertently extending coverage of the provision beyond the Domestic Customer. They suggested rewording the drafting to ensure the provisions apply solely to the Domestic Customer, in line with the policy intent.

2.8. Another supplier proposed adding 'nominated person' into the drafting, as this would ensure those customers who live independently but receive help from others would be able to nominate someone to read the meter for them.

Prepayment meter arrangements


2.9. A supplier suggested that the draft of supply licence condition 26.5 (d) duplicates supply licence conditions 28.1A and 28.1B and recommended removing this requirement.

Our decision

Meter reading

2.10. We have made minor changes to the drafting of the new gas and electricity supply licence conditions 26.5 (c) to better reflect the original policy intent outlined in previous consultations. Previous consultations framed the policy intent in terms of both an overall move to a principles-based approach and suppliers needing to offer meter-reading services where the customer is unable to read the meter. As a result, we consider it logically follows from this policy position that it would not be necessary for a supplier to offer meter-reading services in a situation where a customer is reasonably able to nominate another person to read the meter on their behalf.

2.11. An example of such a situation would be where the customer is able to nominate another person located within the same premises (assuming that person does not have any vulnerabilities which would inhibit their ability to read the meter). We note that there may also be circumstances where it would be reasonable for a



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customer to nominate a person who is located elsewhere. We have therefore decided to amend the licence drafting to reflect this principles-based approach.²⁰

Prepayment meter arrangements

2.12. We have investigated whether supply licence condition 28.1A and 28.1B duplicate the new supply licence condition 26.5 (d). While we note the similarities between the conditions, we consider that, in light of the overall requirements of the new supply licence condition 26 for suppliers to offer appropriate arrangements and mechanisms for customers in vulnerable situations, suppliers are ultimately required to be more proactive when considering the safety and practicability of a customer using a prepayment meter. As a result, we have decided to retain supply licence condition 26.5 (d).

²⁰ We also note that these drafting changes will ensure greater consistency with the substantive obligation to provide Priority Services which is set out in paragraph 26.4 of the new standard condition 26, i.e. the obligation is framed in terms of suppliers providing Priority Services which "...*the Domestic Customer may reasonably require...*".

3. Data recording and sharing

3.1. There have been no changes to the policy intent we consulted on in our June 2016 statutory consultation. However we now expect the timetable for delivering revised gas data sharing arrangements to be put back.

Current arrangements and issues

3.2. All companies except gas network operators are currently required to record and share data about their customers in vulnerable situations with other companies using individual vulnerability categories. Electricity suppliers and electricity network operators record and share relevant customer vulnerability data with each other using 'needs codes',²¹ through industry data flows or manually. Similarly, gas suppliers share data about their customers in vulnerable situations with gas network operators (via other parties) using industry data flows.

3.3. The industry 'needs codes' and associated vulnerability categories need updating to ensure they are consistent across the industry. In addition, the industry mechanisms used to share data between companies are inconsistent and require revising to ensure more efficient data sharing.

June 2016 statutory consultation proposals


3.4. We proposed that all companies develop agreed 'needs codes' so vulnerability is consistently categorised and improves the overall quality of data. We also proposed companies update and improve the mechanisms used to share this information.

Data Protection and privacy laws

3.5. We maintained the proposal to no longer expressly refer to the need for companies to acquire informed consent from consumers for recording and sharing data. Instead, new licence conditions refer to the broader requirement for companies to comply with data protection and privacy laws.²²

²¹ The Safeguarding Customers Working Group (SCWG) is an industry-led group developing a set of 'needs codes' and vulnerability categories to allow for consistent PSR data recording and sharing.

²² As outlined in the June 2016 statutory consultation, the intended effect of this change is that while companies would still normally need to obtain consent according to the requisite standard in data protection and privacy laws, they may be able to act without consent in so far as any relevant exceptions are adopted in the UK.



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Implementation timeline

3.6. We outlined our expectation that industry would implement revised arrangements by June 2017 for both gas and electricity. This provided an additional 12 months for the implementation of revised arrangements in electricity, because industry had previously been working to a timetable of June 2016.

Summary of consultation responses

3.7. Of those who responded to changes to data recording and sharing arrangements, 14 respondents continued to express broad support, with five respondents explicitly agreeing with the proposed changes, as well as the draft licence conditions. However, four suppliers and three electricity network operators raised significant concerns about the planned implementation date (June 2017), in particular for gas data sharing arrangements.

Sharing of sensitive personal data


3.8. A supplier, an electricity network operator and a gas network operator raised concerns about sharing sensitive personal data.

3.9. The supplier thought there could be a conflict between the requirement to share data about a customer's vulnerability and restrictions on sharing 'sensitive personal data' under the Data Protection Act. The electricity network operator suggested that no longer requiring a customer's informed consent to be on the PSR would reduce customers' understanding of their data privacy rights and increase data protection compliance risk for companies. The gas network operator stated companies should be required to seek customers' informed consent to have their data shared, as not all customers will wish to be on a PSR if their data is to be shared.

Implementation timeline

3.10. Overall, four suppliers and three electricity network operators raised significant concerns about the planned implementation date (June 2017), in particular for gas data sharing arrangements.

3.11. Two of the electricity network operators and a supplier noted that revised 'needs codes' and a template privacy impact assessment still needed to be agreed and that delays with finalising these would have knock-on impacts for the implementation timeline.



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3.12. Three of the suppliers cited delays to the Project Nexus²³ implementation timetable as having significant impacts on the industry's ability to make the necessary changes to gas data flows.

3.13. Two of the suppliers thought it was important that the implementation timelines were aligned for both gas and electricity although they did not support this assertion with detailed evidence.

Our decision

Sharing of sensitive personal data

3.14. Companies are already obligated to act within the parameters of data protection and privacy laws. These laws include restricting the sharing of sensitive personal data; requirements around gaining consent; and requirements around informing customers where their data is being used. Companies are also already required to share sensitive information concerning a customer's vulnerability.

3.15. The revised PSR arrangements do not fundamentally change any of these things. Companies will continue to need to share sensitive data concerning customers' vulnerability where appropriate whilst meeting the requirements of wider data protection rules.

Implementation timeline

Revised 'needs codes' and template privacy impact assessment

3.16. We recognise that since the publication of our statutory consultation in June, further steps have been taken towards embedding new data sharing arrangements. We understand that the Safeguarding Customers Working Group²⁴ has now finalised the production of a revised set of 'needs codes' and template privacy impact assessment. Finalising these important elements of the revised data sharing framework represents a significant milestone, and we are pleased that this work has now been concluded.

Gas data sharing

3.17. Since the publication of our statutory consultation, a revised implementation date of 1 June 2017 has been set for Project Nexus. The revised vulnerability 'needs codes' and a template privacy impact assessment have also been completed. These positive developments provide industry with greater certainty, which should alleviate some of the timing concerns raised by respondents to our statutory consultation.

²³ Project Nexus incorporates the upgrade of the gas industry's central *UK Link* IT systems.

²⁴ The Safeguarding Customers Working Group (SCWG) is an industry-led group developing a set of 'needs codes' and vulnerability categories to allow for consistent PSR data recording and sharing.

3.18. However, we also recognise the significant impact that Project Nexus has on gas industry systems and that further developments with Project Nexus may affect the delivery timetable for implementing revised gas data sharing arrangements. We also understand that in order to achieve industry code stability by the target date of 6 January 2017, it will not now be feasible to deliver improved gas data sharing changes until later than June 2017.

3.19. We will be writing to the relevant industry parties responsible for overseeing the changes needed for industry systems and codes to request a systematic timetable for when gas data sharing changes will be implemented. We will be asking them to be as ambitious as possible and expect them to produce a plan that minimises the impact of delaying changes beyond June 2017.

Aligning implementation dates for gas and electricity data sharing

3.20. We understand that industry remains on track for implementing revised electricity data sharing arrangements by June 2017 and that a further change proposal needed to embed these arrangements in the relevant industry code will be raised this month. There is no direct link between the work needed to amend electricity and gas data sharing arrangements at an industry level so delays with implementing revised gas data sharing arrangements should not impact on the industry-wide technical arrangements needed for electricity. We are also conscious that the implementation date for electricity is already a full 12 months post the originally planned date of June 2016

3.21. We envisage industry continuing along the planned implementation route, and continuing to support the positive industry-led work to deliver electricity data sharing changes by June 2017.

4. Awareness of Priority Services

4.1. There have been no changes to the policy intent we consulted on in our June 2016 statutory consultation.

Current arrangements and issues

4.2. Existing licence conditions require companies to prepare statements on their obligations under the PSR. They are required to inform their customers at least once a year about the PSR and how to access PSR services. Through separate incentives for network companies,²⁵ awareness of the PSR and identification of vulnerability are further encouraged. However, despite these requirements, awareness of the PSR and its services remains low.²⁶

June 2016 statutory consultation proposals

Single brand

4.3. Using the term 'Priority Services' is not a requirement we are proposing to embed in licence conditions. Nonetheless, we proposed that companies use it for consistency when promoting information about the PSR and the services available to raise consumer awareness and ensuring that customers can compare services across companies.

Promotion

4.4. We proposed that companies look to develop cost-efficient, innovative ways to increase awareness and promote take-up of PSR services. In line with our long-standing policy intent for suppliers to promote the PSR to their customers, we inserted a requirement in the draft supply licence conditions for suppliers to take all reasonable steps to promote the PSR.

Awareness materials

4.5. We proposed that consumer groups and other third parties lead on developing customer advice and information materials on the PSR provisions, which they can use to advise customers in vulnerable situations. We consider that companies should also have a role in developing these materials and could test them as part of their wider consumer research programmes to measure effectiveness.

²⁵ Stakeholder Engagement Incentive for electricity distribution and Discretionary Reward Scheme for gas distribution.

²⁶ Ipsos MORI UK Limited and Ofgem, June 2013 <https://www.ofgem.gov.uk/ofgem-publications/75553/quant-psr-research-mori-consumer-vulnerability-strategy-june-2013.pdf>.

Network operator statements

4.6. We proposed that network operators continue to prepare statements setting out their obligations under the PSR licence conditions and continue to inform their domestic customers about these statements at least once each year.

Summary of consultation proposals

4.7. Of those who responded to changes to raising awareness, ten respondents continued to broadly support our proposals to improve awareness and take-up of Priority Services. Nine expressed explicit support for our proposals, including support to use the term 'Priority Services' to promote PSR services.

Notice of Rights²⁷

4.8. Two electricity network operators raised concerns about taking all reasonable steps to inform customers of the PSR, now that changes have been made to suppliers' Notice of Rights obligations. They wanted to know how they could meet their obligations following this change, and were concerned about the potential cost implications of finding alternative ways to meet their obligations.

Our decision

Notice of Rights

4.9. It is important that companies think about achieving positive consumer outcomes by addressing customer needs. As stated in the statutory consultation, we expect companies to develop cost-efficient, innovative ways to increase awareness and promote take-up of PSR services.

4.10. We are aware that network operators will encounter challenges in disseminating information to all customers on an annual basis since the matching obligations have been removed from supply licence conditions. We are looking into how to address this, and will engage with network operators on a solution in due course.

²⁷ Notice of Rights was an obligation on suppliers to provide information to customers about their obligations under standards of performance regulations. This obligation was removed for suppliers as a result of The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015. For more information, please see <https://www.ofgem.gov.uk/publications-and-updates/supplier-guaranteed-and-overall-standards-performance-reforms-final-decision-and-statutory-instrument>.

5. Compliance and performance monitoring

5.1. There have been no changes to the policy intent we consulted on in our June 2016 statutory consultation.

Current arrangements and issues

5.2. Suppliers are required to provide us with quantitative PSR data each year through the Social Obligations Reporting (SOR) mechanism. This does not give us information about the quality of services that customers receive.

5.3. Electricity network operators also report to Ofgem annually with quantitative PSR data, but the same issue applies as for suppliers (a lack of qualitative data). Gas network operators do not currently report to us on their performance with PSR requirements.

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Suppliers

5.4. For suppliers, we set out our intention to consider revising the existing SOR data collection metrics alongside considering a new range of tools to allow for qualitatively assessing suppliers' performance.

Network operators

5.5. For electricity network operators, in line with our initial consultation in December 2015, we set out our proposals to monitor performance through their existing annual reporting requirements and use the Stakeholder Engagement and Consumer Vulnerability Incentive.²⁸ We proposed taking the same approach through the Discretionary Reward Scheme²⁹ for gas network operators.

²⁸ The Stakeholder Engagement and Consumer Vulnerability Incentive drives network companies to engage with stakeholders and address consumer vulnerability issues.

²⁹ The Discretionary Reward Scheme aims to reward the performance of Gas Distribution Network (GDN) companies, which best serve, the interest of customers through initiatives over and above what GDNs have been funded for within the RIIO-GD1 price control. The scheme assesses companies on their initiatives across three categories: environment, social, and carbon monoxide safety.

Summary of consultation proposals

5.6. Of those who commented on compliance and monitoring arrangements, eight respondents broadly agreed with our proposals with five others expressing explicit support for our proposals. One supplier requested further information on the detail of potential new monitoring arrangements. Two other suppliers noted concerns about the impacts on system changes and the need for lead-in time if new arrangements were introduced.

Our decision

5.7. We are continuing to consider improvements to monitoring arrangements that will allow us to gather information and evidence to robustly assess supplier performance. We will engage with suppliers and other stakeholders as we develop our plans. We acknowledge that changes to monitoring arrangements are likely to require lead-in time for companies prior to implementation depending on the nature of any new arrangements.

5.8. We have retained our long-standing plans to monitor network operator performance using the Stakeholder Engagement & Consumer Vulnerability Incentive scheme for electricity network operators and the Gas Discretionary Reward scheme for gas network operators.

Appendices

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Appendix 1 – Draft Licence condition changes from statutory consultation to Licence Modification Decision

Electricity Supply Licence – Standard Condition 26

Statutory consultation (Jun 2016)	Licence modification (Oct 2016)	Reason for modification
26.5(c) the reading (and provision of that reading to the Domestic Customer) of the Domestic Customer's Electricity Meter at appropriate intervals, if the Domestic Customer (or any other person occupying the same Domestic Premises) is unable to do so,	26.5(c) the reading (and provision of that reading to the Domestic Customer) of the Domestic Customer's Electricity Meter at appropriate intervals, if the Domestic Customer (or any other person occupying the same Domestic Premises) is unable to do so and there is no other person the Domestic Customer could reasonably nominate to do so on their behalf,	To better reflect original policy intent, as outlined in Chapter 2, paragraph 2.11
26.7 (Definition of Personal Characteristics): (a) the Domestic Customer being of pensionable age;	26.7 (Definition of Personal Characteristics): (a) the Domestic Customer being of Pensionable Age;	To address typographical error to make clear that Pensionable Age is a defined term, as outlined in Chapter 1, paragraph 1.7

Gas Supply Licence – Standard Condition 26

Statutory consultation (Jun 2016)	Licence modification (Oct 2016)	Reason for modification
26.5(c) the reading (and provision of that reading to the Domestic Customer) of the Domestic Customer's Gas Meter at appropriate intervals, if the Domestic Customer (or any other person occupying the same Domestic Premises) is unable to do so,	26.5(c) the reading (and provision of that reading to the Domestic Customer) of the Domestic Customer's Gas Meter at appropriate intervals, if the Domestic Customer (or any other person occupying the same Domestic Premises) is unable to do so and there is no other person the Domestic Customer could [reasonably] nominate to do so on their behalf	To better reflect original policy intent, as outlined in Chapter 2, paragraph 2.11
26.7 (Definition of Personal Characteristics): (a) the Domestic Customer being of pensionable age;	26.7 (Definition of Personal Characteristics): (a) the Domestic Customer being of Pensionable Age;	To address typographical error to make clear that Pensionable Age is a defined term, as outlined in Chapter 1, paragraph 1.7

Decision to modify gas and electricity supply, electricity distribution and gas transporter licences for PSR arrangements

Gas Transporter Licences modification – Standard Condition 17

Statutory consultation (Jun 2016)	Licence modification (Oct 2016)	Reason for modification
2.(a)(i) of pensionable age, disabled, chronically sick or live with children aged five and under	2.(a)(i) of pensionable age, disabled, chronically sick or live with children aged five and under under five	Reflect original policy intent – paragraph 1.12-1.13 above
2.(b) have either: (i) personally (...) condition, and; or (ii) had a person (...) registered,	2.(b) have either (i) personally (...) condition, and ;or (ii) had a person (...) registered ₇ ;or	Improve drafting
2.(b)(iii) had a relevant supplier or Relevant Distributor (...)	2.(b)(iii) had a relevant supplier or relevant distributor	Improve drafting
4. The licensee must offer, free of charge, to agree a password with that customer who is eligible for assistance (or their representative) (...)	4. The licensee must offer, free of charge, to agree a password with that any customer who is eligible for assistance (or their representative) (...)	Improve drafting
6. In so far as permitted (...)give the relevant supplier and/or Relevant Distributor (...)	6. In so far as permitted (...)give the relevant supplier and/or relevant distributor (...)	Improve drafting
3.(a) pursuant to paragraph 1(d) of standard condition 26 (Services for specific Domestic Customer groups) of its supply licence transmitted to the licensee a request for the repositioning of a meter owned by the licensee; and	pursuant to paragraph 1(d) 5(d) of standard condition 26 (Services for specific Domestic Customer groups Priority Services Register) of its supply licence transmitted to the licensee a request for the repositioning of a meter owned by the licensee; and	Reflect changes in format and title of the gas supply licence

Gas Transporter Licence – Standard Special Condition D13

Statutory consultation (Jun 2016)	Licence modification (Oct 2016)	Reason for modification
2.(a)(i) of pensionable age, disabled, chronically sick or live with children aged five and under	2.(a)(i) of pensionable age, disabled, chronically sick or live with children aged five and under under five	As outlined in Chapter 1
2.(b) have either: (i) personally (...) condition, and; or (ii) had a person (...) registered,	2.(b) have either (i) personally (...) condition, and ;or (ii) had a person (...) registered ₇ ;or	Improve drafting

Decision to modify gas and electricity supply, electricity distribution and gas transporter licences for PSR arrangements

2.(b)(iii) had a relevant supplier or Relevant Distributor (...)	2.(b)(iii) had a relevant supplier or relevant distributor	Improve drafting
4. The licensee must offer, free of charge, to agree a password with that customer who is eligible for assistance (or their representative) (...)	4. The licensee must offer, free of charge, to agree a password with that any customer who is eligible for assistance (or their representative), that can be used by any representative of the licensee to enable the customer to identify that person for the purpose of carrying out necessary work for which the password was agreed.	Improve drafting
6. In so far as permitted (...) give the relevant supplier and/or Relevant Distributor (...)	6. In so far as permitted (...) give the relevant supplier and/or relevant distributor (...)	Improve drafting
10. The statement prepared under paragraph 4 may, at the licensee's choice (...)	10. The statement prepared under paragraph 4 8 may, at the licensee's choice (...)	Correct cross-reference
3.(a) pursuant to paragraph 1(d) of standard condition 26 (Services for specific Domestic Customer groups) of its supply licence transmitted to the licensee a request for the repositioning of a meter owned by the licensee; and	pursuant to paragraph 1(d) 26.5(d) of standard condition 26 (Services for specific Domestic Customer groups Priority Services Register) of its supply licence transmitted to the licensee a request for the repositioning of a meter owned by the licensee; and	Reflecting changes in format and title of the gas supply licence

Electricity Distribution Licence – Standard Condition 10

Statutory consultation (Jun 2016)	Licence modification (Oct 2016)	Reason for modification
10.4(a)(i) of Pensionable Age disabled, chronically sick, or live with children aged 5 and under	10.4(a)(i) of Pensionable Age disabled, chronically sick, or live with children aged 5 and under under 5	Reflect original policy intent – paragraph 1.12-1.13 above
10.4(a)(ii) due to otherwise being in a vulnerable situation and require additional services related to their access, safety, and communication needs; and	10.4(a)(ii) due to otherwise being in a vulnerable situation, and require in need of additional services related to their access, safety, and communication needs; and	To improve drafting
10.4(b) are either	10.4(b) are either have	To improve drafting

Decision to modify gas and electricity supply, electricity distribution and gas transporter licences for PSR arrangements

<p>10.4(b)(iii) had a Relevant Supplier or gas transporter ask for their name to be added to the Priority Services Register</p>	<p>10.4(b)(iii) had a Relevant Supplier or gas transporter Relevant Gas Transporter ask for their name to be added to the Priority Services Register</p>	<p>To improve drafting</p>
<p>10.7 Where a request for inclusion on the Priority Services Register has come directly from the PSR Customer or a third party (other than the Relevant Supplier or Relevant Gas Transport) who is acting on behalf of that consumer, in so far as permitted by any laws relating to data protection and/or privacy, the licensee must give the Relevant Supplier and/or Relevant Gas Transporter such details of that customer and his or her reasons for being included on the register in such form and at such intervals, as are relevant to the performance of that supplier and/or gas transporter's obligations under their Licence</p>	<p>10.7 Where a request for inclusion on the Priority Services Register has come directly from the PSR Customer or a third party (other than the Relevant Supplier or Relevant Gas Transport) who is acting on behalf of that consumer, in so far as permitted by any laws relating to data protection and/or privacy, the licensee must give the Relevant Supplier and/or Relevant Gas Transporter such details of that customer and his or her their reasons for being included on the register in such form and at such intervals, as are relevant to the performance of that supplier's and/or gas transporter's obligations under their Licence</p>	<p>To improve drafting and maintain consistency throughout the licence</p>
<p>10.9 The licensee must offer, free of charge, to agree a password, with the PSR customer (or their representative) that can be used by any Representative of the licensee to enable the customer to identify that person.</p>	<p>10.9 The licensee must offer, free of charge, to agree a password, with the PSR customer-Customer (or their representative) that can be used by any Representative of the licensee to enable the customer to identify that person.</p>	<p>To improve drafting</p>
<p>10.15 Relevant Gas Transporter means the licensed gas transporter to whose gas distribution network the domestic customer's premises are connected</p>	<p>10.15 Relevant Gas Transporter means the licensed gas transporter to whose gas distribution network the domestic customer'sthat customer's premises are connected</p>	<p>To improve drafting</p>

Appendix 2 – June 2016 statutory consultation: question and respondents

1.1. We consulted on our proposals to review the provisions of the Priority Services Register in June 2016. We asked for your views on any of the issues raised in the statutory consultation. In particular, we welcomed views on the draft licence conditions published alongside the document.

1.2. In conjunction with our June 2016 statutory consultation we consulted on modifying the following licence conditions:

- Standard Condition 26 of the Gas and Electricity Supply licences
- Standard Condition 17/ Standard Special Condition D13 of the Gas Transporter Licence
- Standard Condition 10 of the Electricity Distribution Licence

1.3. Below is a list of respondents:

Age UK
Bristol Energy
British Gas
Citizens Advice Service
E.ON
Economy Energy
EDF Energy
Electricity North West Limited
First Utility
Good Energy
Islington Council
John Baker
National Energy Action
National Grid Gas Distribution
Northern Gas Networks Limited
Northern Powergrid
Npower Group PLC
OVO Energy
Plymouth Energy Community
Scottish and Southern Energy Power Distribution (SSEPD)
Scottish Power
SGN
SP Energy Networks
SSE plc
The Ombudsman Service Ltd (TOSL)
The Salvation Army
UK Power Networks
Wales & West Utilities Limited
Welsh Government/Environment and Sustainable Development Directorate
Western Power Distribution