

Consultation

Statutory consultation: Domestic supplier-customer communications rulebook reforms

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We are consulting on changes to the rules around domestic supplier-customer communications. These are our final proposals, which have been developed following extensive stakeholder engagement to date. We would like views from those with an interest in these proposals. We particularly welcome responses from consumer groups, suppliers and industry groups. We would also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations). If you want your response – in whole or in part – to be considered confidential, please tell us in your response and explain why. Please clearly mark the parts of your response that you consider to be confidential, and if possible, put the confidential material in separate appendices to your response.

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Executive summary

The retail energy market is undergoing rapid change. Smart meters and changes to settlement arrangements, along with new technologies and business models, are transforming the way we buy and consume energy. To take full advantage of these changes, it is vital all consumers can easily and actively engage with their energy supply – both now and in the future. Clear, timely and accessible supplier-customer communications, such as billing information and contract change notices, are critical to this.

Our current detailed prescriptive rules around what, when and how suppliers communicate with their customers have led to a 'one-size-fits-all' approach. This has restricted supplier innovation and may not be meeting the needs of all consumers, including doing enough to prompt and support them to engage with their energy supply. It is also important that our rules are future-proofed to ensure that supplier communications can evolve along with consumer needs – making sure consumers have the information they need to engage effectively with time-of-use tariffs, for example.

Our vision

We want consumers to get the right information, in the right form and at the right time, to enable them to understand their costs and consumption, to access and assess their options, and to take action where appropriate. Suppliers should have room, and be incentivised, to innovate and improve their communications, so consumers, including those in vulnerable situations, get truly engaging, informative and accessible communications with information tailored to their characteristics and preferences.

To achieve this, we are reforming the rules governing domestic supplier-customer communications. In May we proposed to introduce five new principles – enforceable rules that place responsibility on suppliers to deliver certain consumer outcomes – that confirm and consolidate the policy intent of our existing rules. We also proposed to remove a large number of detailed prescriptive rules. These proposals, alongside existing principles such as the Standards of Conduct and SLC 25 informed choices principles, are intended to provide strong consumer protection while giving suppliers greater freedom to determine how they meet the diverse needs of their customers.

Our final proposals

We have listened to stakeholder views to date, and taken these on board in forming our final proposals. We now confirm our proposal to introduce five new principles to ensure consumers get the information they need to enable them to: (1) compare and switch tariffs; (2) manage their tariff, costs and consumption; (3) understand and obtain relevant assistance and advice; (4) manage their billing and costs; and (5) manage changes to their contracts, such as price changes or the end of a fixed-term tariff. Our key proposals in each policy area are as follows:

- **Comparing and switching tariffs.** Our new principle would require suppliers to make consumers aware that they can switch tariff or supplier. We propose to modify existing prescription around the Cheapest Tariff Message by removing placement and formatting requirements, and require this to be provided a minimum of once a year and at all Key Prompt Points (ie points at which consumers could benefit from considering their options) as appropriate. This will put the onus on suppliers to consider the most effective times to prompt their customers.
- **Continuing to make informed tariff choices.** Our new principle would require suppliers to provide information to enable consumers to understand and manage their costs and consumption on an ongoing basis, so they can continue to make informed choices after

they have signed up to a tariff. This is particularly relevant for more complex tariffs, where consumers may need additional information to enable them to effectively manage their costs and consumption.

- **Billing information.** Our new principle would require suppliers to ensure consumers have the information they need to effectively manage their costs and consumption. We propose to remove certain elements of prescriptive content (such as the Cheapest Tariff Message) from the Bill, and all prescriptive formatting and layout rules. This will facilitate shorter and more engaging and informative Bills.
- **Providing assistance and advice.** Our new two-part principle would require suppliers to (a) ensure consumers know who to contact if something goes wrong, or if they have a query or complaint, and (b) provide assistance and advice to customers at certain times as is most relevant (eg signposting to the Ombudsman at the appropriate time in a dispute process). We propose to remove prescriptive requirements for suppliers to provide certain contact information, and for how they communicate safety information, though they will still be required to provide this important information.
- **Notifying of contract and price changes.** Our new principle would require suppliers to ensure consumers have the information they need to understand and manage important changes to their contract, at a time that is designed to prompt them to engage and is also reasonable for them to assess their options and take any action. We propose to remove the prescriptive list of items that must be included on Price Increase Notifications and Statements of Renewal Terms, as well as formatting and placement requirements.
- We also propose to stop requiring suppliers to send **Annual Statements**. Our new principles would require suppliers to ensure that consumers continue to receive important information to help them manage their costs and consumption, but potentially at a more effective time and/or in a more effective form.

We do not propose to remove all prescription. There will continue to be areas where it is appropriate to retain detailed prescriptive rules, for instance where there are requirements for suppliers to perform a specific action.

We have refined our policy consultation proposals based on stakeholder feedback. Key changes include clarifying that we expect suppliers to prompt consumers to engage at least once a year, narrowing the scope of the 'contract changes information' principle to align with the intent of the existing rules, and splitting the 'assistance and advice information' principle into two to reflect the importance of certain information being provided in a more timely way.

We consider our final package of proposals will provide enhanced protections for consumers. Suppliers will need to think harder about what information consumers need to manage their energy supply now and in future. Our rule changes will enable suppliers to innovate to meet consumer needs, and ensure we can continue to take swift action if suppliers do not put good consumer outcomes first.

Next steps

We welcome stakeholder views on the proposals in this statutory consultation. Please send your responses to futureretailregulation@ofgem.gov.uk by **18 October 2018**.

1. Introduction

- 1.1. The retail energy market is undergoing rapid change. Smart meters and changes to settlement arrangements, along with new technologies and business models, are increasingly enabling consumers to better engage with – and take control of – their energy supply. For consumers to get the maximum benefit from market changes, it is essential that they have the right information, in the right format and at the right time, to enable them to understand their costs and consumption, to access and assess their options and to take action where needed. Supplier-customer communications play a critical role in delivering these outcomes.
- 1.2. We currently take a prescriptive and detailed approach to specifying what, when and how suppliers communicate with their customers. These rules have evolved over time, with many being implemented as part of the Energy Supply Probe¹ and the Retail Market Review² to address poor supplier behaviour and fill gaps in consumers' information needs.
- 1.3. While the rules were put in place for good reason at the time, we no longer think that the way to deliver the best results for consumers is through a significant volume of detailed prescriptive rules. The current rules have led to a 'one-size-fits-all' approach, which has restricted supplier innovation and may not be meeting the needs of all consumers. There is substantial room for improvement in the degree to which the information provided by suppliers prompts and supports consumer engagement.
- 1.4. We consider that reducing the level of existing prescriptive requirements, relying more on existing principles (including the Standards of Conduct and SLC (Standard Licence Condition) 25 informed choices principles), and adding new narrow principles where appropriate, will put a greater onus on suppliers to deliver good outcomes for consumers. This will facilitate greater innovation and more engaging communications, better future-proof our rules in a rapidly changing market, and deliver strong, comprehensive protections.

What are we consulting on?

- 1.5. In early 2017 we signalled our intention to review the domestic rules relating to what, when and how suppliers communicate with domestic consumers, to make sure they are fit for purpose both now and in future.³
- 1.6. In December 2017, following stakeholder feedback, we set out the priority areas that we would focus on⁴: rules relating to the Bill, billing information, Annual Statement, Statement of Renewal Terms, Price Increase Notice, Tariff Information Label, Cheapest Tariff Message, and assistance and advice information. To support our efforts to

¹ Ofgem, [Implementation of the Energy Supply Probe Retail Market Remedies](#), October 2009.

² Ofgem, [Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information](#), August 2013.

³ Ofgem, [Forward Work Programme 2017-18](#), March 2017.

⁴ Ofgem, [Working paper: Domestic supplier-customer communications rulebook reforms](#), December 2017.

reduce prescription in these areas without compromising consumer protections, we also prioritised the development of additional principles.

- 1.7. In May 2018, following extensive stakeholder engagement, we consulted on proposals for an ambitious package of reforms.⁵ This included introducing five new narrow principles and removing around 35 pages of detailed rules.
- 1.8. We have carefully considered stakeholders' views on our policy consultation proposals, and are now consulting on our final proposals. We intend to move forward with changes quickly so that consumers can start seeing the benefits as soon as possible. Following this statutory consultation, which closes on 18 October, we will seek to issue our decision by the end of 2018. The new rules would then take effect in the licence in early 2019.

Section 2: Our final package of proposals

- 1.9. We confirm our proposal to introduce a package of five new narrow principles, to complement the existing Standards of Conduct and SLC 25 informed choices principles, and remove around 50 pages of detailed rules. We set out our views on a number of issues that cut across our proposals, such as requirements for information to be 'provided' or 'in writing', and for suppliers to take characteristics and, where appropriate, preferences into account.
 - **Question 1:** Do you consider that a direction is required to enable suppliers to make changes to existing fixed-term contracts, so that those customers can benefit from our rule changes sooner? If yes, please:
 - (a) provide examples of specific clauses in your T&Cs that would require such a direction (suppliers only); and/or
 - (b) provide suggestions for how the scope of the direction should be drafted to achieve our policy intent (set out in paragraphs 2.37-2.41 of this document).
 - **Question 2:** Are there any other consequential amendments to the licences that we haven't proposed in annexes 1-2 that you consider would be needed in light of our proposed changes?

Section 3: Encouraging and enabling engagement

- 1.10. We confirm our proposal to introduce two new principles in this area. The first principle relates to consumers understanding they can compare and switch tariffs or supplier. Following extensive stakeholder feedback, we have made some changes to this principle and the prescriptive rules that would sit under it (eg the Cheapest Tariff Message), to clarify what we expect of suppliers. This includes requiring suppliers to provide switching information at a minimum of once in a given year, and at all other Key Prompt Points (formerly Key Engagement Points) in that year as appropriate.
 - **Question 3:** Do you agree that our proposals reflect our policy intent relating to encouraging and enabling engagement?

⁵ Ofgem, [Policy consultation: Domestic supplier-customer communications rulebook reforms](#), May 2018.

- **Question 4:** What are your views on our proposal (set out in paragraphs 3.35-3.36) to move the rules around engagement prompts into a direction separate from the supply licences?

Section 4: Assistance and advice information

1.11. We confirm our proposal 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 have 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 also confirm our proposal to remove prescriptive requirements for suppliers to provide certain contact information, and for how they communicate safety information, as our proposed new 'assistance and advice information' principle would cover this.

- **Question 5:** Do you agree that our proposals reflect our policy intent relating to assistance and advice information?

Section 5: Relevant Billing Information, Bills and statements of account

1.12. We confirm our proposal to introduce a new 'billing information' principle to ensure all consumers get Relevant Billing Information in a form, and at a frequency, that helps them to manage their finances and energy usage. We are still proposing to remove certain prescriptive requirements regarding the content, format, layout and wording of Bills. These changes would facilitate shorter, more engaging Bills while ensuring consumers get the information they need to be able to manage their costs and consumption.

- **Question 6:** Do you agree that our proposals reflect our policy intent relating to Bills and billing information?

Section 6: Contract changes information (price increases and fixed-term contracts coming to an end)

1.13. We confirm our proposal to introduce a new principle to ensure consumers have the information they need to be able to understand and respond to price increases and their fixed-term contracts coming to an end. Following stakeholder feedback, we have realigned the scope of this principle more closely with current licence drafting. We also confirm our proposals to remove many of the existing prescriptive timing and content requirements of the Price Increase Notification and Statement of Renewal Terms.

- **Question 7:** Do you agree that our proposals reflect our policy intent relating to contract changes?

Section 7: Annual Statements

1.14. We confirm our proposal to remove the requirement for suppliers to provide consumers with an Annual Statement, and to rely instead on our proposed and existing principles to deliver the underlying policy intent. Our intention is to ensure that consumers continue to receive the important information currently in the Annual Statement, while enabling suppliers to develop more effective ways of delivering this information.

Section 8: What we expect of suppliers

- 1.15. Our proposed package of rule changes builds on an existing foundation of principles in the supply licences, and our expectation that suppliers should be putting good consumer outcomes at the heart of their businesses. Here we clarify what we expect from suppliers following these rule changes, and answer some questions relating to implementation that stakeholders have raised.

Context and related publications

- 1.16. We are committed to relying more on enforceable principles – overarching rules – to regulate the retail energy market, rather than detailed prescriptive rules. We believe this approach will better protect consumers in a rapidly evolving market, promote innovation and place responsibility firmly on suppliers to understand and deliver good outcomes for consumers.
- 1.17. In early 2017, we set out our plans to reform the rules relating to supplier-customer communications. In December 2017, we published a working paper setting out our latest thinking on priority areas for reform and an initial outline of the new principles framework we want to put in place. In May 2017, we issued a policy consultation setting out a detailed package of proposed changes. We have taken stakeholder feedback on board in refining our proposals, and this statutory consultation sets out our final package of proposed rule changes.
- 1.18. Related publications that you may find useful include:
- Ofgem, [Policy consultation: Domestic supplier-customer communications rulebook reforms](#), May 2018.
 - Ofgem, [Decision: Estimated Annual Cost for domestic consumers](#), December 2017.
 - Ofgem, [Working paper: Domestic supplier-customer communications rulebook reforms](#), December 2017.
 - Revealing Reality, [Consumer First Panel: Understanding information needs](#), December 2017.
 - Ofgem, [Market-wide derogation – Statement of Renewal Terms](#), December 2017.
 - Ofgem, [Open letter: Reforming our rules related to domestic supplier-customer communications](#), September 2017.
 - Ofgem, [Final decision: Standards of conduct for suppliers in the retail energy market](#), August 2017.
 - Ofgem, [Final decision: Enabling consumers to make informed choices](#), April 2017.
 - Ofgem, [The future of retail market regulation – Update on the way forward](#), June 2016.
 - Ofgem, [The future of retail market regulation](#), December 2015.

Consultation stages

- 1.19. This is a statutory consultation, following our May policy consultation. It will be open from 20 September until **18 October** for stakeholders to send us responses. After we have considered those responses and made any modifications to the licence drafting, we will publish a decision along with final licence modification notices. We aim to do this by the end of 2018.

How to respond

- 1.20. We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page.
- 1.21. We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.22. We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

- 1.23. You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.24. If you wish us to keep part of your response confidential, please clearly mark those parts of your response that you *do* wish to be kept confidential and those that you *do not* wish to be kept confidential. Please put the confidential material in a separate appendix to your response. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. We might ask for reasons why.
- 1.25. If the information you give in your response contains personal data under the General Data Protection Regulation 2016/379 (GDPR) and domestic legislation on data protection, the Gas and Electricity Markets Authority will be the data controller for the purposes of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, in appendix 3.
- 1.26. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.

General feedback

- 1.27. We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:
 1. Do you have any comments about the overall process of this consultation?
 2. Do you have any comments about its tone and content?
 3. Was it easy to read and understand? Or could it have been better written?
 4. Were its conclusions balanced?
 5. Did it make reasoned recommendations for improvement?

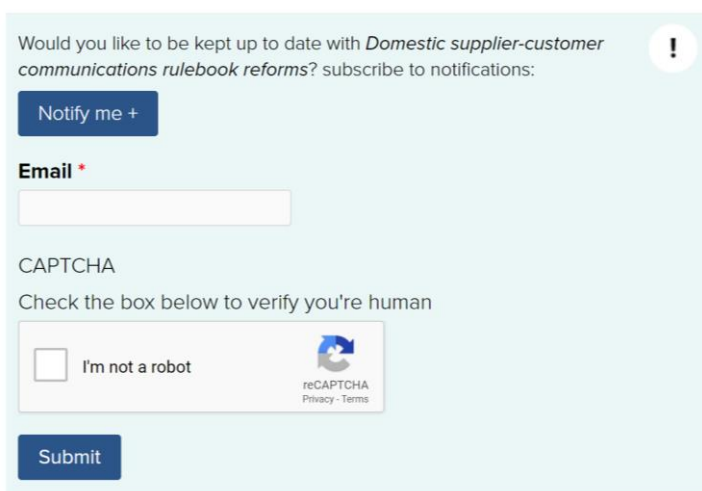
6. Any further comments?

1.28. Please send any general feedback comments to stakeholders@ofgem.gov.uk

How to track the progress of the consultation

1.29. You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

Notifications




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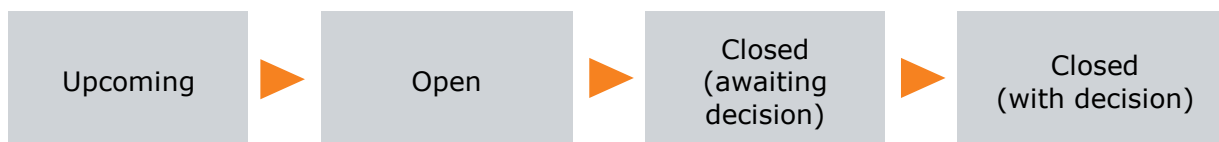
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1.30. Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:



2. Our final package of proposals

Section summary

We confirm our proposal to introduce a package of five new narrow principles, to complement the existing Standards of Conduct and SLC 25 informed choices principles, and remove around 50 pages of detailed rules. We set out our views on a number of issues that cut across our proposals, such as requirements for information to be 'provided' or 'in writing', and for suppliers to take characteristics and, where appropriate, preferences into account.

Question 1: Do you consider that a direction is required to enable suppliers to make changes to existing fixed-term contracts, so that those customers can benefit from our rule changes sooner? If yes, please:

- (a) provide examples of specific clauses in your T&Cs that would require such a direction (suppliers only); and/or
- (b) provide suggestions for how the scope of the direction should be drafted to achieve our policy intent (set out in paragraphs 2.37-2.41 of this document).

Question 2: Are there any other consequential amendments to the licences that we haven't proposed in annexes 1-2 that you consider would be needed in light of our proposed changes?

Our policy consultation proposals

- 2.1. The current customer communications rules are made up of the overarching Standards of Conduct, SLC 25 informed choices principles, and a large amount of prescription. The Standards of Conduct require suppliers to provide information that is complete, accurate and not misleading, to enable domestic consumers to make informed choices about their energy supply. This applies to every piece of supplier-customer communication. The narrow SLC 25 informed choices principles focus on tariff comparability and sales and marketing. The majority of our other supplier-customer communications rules are prescriptive requirements relating to specific channels such as the Bill. We proposed to remove many of these existing prescriptive rules and instead rely more on existing and new principles, and a smaller amount of prescription.
- 2.2. We proposed to introduce five new narrow principles that would confirm and consolidate the policy intent of our existing rules. These new principles are intended to future-proof our rules and be adaptable to cover new circumstances that may arise as the market evolves. These principles would require suppliers to encourage and enable consumers to (1) engage with the market, eg considering switching tariff and/or supplier, and (2) engage with their own energy supply, eg understanding their tariff and managing their costs and consumption. They would also require suppliers to (3) make sure consumers know where and how they can get assistance and advice. The other principles would relate to key stages of the consumer journey – information about (4) billing and (5) changes to contracts.

- 2.3. We also proposed to make changes to many of the prescriptive rules relating to the content, format, timing and frequency of regulated customer communications – either removing them completely or amending them, to give suppliers more flexibility in how they meet the consumer outcomes set out in the new principles.
- 2.4. We did not propose to remove all prescription. We proposed to retain detailed rules where appropriate, for example where there are requirements for suppliers to perform a specific action. We noted that we are not removing or amending those rules where our powers to make changes are limited, where they are derived from the EU's third energy package⁶ or requirements introduced by government (eg Green Deal information).⁷

Stakeholder feedback on policy consultation proposals

Overarching comments on overall package of proposals

- 2.5. Stakeholders were generally supportive of the overall package of proposed changes, and the flexibility the new rules would give suppliers to innovate in the communications they provide. Consumer groups recognised the benefits that the rule changes could bring, in particular requiring suppliers to think more about the most effective way of engaging with and meeting the needs of different customer groups, including those who may be being underserved now such as those with prepayment meters.
- 2.6. Some suppliers felt that we could have gone further in relying (only) on the Standards of Conduct rather than introducing new narrow principles, and/or in removing prescription. A number of stakeholders urged us to conduct a further review of the remaining prescriptive rules after Great Britain has left the EU. A few suppliers raised concerns about the proposed new principles being too inflexible or not future-proof enough.
- 2.7. Suppliers felt that in some areas we were raising the bar compared to existing licence requirements – for example with the use of the word 'provide', and the scope of the 'contract changes information' principle covering *all* disadvantageous price and contract changes.
- 2.8. Consumer groups emphasised the importance of Ofgem having a robust monitoring framework in place to spot issues quickly. Many suppliers also asked for more clarity on our approach to monitoring, compliance and enforcement. In particular, they sought reassurance that we will take a proportionate approach to compliance and enforcement.
- 2.9. One supplier noted that suppliers' abilities to make changes to their communications following our rule changes could be limited for customers on fixed-term tariffs, depending on what is written into the terms and conditions (T&Cs) of these customers' existing contracts. If there are T&Cs that reflect rules we are changing (eg provision of

⁶ European Commission, [Interpretative note on the retail market in the Electricity Directive and the Natural Gas Directive](#), January 2010.

⁷ To be clear, we do not intend to remove or amend prescription where the rules were introduced by government or derived from EU requirements. When we say these rules are 'out of scope' this does not imply that new or existing principles would not apply in these areas.

an Annual Statement), then suppliers would not be able to vary these until the end of the fixed-term contracts in question.

What we expect from suppliers in improving outcomes, especially relating to vulnerable consumers

- 2.10. In terms of treatment of vulnerable consumers, stakeholders agreed that any areas of particular risk are covered by the vulnerability limb of the Standards of Conduct. Consumer groups noted a number of important considerations relating to how the new principles apply to vulnerable consumers. They highlighted the importance of suppliers considering the needs of *all* consumers, including those who are not online, either by choice or necessity – they should not be left behind as digital communications become increasingly common. Suppliers should also pay attention to changes in customers' circumstances, eg if the nature of their vulnerability changes, and respond accordingly.
- 2.11. A consumer group highlighted their expectation that our rule changes should lead to consumers getting more frequent information from their supplier, not less frequent. They pointed to research showing that consumers generally would like more frequent information, and compared the energy sector to telecoms and banking, where monthly bills and up-to-date online information have been available for some years, and smart notifications are used a lot more. Consumer groups expressed their expectations that our rule changes should lead to an improvement in communications to certain groups of customers who are poorest served currently, eg those with prepayment meters, or with legacy time-of-use tariffs.
- 2.12. Some suppliers had specific questions about our expectations, including whether we expect the new principles to apply to verbal as well as written communications, and whether we expect suppliers to communicate the same volume and type of information as required under the current rules.

Cross-cutting features of the new principles

- 2.13. Stakeholders made a number of comments about language used that apply across more than one of the proposed new principles. To avoid duplication in the following sections, we discuss the key points raised here:
- Some stakeholders commented that **requiring suppliers to 'provide' information is more onerous than current licence requirements**. This was generally raised in relation to Bills, but we discuss it below as we have chosen to use this word across all principles and have the same intentions for how it should be interpreted.
 - A few stakeholders commented that **requiring certain communications to be 'in Writing' could restrict innovation**. Suppliers do not want to be restricted in the form in which they provide information to consumers.
 - Some suppliers highlighted the **importance of the principles being achievable**, particularly in respect of consumers needing to understand information presented to them. Suppliers noted that they are not able to ensure that a customer understands something – the limit of their ability is to provide information in way that helps consumers understand.

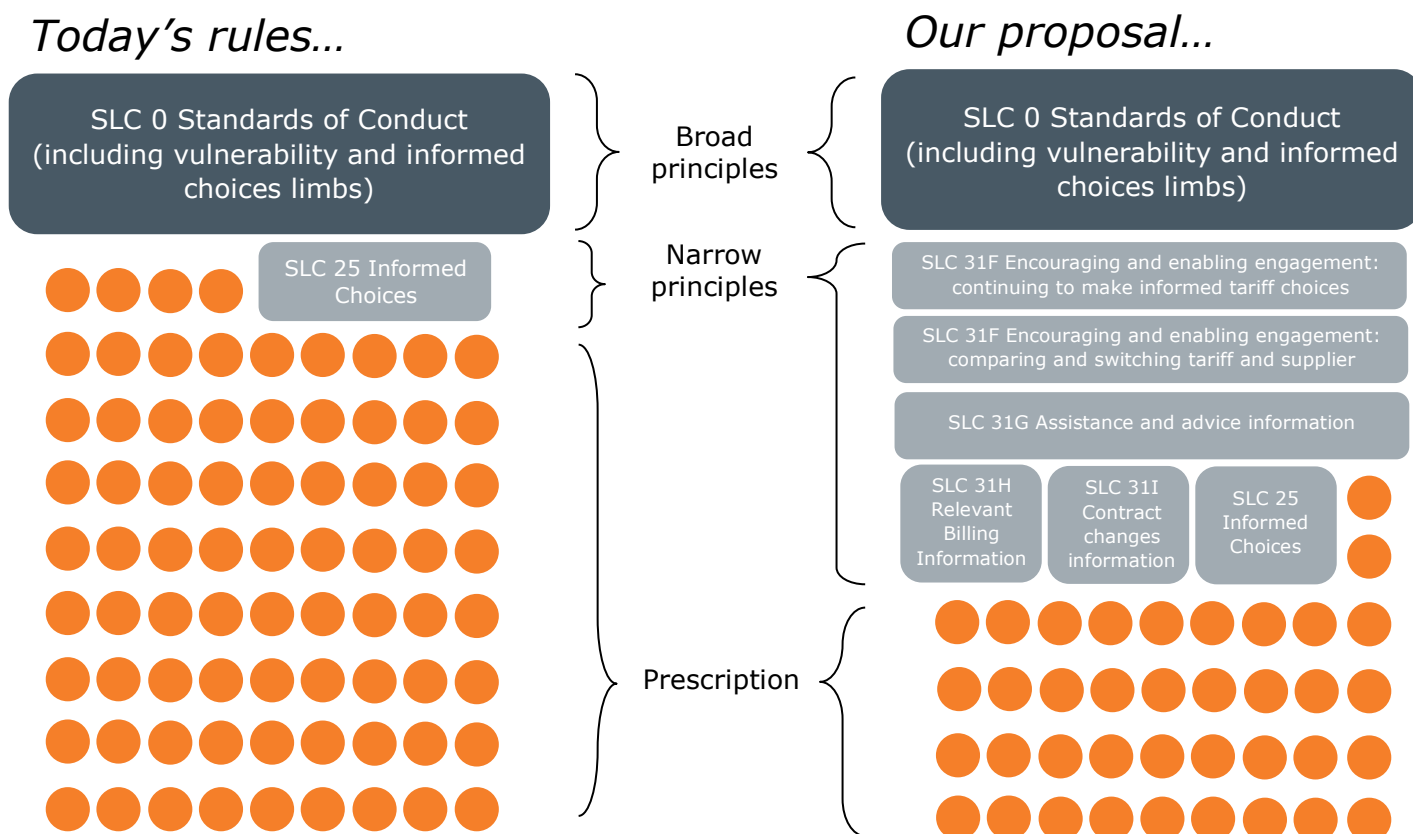
- A few suppliers questioned our **expectations around taking consumer characteristics and preferences into account**. One supplier noted that suppliers will not always know all of a customer's characteristics and preferences. Another supplier noted that a supplier's ability to tailor communications to characteristics and preferences will depend in part on the level of information that customers make available to them, and whether their customers consent to the supplier using that information.

Final proposals for statutory consultation

Overall package of proposals

- 2.14. We confirm our proposal to introduce five new narrow principles relating to customer communications, and remove many of the detailed prescriptive rules relating to content, format, timing and frequency of the information that is given to consumers. Figure 1 provides an overview of the changes we are proposing. In the following sections we set out the final proposed drafting for each principle and related prescription, and outline how we have taken stakeholder feedback on board in arriving at these proposals.

Figure 1: Current and proposed customer communications rules



- 2.15. Annexes 1 and 2 set out the red-line version of the licence. We are proposing to create four new SLCs, one for each of the four key policy areas (noting that two of the new principles sit within one of these areas). As far as is practicable, we are proposing to move any ongoing prescriptive rules relating to each area so that they are in the same SLC as the relevant principle, for ease of reading and understanding the obligations. Suppliers should still satisfy themselves as to whether there are other rules relating to

each of these areas, in other parts of the licence or elsewhere such as in Consumer Complaints Handling Regulations.

2.16. To respond to some of the overarching stakeholder points made above:

- We note views about the potential for us to rely more heavily on the Standards of Conduct rather than introducing new narrow principles. While we agree that the Standards of Conduct sit across the outcomes specified by the narrow principles, we consider that adding narrow principles gives all suppliers more clarity about the specific outcomes we expect to see relating to customer communications. If we removed significant amounts of detailed rules and just relied on the Standards of Conduct, we think it would be less obvious for suppliers, especially new entrants, to know what our expectations are.
- In relation to calls for us to review rules that transpose EU legislation after the United Kingdom has left the EU, we note that statements issued by the Government suggest that any implementation period agreed between the UK and EU as part of the Withdrawal Agreement will see EU rules and regulations remain in place during this period, meaning businesses will be able to trade on the same terms until the end of 2020. We will therefore continue to work with industry to support the implementation of initiatives deriving from EU Third Package and Gas / Electricity Directives. Any decision about a further review of the customer communication rules following the United Kingdom's exit from the EU will be considered at a later date as appropriate, taking into account priorities at the time.
- Our proposals are intended to confirm and consolidate our existing policy intent. Our new principles are intended to future-proof our rules and be adaptable to cover new circumstances that may arise as the market evolves. We don't consider that the use of the word 'provide' is raising the bar from current licence requirements – we discuss our views on this further in paragraphs 2.21-2.22, and relating to 'billing information' in paragraphs 5.20-5.23. On further consideration of the scope and wording of the 'contract changes information' principle, we have decided to realign the wording more closely with what is currently in the licence, so the 'contract changes information' principle would cover disadvantageous contract changes and price increases – see paragraphs 6.10-6.11 for more details on this.
- We have set out further detail in section 8 about our approach to monitoring compliance with the new rules and managing any non-compliance. We have been actively evolving our approach to take a greater focus on risk of harm. We will consider sharing more information on this.

What we expect from suppliers, especially relating to vulnerable consumers

2.17. We remind suppliers of their obligations under the existing principles in the licence, as these interact with our proposed new principles. For example, the Standards of Conduct contains overarching requirements that information communicated must be in plain and intelligible language with more important information being given appropriate prominence. This applies to all information provided whether in Writing or orally, so we have not repeated these requirements in the new principles. The Standards of Conduct also contain a vulnerability limb, which requires suppliers to seek to identify vulnerable consumers and take their situations into account when applying the Standards of Conduct. Suppliers should consider all the principles (both

existing and new) together as a package. Each of the following sections have a 'what our changes mean in practice' section that outline some considerations as to how each of the new narrow principles might interact with the vulnerability limb of the Standards of Conduct.

- 2.18. As we set out in our policy consultation, we expect suppliers to be thinking harder across all areas of supplier-customer communications about how to deliver good outcomes for consumers, and how to demonstrate that they are doing so. This is particularly true regarding how suppliers will deliver positive outcomes to vulnerable consumers. In section 8 we set out some more specific expectations we have, including answering some of the questions many suppliers raised about implementation of the rules and what we expect to see.
- 2.19. To clarify, the principles would apply to all types of communication, both written (including electronic) and verbal, just as the Standards of Conduct do. Suppliers need to evaluate the ways in which they engage with different customers based on those customers' situations and/or preferences. The focus is on the outcomes suppliers are delivering. Vulnerable consumers require special regard and may need suppliers to tailor communications in a way that best meets their needs. While in some cases the rules will specify that information has to be communicated in writing, in most cases it will be up to the supplier to determine the most appropriate way of communicating information to the customer, depending on the customer's situation and/or preference. This is captured the the parts of the principles that say 'in a Form and a frequency that...'. Suppliers should consider what form is most appropriate for meeting the specified outcome, including whether information is given verbally and/or in writing.
- 2.20. We are proposing to add a definition for the word 'Form', to be absolutely clear on what we intend by using it. 'Form' covers both the means by which information is communicated – eg verbally, in hard copy, electronically – and the way in which information is presented or structured – eg how it is laid out, what font size and colour is used, whether there are graphics etc.

Cross-cutting features of the new principles

'Providing' information

- 2.21. The new principles all require suppliers to ensure that consumers are 'provided with' certain information. We have chosen this wording (which is also used heavily throughout existing licence rules) to show that we expect suppliers to directly provide information to the customer in question, as opposed to making that information more generally available. Suppliers could do this either by supplying the information in full to the customer, or by equipping that customer, for example through signposting or notification, to ensure that they are aware the information is available and they know how to access it.
- 2.22. In deciding whether to supply information in full or signpost to it, suppliers should take into account consumers' characteristics and preferences, and ensure that the form of provision enables the objectives of the relevant principle to be achieved for that Domestic Customer. For example, providing information to a non-internet user through a link to information only accessible online would not equip that customer with the information they need.

Communications being 'in Writing'

- 2.23. A few stakeholders commented that requiring certain communications to be 'in Writing' could restrict innovation. We would highlight that the definition of 'Writing' in SLC 1 "includes writing sent or received by Electronic Communication [emphasis added]", but does not exclude other forms of writing that do not meet that definition. As we said in our policy consultation, suppliers are not restricted to providing information in paper or PDF. Examples stakeholders mentioned in their responses such as online 'inboxes'/notification centres or text messages would still be considered as 'in Writing'.
- 2.24. We note the interactions between requirements to 'provide' certain information and provide information 'in Writing'. For clarity, if suppliers choose a form that is not directly sending the information to consumers, eg by providing it in an online inbox (to a consumer who accesses information electronically), then in order to fulfil the requirement to 'provide' that information to the consumer they must actively notify the consumer that the information is available. This could be by providing a text or push notification with a link to the online inbox.
- 2.25. The intent of communications being 'in Writing' is that consumers can see the information written down and process it in their own time, so that they can understand it fully and make informed choices based on it. If important information such as that relating to contract changes is only provided in verbal form, there is a risk that consumers could miss something or not be able to process all the information at the time they hear it.
- 2.26. We acknowledge that things like videos could be an effective way of communicating certain information to consumers. Suppliers are free to do something like this as well, as long as the information required by certain rules is also available in some written form, for the reasons we have set out above.
- 2.27. One supplier believed that retaining the requirement for some information to be provided 'in Writing' could exclude vulnerable consumers who cannot read text. We remind suppliers of their obligations to make adjustments for consumers under both the vulnerability limb of the Standards of Conduct and the Equalities Act 2010. This is something suppliers should already be doing now, and would not be affected by our proposals.

Information that is 'sufficient to enable customers to understand'

- 2.28. We appreciate there are limits to what is in a supplier's control when it comes to consumers understanding communications. There may be occasions on which it is not reasonable to expect a supplier to ensure a consumer understands something, given achieving this outcome would depend on a consumer taking the time to engage with the communication, and having the cognitive ability to understand it. However, it is reasonable to expect that suppliers design their communications to be as simple, clear and easily understandable as possible.
- 2.29. We have reflected this in the principles by requiring suppliers to provide information that is 'sufficient to enable that Domestic Customer to understand' what is being communicated to them. This wording is similar to that of the informed choices limb of the Standards of Conduct ('sufficient to enable that Domestic Customer to make informed choices'). What is sufficient to enable a customer to understand something should be considered from a customer's perspective, and may differ due to varying customer characteristics, preferences and/or vulnerabilities.

Taking characteristics and preferences into account

- 2.30. Our proposed new principles require suppliers to take consumers' characteristics (and for some principles also a consumer's current tariff's features) into account, and preferences where it is proportionate to do so. The purpose of this is to recognise that different customers may be more receptive to understanding and engaging with information in different ways. Suppliers must also consider what information is relevant to different customer circumstances. Recognising and accounting for these factors can assist in achieving the outcomes of our proposed principles.
- 2.31. In terms of **identifying characteristics and preferences**, we recognise that it may not always be possible for a supplier to ascertain all the relevant characteristics and preferences of a Domestic Customer. However, many of these will be easily observable by suppliers as part of their regular customer interactions, such as a customer's tariff and meter type, whether they engage online or offline, and whether they are in payment difficulty. We expect suppliers and their representatives to seek to understand additional relevant consumers' characteristics and preferences, for example by learning from past interactions with the customer or by asking relevant questions, as appropriate in the circumstances.
- 2.32. Suppliers are already required to seek to identify customers in vulnerable situations. Where the characteristics of a customer means they could be considered vulnerable, we continue to expect suppliers to be actively seeking to identify these characteristics, and taking them into account in their treatment of the customer in line with the vulnerability limb of the Standards of Conduct.
- 2.33. In terms of **taking characteristics into account, and preferences where appropriate**, we are clear that **the obligation to achieve the outcomes of our principles is absolute**. We expect suppliers to always meet a customer's information needs. Regulatory obligations still apply regardless of a particular characteristic or preference of a Domestic Customer, and we will not tolerate suppliers following preferences to the detriment of them meeting a customer's needs.
- For example, if a customer prefers less frequent 'push' communications and instead prefers to access the information at particular times that suit them better, this may influence how suppliers decide to achieve their regulatory requirements, but it does not mean that the requirements no longer apply. In this case, a supplier might decide to make certain information they need to communicate to the customer more easily available through an app or online platform (assuming the customer manages their account in this way). To ensure they are 'providing' this information in line with the requirements of the principles, the supplier would need to remind the customer what information was available and how they could access it, at a frequency that is sufficient to achieve the outcome in the principles.
 - We recognise that it will not always be proportionate for a supplier to act in line with a consumer's individual preferences. We have therefore proposed that suppliers would be required to take consumer preferences into account 'where appropriate'. To be clear, this does not exempt a supplier from meeting the outcomes in the principles – it is not acceptable for suppliers to follow customer preferences to the detriment of meeting customer needs.
- 2.34. Suppliers are required to ensure that they treat all customers fairly and not expose their customers to undue risk of detriment. We also remind suppliers that they are

required to offer supply to all customers, and must not discriminate in the services they offer for any reason.

- 2.35. **Some of our principles also require suppliers to take a customer's 'current tariff features' into account.** The features of the tariff that a customer is on may be of particular significance in that customer's ability to manage their costs and consumption. For example, someone on a more complex tariff may benefit from different billing practices, or more targeted assistance and advice and information about their tariff, compared to someone on a less complex tariff.
- 2.36. In terms of **tailoring communications to different groups of customers**, there are many different ways in which suppliers could approach this. For example, information provision could vary between consumers with different meter or tariff types, online and offline customers, or more and less engaged customers. Suppliers would be free to take different approaches to tailoring their communications and in a market with many suppliers and varying business models/customer bases we anticipate some diversity of approach. What all approaches must have in common is that they demonstrably put the needs of their customers first and achieve the outcomes set out in our principles.

Other aspects of our final proposals that do not relate to a specific policy area

Varying the terms of existing fixed-term contracts

- 2.37. We have considered the issue about suppliers potentially not being able to make changes to fixed-term contracts until the contracts have ended. We understand that this may only be relevant for some suppliers, depending on the content of their specific T&Cs. Only one supplier raised this concern in their policy consultation response. We would like to understand from other stakeholders as to whether they are concerned about this issue, and if so, what the nature/scope of the changes suppliers might want to make to their T&Cs is.
- 2.38. We don't wish to stop consumers seeing the benefits of our rule changes as soon as possible, but it is also important that consumers who have signed up to T&Cs are not put in the position where the terms of the contract they signed up to are being changed and they are unable to avoid the change if they want to. If responses to this consultation indicate that it would be required, we would consider issuing a direction under our power in SLC 22C.10.
- 2.39. If we were to issue a direction, it would allow suppliers to make changes to the terms of existing fixed-term contracts, as long as the changes were only specifically due to our customer communication rule changes. At this stage we don't have a sufficiently clear view of clauses that suppliers have in their T&Cs that they may want to change following our rule changes, so we don't have enough information to know how to draft the scope of the direction to achieve our policy intent. We are therefore looking for examples from suppliers to illustrate the issue. We would also welcome any suggestions for how the scope of the direction should be drafted to cover these issues, but not permit changes to be made to fixed-term contracts that are unrelated to the rule changes outlined in this consultation.
- 2.40. We envisage that any direction we issue would include certain conditions. We would require suppliers to notify any customers that would be affected of what would be changing and why, and allow these customers to either reject the change and retain their current T&Cs, or switch away from the supplier without being charged an exit

fee. This would ensure that consumers who agreed to T&Cs at the start of a contract, with the understanding that these would not change, can avoid the change without being adversely impacted if they wish to. Suppliers would have the choice as to which option to offer to the customer, between rejecting the T&C changes or switching away exit-fee free.

- 2.41. We would issue any direction alongside our decision, and it would take effect from the same date as the new rules come into effect. Under the terms of the direction, suppliers would be required to notify us if they intend to make use of the direction.

Consequential amendments to the rules

- 2.42. We are proposing to make a number of consequential amendments throughout the licences. These can be seen in more detail in annexes 1-2, but to summarise we are proposing to:

- Remove references to Annual Statements throughout the licence. In most cases this can be done by just striking through the reference. However in the dead tariff rules there are two definitions (Annual Assessment Period and Completion Date) that are dependent on the timing of the Annual Statement being sent, so we have proposed alternatives that remove the Annual Statement reference while preserving the original intent of the rule as closely as possible.
- Remove additional references to contract change notices being sent between 42 and 49 days before the change happens, besides the Relevant Contract Changes Notice and Domestic Statement of Renewal Terms. There are three other notices in the licence that have this timing – a notice that is sent if a supplier extends a fixed-term contract for a further fixed-term period (SLC 22C.5(a)), a dead tariff notice (SLC 22D.9), and a notice sent when a domestic supply contract comes to an end (SLC 23.3). In each case we are not proposing to change the content of the notice from what is in the current rules. We are just proposing to make the timing reference more principles-based, using the same language as the ‘contract changes information’ principle.
- Update cross-references in the licence as appropriate, particularly in SLCs 22C and 23 (containing rules about Statements of Renewal Terms and Price Increase Notifications), where some of the rules will now sit in the new ‘contract changes information’ SLC (SLC 31I).
- Move certain definitions from their current location to SLC 1, where they apply across more than one SLC. For example, the definition of Relevant Ombudsman is currently only used in SLC 37 of the electricity licence, but we are planning to use it in the ‘assistance and advice information’ principle too. We are therefore proposing to move it to SLC 1 in the electricity licence (and add it to the gas licence) so that it applies to the new ‘assistance and advice information’ SLC too.
- Remove some old definitions from SLC 1 that are no longer referred to anywhere else in the supply licences, and remove certain definitions that have been duplicated in SLC 1.

- 2.43. Where we are making changes to SLCs already, such as to SLC 20, we are also proposing to make changes as needed to make the rules gender neutral.

- 2.44. If you have identified any other consequential amendments that you consider would be required in light of our proposed rule changes, please do bring these to our attention in your response to this consultation, and tell us why you consider these changes are needed.

Changes to the dead tariff rules

- 2.45. As well as the consequential amendments to the dead tariff rules mentioned in the first bullet of paragraph 2.42, we are also proposing two other changes to the dead tariff rules:
- Remove SLCs 22D.4-22D.6, which applied during the 'dead tariffs window' (that closed in June 2014). These are no longer relevant to any suppliers, and removing them will shorten the SLC, allowing suppliers to focus on the rules that do still apply.
 - Add a reference into SLC 22D.2 to clarify that the rules apply to tariffs that existed before the dead tariffs SLC originally came into effect, in October 2013. This would clarify that only suppliers with tariffs that existed before this date need to consider the majority of the dead tariffs SLC.
- 2.46. To be clear, the dead tariff rules we are proposing to remove served an important purpose during the RMR transition period. Removing these SLCs would not prejudice our ability to enforce against these rules in the event that any historic non-compliance came to light.

Changes to the white label rules

- 2.47. The current rules around white labels (in SLC 31D) are mostly alternative definitions for other terms used in the licence (Relevant Cheapest Tariff, Alternative Cheapest Tariff, Relevant Cheapest Evergreen Tariff and Relevant Fixed Term Default Tariff). These clarify adjustments that should be made when identifying the Tariff in question for suppliers who have white label brands. We consider that the following adjustments are important to retain:
- The adjustments to the Relevant Cheapest Tariff and Alternative Cheapest Tariff definitions require suppliers to tell their customers about their white label tariffs when they are the cheapest via the Cheapest Tariff Message. For white labels, the Cheapest Tariff Message must include the partner supplier's tariffs, but not the tariffs of the supplier's other white labels.
 - The adjustments to the Relevant Cheapest Evergreen Tariff and Relevant Fixed Term Default Tariff definitions ensure that if a customer does not make an active choice at the end of a fixed-term contract, and that contract was with a white label supplier, at the end of the contract they are rolled onto a tariff with that same supplier.
- 2.48. To avoid duplication in the licence, we are proposing to replace the current definitions of the above four terms in SLC 1 with the amended white label versions in SLC 31D. The definitions will still make sense for suppliers who do not have any white labels, and will mean that suppliers with white labels can just refer to the definition in SLC 1 as all other suppliers would. This would enable us to remove SLCs 31D.20-31D.22A.

- 2.49. We are also proposing to remove SLC 31D.23, which requires suppliers to provide a statement explaining the relationship between the licensee and a white label tariff provider along with the Cheapest Tariff Message. We consider that the outcome that this requirement is intended to achieve is covered by the Standards of Conduct. The rule is also designed as an addition to SLC 31E.1(c), which we are proposing to remove, so SLC 31D.23 would not be needed.

Ensuring our changes are in line with past policy intent

- 2.50. As we noted in our May 2018 consultation, we consider that the policy intent of the existing rules continues to be valid. The new principles confirm and consolidate the policy intent of our existing rules, and ensure that the consumer outcomes we want to see are achieved, while future-proofing our rules to be adaptable to cover new circumstances that may arise as the market evolves. We therefore don't consider that an impact assessment is necessary or proportionate in the case of these rule changes.⁸

⁸ Ofgem, [Final Decision: Enabling consumers to make informed choices](#), April 2017.

3. Encouraging and enabling engagement

Section summary

We confirm our proposal to introduce two new principles in this area. The first principle relates to consumers understanding they can compare and switch tariffs or supplier. Following extensive stakeholder feedback, we have made some changes to this principle and the prescriptive rules that would sit under it (eg the Cheapest Tariff Message), to clarify what we expect of suppliers. This includes requiring suppliers to provide switching information at a minimum of once in a given year, and at all other Key Prompt Points (formerly Key Engagement Points) in that year as appropriate.

Question 3: Do you agree that our proposals (summarised in boxes 1 and 2 on pages 29 and 31-32) reflect our policy intent relating to encouraging and enabling engagement?

Question 4: What are your views on our proposal (set out in paragraphs 3.35-3.36) to move the rules around engagement prompts into a direction separate from the supply licences?

- 3.1. Improving consumer engagement with their energy supply is more important than ever and suppliers have an important role to play in this. This doesn't just mean prompting consumers to consider switching tariff or supplier. But also helping them to understand more about their current deal, or their consumption level or pattern, so that they can take actions to manage their costs, perhaps via energy efficiency initiatives or responding to time-of-use price signals.
- 3.2. Evidence⁹ suggests that our existing rules – including obligations for suppliers to provide information to prompt and support engagement, like the Cheapest Tariff Message and Tariff Information Label – have helped to set a minimum standard for the information that consumers get. However, there is significant room for improvement in how engaging and informative customer communications are.

Our policy consultation proposals for encouraging and enabling engagement

Two new narrow principles

- 3.3. In our policy consultation we proposed to introduce two narrow principles, focused on different aspects of encouraging and enabling engagement. We have decided to rename these principles in line with their respective policy intents:
 - One principle was called 'consumption and cost choices', now renamed '**continuing to make informed tariff choices**'. This would require suppliers to provide information, services and/or tools throughout the year that (a) enable

⁹ See chapter 3 of our [policy consultation](#) for more details.

customers to understand the key features of their tariff and make timely choices in how and when they consume, and (b) encourage customers to consider their options to improve their ability to manage their costs and consumption, including ways to be more efficient and flexible in how they consume gas and electricity.

- The other principle was called ‘contract choices’, now renamed ‘**comparing and switching tariff and supplier**’. This would require suppliers to provide information, services and/or tools at all Key Engagement Points and throughout the year that (a) enable consumers to understand they can switch tariff or supplier on an ongoing basis, including how they may benefit financially from doing so, and (b) encourage customers to consider their options relating to contracts and terms, including choice of tariff.

The timing element of our proposals

- 3.4. We proposed to introduce a new concept of Key Engagement Points (now renamed **Key Prompt Points**¹⁰), defined as points in time when a consumer is likely to want to consider, or could benefit from considering, their options relating to choice of tariff or other aspects of their contract. We did not propose to define precisely what constitutes a Key Prompt Point as this is likely to be consumer and context-specific, but noted that it would likely include, but not be limited to, points in time before price increases and the end of fixed-term tariffs, and many Bills.
- 3.5. We proposed that information under the ‘contract choices’ principle should be provided both at Key Engagement Points and throughout the year.

Changes to prescription

- 3.6. We proposed to remove or amend many of the detailed prescriptive rules relating to encouraging and enabling engagement. This included proposals to:
- Remove prescriptive requirements about **where and when** suppliers must provide the **Cheapest Tariff Message, Estimated Annual Costs and “About Your Tariff” Label**, and instead require them all to be provided at Key Prompt Points. (We proposed that the “About Your Tariff” Label would still need to be provided on Bills too.)
 - Remove many of the prescriptive **content and formatting requirements** around the **Cheapest Tariff Message** and **“About Your Tariff” Label**, and replace them with more principles-based requirements that retain the policy intent of the existing rules, while allowing greater flexibility in how they are communicated.
 - Replace prescriptive **content and formatting requirements** for the **Tariff Information Label** with a requirement for suppliers to make available, online

¹⁰ To note, throughout the rest of this document we will use the term ‘Key Prompt Points’ rather than ‘Key Engagement Points’ for consistency, as this is the term we are now proposing to use. While we have renamed this term, the definition remains largely the same. We discuss the reason for this change in paragraph 3.19.

and on request, an easily identifiable and comparable list of the key features of each of their tariffs.

- Remove prescriptive rules requiring that a consumer should be reminded of their ability to switch tariffs and suppliers (SLCs 22C.3(c)(ii), 22D.5(c)(v), 22D.9(d), 23.4(k), 31A.2(g), 31A S1.9, 31A.9(j) and 31A S4.10(g)), and rely instead on the proposed new 'comparing and switching tariff and supplier' principle.

Stakeholder feedback on policy consultation proposals

'Continuing to make informed tariff choices' principle

- 3.7. Stakeholders were broadly supportive of the proposed new principle. Consumer groups in particular recognised the benefits of this principle, for example consumers on a lower income being able to save money by managing their energy usage differently.
- 3.8. Citizens Advice highlighted research it has done about information provided to time-of-use tariff customers showing there is room for improvement in ensuring that consumers are made aware of key tariff information, such as when on- and off-peak times are. It also noted that the information, services and/or tools that suppliers provide should be suitable both for the consumer and the product or service in question – for example, more complex tariffs may require more sophisticated tools to help consumers understand them.
- 3.9. One stakeholder noted concerns about how this principle could impact on vulnerable consumers, if they are pushed to be more efficient by reducing their consumption when this is not in their best interests and could impact adversely on them.

'Comparing and switching tariff and supplier' principle

- 3.10. Stakeholders generally supported the policy intent of our proposals in this area. However, a few suppliers did not support the drafting of the first part of the principle that would require suppliers to enable consumers to understand they can switch tariff and supplier, "...and *how* they may benefit financially from doing so". They commented that it may not always be possible for suppliers to be able to assess and quantify the financial benefits of a customer switching to another supplier. These comments focused on benefits of switching supplier, rather than to another tariff with the same supplier.

The timing element of our proposals

- 3.11. Stakeholders generally supported the introduction of Key Prompt Points as a way of providing suppliers with flexibility to determine the most appropriate times to prompt consumers to engage.
- 3.12. We note that some stakeholders appear to have interpreted Key Prompt Points as covering (in all circumstances) *every* communication a supplier has with a customer, rather than *specific times* when a customer should be prompted to consider their options relating to switching tariff or supplier, which is what we intended by our proposal.

3.13. A number of specific points were raised in this area:

- A few suppliers questioned **whether they would have to provide the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label at all Key Prompt Points**. These respondents generally wanted the flexibility to determine what information should be provided at each Key Prompt Point.
- A number of stakeholders sought clarity on **how Key Prompt Points and 'throughout the year' would interact**. Some respondents considered that 'throughout the year' implies a minimum level of engagement without explicitly saying so.
- Stakeholders thought that **if Ofgem has a minimum expectation, this should be unambiguously set out in the rules**. Suppliers generally did not consider a minimum was needed. In contrast, consumer groups set out concerns that relying on key pieces of information such as the Cheapest Tariff Message being provided at Key Prompt Points may mean that some customers do not receive this frequently enough, for example if customers on standard variable tariffs or with prepayment meters do not have many Key Prompt Points.

Changes to prescription

- 3.14. Stakeholders were broadly supportive of our proposals to remove many of the detailed rules about the timing, content and formatting of the Cheapest Tariff Message, Estimated Annual Costs, "About Your Tariff" Label, Tariff Information Label and switching reminders.
- 3.15. A number of suppliers wanted us to change the current Cheapest Tariff Message methodology to make it easier for consumers to understand, for example by no longer requiring suppliers to display both the cheapest similar and overall tariff.
- 3.16. While stakeholders generally appreciated the additional flexibility our proposed changes to the Tariff Information Label would give suppliers, a few respondents expressed concerns that the changes could lead to a lack of comparability in Labels across suppliers. A consumer group also noted concerns that removing requirements about where the Cheapest Tariff Message and "About Your Tariff" Label need to be displayed could lead to suppliers making them less prominent.

Final proposal for statutory consultation

The timing element of our rules

- 3.17. For the **'continuing to make informed tariff choices'**, we have removed the reference to information being provided 'throughout the year'. Stakeholders raised questions about what we meant by this phrase, and we consider that our new proposed wording is clearer. We recognise that the frequency with which suppliers provide this information is likely to vary between different groups of consumers and different tariff types. Suppliers should focus on achieving the outcome set out in the principle. We expect that this may require more effort for more complex tariff types.

- 3.18. For the **'comparing and switching tariff and supplier' principle**, we have removed both timing elements – Key Prompt Points and throughout the year. This principle now focuses on ensuring consumers know they can switch, which we don't consider should be tied to a specific timeframe. We consider it is important that consumers know they are able to switch on an ongoing basis. We are therefore proposing to use similar wording to the 'assistance and advice information' principle, so consumers are provided with information at a frequency that is sufficient to enable them to understand that they can switch. It should be up to suppliers to determine when and how to provide information to consumers about this.
- 3.19. **We are still retaining the concept of Key Prompt Points, though this will sit in a new prescriptive rule (SLC 31F.5) rather than either of the 'encouraging and enabling engagement' principles.** As already mentioned, we have renamed Key Engagement Points as Key Prompt Points. There is no significant change to how we propose to define this term, but we think renaming it will avoid confusion about what this term means. To be clear, Key Prompt Points are points in time where a customer is *likely to want to consider, or could benefit from considering, their options relating to switching tariff*. This is not necessarily the same as every time a supplier engages with that customer – though it could be, if the supplier doesn't communicate with a customer very often. We have made minor changes to the definition of Key Prompt Points from the definition of Key Engagement Points proposed in the policy consultation, from '...switching tariffs and supplier' to '...switching tariff', to align with the scope of the new 'providing prompts to engage' rules in SLC 31F.5.
- 3.20. We are proposing to require suppliers to identify each customer's Key Prompt Points. At these Key Prompt Points, suppliers would need to consider whether it is appropriate to provide customers with their (a) Cheapest Tariff Message, (b) Estimated Annual Costs and (c) "About Your Tariff" Label. This consideration should be made in line with the overarching objective set out in SLC 31F.1(a), which says that suppliers should comply with SLC 31F.5 (and the two 'encouraging and enabling engagement' principles) in a manner which is effective and designed to promote customers to engage positively with their energy supply. (We discuss what this means further in paragraphs 3.37-3.39.)
- 3.21. **Suppliers must provide their customers with pieces of information (a)-(c) on at least one occasion in any 12 month period, and at all other Key Prompt Points as they consider appropriate** to meet the objective in SLC 31F.1(a). We are proposing to introduce this explicit backstop because we think all customers can benefit from receiving their Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label, and we don't think it is acceptable for them to go a whole year without receiving this information. Several consumer groups highlighted the risk that our rule changes lead to some consumers getting insufficient information on their customer journey, for example those who are infrequently billed or on evergreen tariffs. This backstop addresses these concerns, although we repeat our view that once a year is a minimum, and many consumers are very likely to benefit from being prompted to engage more frequently than this.
- 3.22. We consider that changes to a customer's contract such as the end of a fixed-term contract would always constitute a Key Prompt Point. SLC 31F.5(d) therefore sets out explicitly that such contract changes ('Relevant Changes') should always be treated as Key Prompt Points. Customers should receive their Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label as part of the notice they receive before such contract changes take effect.

Two new 'encouraging and enabling engagement' principles

- 3.23. We have considered stakeholder feedback in refining our proposals, and our final proposal for the new principles is shown in box 1 below. The annotations on the right hand side show key changes made from our policy consultation proposals. We discuss these in more detail in the following paragraphs. Appendix 2 contains more detail on why we have chosen certain wording for the principles, and a tracked change version of these principles from the policy consultation version to our current proposals.

Box 1: Final proposed principles for 'encouraging and enabling engagement'

FINAL PROPOSED PRINCIPLE

Condition 31F Encouraging and enabling engagement

Consumer engagement objective

- 31F.1 The licensee must comply with paragraphs 31F.2 to 31F.5 in a manner which is effective and designed to promote each Domestic Customer to engage positively with their [Gas/Electricity] Supply either (as appropriate to the circumstance):
- (a) by considering switching Tariff or Gas/Electricity Supplier; or
 - (b) by understanding and managing the costs associated with their Tariff and the [gas/electricity] that Domestic Customer consumes.

- 31F.2 In complying with paragraphs 31F.3 and 31F.4 the licensee must take into account that Domestic Customer's characteristics, and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Continuing to make informed tariff 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, [gas/electricity] 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 [gas/electricity].

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(s) and [Gas/Electricity] Supplier, and may benefit from doing so, including financially.

Objective added to focus supplier minds on the manner in which they comply with these principles and the new Cheapest Tariff Message rules

"Throughout the year" removed – frequency needs to be appropriate for customer

Tweaks to limbs (a) and (b) to give each a distinct purpose

"How they may benefit" changed to "that...they may benefit" to clarify suppliers don't need to provide £ savings estimates for consumers moving to another supplier

Second part of principle removed (reflected in new 31F.5 instead). 'Key Engagement/Prompt Points' and 'throughout the year' removed – supplier to determine frequency required to achieve outcome

- 3.24. **We are proposing to introduce an overarching objective** that would sit at the start of the 'encouraging and enabling engagement' SLC (SLCs 31F.1 and 31F.2). It would relate to both principles, and also the prescriptive requirement about suppliers providing the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label at Key Prompt Points. The intent of the objective is to focus suppliers' minds on the *manner* in which they carry out activities relating to these rules. Supplier activities should be designed to effectively promote consumer engagement, and should be proportionate, ie consumers should not be bombarded with messages about switching.
- 3.25. The objective captures the requirements we previously had in each of the principles for suppliers' actions to be effective in encouraging and enabling engagement. We have moved these requirements out of these two principles and into an overarching objective to make them more explicit, and so that they still apply to rules on prompting consumers to consider switching via sending them the Cheapest Tariff Message, which is now in a prescriptive rule.
- 3.26. Beyond the removal of 'throughout the year' (covered in paragraph 3.17) **we have not made substantial changes to the 'continuing to make informed tariff choices' principle** from the version we proposed in our policy consultation. We did not receive many comments from stakeholders on the drafting of this principle. We have made some changes to limbs (a) and (b) to simplify and consolidate our intent: limb (a) is about customers being able to understand their Tariff, and (b) is about customers being encouraged to make timely choices about how and when they consume energy.
- 3.27. **We have removed the second part of the 'comparing and switching tariff and supplier' principle** (requiring suppliers to encourage customers to consider their options). This was originally intended to encompass the general policy intent of the Cheapest Tariff Message, and the more prescriptive rules about the Cheapest Tariff Message methodology would have sat underneath this. On reflection, we have decided that including this in the principle would be duplication, and we now propose to just retain an amended version of the current prescriptive rules instead (new SLC 31F.5 – see paragraph 3.30 for more detail).
- 3.28. **We have also replaced "...how they may benefit financially from doing so" with "that...they may benefit from doing so – including financially"**. Our intention was not for this requirement to be read as suppliers needing to provide personalised estimates of how much a consumer could save by switching to another supplier. Instead we expect suppliers to make it clear to consumers that there could be financial benefits from them switching to another tariff or supplier, without having to quantify these benefits. This intent is consistent with the prescriptive rules that we are removing in this area.

Prescription that would sit underneath the 'encouraging and enabling engagement' principles

- 3.29. Our final proposal for the prescription that would sit under the 'encouraging and enabling engagement' principles is shown in box 2 below. The annotations on the right hand side show key changes made from our policy consultation proposals. We discuss these in more detail in the following paragraphs.

Box 2: Final proposed prescription for 'encouraging and enabling engagement'

FINAL PROPOSED PRESCRIPTION

Providing prompts to engage

31F.5 The licensee must ensure that:

- (a) it seeks to identify each Domestic Customer's Key Prompt Points;
- (b) where a Key Prompt Point is identified, the licensee considers whether it would be appropriate, in line with the objective set out in paragraph 31F.1(a), to provide that Domestic Customer with all of the following:
 - (i) that Domestic Customer's Cheapest Tariff Message;
 - (ii) that Domestic Customer's Estimated Annual Costs; and
 - (iii) that Domestic Customer's "About Your Tariff" Label;
- (c) it provides each Domestic Customer with information set out in paragraph 31F.5(b) on at least one occasion in any 12 month period, and at all other Key Prompt Points where it would be appropriate to do so to achieve the objective set out in paragraph 31F.1(a); and
- (d) in the event of a Relevant Change affecting that Domestic Customer the licensee must treat this as a Key Prompt Point and must provide the information set out in paragraph 31F.5(b) on the relevant Notices.

New prescription. Key Prompt Points is new name for Key Engagement Points (similar definition). New explicit minimum backstop (once every 12 months) as we think any less would be unacceptable

Cheapest Tariff Message

31F.6 Where the licensee supplies the Domestic Customer with electricity and gas under a Dual Fuel Account, the licensee must display the Cheapest Tariff Message that is provided in respect of both electricity and gas separately, except that the licensee may choose to display the statement of Estimated Annual Savings for the Relevant Cheapest Tariff and/or the Alternative Cheapest Tariff as an aggregated figure for both gas and electricity.

Intent and methodology of Cheapest Tariff Message rules not changing for now as would be beyond the scope of this work

Information to be provided alongside Estimated Annual Costs

31F.7 and 31F.8 [existing SLCs 31E.9 and 31E.11]

"About Your Tariff" Label

- 31F.9 The licensee must prepare an "About Your Tariff" Label which must be provided to each Domestic Customer in accordance with paragraph 31F.5(b) and standard condition 31H.5(d) which:
- contains any information that Domestic Customer may require should that Domestic Customer wish to compare tariffs across the retail market; and
 - must be provided in a consolidated way and be easily distinguishable from the rest of the communication.

New drafting that better reflects our policy consultation proposals

FINAL PROPOSED PRESCRIPTION (cont.)

Tariff Information Label

31F.10 The licensee must prepare a Tariff Information Label for each of their Operational Tariffs which consists of a clear and comprehensible list of key features of that tariff, in a table or other user friendly and consolidated format, to allow easy comparison with the key features of other Tariffs within the licensee's offering.

New drafting that better reflects our policy consultation proposals

31F.10(a) and 31F.10(b) [existing SLCs 31B.3 and 31B.4]

Provision of Tariff Information Label and Estimated Annual Costs at the same time as Principal Terms

31F.11 [existing SLC 31E.8 with slight modification – see annexes 1 & 2]

Now proposing to retain this to ensure our expectations of suppliers in this area remain clear

Information about efficient use of electricity/gas

31F.12 and 31F.13 [existing SLCs 31.2 and 31.3]

Bespoke Heating System Arrangements [electricity only]

31F.14 (electricity) [existing SLC 22F.11 in the electricity licence]

Definitions (31F.15 electricity/31F.14 gas)

- 'Bespoke Heating System Arrangement' [as in existing SLC 22F.1]
- 'Relevant Change' means Change(s), as defined in standard condition 31I.7, and the changes referred to in standard conditions 22C.5(a), 22D.9 and 23.2
- 'Cheapest Tariff Message' means a statement informing the Domestic Customer of:
 - (a) the Exact Tariff Name of the Tariff which is the Relevant Cheapest Tariff;
 - (b) the Estimated Annual Savings for the Relevant Cheapest Tariff;
 - (c) the Exact Tariff Name of the Tariff which is the Alternative Cheapest Tariff; and
 - (d) the Estimated Annual Savings for the Alternative Cheapest Tariff.
- 'Electrical Heating System' [as in existing SLC 22F.14]
- 'Key Prompt Points' means 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.
- 'Operational' [as in existing SLC 31B.13].

We consider that contract changes should always be treated as Key Prompt Points. Consumers will always need to receive the info in 31F.5(b) at these times

Guidance (31F.16 electricity/31F.15 gas) and exception to compliance with condition (31F.17 electricity/31F.16 gas)

- 3.30. As already discussed (and as proposed in our policy consultation), **we are proposing that the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label must all be provided at at least one Key Prompt Point in a given year**, and at other Key Prompt Points as a supplier considers appropriate to meet the objective in SLC 31F.1(a). As a package this is key information a customer needs to switch – the Cheapest Tariff Message shows them whether their supplier has any cheaper tariffs they could move to, and the Estimated Annual Costs and "About Your Tariff" Label give the customer the tools they need to compare their tariffs with others

on the market. If there is a time when a customer could benefit from being prompted (ie a Key Prompt Point), we cannot envisage a scenario when it would be acceptable for them to only receive part of this package of information.

- 3.31. **We are not proposing to change the methodology of the Cheapest Tariff Message** at this stage – suppliers would still be required to show the relevant and cheapest alternative tariffs, and the estimated savings that customers could make from switching to these. We appreciate there is appetite for a reform of the Cheapest Tariff Message, but this is outside of the scope of this work and would represent a change to our existing policy intent. There is separate work ongoing to trial other prompts with a view to potentially introducing something new into the licence.¹¹ Any review of the Cheapest Tariff Message will be considered as part of this work. While the Cheapest Tariff Message is purely focused on price, suppliers are still able to provide other messaging to raise consumer awareness of other non-price factors they may wish to consider as well if they are thinking of switching.
- 3.32. **We are still proposing to reduce the level of prescription in the Tariff Information Label.** We appreciate that this may lead to less consistency between different suppliers' Labels. However, the onus is on each supplier to ensure that their Label contains the information that their customers need to know, in an easily understandable format, and that this information is given appropriate prominence whenever it is communicated.
- 3.33. We note concerns raised by some stakeholders that removing detailed rules about where certain pieces of information need to be provided (eg the Cheapest Tariff Message on the front page of a Bill) could lead to important messages being lost. We remind stakeholders that the Standards of Conduct require suppliers to ensure that important information is given appropriate prominence. We expect suppliers to consider this when designing their communications. We stand ready to take action if we think any suppliers are trying to hide important information from their customers.
- 3.34. On further review since our policy consultation, **we are now proposing to retain the prescription that is currently in SLC 22F.11**, that requires supplies to ensure that customers with bespoke heating system arrangements are not at a significant disadvantage when seeking to evaluate the costs and benefits of their tariff and consider changing tariff or supplier. Keeping this would ensure our expectations of suppliers in this particular area remain clear.

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

- 3.35. We know that prompts for consumers to engage, including the Cheapest Tariff Message, will need to evolve over time as the market does. We are running a programme of trials to identify new and more effective ways of prompting consumer engagement, following a recommendation from the Competition and Markets Authority. We want to be able to respond promptly to the results of these trials where they indicate that alternative prompts to engage may be more effective than existing ones.

¹¹ Ofgem, [Implementation of Standard Licence Condition 32A: Power to direct suppliers to test consumer engagement measures – decision to make licence modifications](#), January 2017.

- 3.36. One option for doing this is to move the rules around prompting engagement into a direction outside of the supply licences. This would help future-proof our rules, by giving us the flexibility to respond in a more agile and dynamic way to market developments and trial results. We welcome comments from stakeholders on this idea, and have asked a specific question on it at the start of this section. To be clear, this is separate from the rest of our statutory consultation proposals. If we pursue this option, we would consult on it again separately at a later stage.

What our changes mean in practice

Suppliers must achieve the outcomes in an effective and proportionate manner, while promoting positive engagement

- 3.37. Suppliers should think about the overall frequency with which they communicate information to encourage and enable consumers to engage, both with the market and their energy supply more generally. A supplier's strategy for delivering the outcomes in SLCs 31F.1-31F.5 should be designed so as to be effective in communicating this information without bombarding customers with messages.
- 3.38. In particular, SLC 31F.5 requires suppliers to identify Key Prompt Points – points in time at which a consumer is likely to want to consider, or could benefit from considering, their options relating to switching tariff. For a consumer who is not on the cheapest tariff with their supplier, Key Prompt Points could technically apply all the time as the customer could always benefit financially from switching to a different tariff. However, we don't expect suppliers to be constantly telling that customer to consider switching, as that would not be a proportionate or effective strategy.
- 3.39. As well as the frequency of delivering this information, suppliers should consider the form that will be most effective in encouraging engagement. For example, if consumers repeatedly see the same communication, with the same layout, they are less likely to engage with it. There may also be more innovative forms of communicating than emails or letters, eg use of in-home devices, texts, apps, or hubs where consumers can receive face-to-face support.

Suppliers must enable consumers to continue to make informed tariff choices

- 3.40. Suppliers will need to consider what information they currently provide to their customers to help them understand and manage their tariff, costs and consumption, and make a judgement as to whether this is sufficient to meet the outcomes set out in the 'continuing to make informed tariff choices' principle. This may well differ between different groups of customers, for example those with different tariff or meter types.
- 3.41. For customers on simple tariffs, suppliers may well already be meeting the outcomes of this principle through their current practices, such as provision of key tariff information and energy efficiency advice. For consumers with more complex tariffs, or with particular characteristics that make their arrangements more complex (eg bespoke heating arrangements), suppliers will need to consider what additional information, services and/or tools they need to provide to ensure consumers understand the tariff and how to make the most of it.
- 3.42. Suppliers will still need to make Tariff Information Labels available online and on request, but will have more flexibility to adapt the content. This may be particularly helpful for more complex tariffs.

- 3.43. In the 'what our changes mean in practice' part of section 5, we set out some more thoughts on what the 'continuing to make informed tariff choices' principle means in practice, including how it interacts with the 'billing information' principle.

Suppliers must prompt and enable consumers to compare and switch tariffs

- 3.44. Suppliers should consider the best way of making sure customers know they can switch tariff and/or supplier, and that they might benefit financially from doing so. At the moment this is mostly done via specific reminders ("Remember – it might be worth thinking about switching your tariff or supplier") on specified communications. As these specific rules will no longer exist, we expect suppliers to think about what messaging they will use, in what form they will send it (on which communications, and how much prominence the messaging is given), and how frequently they send it.
- 3.45. Suppliers will also need to think about how they will identify Key Prompt Points, how they will decide which Key Prompt Points they will provide the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label at, and in what way they will deliver these pieces of information. To aid suppliers' considerations here, we think there are broadly two types of Key Prompt Points:
- **Pre-planned Key Prompt Points.** A supplier could identify in advance times when they consider it would be effective to prompt a customer. At the end of a fixed-term contract and when prices are being increased are two examples of this – a supplier will know in advance when these are going to happen, and can plan to provide the required information at these times. (SLC 31F.5(d) sets out explicitly that such contract changes should always be treated as Key Prompt Points.) Other generated Key Prompt Points could be seasonal, for example in the run-up to winter, or linked to certain bills.
 - **Reactive Key Prompt Points.** A supplier could also link Key Prompt Points to a change in a customer's circumstances. This would be more reactive – the supplier could identify the cases in which these would apply, but would not necessarily know exactly when or to who they would happen. Examples could include house moves, the supplier becoming aware a customer is in a vulnerable situation, a customer contacting the supplier, a customer falling into arrears, in and out of debt, consistently using emergency credit on a prepayment meter, or a customer's consumption increasing or decreasing substantially.
- 3.46. Suppliers could base their strategy for identifying Key Prompt Points around either or both of these types of prompt points.
- 3.47. While there is a backstop of providing information about the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label once a year, it would not be acceptable for suppliers to reduce provision of these pieces of information to once a year without considering whether a customer has had/may have any other Key Prompt Points during that year. For some consumers, receiving this information once in a year will be sufficient to meet the outcome in the principle and the overarching objective. However, many other consumers, for example those on prepayment meters or standard variable tariffs (and especially those who are disengaged or vulnerable), would be likely to benefit from receiving this information more frequently, and therefore would have more than one Key Prompt Point per year. As mentioned in paragraphs 3.37-3.39, we expect suppliers to consider proportionate and effective strategies for engaging these consumers.

- 3.48. For clarity, we note that suppliers are still able provide the Cheapest Tariff Message, Estimated Annual Costs and/or "About Your Tariff" Label separately at other times that are not Key Prompt Points. For example, as part of communicating information about a consumers' costs and consumption, a supplier might find it helpful to provide that customer's Estimated Annual Costs. If that time was not a Key Prompt Point then they would not then automatically need to provide the Cheapest Tariff Message and "About Your Tariff" Label too.
- 3.49. Suppliers will have more flexibility to determine what information they include in the "About Your Tariff" Label. In doing so they should consider what information a consumer will need to be able to compare tariffs across the market, for example what information a consumer would need to have to hand if they wanted to use a price comparison website (eg the exact name of their current tariff and their annual consumption). The nature of the information included in the "About Your Tariff" Label may change over time.

How the 'encouraging and enabling engagement' rules interact with the vulnerability limb of the Standards of Conduct

- 3.50. We expect considering the needs of vulnerable consumers to be engrained in everything that suppliers do. Suppliers should have fully integrated policies and procedures that have special regard for vulnerable consumers. Suppliers should consider how their policies relating to identifying and making adjustments for vulnerable consumers align with their strategy for identifying Key Prompt Points. For example, becoming aware that a customer is in a vulnerable situation could (depending on the circumstances) be a time when that customer could benefit from considering their options.
- 3.51. The 'continuing to make informed tariff choices' principle requires suppliers to encourage consumers to consider ways to be more efficient and/or flexible in how and when they consume energy, in line with the policy intent of our existing energy efficiency rules. To be clear, this doesn't always mean reducing consumption, especially if a customer is at a risk of self-disconnection or in a vulnerable situation where reducing their consumption, for example by under-heating their homes, could cause detriment. We would not consider it proportionate or effective for suppliers to be promoting practices that could cause detriment. Suppliers should carefully consider the nature of any messages they send to customers.

How the two 'encouraging and enabling engagement' principles interact with the SLC 25 informed choices principles

- 3.52. The 'encouraging and enabling engagement' and SLC 25 informed choices principles apply at different stages of the consumer journey:
- The 'comparing and switching tariff and supplier' principle requires suppliers to ensure consumers know they can switch.
 - The SLC 25 informed choices principles require suppliers to ensure that if consumers are signing up to a new tariff, they are making an informed choice in doing so. They also apply on a more ongoing basis, in making sure that tariffs are clear, easily comprehensible and easily distinguishable from each other.
 - The 'continuing to make informed tariff choices' principle requires suppliers to ensure that consumers can continue to make informed choices once on a tariff.

4. Assistance and advice information

Section summary

We confirm our proposal 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 have 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 also confirm our proposal to remove prescriptive requirements for suppliers to provide certain contact information, and for how they communicate safety information, as our proposed new 'assistance and advice information' principle would cover this.

Question 5: Do you agree that our proposals (summarised in boxes 3 and 4 on pages 39 and 41) reflect our policy intent relating to assistance and advice information?

- 4.1. It is vital that consumers know who to contact when something goes wrong or if there is an emergency with their energy supply. They should also know who to contact if they have a query or complaint, or are seeking support or advice in relation to their energy supply, including from independent bodies. This is important for a number of reasons, including consumer safety, ensuring that consumers are able to exercise their right to redress, and ensuring that they can get the right advice when they need it.
- 4.2. There are a number of existing rules in this area. The vulnerability limb of the Standards of Conduct requires suppliers to seek to identify each consumer in a vulnerable situation and respond to their needs. We expect this to be engrained in everything that suppliers do. The other rules are primarily prescriptive and require specific information to be provided on certain documents and/or at certain times. The evidence suggests that this one-size-fits-all approach is not leading to all consumers knowing who to contact for assistance and advice, and how to do so. This could mean that some consumers are missing out on important advice or information that could help improve their circumstances at some of the most critical points in their consumer journey.

Our policy consultation proposals for assistance and advice

A new principle

- 4.3. We proposed to introduce a principle requiring suppliers to provide information at a frequency and in a form that enables consumers to understand the assistance and advice available to them about their energy supply, and how to access it. This would put the onus on suppliers to consider *how* and *when* they provide this information to consumers, in addition to *what* is provided.

Changes to prescription

- 4.4. We proposed to remove some of the existing detailed rules relating to informing consumers about electricity and gas network company contact details, as our proposed

new 'assistance and advice information' principle would cover this. We proposed to retain the requirement for suppliers to provide information about reporting (suspected) gas leaks, as this is a minimum health and safety standard.

- 4.5. We proposed to retain prescription in the other areas relating to assistance and advice, including information about dispute settlement, Citizens Advice, Energy Consumer Guidance, energy efficiency, site access, disconnections, payment difficulties and the Priority Services Register. These rules set out our explicit expectations for the protection of customers, especially those in vulnerable situations. Some of these rules are also transposed from EU legislation so are out of scope for us to change.

Stakeholder feedback on policy consultation proposals

- 4.6. Stakeholders generally supported our proposed package of rule changes in this area. Consumer groups in particular noted the importance of consumers having easy access to this information at times when they are most likely to need it.
- 4.7. One stakeholder felt that the principle should place a greater responsibility on suppliers to identify when consumers may be more likely to need help, and then provide timely and relevant assistance and advice information to them. They considered that assistance and advice information should be provided at Key Prompt Points. (As discussed in paragraph 3.19, this would be broader than the intended scope of Key Prompt Points. However we have taken this feedback on board in how we have restructured the principle, as per paragraph 4.11.)
- 4.8. One supplier questioned the value of introducing a narrow principle in this area as they did not consider that we were removing significant prescription.
- 4.9. A few suppliers raised concerns about our proposals to remove some of the rules around providing network contact details. One noted that this may lead to suppliers providing the information in different places, and they were concerned that organisations providing front line advice to consumers may struggle to find the relevant information if different suppliers provided it in different places. This was not an issue raised by consumer groups.

Final proposal for statutory consultation

New 'assistance and advice information' principle

- 4.10. We have considered stakeholder feedback in refining our proposals, and our final proposal for the new principles is shown in box 3 below. The annotations on the right hand side show key changes made from our policy consultation proposals. We discuss these in more detail in the following paragraphs. Appendix 2 contains more detail on why we have chosen certain wording for this principle, and a tracked change version of this principle from the policy consultation version to our current proposal.

Box 3: Final proposed principle for 'assistance and advice information'

FINAL PROPOSED PRINCIPLE

Condition 31G Assistance and advice information

31G.1 The licensee must ensure 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 that Domestic Customer's characteristics and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Definitions (SLC 31G.11)

- 'Relevant Party': Relevant parties are the licensee, their Representatives and the [Licensed Distributor/Relevant Gas Transporter] (via the [Licensed Distributor's/Gas Transporter's] Enquiry Service)

Restructured into two parts to make obligations easier to understand

Removed 'energy supply' and made tweaks to better define scope of principle

Added requirement to consider characteristics and, where appropriate, preferences, in line with other principles

- 4.11. **We have split the principle into two parts.** The first part sets out information that is relevant to *all* consumers, and therefore all customers should have an awareness of the availability and location of this information. The second part contains information that will be most relevant at *certain* times. For example, information on dispute settlement may be more relevant where the customer is involved in the complaint process, and access to information about energy programmes is relevant to those who are on them, are eligible for one or may be considering joining up to one.

4.12. **We have made some small changes to clarify the scope of the principle.** We have removed the phrase 'energy services' from the principle, recognising that it was very broad. To be more specific about what we expect the 'assistance and advice information' principle to cover, we have:

- Tightened the definition of Relevant Parties to just cover the licensee, representatives and the relevant network company.
- Limited the scope of impartial advice to Citizens Advice consumer service¹² (although other impartial advice may still be relevant under 31G.2(b)).
- Changed information about 'managing debt and finance' to 'debt prevention and management'.

4.13. Assistance and advice information can be relevant to any part of the service suppliers might offer related to a customer's energy supply. We expect suppliers to provide (either directly or signpost to) assistance and advice information about things that are relevant to customers and the ongoing management of their energy supply. This could include things that are related to but also broader than just energy, for example signposting to debt management or money advice services for customers in payment difficulty. This principle does not extend to additional services or products that are unrelated to energy but that a customer may have with their energy supplier.

4.14. **We have added the requirement for suppliers to take a customer's characteristics current tariff's features into account, and preferences where appropriate,** when complying with the 'assistance and advice information' principle. This puts the principle in line with the other new narrow principles, and reflects that we expect suppliers to take these factors into account when determining the most effective way of complying the principle – including both the assistance and advice information that is provided, and the way in which it is communicated.

Prescription that would sit underneath the 'assistance and advice information' principle

4.15. Our final proposal for the prescription that would sit under the 'assistance and advice information' principle is shown in box 4 below. **We have not made any changes to this from our policy consultation proposals.**

¹² Following stakeholder feedback we are proposing to use this term rather than 'Citizens Advice or Citizens Advice Scotland' as we proposed in our policy consultation. 'Citizens Advice consumer service' is already a defined term in the licence and references both Citizens Advice and Citizens Advice Scotland.

Box 4: Final proposed prescription for 'assistance and advice information'

FINAL PROPOSED PRESCRIPTION

Energy Consumer Guidance

31G.4 [existing SLC 31.5]

31G.5 The licensee must inform each of its Domestic Customers how the Energy Consumer Guidance and the Concise Guidance can be accessed by:

- (a) providing each new Domestic Customer whose premises it supplies with electricity under a Contract or a Deemed Contract with this information when the licensee first begins to supply electricity to the Domestic Customer's premises or, in the case of a Deemed Contract, becomes aware that it is doing so; and
- (b) providing this information to a Domestic Customer as soon as reasonably practicable after they request it.

31G.6 [existing SLC 31.7]

Emergency and enquiry services [gas only]

31G.7 (gas) [existing SLC 20.1 in the gas licence]

Dispute settlement

31G.7 (electricity)/31G.8 (gas) [existing SLC 20.5 electricity or SLC 20.6 gas]

Information to be sent at least annually

31G.8 (electricity)/31G.9 (gas) The licensee must inform each of its Customers of their Supply Number annually if the licensee has not sent a Bill or statement of account to them.

31G.9 (electricity)/31G.10 (gas) The licensee must inform each of its Domestic Customers:

- (a) that Citizens Advice consumer service can assist in providing information and advice to Domestic Customers; and
- (b) how to contact Citizens Advice and Citizens Advice Scotland, by providing that information annually if the licensee has not sent a Bill or statement of account to them.

Definitions (SLC 31G.10 electricity/31G.11 gas)

- 'Concise Guidance' [as in existing SLC 31.8]
- 'Energy Consumer Guidance' [as in existing SLC 31.8]

Guidance (SLC 31G.11 electricity/31G.12 gas) and exception to compliance with condition (SLC 31G.12 electricity/SLC 31G.13 gas)

4.16. To respond to comments raised by stakeholders:

- The value of the new 'assistance and advice information' principle is to consolidate and clarify the policy intent, ensuring that energy suppliers – who are providing an essential service – are clear on the outcomes they should be delivering. Where we have considered it appropriate and where there has been scope to, we have removed prescription to allow suppliers more flexibility to more effectively deliver the specific elements to consumers.
- We note the points raised around the potential risks of suppliers providing network contact details in different places, and we expect that suppliers may take different approaches. Evidence shows that the current approach suppliers are taking isn't delivering the best consumer outcomes, as the majority of consumers think they should contact their supplier rather than the network operator in the event of a gas leak or power outage.¹³ There is clearly scope for improvement in achieving the outcome that consumers are able to find information about who to contact quickly and easily if needed. We expect suppliers to consider the most effective way of doing this.

What our changes mean in practice

- 4.17. For the first part of the 'assistance and advice information' principle, suppliers will need to consider what information they are currently providing to consumers, and in what form and frequency, and make a judgement as to whether this is sufficient to meet the outcomes in the principle.
- 4.18. For the second part of the 'assistance and advice information' principle, suppliers will need to consider the approach they will take to identifying what information they need to provide and at what times. Customers should be able to access advice and assistance that is relevant to them and their circumstances. This intentionally does not require the supplier itself to always provide the content of the advice or assistance. In some circumstances it may be more appropriate to signpost the customer to another relevant organisation such as a charity or support service. Suppliers should consider a range of support services that are available to meet diverse customer needs, including national and local providers and sources of trusted online advice.
- 4.19. The principle requires suppliers to provide consumers with information that is sufficient to enable them to 'quickly and easily' find out what to do to access the services in question. The scope of the condition does not cover how easy it is to access the services themselves. Where the services are provided by the supplier, ease of contact is a requirement under the Standards of Conduct. Where suppliers are providing information on third party organisations with whom they have no contractual arrangements on service levels (eg charities), this is beyond the supplier's control and therefore beyond the scope of this condition. However the supplier may want to consider whether it is appropriate to signpost customers to third parties that may be difficult for that customer to access.
- 4.20. Delivering the outcomes set out in the 'assistance and advice information' principle may be fairly straightforward for some consumers, eg for those who will search online for information when they need it. However suppliers still have a responsibility to raise

¹³ See chapter 4 of our [policy consultation](#) for more details.

awareness that the information in question exists, so these consumers know to search for it if they need it.

How the 'assistance and advice information' principle interacts with the vulnerability limb of the Standards of Conduct

- 4.21. All of the above considerations should take into account vulnerable consumers. The vulnerability limb of the Standards of Conduct already requires suppliers to identify consumers in vulnerable situations and take their situation into account. This, in combination with the 'assistance and advice information' principle, makes it clear that suppliers have a responsibility to provide relevant information about support available when they identify that a customer needs additional help. Suppliers should think about the ways in which they provide information and the frequency of doing so, based on customer circumstances and having special regard for those in a vulnerable situation.

5. Relevant Billing Information, Bills and statements of account

Section summary

We confirm our proposal to introduce a new 'billing information' principle to ensure all consumers get Relevant Billing Information in a form, and at a frequency, that helps them to manage their finances and energy usage. We are still proposing to remove certain prescriptive requirements regarding the content, format, layout and wording of Bills. These changes would facilitate shorter, more engaging Bills while ensuring consumers get the information they need to be able to manage their costs and consumption.

Question 6: Do you agree that our proposals (summarised in boxes 5 and 6 on pages 47 and 49) reflect our policy intent relating to Relevant Billing Information, Bills and statements of account?

- 5.1. It is essential that consumers know how much they have paid, or will need to pay, for their energy so that they can manage their costs and consumption, and budget effectively.¹⁴ We explain the difference between three key 'billing information' terms used in our proposals below.
- 5.2. **Relevant Billing Information** is information that helps consumers understand and manage their costs and consumption. This could include how much energy a customer has consumed, any charges, fees or payments to or from a consumer's account, how these charges, fees and/or payments have been calculated, and when and how consumers need to make payments or will have payments deducted. All consumers need to get Relevant Billing Information to understand what they are consuming and what they are being charged for. Consumers need to receive this information on a sufficiently frequent basis so that they can understand the link between their costs and how much they consume (and sometimes when they consume), and use this information to adjust their behaviour to reduce their costs should they wish to.
- 5.3. **The Bill** is as currently defined in the supply licences – "an invoice or demand for payment or any other instrument of the same or similar character or purpose". Not all customers need to get Bills. For customers who pre-pay for their energy (either by direct debit or prepayment meter), payment does not need to be demanded so these customers do not receive Bills. Technically only customers who pay on receipt of a Bill get a Bill, as this contains the demand for payment that the customer then responds to. Bills generally contain Relevant Billing Information as well, to explain to the customer how the demand for payment has been arrived at, and how and when it needs to be paid.

¹⁴ Throughout this section and the rest of the document, we use 'billing information' to refer collectively to Relevant Billing Information, Bills and statements of account. These terms have the meanings outlined in paragraphs 5.2-5.4.

- 5.4. **Statements of account** are provided to direct debit and sometimes prepayment customers. Current prescriptive requirements for the Bill and statements of account are largely identical, and we intend that the changes we propose would apply to both.
- 5.5. Currently most consumers will get either Bills or statements of account. These are likely to be the most prominent, and in some cases the most regular, communication that most consumers receive from their supplier. Bills and statements of account can therefore also be an opportunity to convey other important information to consumers, including prompts to encourage them to engage, information to support tariff comparisons, and signposting to sources of independent advice.
- 5.6. The evidence about how effective Bills and statements of account are at communicating key messages (both Relevant Billing Information, and other information referred to in paragraph 5.5 such as prompts to engage), and how well consumers understand these messages, is mixed.¹⁵ As such, we consider that there is room for much more to be done to maximise the effectiveness of Bills, both as prompts to engage and sources of important information.

Our policy consultation proposals for ‘billing information’

Differentiating between Relevant Billing Information, Bills and statements of account

- 5.7. We proposed that our new rules would differentiate between Relevant Billing Information, Bills and statements of account. The difference between these terms is as we have set out in paragraphs 5.2-5.4 above.
- 5.8. We expect that Bills and statements of account would always include Relevant Billing Information. It is difficult to envisage a scenario where a supplier is delivering good consumer outcomes by issuing a demand for payment or statement of account to a customer without providing any additional information to explain how the amounts due or paid have been arrived at.
- 5.9. However, Relevant Billing Information could be provided to a consumer without a demand for payment – for example, real time updates on an app showing consumption. We therefore proposed to differentiate between Relevant Billing Information, Bills and statements of account, to enable suppliers to provide some Relevant Billing Information separately from Bills and statements of account, potentially on a more frequent basis. This could improve consumers’ understanding of what they are consuming and what their energy is costing them, enabling them to better manage their costs and consumption without suppliers needing to demand payment on a more frequent basis.

A new principle

- 5.10. Under current rules, it is possible that smart and prepayment meter customers could be missing out on information that is being provided more regularly to traditional

¹⁵ See chapter 5 of our [policy consultation](#) for more details.

credit customers. We consider that all consumers should be provided with the 'billing information' they need, regardless of meter type or payment method.

- 5.11. We therefore proposed to introduce a narrow 'billing information' principle that would apply to all domestic customers. This would set out the outcomes we want suppliers to deliver for all consumers, while recognising that the approach suppliers take to achieving these outcomes may differ depending on the technical abilities and limitations of different meter types.

Changes to prescription

- 5.12. We proposed to substantially reduce the level of prescription relating to frequency, content and format of 'billing information', while retaining the overall policy intent of the existing rules, to facilitate short, effective and more engaging billing communications. We proposed to introduce a new prescriptive requirement for Bills and statements of account to be provided in a form that allows consumers to easily retain a copy or which is made easily available for reference.

Stakeholder feedback on policy consultation proposals

- 5.13. Stakeholders were broadly supportive of our proposed new 'billing information' principle, and the fact that it would cover all domestic consumers, including those with prepayment meters. All stakeholders welcomed the proposed removal of prescription so that suppliers would be able to provide shorter, more engaging Bills. Stakeholders generally agreed with the distinction between Bills and billing information.
- 5.14. Consumer groups highlighted the importance of 'billing information' being provided in a way that takes consumer characteristics and preferences into account. For example, online / paperless billing won't be appropriate for all customers. Consumer groups also supported our proposal to introduce a new rule requiring Bills to be provided in a form that allows consumers to retain a copy, so that online billing information is supplemented with more formal Bill documents, as these could be helpful in the case of bill disputes.
- 5.15. Views were mixed as to what the new 'billing information' principle should mean in practice for consumers with prepayment meters. Consumer groups strongly felt that all consumers should get a Bill or billing information regardless of meter type, and supported our assertion that it is not sufficient to assume that consumers with prepayment meters have enough billing information just from their meter. However, one supplier disagreed with this view, considering that prepayment customers are aware of their consumption as they need to know when to top up their meter to avoid losing supply. Other suppliers were not clear how the 'billing information' principle applies for consumers with prepayment meters, and asked for clarification as to the level of information that we expect consumers with prepayment meters to get compared to now.
- 5.16. A number of stakeholders questioned whether the proposed 'billing information' principle is sufficiently future-proof in a number of regards:
- Some argued that the requirement for Bills to be in writing could prevent Bills and billing information being communicated in more innovative forms, such as through an online inbox or notification centre.

- Several stakeholders were concerned that the use of the word 'provide' in the principle could be interpreted to go further than the current requirement to 'make available' Bills and statements of account, and that this could also limit innovative practices such as sending a 'push' notification or link to where the information can be found.
- One supplier questioned why the concept of a Bill is still required at all, as this may limit a supplier's ability to communicate usage and other information in the future, for example via an online portal.

Final proposal for statutory consultation

New billing principle

- 5.17. We have considered stakeholder feedback in refining our proposals, and our final proposal for the new 'billing information' principle is shown in box 5 below. The annotations on the right hand side show key changes made from our policy consultation proposals. We discuss these in more detail in the following paragraphs. Appendix 2 contains more detail on why we have chosen certain wording for this principle, and a tracked change version of this principle from the policy consultation version to our current proposal.

Box 5: Final proposed 'billing information' principle

FINAL PROPOSED PRINCIPLE

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 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(s) and the [gas/electricity] they consume.


31H.2 In complying with paragraph 31H.1 the licensee must take into account that Domestic Customer's characteristics and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Definitions (SLC 31H.11)

'Relevant Billing Information' means any information a Domestic Customer may need to understand and manage the costs associate with their Tariff and the [gas/electricity] they consume. This includes (either collectively or at differing frequencies as appropriate to that Domestic Customer and the circumstance):

- (a) any charges, fees or payments to or from that Domestic Customer's account, and what is owed to or by the licensee;
- (b) how any charges, fees or payments are calculated; and
- (c) when and how that Domestic Customer needs to make any payments or will have payments deducted, leaving reasonable time for that Domestic Customer to arrange payment before it falls due.

Defined
Relevant
Billing
Information



5.18. **The main change we have made from our policy consultation proposals is to define Relevant Billing Information**, as set out in box 5 above. While stakeholders understood what we meant by billing information from our explanation in the policy consultation, we want to make sure that it is clear from reading the licence.

5.19. To respond to other stakeholder comments raised:

- We don't agree that information being 'in Writing' or being 'provided' restricts suppliers from using more innovative forms of communication. We discuss our views on this further in paragraphs 2.21-2.27. We also discuss what 'provide' means in the context of the 'billing information' rules in paragraphs 5.20-5.23 below.
- We have retained the concept of a Bill for several reasons. It is currently used to transpose EU requirements, as certain information has to be on a Bill. However, more fundamentally, given that the Bill is defined as a demand for payment, this is likely to still exist as a concept for at least some customers in the future. The drafting of the new principle does allow suppliers to provide Relevant Billing Information separately from a Bill, so we think this gives suppliers sufficient flexibility to innovate in the information they provide to consumers.

'Providing' Relevant Billing Information, Bills and statements of account

5.20. We are still proposing to use 'provide' in this principle and across the other principles, as opposed to something more passive such as 'offer' or 'make available'. This is to make it clear that we expect suppliers to be proactive in communicating this information to consumers. We use 'provide' in many other rules in the licence, so this is not a new term.

5.21. In relation to the 'billing information' rules, we do not consider it is enough for a supplier to, for example, generate a Bill online and not make a consumer aware that it is there. If a consumer does not know that an up-to-date Bill is available, or is not able to access this Bill easily (eg because it requires navigation through an online platform that a consumer is not aware of), then the consumer does not have the information they need to know what to pay and when. The supplier would therefore not be meeting the outcome set out in the 'billing information' principle.

5.22. Several suppliers noted the existing obligation in SLC 21B.5 to 'make available' Bills, and made reference to the Government's intent in using this phrase so as to not deter innovative ways of providing billing information. As noted already, our intent in using the word 'provide' is to clarify that suppliers need to actively notify consumers of the availability of new Bills or billing information if they choose to provide this information in a non-paper form. We understand that in practice, this is something suppliers generally do already, eg with a text or email notification containing a link, or a push notification on an app. We have discussed this with the Government and share the same view as to the consumer outcomes we want to see here.

5.23. We do not consider that the use of the word 'provide' will limit more innovative practices. We are not placing limits on how Relevant Billing Information, Bills or statements of account are provided to consumers. Suppliers can either directly send the Bill or billing information to the customer, eg in paper form or attached to an email, or otherwise provide the information in a place that the consumer is able to easily access, such as an online account or an app, and notify them that the information is there and how to access it, for example by providing a push notification

or a link. As with the other principles, the use of the phrase 'in a Form' (that is sufficient to enable the customer to understand and manage their costs and consumption) is designed to capture that the form should be appropriate for that customer and the circumstances (see paragraph 2.20 for more information about our proposed new definition of Form).

Prescription that would sit underneath the 'billing information' principle

5.24. Our final proposal for the prescription that would sit under the 'billing information' principle is shown in box 6 below. **We have not made any changes to this from our policy consultation proposals.**

Box 6: Final proposed prescription for 'billing information'

FINAL PROPOSED PRESCRIPTION

31H.3 Bills and statements of account must either:

- (a) be provided in a Form that allows that Domestic Customer to easily retain a copy; or
- (b) be easily made available for reference.

→ New drafting in line with policy consultation proposal

Information to be provided on Bills and statements of account

31H.4 The licensee must provide the following information in Writing on every Bill or statement of account sent to a Domestic Customer:

- (a) that Domestic Customer's Supply Number [electricity]/ Meter Point Reference Number [gas];
- (b) [existing SLC 31A.2(a)];
- (c) [existing SLC 31A.2(l)];
- (d) an "About Your Tariff" Label; and
- (e) information about dispute settlement in line with requirements in 31G.8 [electricity only].

31H.5 The licensee must inform each of its Domestic Customers:

- (a) that Citizens Advice consumer service can assist in providing information and advice to Domestic Customers; and
- (b) how to contact Citizens Advice and Citizens Advice Scotland, by providing that information on or with each Bill or statement of account sent to each Domestic Customer in relation to Charges.

31H.6, 31H.7 and 31H.8 [existing SLCs 31A.3, 31A.3A and 31A.4]

Terms of Domestic Supply Contracts

31H.9 and 31H.10 [existing SLCs 31A.5 and 31A.5A]

Guidance (SLC 31H.12) and exception to compliance with condition (SLC 31H.13)

- 5.25. One supplier did not agree with our proposal to retain the supply number on the Bill specifically. They thought that by restricting this information to the Bill, future innovation may be limited. We are continuing to propose to retain this rule, as we think it is vital for customers to be able to verify that they are being billed based on the correct meter. This information is also sometimes requested by comparison services and is an important reference number for customers to identify and communicate with their energy network company. We note that suppliers are still able to provide the supply number at other times or on other communications as they consider appropriate, so we do not agree that our proposal would limit future innovation.

What our changes mean in practice

Providing Relevant Billing Information, Bills and/or statements of account

- 5.26. Suppliers will need to consider what information (Relevant Billing Information, Bills, and/or statements of account) they are currently providing to their customers to help them understand what they are paying and manage their costs and consumption, and make a judgement as to whether this is sufficient to meet the outcomes set out in the 'billing information' principle. This may well differ between different groups of customers, for example those with different meter or tariff types.
- 5.27. All customers will need to be provided with Relevant Billing Information in some form, so that they can manage their costs and consumption. However not all customers will need Bills and/or statements of account. Customers who pre-pay for their energy may never need to receive a demand for payment (ie a Bill). In contrast, for some customers being regularly asked for payment might be an important component in being able to manage their costs. (Customers with traditional credit meters will still need to get Bills or statements of account, in accordance with SLC 21B.5.) Ultimately, the focus should be on what information customers, including those in vulnerable situations, need to meet the outcome of the principle.
- 5.28. In the spirit of enabling shorter, more engaging communications we are not requiring suppliers to include all Relevant Billing Information on all communications – the focus again should be on the outcome that is being delivered by the total package of information consumers receive.
- 5.29. Suppliers would have more flexibility in how they design Bills and statements of account and what information they choose to include, in order to make them as engaging as possible. There are no rules around what Relevant Billing Information looks like or what form it is provided in, beyond general requirements in the Standards of Conduct.

Frequency of billing

- 5.30. Our rules will continue to set a minimum billing frequency for customers with traditional credit meters to receive Bills or statements of account. The 'billing information' principle will require suppliers to determine the appropriate frequency of Relevant Billing Information, Bills and/or statements of account that will be sufficient to enable customers to understand and manage their costs and consumption.
- 5.31. In making this judgement, suppliers should take into account a customer's characteristics and, where appropriate, preferences. As already discussed in

paragraphs 2.30-2.36, we always expect suppliers to meet a customer's information needs. They should do this in a way that considers customer preferences, but it is not acceptable for suppliers to follow customer preferences to the detriment of meeting customer needs.

- 5.32. Suppliers might make an assessment of their customers' needs and/or preferences and decide to send different pieces of information with different frequencies – for example, a supplier might send Bills containing payment demands every 3 months to an online customer, and supplement this with more frequent Relevant Billing Information through an app or online account. This Relevant Billing Information would keep the customer updated on how much they are consuming and how much this is costing, without actually demanding payment.
- 5.33. We confirm that our new 'billing information' principle has no impact on existing rules about when final bills need to be provided (SLC 27.17), backbilling (SLC 21BA), or payment difficulty (SLC 27.5).

What the 'billing information' principle means for consumers with prepayment meters

- 5.34. We reiterate our expectations that while a customer can access some Relevant Billing Information from a prepayment meter, this is not necessarily sufficient to enable them to understand and be able to manage their costs and consumption. Suppliers should not assume they are meeting the requirements set out in the 'billing information' principle for prepayment meter customers if they continue with their current practices and make no changes. They should consider what other information they do or could provide to ensure they are delivering good consumer outcomes for consumers with prepayment meters.
- 5.35. This is even more important if suppliers decide to not provide Annual Statements following our rule changes, as the Annual Statement can be the only communication customers on prepayment meters get on a regular basis from their supplier.
- 5.36. Some suppliers questioned how the 'billing information' principle is relevant for prepayment meter customers. To clarify, 'charges, fees or payments' would cover how much a consumer has topped up their meter with (payment), if there are any debt repayments (payment), and how much energy they actually used (charges).

How the 'billing information' principle interacts with the vulnerability limb of the Standards of Conduct

- 5.37. As we've already made clear, considering the needs of vulnerable consumers should always be front of mind for suppliers. There will be interactions between the 'billing information' principle and vulnerability limb of the Standards of Conduct, for example in relation to customers who are in payment difficulty. Suppliers should consider whether adapting the form and frequency of providing Relevant Billing Information, Bills and/or statements of account could assist in these situations, for example adjusting the frequency and/or timing with which they demand payment to suit a customer's circumstances better, eg aligning the timing of Bills with when customers

receive benefit payments. The 'ability to pay' principles¹⁶ will also apply in these circumstances too.

- 5.38. Suppliers should also consider what Relevant Billing Information to provide for customers who are making debt repayments, so that they know what they are paying and why, and what their outstanding debt balance is.

How the 'billing information' principle interacts with the 'continuing to make informed tariff choices' principle

- 5.39. The 'billing information' and 'continuing to make informed tariff choices' principles work closely together to achieve complementary outcomes. They both relate to helping consumers understand and manage their costs and consumption, but the two principles have slightly different focuses.
- 5.40. The core purpose of the 'billing information' principle is to provide customers with information about their energy costs, how this is calculated and how they pay for their energy. This enables customers to understand what they are being/will be charged for their energy and helps prevent their energy costs from becoming unpredictable and unmanageable.
- 5.41. The 'continuing to make informed tariff choices' principle ensures that, once a customer has chosen their tariff (or defaulted on to it), they continue to understand the features of their tariff and can use this information (along with Relevant Billing Information) to make decisions about the best way to engage with their energy going forward, such as how and when they use energy.
- 5.42. Under the 'continuing to make informed tariff choices' principle, suppliers should be encouraging their customers to think about how and when they are consuming energy, and whether there are ways they could be more efficient and/or flexible in how they do so, so they can make the most of their tariff.
- For customers on simple tariffs, suppliers may not need to provide much more information over and above 'billing information' in order to deliver the outcomes set out in the 'continuing to make informed tariff choices' principle – this could just be information and advice about energy efficiency.
 - However, for customers on more complex tariffs, we expect suppliers may need to make additional considerations to deliver good consumer outcomes. For example, notifications to remind customers about the most expensive/cheapest times to use energy could support them in making informed decisions.

¹⁶ Ofgem, [Review of suppliers' approaches to debt management and prevention](#), June 2010.

6. Contract changes information (price increases and fixed-term contracts coming to an end)

Section summary

We confirm our proposal to introduce a new principle to ensure consumers have the information they need to be able to understand and respond to price increases and their fixed-term contracts coming to an end. Following stakeholder feedback, we have realigned the scope of this principle more closely with current licence drafting. We also confirm our proposals to remove many of the existing prescriptive timing and content requirements of the Price Increase Notification and Statement of Renewal Terms.

Question 7: Do you agree that our proposals (summarised in boxes 7 and 8 on pages 55-56 and 57-58) reflect our policy intent relating to contract changes?

- 6.1. When a consumer's contract changes¹⁷ (such as when their prices increase¹⁸ or they reach the end of a fixed-term contract) it is important that they can understand what is changing and when, and the implications of this, so they are able to effectively respond to the change. This includes, for example, exercising their rights to avoid the impact of the change, where relevant. The Price Increase Notification and the Statement of Renewal Terms¹⁹ play an important role in informing consumers in advance of upcoming changes to their contract and what their options are for managing the change.
- 6.2. Many of the current rules around these two notices were introduced as part of the Retail Market Review²⁰, in response to a range of poor practices previously displayed by suppliers. Evidence shows that the current notices have helped to provide important protections for consumers, though there is room for improvement in how engaging and informative they are.²¹

Our policy consultation proposals for contract changes

A new principle

¹⁷ In this section, we use 'contract changes' as shorthand to cover changes to a consumer's current circumstances, including the end of fixed-term tariffs, price increases or other disadvantageous unilateral variations.

¹⁸ In this section, 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 include changes such as an increase in the early termination fees on a contract, for example. 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.

¹⁹ The Statement of Renewal Terms is a notice sent to consumers ahead of the end of their fixed-term tariff. It is sometimes referred to as the End of Fixed Term Notice.

²⁰ Ofgem, [The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information](#), August 2013.

²¹ See chapter 6 of our [policy consultation](#) for more details.

- 6.3. We proposed to introduce a principle requiring suppliers to ensure consumers have the information they need to be able to understand and manage price increases and when fixed-term contracts end. This information would need to be provided in adequate time before the change takes effect so that the consumer can assess their options and avoid the change should they wish to, and so that the notification acts as an effective prompt to encourage them to engage.
- 6.4. We proposed that the new principle would require suppliers to notify their customers where they make any change to the contract that is to the customer's disadvantage. This would include price decreases, where there is a risk that a consumer could make uninformed decisions about switching or about when they consume energy, leaving them at a disadvantage, for example where they switch to what they thought was a cheaper tariff but which was more expensive than their current deal.

Changes to prescription

- 6.5. We proposed to remove many of the prescriptive rules setting out the information that must be included on the Price Increase Notification and Statement of Renewal Terms, and rely on the new principle to ensure the notices contain the information a consumer needs to manage the contract change. We proposed to keep certain elements of the prescriptive content of the notices where these confer specific important rights for consumers, such as telling them what will happen should they not switch and how they can end the contract without incurring any penalty.
- 6.6. We proposed to remove the requirement for suppliers to provide the Price Increase Notification and Statement of Renewal Terms at specific points in time. Instead we proposed to require suppliers to provide the notices to ensure they act as an effective prompt for consumers to engage while ensuring the consumer has time to assess their options and make the right choice for them ahead of the change coming into effect.
- 6.7. We also proposed to remove requirements prescribing the format and wording of specific information on both notices, but retain the requirement for the two notices to be provided separately from other communications such as the Bill, so that they are not 'lost' amid other important information.

Stakeholder feedback on policy consultation proposals

- 6.8. Stakeholders generally supported our proposals to reduce the level of prescription of the rules around contract changes in order to facilitate shorter, more effective contract change communications. They made a number of specific comments in relation to this policy area:
- Some suppliers did not support the principle requiring suppliers to notify consumers of *all* price decreases. They argued that suppliers should generally make customers aware of price decreases in some way, but this should not have to be done via a lengthy notice, in the same way as price increases. They noted that the cost of doing so may outweigh any benefit of the price reduction.
 - One stakeholder thought there should be more emphasis in the wording of the principle on requiring suppliers to provide notices at the time that is most effective in prompting consumers to consider their options. They considered that relying on 'adequate time' only could risk suppliers providing the notice months in advance which may not be effective in prompting consumers to take action.

- Some suppliers questioned the impact on 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 – as a result of our proposals to remove the specific timing requirements for when the Statement of Renewal Terms is sent.
- A few stakeholders did not agree with our proposal to continue requiring suppliers to provide current principal terms and the Tariff Information Label on the Statement of Renewal Terms. They said that this would continue to lead to a long notice which does not optimally engage consumers.
- A few stakeholders flagged potential inconsistencies in prescription we proposed to keep and remove. For example, they questioned why we were proposing to retain some important pieces of information on the Statement of Renewal Terms like a consumer's right to switch without incurring exit fees, but to remove other important things like the date the fixed-term contract ends.

Final proposal for statutory consultation

New 'contract changes information' principle

- 6.9. We have considered stakeholder feedback in refining our proposals, and our final proposal for the new 'contract changes information' principle is shown in box 7 below. The annotations on the right hand side show key changes made from our policy consultation proposals. We discuss these in more detail in the following paragraphs. Appendix 2 contains more detail on why we have chosen certain wording for this principle, and a tracked change version of this principle from the policy consultation version to our current proposal.

Box 7: Final proposed principle for 'contract changes information'

FINAL PROPOSED PRINCIPLE

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

31I.1 The licensee must ensure 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 [Gas/Electricity] 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) a renewal of a Fixed Term Supply Contract.

Scope aligned more closely with existing rules

FINAL PROPOSED PRINCIPLE (cont.)

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).

31H.3 In complying with paragraphs 31I.1 and 31I.2 the licensee must take into account that Domestic Customer's characteristics and, where appropriate, that Domestic Customer's preferences

Definitions (31I.7)

- For the purposes of this licence condition "the Change" means Disadvantageous Unilateral Variations, increases in Charges for the Supply of [Gas/Electricity] 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 renewals of a Fixed Term Supply Contract.

Added that Notices have to be designed to prompt consumers to make informed choices

Removed reference to specific rights, as these are captured in prescriptive rules that are being retained

Defining 'Change' to clarify scope of principle while avoiding repetition in SLC 31I.2

6.10. Having carefully considered stakeholder feedback, **we have narrowed the scope of the principle** so that it aligns more closely with the current licence drafting. It now applies to disadvantageous contract changes and price increases, as well as end of fixed-term tariffs. We agree with the stakeholders who commented that notifying consumers of price decreases would be covered by the Standards of Conduct, and consider that it is proportionate to rely on this at this time. This requires suppliers to think about consumer needs and consider the most appropriate way of informing customers about such changes to their contract.

6.11. Under the Standards of Conduct (particularly the informed choices limb) and our proposed new 'continuing to make informed tariff choices' principle, suppliers need to ensure their customers have accurate and up to date information about their tariff. Suppliers also need to think about how to inform customers of changes that may impact their ability to make informed choices. We do however recognise that is not proportionate in every case to specify this information to be provided separate from other communications as would be required under the 'contract changes information' principle.

6.12. **We have added that the form and time in which a notice under this principle is sent need to be designed to prompt consumers to make an informed choice** as a result of the change. In deciding on the time and form of these notices, there is a

balance between giving consumers sufficient time to consider their options and take action should they wish, and being effective in prompting them to make an active choice as to whether to take action. We expect suppliers to take this into account in the decisions that they make.

Prescription that would sit underneath the ‘contract changes information’ principle

- 6.13. Our final proposal for the prescription that would sit under the ‘contract changes information’ principle is shown in box 8. **We have not made any changes to this from our policy consultation proposals.** We have made changes to a piece of associated prescription that sits in SLC 24 – we discuss this further below.

Box 8: Final proposed prescription for ‘contract changes information’

FINAL PROPOSED PRESCRIPTION

Notices in the event of Disadvantageous Unilateral Variations or increases in Charge(s) for the Supply of [Gas/Electricity]

31I.4 The Notice referred to in paragraphs 31I.1(a) and (b) (a “Relevant Contract Change Notice”):

- (a) without prejudice to a [Electricity/Gas] Relevant Contract Change Notice, must not be provided in conjunction with any other information, including (but not limited to) a Bill, statement of account, or marketing material;
- (b) must inform the Domestic Customer that they may end the Domestic Supply Contract if the increase in the Charges for the Supply of [Gas/Electricity] or Disadvantageous Unilateral Variation is unacceptable to them by changing their [Gas/Electricity] Supplier or entering into a new contract with their [Gas/Electricity] Supplier;
- (c) must include a statement to the effect that value added tax (at the applicable rate) is included in any Charges for the Supply of [Gas/Electricity] and any other charges which are subject to value added tax and that this may be different to the way such charges are displayed on a Bill or statement of account; and
- (d) may inform the Domestic Customer where they may obtain impartial advice and information on energy efficiency.

Domestic Statement of Renewal Terms

31I.5 The Notice referred to in paragraph 31I.1(c) (a “Domestic Statement of Renewal Terms”) must include:

- (a) a statement explaining that if the Domestic Customer does not change supplier or does not expressly agree a new Evergreen Supply Contract, a new Fixed Term Supply Contract or a further fixed term period for a Fixed Term Supply Contract by the date the fixed term period of the existing Fixed Term Supply Contract is due to end, the Domestic Customer will become subject to either the Relevant Cheapest Evergreen Tariff or a Relevant Fixed Term Default Tariff, as applicable;

FINAL PROPOSED PRESCRIPTION (cont.)

- (b) information about how and when the Domestic Customer may terminate their Fixed Term Supply Contract without being charged a Termination Fee and a statement explaining the effect of paragraphs 24.8 to 24.12 of standard condition 24;
- (c) changes to the Principles Terms, this means:
 - (i) draw the Domestic Customer's attention to the current Principal Terms;
 - (ii) the Principal Terms that would apply if the Domestic Customer becomes subject to either the Relevant Cheapest Evergreen Tariff or a Relevant Fixed Term Default Tariff, as applicable, by virtue of paragraph 22C.7;
 - (iii) where a Notice is also being provided to the Domestic Customer pursuant to SLC 22C.5(a), the Principal Terms that would apply if the Domestic Customer agrees a further fixed term period for an existing Fixed Term Supply Contract;
- (d) the new Estimated Annual Costs and Tariff Information Label with the new Principal Terms, as required by paragraph 31F.11;

31I.6 The licensee must ensure that, with the exception of the Notice described in paragraph 22C.5, the Domestic Statement of Renewal Terms is separate from any other document (including, but not limited to, a Bill, statement of account, or marketing material) and is provided to the Domestic Customer separately from any other document (including, but not limited to, a Bill, statement of account, or marketing material).

Guidance (SLC 31I.8) and exception to compliance with condition (SLC 31I.9)

- 6.14. **The main change we have made from the policy consultation proposals is to amend the definition of the switching window.** This is currently defined as the period from 49 days before the end of a fixed-term contract up to the end of the contract. During this time a consumer has a right to switch to a different tariff or supplier without being charged any exit fee. The timing of this window was originally chosen to align with when the Statement of Renewal Terms is sent out (42-49 days before the end of a fixed-term contract). Several stakeholders questioned how our proposal to make the timing of the renewal notice principles-based would impact on the switching window.
- 6.15. Having considered the options available and benefits and risks of each, including impact on consumers, we are proposing to amend the switching window definition so that the window starts when the Statement of Renewal Terms is sent, or 49 days before the end of a fixed-term contract, whichever is earlier. This mitigates the risk of a consumer being sent a renewal notice earlier than 49 days before the end of their contract, and then not being able to switch without exit fees for a certain period of time. This could be confusing messaging for the consumer and a barrier to switching.
- 6.16. One supplier considered there was a risk of a lack of transparency if a consumer is sent a renewal notice closer to the end of their contract than 49 days before, as the switching window would already have started. We don't consider this to be a significant risk – customers would still be able to switch exit fee-free from when they get the Statement of Renewal Terms as they do now, and if they are very engaged and switch earlier in the 49 day window than when they get a renewal notice, they still wouldn't incur exit fees. We also note that under the informed choices limb of the

Standards of Conduct and the new 'continuing to make informed tariff choices' principle, suppliers should consider the most appropriate way of ensuring that consumers on fixed-term contracts are aware of when the switching window starts.

- 6.17. We don't think it is appropriate at this time to move to a principles-based switching window. This could lead to different switching windows across suppliers, and potentially for different customers within the same supplier. Given this is a fundamental right for consumers on fixed-term contracts, we consider it important that there is a consistent minimum backstop switching window that all consumers know to expect, regardless of their supplier. At this time we consider that moving to a principles-based switching window could also incentivise suppliers to send the Statement of Renewal Terms close to the end of the contract to minimise or 'game' the switching window, which may not be in consumers' best interests.
- 6.18. To respond to other points stakeholders raised relating to existing prescription:
- We have re-examined the prescription we propose to retain and remove relating to contract changes. There are a few cross-references that we had not initially identified to amend, that on closer review we are now proposing to update to ensure consistency across the entire licence (eg SLCs 22C.5(a) and 23.2, as discussed in paragraph 2.42). These are highlighted as changes in annex 3, which contains an updated table of all our proposals for prescriptive rules and reasons for our proposals.
 - Some stakeholders commented that there appeared to be inconsistencies in the rules we are proposing to retain and remove in relation to the content of Price Increase Notifications and Statements of Renewal Terms. Our starting point has been to remove as much of the prescribed content as possible, and rely on the new principle. However, there are a few specific rules that confer rights on customers that must be retained as detailed prescriptive rules, to ensure this information is communicated on all notices. This includes rules around how customers can terminate their fixed-term contract without being charged an exit fee (SLC 22C.3 (c, vi)), what happens if a customer does nothing at the end of their fixed-term contract (SLC 22C.3 (c, iv)) and informing the customer of their right to switch when prices increase (SLC 23.4(l)).
 - Some suppliers did not support our proposal to retain the requirement for the principal terms of the Relevant Cheapest Evergreen Tariff or Relevant Fixed Term Default Tariff to be included in full on the Statement of Renewal Terms. This is important information that helps consumers make an informed decision about their options, and retaining this information on the renewal notice is required to ensure we are properly transposing EU requirements into the licence. We are proposing to allow suppliers to *signpost* to the principal terms of a customer's current tariff, to help reduce the length of the notice while still enabling customers to easily access information to compare the current and new terms if they want to.
 - We are also still proposing to retain the requirement for the Tariff Information Label and Estimated Annual Costs to be provided whenever principal terms are provided (SLC 31E.8). One supplier argued that this rule would restrict their flexibility to provide information at times they would like to. In the cases where principal terms need to be provided (eg at the start of a contract or when a fixed-term contract is ending), we think it is important for this other information to be provided, to help consumers understand the tariff they are on and what that means for their costs. We don't agree that retaining this rule would substantially

reduce a suppliers' ability to vary the timing of their communications – there aren't many times in the consumer journey where this applies, and we don't think that this requirement substantially adds to the volume of information that must be communicated at this time.

What our changes mean in practice

- 6.19. Suppliers would have more flexibility in how they design their Price Increase Notifications and Statements of Renewal Terms, including the form, content and formatting. Over time, we expect to see suppliers take advantage of this to make their notices as engaging as possible.
- 6.20. When it comes to the timing of these notices, especially the Statement of Renewal Terms, we expect suppliers to consider the balance between providing enough notice for consumers to make an informed choice, and the timing being effective in prompting consumers to engage. Both of these factors are likely to vary between different groups of consumers – we expect suppliers to consider this in whatever approach they decide on, and be able to evidence why they consider their approach will deliver good consumer outcomes, having special regard for vulnerable consumers.
- 6.21. We note that suppliers are not limited to providing a single communication in the event of a contract change. For example, at the end of a fixed-term contract suppliers must provide one notice containing the information needed to meet the principle, but they could also consider sending follow-up notices or reminders if consumers haven't taken any action. Some suppliers already do this and it can prove to be effective at prompting consumers to make an active choice at the end of a contract rather than rolling onto a default tariff.
- 6.22. To reiterate what we said earlier, if prices are decreasing we expect suppliers to think about how to communicate this to consumers so they can continue to make informed choices about their energy supply. We also remind suppliers that what constitutes a 'disadvantageous' contract change should be considered from the point of view of a consumer.

How the 'contract changes information' principle interacts with the vulnerability limb of the Standards of Conduct

- 6.23. All of the above should also be considered from a vulnerable consumer's perspective. In determining when suppliers will send notifications of price increases or end of fixed-term tariffs, they should take into account whether consumers in certain vulnerable situations may need more advance notice. For example, someone going through bereavement or experiencing dementia may need more time or the communications may need to be simplified to ensure the customer is able to understand and has enough time to take action if they choose to.

How the 'contract changes information' principle interacts with the 'encouraging and enabling engagement' rules

- 6.24. As mentioned previously, we consider that contract changes are examples of Key Prompt Points, as consumers could benefit from assessing their options and considering whether changing to a different contract would be in their best interests. In the 'encouraging and enabling engagement' rules we set out that contract changes should always be treated as Key Prompt Points.

7. Annual Statements

Section summary

We confirm our proposal to remove the requirement for suppliers to provide consumers with an Annual Statement, and to rely instead on our proposed and existing principles to deliver the underlying policy intent. Our intention is to ensure that consumers continue to receive the important information currently in the Annual Statement, while enabling suppliers to develop more effective ways of delivering this information.

- 7.1. Consumers' understanding of their tariff, costs and consumption is a crucial part of ensuring good consumer outcomes and effective competition. Consumers who understand their tariff and consumption are better able to make informed decisions about their energy supply.
- 7.2. The Annual Statement was designed to do this, specifically to improve consumers' ability to understand and engage with their energy supply in a single document by:
 - Equipping consumers with information about their tariff, costs and consumption so that they understand their current circumstances and have the tools to compare their options and to choose the right one for them.
 - Prompting engagement, raising consumer awareness of the options available to them, including switching tariff or supplier, and how they can take advantage of these options.
- 7.3. The information provided on the Annual Statement is important and we know that many consumers find the individual pieces of information helpful. For prepayment customers the Annual Statement may be the only regular communication providing such information that they receive. However we believe that there could be more effective ways of providing the information and achieving the consumer outcomes.

Our policy consultation proposal for Annual Statements

- 7.4. We proposed to remove the requirement for suppliers to provide an Annual Statement. Instead we proposed to rely on new and existing principles – in particular our proposed 'encouraging and enabling engagement' and 'billing information' principles – which would help to ensure that all consumers continue to receive prompts and information about their Tariff, costs and consumption. Suppliers would have greater flexibility over how and where they present this information, in order to make it more impactful for consumers.

Stakeholder feedback on policy consultation proposals

- 7.5. The majority of stakeholders strongly supported our proposal to remove the Annual Statement. They agreed that the information it contains is useful, but noted that much of this information is already provided in other communications. One supplier said that having to provide the statement every 12 months on the anniversary of a customer joining may not always be the most effective engagement point.

- 7.6. One consumer group did not support our proposal. It noted that the statement provides useful information, especially for those on standard variable tariffs, and ensures that all consumers receive consolidated information about their account at least once a year. It saw value in retaining the Annual Statement but giving more consideration to how to make it more engaging, for example in varying the content, language and/or format.
- 7.7. Some stakeholders qualified their support for our proposal by noting that suppliers may still wish to issue Annual Statements, and that if designed effectively they could still be a good way of achieving the desired consumer outcomes in this area.

Final proposal for statutory consultation

- 7.8. We are still proposing to remove the requirement for suppliers to provide Annual Statements. We reiterate that we expect suppliers to consider the most effective way of communicating the important information currently contained in the Annual Statement through the delivering the outcomes as set out in the 'encouraging and enabling engagement', and 'billing information' principles.
- 7.9. We note the concerns raised by the consumer group who didn't agree with our proposal. Our updated 'comparing and switching tariff and supplier' principle now contains a minimum backstop that would require suppliers to prompt consumers to consider their options at least once a year. The 'billing information' principle also requires all consumers to be provided with the Relevant Billing Information, Bills and/or statements of account they need, regardless of meter type or payment method. We think this mitigates concerns about removing the Annual Statement and the only guarantee that all consumers hear from their supplier at least once a year.
- 7.10. We agree that the Annual Statement could still be a useful tool, and don't wish to dissuade suppliers from continuing to issue it if they want to. However, our proposals would give suppliers more flexibility to decide on the most effective timing and way to provide the information, in order to deliver the outcomes we want to see.

What our changes mean in practice

- 7.11. Suppliers would no longer be required to provide Annual Statements. They should be achieving the consumer outcomes that the Annual Statement was intended to achieve through complying with the other principles, especially the 'encouraging and enabling engagement' and 'billing information' principles. We would expect suppliers to be able to demonstrate how they are doing this.
- 7.12. A supplier could still issue Annual Statements if they wanted to in order to achieve the objective. However, they would not need to provide every piece of information currently contained in the Annual Statement in exactly the same format as is currently prescribed; rather they would be free to design these statements in whatever way they considered to be most effective and engaging for their customers, including vulnerable consumers, provided they delivered the outcomes set out in the relevant principles. We note that some suppliers already do something similar to this by providing other non-regulatory communications on an annual basis in addition to the Annual Statement.

8. What we expect of suppliers

Section summary

Our proposed package of rule changes builds on an existing foundation of principles in the supply licences, and our expectation that suppliers should be putting good consumer outcomes at the heart of their businesses. Here we clarify what we expect from suppliers following these rule changes, and answer some questions relating to implementation that stakeholders have raised.

Overarching expectations

- 8.1. Principles are not new. We already expect suppliers to have embedded the Standards of Conduct (including the informed choices and vulnerability limbs) and the SLC 25 informed choices principles throughout their business. Suppliers should therefore already be used to thinking proactively and creatively about what good outcomes look like for their diverse customer base, and how to demonstrate that their policies, processes and practices are geared up to deliver them.
- 8.2. Suppliers will not need to continue to 'follow' detailed rules once they have been removed – if we think there is only one acceptable way of doing something then we will retain prescription to make that clear. Suppliers are free to make changes to their communications, as long as they are complying with the new and existing principles and any remaining prescription. However they should carefully consider what changes are needed, are appropriate, and would add value to the customer experience.
- 8.3. This applies to both the content and volume of communications. It may be appropriate to send fewer communications (or the same communications but less frequently) to some customers. However we will consider whether the quality and timing of these communications is sufficient to meet the needs of consumers when deciding whether to take compliance action. So if suppliers make changes resulting in them communicating less overall with some customers, they should ensure they are able to convincingly demonstrate (to themselves and, if necessary, at a later stage to Ofgem) that at the time of making said changes they were intent on complying with the principles and achieving good consumer outcomes. Suppliers should also keep the consumer outcomes they are achieving under review (regardless of whether they make changes to their communications or not), and take steps as needed if these outcomes are not in line with what is required by our rules.
- 8.4. To be crystal clear, it would not be acceptable for suppliers to use these proposed rule changes to reduce the quality of their service, or take a minimum standard approach to their customer communications.

What we expect when the rules change

- 8.5. We don't expect suppliers to make changes to their communications on day one of the new rules. As the intent of our rules is not changing, supplier communications that comply with the current detailed rules are likely to be compliant with the new package of rules in the near term. Suppliers should satisfy themselves, and be able to

demonstrate to us, that they are delivering good consumer outcomes on an ongoing basis.

- 8.6. Over time we expect suppliers to review their suite of communications and adapt them to make sure they continue to deliver good consumer outcomes, and are as engaging and informative as possible.
- 8.7. In particular, if suppliers start offering more complex tariffs and products, it is likely that they'll need to adapt their customer communications to ensure that consumers have the information they need, at the time and in the form they need it, to enable them to make informed choices about their tariff, costs and consumption.
- 8.8. There will not be a transitional period in terms of our approach to compliance and enforcement – we will continue to stand ready to take action where we see evidence of consumer harm. As the policy intent of our rules isn't changing, we don't consider that suppliers will need a specific implementation period for the new rules. Suppliers should already be focusing on delivering good consumer outcomes through their customer communications.
- 8.9. We are not minded to propose market-wide derogations or proactively to deprioritise enforcement for certain rules. We will consider the matter again in the light of responses to this consultation or any other relevant consultation.

Monitoring compliance

- 8.10. Many stakeholders have asked for detail on our approach to monitoring compliance with the new principles. We will build on our current approach to monitoring existing principles. This includes working closely with Citizens Advice and the Ombudsman Services: Energy to identify systemic issues and emerging trends. The information we receive from these bodies augments our own market monitoring. We also receive valuable on-the-ground insights from other charities and consumer groups, as well as through our own consumer research. Self-reporting by suppliers will remain an important source of information for us. And, importantly, we will increasingly be asking consumers directly to tell us about their experiences and the quality of the communications that they receive. The intelligence we gather from all these sources underpins our compliance engagement with suppliers.
- 8.11. We will consider sharing more detail on our specific approach to monitoring the new customer communication principles at a later stage. In the meantime, suppliers should continue to think about what good outcomes for their customers look like, and ensure their internal processes allow them to demonstrate that their actions intend to achieve these outcomes.
- 8.12. To assist with this, the following list contains the type of questions that we expect all suppliers to be asking themselves:
- *"Do our current processes meet the outcomes required by the principles (new and existing) for all consumers?"*
 - *"If yes, how will we demonstrate we are meeting these outcomes?"*

- *"If no, which group(s) of customers are we not meeting this for, and in what way? Are we providing the right information / at the right time / in the right format?"*
- *"How will we address any gaps? How will we monitor the impact of any changes?"*
- *"What consumer research, testing, feedback and insights do we / will we do and collect to underpin our decisions?"*

8.13. We also remind suppliers of the key themes from our 2014 Challenge Panel [report](#). These should provide a helpful framework for suppliers reflecting on what more they need to do to place consumers at the heart of their businesses.

8.14. In order to support suppliers in the transition to a more principles-based framework, we will continue to engage with them proactively, including by sharing examples of good practice and lessons learned.

Working with suppliers to prevent and address harm

8.15. Some stakeholders have asked for more clarity about our approach to compliance when we start to see new practices that differ from what is permitted by current prescriptive rules. Over the last few years we have been evolving our own internal culture and processes to support our move to a greater reliance on principles. We have shown we are committed to continuing this process and building on our strong track record of acting proportionately when managing non-compliance. Examples of cases from our recent [Retail Supplier Compliance and Enforcement Report](#) show that we seek to resolve the matter through a compliance approach in all but the most serious and/or urgent cases, giving suppliers a fair chance to make amends voluntarily.

8.16. Our approach to managing potential non-compliance places an emphasis on constructive and proactive two-way engagement with suppliers. 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. In any event, the onus is on suppliers to consider the benefits and risks in advance and, as part of good risk management practices, to document this as part of their decision-making process. The availability and quality of this documentation may influence the nature of any future compliance action that Ofgem may take.

8.17. We understand that when companies innovate things don't always turn out exactly as planned. Where things do go wrong, we urge suppliers to let us know as soon as possible and to discuss with us how they intend, within a reasonable timeframe, to put matters right for affected customers and prevent recurrences. Where suppliers do this, and where they are able convincingly to show that they were intent on complying with the principles and delivering good consumer outcomes, we are more likely to seek to resolve the matter through a compliance approach.

8.18. On the other hand, where potential breaches are serious or indicate repeated non-compliance, where a supplier cannot show that they were intent on complying with the principles and delivering good consumer outcomes, or where a supplier is unwilling or unable to cooperate with our compliance team in putting matters right, we are more likely to open an enforcement case.

- 8.19. Consistent with the need to be proportionate, we resolve the vast majority of our compliance case work resolved without opening an enforcement case. We will continue to prioritise enforcement case opening in line with our strategic objectives²² for enforcement and the prioritisation criteria in our Enforcement Guidelines.²³

Frequently asked questions

When will the rule changes come into effect?

- 8.20. We're keen to progress the rule changes quickly so that consumers can start seeing the benefits as soon as possible. Subject to a smooth consultation process, we hope to publish a decision by the end of 2018. This would mean the rules changes would take effect in early 2019.

When do you expect to see suppliers changing things?

- 8.21. Unless a course of action is specifically prohibited by the licence, a supplier may carry on with it provided that the action demonstrably delivers the customer outcomes we want to see. Suppliers should keep their communications policies, process and practices under review and adapt them as necessary to ensure that they keep on delivering those outcomes.
- 8.22. We anticipate that suppliers will use their freedom over time to develop more efficient and effective ways of communicating with their customers. For example, customers on more complex tariffs may have different communications needs to customers on more traditional tariffs. In a competitive market, we would expect to see good practice spread across the market.

Are you asking suppliers to do more?

- 8.23. We're asking suppliers to deliver the same outcomes for consumers, including vulnerable consumers, that the current rules are intended to achieve. So in this regard, we're not asking suppliers to do more than they should already be doing to deliver good consumer outcomes.
- 8.24. However the evidence²⁴ suggests that suppliers are not always delivering these outcomes for all consumers. Where this is the case, we expect suppliers to step up. Our rule changes will give suppliers more flexibility in how they deliver these outcomes, including enabling them to tailor communications to better meet consumers' characteristics and preferences.
- 8.25. Our current customer communications rules were not designed with some more complex tariff types in mind. Suppliers should already be thinking ahead to how they

²² Our strategic objectives as set out in paragraph 1.8 of the Enforcement Guidelines are i) to deliver credible deterrence across the range of our functions ii) to ensure visible and meaningful consequences for businesses who fail consumers and who do not comply iii) to achieve the greatest positive impact by targeting enforcement resources and powers.

²³ Ofgem, [The Enforcement Guidelines](#), October 2017.

²⁴ Ofgem, [Policy consultation: Domestic supplier-customer communications rulebook reforms](#), May 2018.

will communicate these types of tariffs to consumers. Our new principles, in combination with existing Standards of Conduct and SLC 25 informed choices principles, make it clear that suppliers need to think about how they will communicate these tariffs in the most effective way.

Is it ok for suppliers to do less?

- 8.26. The current information suppliers are required to communicate to their customers remains important, and we still expect suppliers to be communicating similar messages to their customers after our rule changes. Ultimately, the outcomes we want to see for consumers are not changing. So it would not be acceptable for a supplier to stop providing lots of the information they currently do and not replace it with anything else, unless they can demonstrate that in doing so they are still delivering the same or better consumer outcomes.

How often do you expect suppliers to be communicating with their customers?

- 8.27. We have no set expectations about the precise number of times a supplier should be communicating with their customers over the course of a year. However, there are some communication timings that would still be required by our rules. These include:
- a minimum billing frequency for customers with traditional credit meters (every six months, or every three months for customers with online account management or who request it);
 - a requirement for suppliers to communicate in advance of fixed-term tariffs ending or prices increasing; and
 - an obligation for suppliers to communicate the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label on at least one occasion in any 12 month period, and at all other Key Prompt Points as appropriate to meet the objective set out in SLC 31F.1(a).
- 8.28. Over and above this, it is for suppliers to determine the approach they will take to ensure they meet the outcomes set out in our principles for *all* consumers, including those they may not currently communicate frequently with such as prepayment customers. This includes determining when and how frequently to communicate information about available assistance and advice, for example.
- 8.29. Some suppliers have said they should not be required to communicate with customers whose stated preference is not to hear from their supplier, unless that contact is absolutely necessary. Our position is that suppliers should take into account customers' characteristics, and preferences *where appropriate*. Suppliers are still ultimately required to comply with the principles and deliver the outcomes set out. The principles give suppliers the flexibility to determine *how* they deliver the required information, but delivering the information itself is non-negotiable.
- 8.30. There are certain pieces of information that we consider it is important for all consumers to be aware of, such as knowing what assistance and advice is available to them, and knowing they can switch tariff or supplier. This information is set out in our proposed new principles. It is up to suppliers to decide how to ensure they meet these principles, including the most appropriate form and frequency to do so.

Will you be issuing guidance on these rules?

- 8.31. We do not at this time intend to issue guidance. We have aimed to draft the new principles so that they clearly set out the outcomes we expect suppliers to deliver. On that basis, we don't at this time intend to give guidance on how we expect suppliers to deliver these outcomes. We consider that a key benefit of regulating through principles is to give suppliers more freedom to devise for themselves more effective ways of doing so. If you believe the principles could more clearly set out the outcomes we expect suppliers to deliver, please specify in your response how we might do this.
- 8.32. There are currently various rules in the licence requiring suppliers to follow any guidance that Ofgem issues in relation to certain prescriptive rules. We are proposing to retain and consolidate these so there is one for each new SLC. While we have no intention to issue guidance on our rules at this stage, we retain the right to do so in the future if the need arises.
- 8.33. We have reviewed all existing published guidance about the current customer communications rules²⁵, and don't consider that any needs to be withdrawn as the information contained remains valid in the light of our rule changes.

What area of the licence will you be reviewing next?

- 8.34. We do not at this time have plans to make further changes to the customer communications rules following the conclusion of this consultation process.
- 8.35. Any further changes to the licence will be identified and taken forward as part of our usual policy development work. In these cases, we are committed to relying on principles where it is appropriate to do so.

²⁵ See our [consolidated list of documents to help you understand supply licence obligations](#) for existing documents we've published relating to customer communications.

Appendices

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There are also three annexes to this consultation:

Annex	Name of annex	What this includes
1	Statutory notice – electricity supply licence	What the electricity licence will look like following our proposed changes
2	Statutory notice – gas supply licence	What the gas licence will look like following our proposed changes
3	Final proposed package of changes to customer communications rules	The new package of principles, and a line by line explanation of all the prescriptive rules we are changing and why (highlighting what has changed from the policy consultation)

Appendix 1: Summary of responses to policy consultation

- 1.1. On 10 May 2018, we consulted on proposed changes to the domestic supplier-customer communications rulebook. The consultation closed on 21 June 2018 and we received 21 responses (see table 3). During the consultation period we held a workshop with consumer groups, suppliers and third parties. Views raised in the workshop echoed those received in written consultation responses.
- 1.2. This appendix summarises the key themes stakeholders raised to each of the questions asked in the consultation document. The appendix also summarises Ofgem's response to stakeholder views.

Table 3: Consultation respondents

Stakeholder name	Stakeholder type
Christians Against Poverty	Consumer groups
Citizens Advice	
Scope	
Which?	
Energy UK	Third parties and industry groups
Ombudsman Services: Energy	
Centrica	Large suppliers
EDF	
E.On	
npower	
ScottishPower	
SSE	
Bristol Energy	Small and medium suppliers
Engie	
ESB Energy	
First Utility	
OneSelect	
Utilita	
Utility Warehouse	
Confidential	Confidential responses
Confidential	

Question 1: Do you agree in general with our proposed reforms to the rules related to supplier-customer communications?

- 1.3. On the whole, stakeholders were broadly supportive of the proposals. Respondents generally agreed that prescriptive requirements are no longer fit for purpose, especially for those customers they felt are currently poorest served, such as prepayment customers. Stakeholders welcomed the potential for simpler, shorter

communications, and the way in which the new principles have the potential to encourage innovation and engagement.

- 1.4. One industry group stated their belief that at present there is too much prescription, which limits a supplier's ability to ensure key messages are clearly understood.
- 1.5. Many suppliers said the proposals will afford them more room to be innovative with their customer communications, and that they welcomed the recognition that customers' characteristics and preferences need to be taken into account.
- 1.6. One supplier said that they think the principles are inflexible and that Ofgem could rely purely on the Standards of Conduct to regulate communications. Others agreed, stating that more prescription could be removed than has been proposed, and that they would like to see the narrow principles removed in the future.
- 1.7. On the other hand, one consumer group suggested areas where they felt more prescription was required, such as in setting the minimum number of communications suppliers should send per year. They felt this was important to ensure that suppliers communicate regularly with disengaged customers.
- 1.8. One supplier stated concern that Ofgem had raised the bar in some areas without justification. One supplier felt that some wording of the proposed principles was unclear and could lead to suppliers taking a prescriptive approach.

Approach to compliance

- 1.9. Many consumer groups asked how Ofgem will monitor compliance with the new principles. One asked what data will be used to identify issues, whilst another suggested that Ofgem will need to audit a range of communications to check that they are compliant with the intended outcomes of the principles.
- 1.10. One supplier asked Ofgem to engage with suppliers to consider alternative methods for monitoring consumer outcomes, besides quantitative reporting.
- 1.11. Another supplier sought clarification on whether communications that continue to follow the existing rules will be compliant after the principles are introduced.
- 1.12. One consumer group felt that examples of best practice would be useful, especially for communicating with vulnerable customers.
- 1.13. Another consumer group stated that Ofgem should resist supplier calls to guarantee against enforcement action for a duration of time following the introduction of the new principles. They argued that, with greater freedoms for suppliers comes greater responsibility to understand and meet customer needs and preferences.
- 1.14. One supplier expressed their view that supplier characteristics (size, business model, customer demographic, etc) should be taken into account when Ofgem monitors their communications and is considering compliance or enforcement activity.

Our response to comments raised

- 1.15. We note stakeholder views about the potential for us to rely more heavily on the Standards of Conduct rather than introducing new narrow principles. Whilst the Standards of Conduct covers the outcomes specified by the narrow principles, we consider that adding narrow principles gives all suppliers more clarity about the specific outcomes we expect to see relating to customer communications. If we removed lots of detailed rules and just relied on the Standards of Conduct, we think it would be less obvious for suppliers, especially new entrants, to know what our expectations are.
- 1.16. Our proposals are intended to confirm and consolidate our existing policy intent. Our new principles are intended to future-proof our rules and be adaptable to cover new circumstances that may arise as the market evolves. We don't consider that our final proposals raise the bar for suppliers. Where concerns about this were raised by stakeholders, we have addressed these in the consultation (see paragraphs 5.20-5.23 and 6.10-6.11 in particular). Similarly, where concerns were raised about our proposals to remove or retain prescription, we have addressed these in the relevant policy sections (eg paragraphs 3.31-3.32).
- 1.17. We have set out further detail in section 8 about our expectations of suppliers and our approach to managing non-compliance. We will consider what further information we can share on our approach to monitoring the new principles in the decision document we will publish later this year.

Question 2: Do you think our proposals make appropriate use of principles and remove the right amount of prescription? Have we gone too far, or not far enough in removing prescription to enable suppliers to innovate?

- 1.18. All stakeholders thought the move towards relying more on principles was a positive step, but views were varied on the proposed balance between principles and prescription. Whilst many felt that the proposals struck the right balance, others felt that some prescription ought to be retained. Many thought that Ofgem should go much further by removing more prescription and relying more on the existing broad Standards of Conduct principles.
- 1.19. One respondent, whilst generally supportive, asked to see more detail on the rationale for taking a principles-based approach, and the evidence that supports its implementation.
- 1.20. An industry group felt that Ofgem should be bolder in removing prescription. This was a view shared to varying degrees by many suppliers. Some suppliers raised concerns that remaining prescriptive rules contradict our overall policy intent. One supplier cited, for example, the Relevant and Alternative Cheapest Tariff, which they felt could be removed. They suggested suppliers should be required to provide the cheapest tariff available to the customer based on their characteristics and preferences and in line with the SLC 25 informed choices principles.
- 1.21. Many suppliers stated that the proposals remove the right amount of prescription and that the principles would allow suppliers to utilise new technology in their communications.
- 1.22. Some suppliers urged Ofgem to be open to further changes in future, including when the UK leaves the EU. One supplier asked Ofgem to signal where it believes EU prescription could be removed in the future.

- 1.23. Other suppliers, whilst supportive of the use of the existing Standards of Conduct as overarching principles, felt that there was some overlap between these and the proposed narrow principles. One supplier felt that the Standards of Conduct sufficiently covered the majority of the desired outcomes.
- 1.24. One respondent suggested some form of 'catch all' principle that would enable suppliers to deviate from retained prescription if they could demonstrate good consumer outcomes by other means.
- 1.25. One supplier suggested that a potential barrier to the quick implementation could be the binding provisions of the licences, which require the inclusion of a set of information as set out in the terms of customer contracts.

Our response to comments raised

- 1.26. We have reiterated our reasons for retaining certain prescriptive rules in sections 3-6 – in particular, see paragraph 3.31 for why we are not proposing to change the Cheapest Tariff Message methodology (including the Relevant and Alternative Cheapest Tariff definitions), and paragraph 6.18 for our reasons around retaining certain prescriptive rules around contract change notifications.
- 1.27. In relation to calls for us to review rules that transpose EU legislation after the United Kingdom has left the EU, we note that statements issued by the Government suggest that any implementation period agreed between the UK and EU as part of the Withdrawal Agreement will see EU rules and regulations remain in place during this period, meaning businesses will be able to trade on the same terms until the end of 2020. We will therefore continue to work with industry to support the implementation of initiatives deriving from EU Third Package and Gas / Electricity Directives. Any decision about a further review of the customer communication rules following the United Kingdom's exit from the EU will be considered at a later date as appropriate, taking into account priorities at the time.
- 1.28. We do not consider it would be appropriate to introduce a 'catch all' principle to enable suppliers to not comply with the remaining prescriptive rules. Where we are retaining prescription, this is because there is a clear role for it to deliver the consumer outcomes we want to see, or we are unable to change it, and so we expect suppliers to still comply with it.
- 1.29. We have considered the issue about suppliers potentially not being able to make changes to fixed-term contracts until the contracts have ended, and set out our proposals for addressing this in paragraphs 2.37-2.41.

Question 3: Do you think there are any areas of particular risk to Vulnerable Consumers that are not already addressed in this consultation and/or by the vulnerability principle in the Standards of Conduct?

- 1.30. Stakeholders generally considered that any risks to vulnerable consumers are sufficiently addressed by the proposed principles and the Standards of Conduct, and that the proposals will allow suppliers to tailor communications to the specific needs of vulnerable consumers.
- 1.31. One supplier noted potential discrepancies between the wording of some retained prescription and that of the principles, and raised concerns that some retained

prescription could actually serve to exclude certain groups of vulnerable consumers. For example, the Statement of Renewal Terms must be 'in Writing' (SLC 22.3(a)), which may exclude blind people.

- 1.32. Consumer groups saw potential opportunities for the rule changes to enable suppliers to tailor their communications with vulnerable consumers, such as the ability to use online services to monitor consumer activity/engagement. However, they had some concerns about how suppliers will respond to the rule changes in practice, including whether small and new suppliers have the capacity to deliver a range of communications to vulnerable consumers. They also emphasised the importance of Ofgem being clear about its expectations, and monitoring suppliers' practices after the rule changes have taken effect.
- 1.33. Consumer groups raised various further points relating to how our proposals may impact on vulnerable consumers. These included:
- The importance of suppliers monitoring changes to customer's characteristics, and adapting their communications accordingly when a vulnerable customer's circumstances change.
 - That suppliers must bear in mind that online services may not be appropriate for all consumers. For example, suppliers must still be able to provide hard copies of their communications in braille.
 - The additional costs for energy that disabled consumers can face because of their impairment or condition. Suppliers need to do more to understand and consider the needs of these consumers, including helping them get the right support so they can effectively manage their costs and consumption.
 - The need for more information to be displayed on top-up cards to encourage greater engagement. This can be a problem for customers who inherit a prepayment meter when moving into a new house.

Our response to comments raised

- 1.34. We agree with respondents that the vulnerability limb of the Standards of Conduct already places a clear obligation on suppliers to consider and respond to the needs of consumers in vulnerable situations. This, in combination with the proposed new principles, will require suppliers to make sure that vulnerable consumers have the information they need, in a form that is accessible for them, to enable them to manage their energy costs and consumption. In particular, our proposed new 'assistance and advice information' principle will require suppliers to make sure consumers can access appropriate assistance and advice at times when they need it.
- 1.35. We remind suppliers of their obligations to make adjustments for vulnerable consumers, such as those who cannot read text, under both the vulnerability limb of the Standards of Conduct and the Equalities Act 2010. This is something they should already be doing, and would not be affected by our proposals.
- 1.36. Suppliers should also become familiar with our [Consumer Vulnerability Strategy](#), which sets out risk factors that can create a vulnerable situation and indicates our expectations of energy companies. We monitor suppliers' performance against their obligations and use a series of methods to bring them into compliance where this is necessary.

Question 4: Do you support our proposed changes to the rules regarding the (i) content, (ii) format, layout and wording, and (iii) frequency and timing of communications? If not, why not?

1.37. The majority of stakeholders welcomed our proposed changes.

Content

1.38. Most stakeholders agreed with the proposed changes around content. They felt that they will enable suppliers to make communications more engaging. One consumer group, however, suggested that whilst they support simplified billing, there is a risk in relying on suppliers providing the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label at Key Prompt Points, rather than prescribing that this information should be on every Bill.

Format, layout and wording

1.39. Stakeholders broadly welcomed the proposals around the format, layout and wording of customer communications. However, one consumer group felt that removing the prescription on content and placement may lead to suppliers reducing the prominence of important messages, and that there could be a loss of easy-to-compare formats for tariff information, which are helpful for consumers.

Frequency and timing of communications

1.40. In general, stakeholders felt that principles-based timing requirements could work effectively, by requiring suppliers to think about at what times different communications would be most impactful, taking into account customers' characteristics and preferences.

1.41. One consumer group noted that, according to their research of customer needs, communications should be more, not less, frequent. They argue that energy suppliers are lagging behind other sectors, which have been faster at introducing monthly billing, up-to-date online information, smart notifications, etc.

Our response to comments raised

Content

1.42. We acknowledge the point raised by the consumer group about the risks of certain information such as the Cheapest Tariff Message no longer being on every Bill. However, evidence suggests that this information being on every Bill may not be most effective in prompting consumer engagement, as consumers may get fatigue from seeing the same information presented in the same way on a frequent basis. Our rule changes will give suppliers flexibility to change the frequency and format in order to make the communication more effective.

Format, layout and wording

1.43. We note concerns raised by some stakeholders that removing detailed rules about where certain pieces of information need to be provided (eg the Cheapest Tariff Message on the front page of a Bill) could lead to important messages being lost. The Standards of Conduct requires suppliers to ensure that important information is given appropriate prominence. We expect suppliers to consider this when designing their communications, and not to attempt to hide important information from their customers.

- 1.44. We appreciate that reducing the level of prescription in the Tariff Information Label may lead to less consistency between different suppliers' Labels. However, the onus is on each supplier to ensure that their Label contains the information that their customers need to know, in an easily understandable format. This information should be given appropriate prominence whenever it is communicated.

Frequency and timing of communications

- 1.45. We address points raised around frequency and timing in the relevant questions below ('throughout each year' in questions 6 and 7, and Statement of Renewal Terms timing in question 12).

Question 5: Do you agree with the key features of the new principles: (i) 'Key Engagement Points', (ii) 'characteristics and preferences', and (iii) our expectations of suppliers?

- 1.46. Overall, stakeholders were positive about these key features of the proposals. Many suppliers were enthusiastic about the greater flexibility the proposals could afford them, feeling that they could enable innovation and greater differentiation between suppliers.

Key Engagement Points

- 1.47. See question 7.

Characteristics and preferences

- 1.48. Stakeholders broadly welcomed suppliers having to take customers' characteristics and preferences into account in their communications. Consumer groups agreed, with one saying that the expectation for suppliers to research and use behavioural insights to engage customers in their communications is welcomed. Another suggested that suppliers will need to revisit their customers' characteristics and preferences over time, since customers' needs can change.
- 1.49. One supplier suggested that, following the introduction of GDPR, the ability of suppliers to tailor communications to characteristics and preferences will depend on the level of information that customers make available to them, and whether customers have consented to it being used. Similarly, another supplier felt that it would not always be possible to know the characteristics and preferences of all customers, and that the wording of the principle should reflect this. One supplier asked for clarity on how much customer insight suppliers would be expected to obtain.

Expectations of suppliers

- 1.50. One consumer group felt that changes to communications should be based on consumer research, and said that Ofgem should consider the robustness of suppliers' approaches. One supplier asked for clarity that suppliers are not expected to communicate the same volume and type of information required under the current prescriptive rules.
- 1.51. One supplier expressed concern that some suppliers might misuse the greater flexibilities to decrease engagement. They proposed that Ofgem monitors the number

of prompts per supplier, for example, as well as how far these prompts then convert into an 'active choice' by customers – as opposed to rolling onto the standard variable tariff – and takes action as appropriate should a supplier perform poorly.

Our response to comments raised

- 1.52. We accept that suppliers may not always know or be able to act on all the relevant characteristics and preferences of their customers, which is reflected in the wording in the principles – suppliers need to 'take into account' characteristics and, where appropriate, preferences. We discuss this in more detail in section 2 (see paragraphs 2.30-2.36).
- 1.53. We set out further detail around our expectations of suppliers in section 8 – see paragraphs 8.3 and 8.26 in particular for our views on the volume of information that suppliers provide.

Question 6: Do you agree with our package of proposals to change the current customer communications rules to encouraging and enabling engagement? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers' ability to innovate.

'Throughout each year'

- 1.54. A number of stakeholders asked for clarity on the meaning of 'throughout each year', including whether this implies a minimum frequency of communicating with customers at least once a year, or whether it implies that messages should be provided several times a year. Some suppliers argued that the 'throughout the year' requirement would contradict the intent of principles-based regulation, could lead to some consumers being contacted more than they would like to be, and could make consumers pay less attention.
- 1.55. Another supplier suggested it might be preferable to retain some prescription in this area, in order to set clear expectations of suppliers.
- 1.56. One consumer group supported the term, stating that they felt it was important as it would ensure customers who are billed infrequently are still encouraged to engage.

'Contract choices' principle

- 1.57. Most stakeholders support the intent of the proposals. Comments predominantly centred around the specific drafting of the principle.
- 1.58. One supplier said they believed the 'contract choices' principle did too much to encourage a customer to switch, which could be inappropriate if the customer is already on the best tariff for them. A couple of suppliers suggested that explaining to customers 'how they may benefit financially' from switching should only apply to internal switches.
- 1.59. Another supplier, whilst supportive, felt that too much focus remained on price, rather than customer service.

'Consumption and cost choices' principle

- 1.60. Stakeholders were widely supportive of this principle. As with the 'contract choices' principle, comments generally focused on the drafting of the principle. One supplier, for example, did not like the use of the word 'effective', suggesting that suppliers can provide the information, but there is no guarantee customers will understand it.
- 1.61. Consumer groups felt the 'consumption and cost choices' principle would be beneficial, particularly for lower income consumers, and expressed their expectations that suppliers would increase communications to certain groups of customers, such as disengaged customers and time-of-use tariff customers. For the latter, the principles should enable suppliers to improve communications around how to effectively manage the timing of their energy use, or to understand whether switching tariffs might be beneficial if a customer is over-consuming during peak times.

Changes to prescription

- 1.62. Suppliers questioned the retention of the Cheapest Tariff Message, suggesting that customers find it confusing and that suppliers should be given greater freedom to take into account customer preferences. One supplier said the Cheapest Tariff Message was not fit for purpose in a market where price is not the only driver of engagement and suppliers are offering services which do not have a direct monetary value. Another said they would like to see the prescription simplified to the Alternative Cheapest Tariff only.

Our response to comments raised

- 1.63. We discuss our views on 'throughout each year' in our response to Q7 below.
- 1.64. On the 'contract choices' principle, we accept that the original drafting could have been interpreted as suppliers needing to provide quantitative figures on how much a customer could save by switching to another supplier, which was not our intention. We have therefore amended the drafting.
- 1.65. We note comments that there remains a strong price element to our proposals, including the methodology of the Cheapest Tariff Message. Whilst other factors are relevant in making switching decisions, price remains the main motivating factor for the majority of switches. Our rule changes will give suppliers more flexibility to deliver other messages alongside the Cheapest Tariff Message.

Question 7: Do you agree with our definition of Key Engagement Points?

- 1.66. As stated in Question 5, stakeholders welcomed Key Engagement Points, with many feeling that the concept would be a catalyst for innovation.
- 1.67. Two respondents felt it would be worthwhile for Ofgem to issue guidance and worked examples of the Key Engagement Points during a customer journey, for all types of customer. Another expressed concern that for prepayment customers, and customers on Standard Variable Tariffs, there will be too few Key Engagement Points.
- 1.68. Many suppliers expressed hope that Ofgem will not introduce any prescriptive requirements, since they believe suppliers are best placed to determine what the Key Engagement Points should be for their customers. One supplier asked that if Ofgem has minimum expectations in this area, they are clearly outlined.

- 1.69. Another supplier suggested that the definition of Key Engagement Points should be broadened to include key moments where the consumer would want to consider other non-cost factors.
- 1.70. Some suppliers questioned whether it was expected that they provide *all* required information at *each* Key Engagement Point, and felt that they should have flexibility to decide which Key Engagement Points are most effective for providing different information. One supplier suggested that without this flexibility it would be information overload, and communications would end up lengthy and unengaging.
- 1.71. Finally, another questioned whether information given to customers over the phone and when they log into their online account would be considered in any assessment of a supplier's compliance with the timing and frequency obligations.

Our response to comments raised

- 1.72. We agree that any minimum expectations we have should be clearly communicated. We have removed the phrase 'throughout the year', and instead introduced a minimum backstop of the Cheapest Tariff Message, Estimated Annual Costs and "About Your Tariff" Label being provided once in a given year, and at all other Key Prompt Points that a supplier considers appropriate to meet the objective in SLC 31F.1. Our reasoning for this is set out further in section 3. (Note that we will still require the "About Your Tariff" Label to be provided on Bills and statements of account too.)
- 1.73. We don't propose to significantly change the definition of Key Prompt Points (we have made minor changes, as discussed in paragraph 3.19). We consider that it is already broad enough to cover situations where consumers could benefit from considering their options for non-cost reasons. This definition intentionally focuses on points where it would be beneficial to prompt consumers to engage, it is not intended to capture provision of other information. Suppliers are free to provide other information at times they consider to be most appropriate.
- 1.74. We do expect all the aforementioned pieces of information to be provided at all Key Prompt Points. We discuss our reasoning for this further in paragraph 3.30.
- 1.75. As mentioned in paragraph 2.19, the principles apply to verbal and written communications. In any compliance assessment, the focus would be on the consumer outcome achieved, and the overall suite of information provided.

Question 8: Do you support our package of proposals to change the current customer communications rules to ensure consumers are aware of, and can obtain, 'assistance and advice information'? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers' ability to innovate.

- 1.76. Stakeholders were widely supportive of the proposals. It was felt that they would enable the removal of 'clutter' from some communications and would make suppliers think harder about the information they are providing, and whether it is relevant and informative, given the customer's characteristics. Most debate centred around what advice should be a prescribed requirement and what should be part of the principles.
- 1.77. One consumer group expressed support for the retention of the prescriptive requirement to signpost to the Energy Consumer Guidance (SLC 31.4-8). Another

consumer group suggested that the principle should be drafted in such a way as to allow for EU-derived requirements to be removed later, if desired. One group emphasised that there are many useful support services to meet diverse customer needs, and suggested there may be too much emphasis on Citizens Advice.

1.78. In addition, one consumer group suggested that Ofgem consider a similar approach to that taken by the FCA whereby, alongside consumer credit debt collection letters, creditors must send out an information sheet containing a range of financial help services.

1.79. Suppliers raised various points for consideration about the proposals. These included:

- Whether the removal of the requirement to include network companies' contact details, gas safety and carbon monoxide information is in the best interest of consumers, since this will lead to different approaches by suppliers, making it harder for third parties to advise customers about where such information can be found.
- Increased access to assistance and advice might superficially look like a customer is receiving poor service – but this could actually be down to better awareness of available services. For example, if customers choose to seek dispute settlement, it could be perceived as an indicator of poor service when it may actually be the result of clear signposting to sources of assistance.
- The removal of SLC 20 prescription, replaced by principles specific to the domestic market, will have a consequential impact on the non-domestic market.
- Voluntary agreements between suppliers and other parties (industry bodies and consumer groups) may not allow flexibility on how information is communicated.

Our response to comments raised

1.80. We note the points raised around the potential risks of suppliers providing network contact details in different places. Suppliers may choose to provide this information in different communications, but the onus is on them to make sure that consumers can find this information quickly and easily if they need it. We expect suppliers to consider the most effective way of achieving this outcome when deciding how and when to communicate all assistance and advice information, including information about what to do in the event of a gas leak or power cut.

1.81. As can be seen in annexes 1-2, we are proposing to retain SLC 20 for non-domestic consumers only, and move the requirements that are remaining for domestic consumers into SLC 31G (the new 'assistance and advice information' SLC) to avoid confusion.

Question 9: Do you support our proposed changes to the customer communications rules relating to 'Bills and billing information'? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers' ability to innovate.

1.82. The proposed changes to the 'billing information' rules relating to were broadly supported by stakeholders, who welcomed the potential for shorter, simpler and more engaging Bills.

'Provide'

1.83. One consumer group agreed that Bills should be 'provided', suggesting that this should require suppliers to actively notify their customers when new information is available

online or in an app, and to alert customers if they have not accessed online accounts and statements. However, many suppliers were concerned about having to 'provide' as opposed to 'make available' Bills. One industry group and one supplier stated their belief that being made to 'provide' a Bill could risk undermining the aim to be technology neutral in the future, limiting innovation and overriding customer preferences.

- 1.84. A couple of suppliers asked Ofgem to clarify the policy intent behind the change to 'provide', and the practical implications. One asked if a notification that a Bill has been added to a customer's online account would satisfy this requirement. Another supplier felt that 'provide' and 'make available' essentially mean the same thing.

Online Bills / technology

- 1.85. One consumer group felt that suppliers ought to make better use of technology in engaging customers with their Bills. For example, they could monitor when customers have failed to open an email.
- 1.86. One supplier questioned the need for the concept of Bills to exist in the licence at all, stating that it may limit future innovation, especially around smart meters and customers viewing consumption in real time.

Content

- 1.87. One consumer group noted that many disabled people are unfamiliar with support that could assist them with their energy bills, such as Warm Home Discount and the Priority Services Register, and that Ofgem should ensure that suppliers do as much as possible to raise awareness of these for relevant customers.
- 1.88. Another respondent said that they would welcome a principle of primary and secondary messages on communications that retains some prescription.

Format, layout and wording

- 1.89. One respondent expressed support for the proposed new requirement for Bills to be provided in a form that allows consumers to easily retain a copy or which is made easily available for reference. Support for this was also expressed by a supplier, who stated that suppliers should be able to meet this requirement in a number of ways. One supplier stated that any requirement for customers to be able to retain billing information should relate to the 'encouraging and enabling engagement' and 'assistance and advice information' principles.
- 1.90. One consumer group pointed out that online billing will not cater for all, and that suppliers should still provide Bills in an appropriate manner for such customers.

Frequency and timing

- 1.91. One supplier expressed support for the proposals around the frequency and timing of Bills, stressing that it should apply to all customers, including smart and prepayment meter customers.

- 1.92. Another supplier expressed concern that more frequent billing information, beyond that set out on Bills, could result in additional cost for suppliers without delivering additional benefits for consumers. Therefore, they suggest that customers' preferences and characteristics should be considered in determining if this will be useful for them.

Our response to comments raised

- 1.93. We address the points raised about the use of the word 'provide' in paragraphs 5.20-5.23.
- 1.94. In terms of ensuring disabled people are aware of the support available to assist them with their bills, the 'assistance and advice information' principle would require suppliers to provide tailored information to customers about available assistance and advice that is relevant to their circumstances.

Question 10: Do you agree with the distinction between billing information and Bills?

- 1.95. Stakeholders widely supported the distinction between Bills and billing information, believing it would provide the opportunity to simplify Bills, whilst still providing Relevant Billing Information separately. One supplier stated that their customers had long expressed a preference for concise, simple Bills. The supplier felt that the proposals could go even further to emphasise the distinction between Bills and billing information. Additional billing information could then be treated separately, which they believed would be sufficiently covered by the Standards of Conduct and the new 'encouraging and enabling engagement' and 'assistance and advice information' principles.

Our response to comments raised

- 1.96. We are still proposing to distinguish between billing information and Bills. We are now proposing to define Relevant Billing Information and give examples of the types of things this could include, to help stakeholders understand what we expect to see.

Question 11: Do you agree our principle reflects the different needs and circumstances of different customer groups, including prepayment customers?

- 1.97. Most stakeholders believe the principle meets the needs of different customer groups, including prepayment customers. One consumer group said that the billing changes should mean that prepayment customers receive more regular information about their energy usage. Another, whilst supportive of the principle, stressed that a lack of prescription means Ofgem will need to ensure that suppliers are recognising and catering for the breadth of different needs.
- 1.98. One supplier felt that the proposed wording of the 'billing information' principle does not reflect information that would be of much relevance to a customer on a prepayment meter. They stated their belief that, instead, the Standards of Conduct and the other narrow principles should give suppliers a clear idea about the type and quality of information they are expected to provide.
- 1.99. One supplier suggested that for customers with a prepayment meter, receiving an Annual Statement which includes billing information will probably suit their

characteristics and preferences, and therefore extra billing information may be unnecessary.

- 1.100. Another supplier asked for clarification on whether there will be an expectation for credit and prepayment customers to receive the same or similar type, content and frequency of communications.

Our response to comments raised

- 1.101. We consider that all the principles are relevant to prepayment customers – we note in section 5 how the ‘billing information’ principle is relevant (see paragraphs 5.34-5.36). To clarify, we expect suppliers to meet the outcomes set out in the principles for all customers, including those with prepayment meters. Suppliers may choose to achieve these outcomes in different ways for different customers. This is fine, but we reiterate that suppliers cannot assume their current practices are sufficient to meet the outcomes for all customers, especially those with prepayment meters. We also reiterate our view that a customer owning a prepayment meter is not necessarily sufficient to enable them to understand and be able to manage their costs and consumption.

Question 12: Do you support our proposed changes to the customer communications rules relating to ‘contract changes’? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

- 1.102. Stakeholders broadly supported the proposed ‘contract change information’ principle. It was widely expressed that this could enable suppliers to make such notifications more timely, concise and engaging.

Timing of notifications

- 1.103. Different views were expressed around the removal of prescription for the timing of contract change notifications (Price Increase Notifications and Statements of Renewal Terms). One consumer group stated that, whilst the principle requires ‘adequate’ time to make an informed choice, it does not ask suppliers to send the notice at a time that is most likely to engage the customer. They felt that suppliers could interpret this to mean they can send notices months in advance of a change in order to limit the effectiveness of the communication.
- 1.104. A number of stakeholders questioned the impact that changing the timing of sending the Statement of Renewal Terms would have on the 49 day switching window. One supplier said that if suppliers choose to send the Statement of Renewal Terms ten days before the end of a contract, customers might not know they can switch without exit fees up to 49 days before the end of their contract. Another supplier, however, wanted clarity from Ofgem that suppliers will not be tied to the 49 day switching window.

Content of notifications

- 1.105. A supplier expressed support for the flexibilities to Price Increase Notifications that allow suppliers to choose their own words. They stated that prescriptive rules describe a change as a price increase because one element of the charge is going up, even if the overall costs are reducing, which can be confusing for customers.

- 1.106. One supplier thought that the proposals strike the right balance between retaining prescription and relying on principles. However, other suppliers felt that the 'contract changes information' principle should warrant the removal of all content prescription relating to Statements of Renewal Terms and Price Increase Notifications.
- 1.107. Some stakeholders felt that there were inconsistencies in which prescription we proposed to retain and remove. For example, one respondent questioned why the requirement to provide a contract end date would be removed whilst the requirement to state that the customer will be rolled onto the relevant evergreen tariff would be retained, since they felt both pieces of information are fundamental to the customer's choice.
- 1.108. One consumer group said that it did not believe that a price change that is not disadvantageous to the consumer warranted a specific communication. Some suppliers noted that the requirement would increase their costs.
- 1.109. One supplier said that they agreed there may be circumstances where suppliers should notify customers of a price decrease, but that they do not think it will always be necessary to provide the same amount of information or the same amount of notice as for a price increase. Another supplier suggested that the risks for consumers around price decreases would be covered by the Standards of Conduct.

Our response to comments raised

- 1.110. We have made changes to the drafting of the 'contract changes information' principle to reflect our expectation that the timing of the Statement of Renewal Terms should be designed to prompt customers to engage. We have also clarified our proposal on the switching window in section 6 (see paragraphs 6.14-6.17).
- 1.111. We have re-reviewed the prescription we propose to retain and remove relating to contract changes. We have made some consequential amendments but not otherwise changed our proposals relating to the prescription – see paragraph 6.18 for more detail on this.
- 1.112. We acknowledge stakeholder views about notifying customers of price decreases, and have proposed to edit the principle drafting to more closely reflect the licence – see paragraphs 6.10-6.11 for more detail.

Questions 13 and 14: Do you agree with our proposal to no longer require suppliers to provide Annual Statements? Do you agree that the intended outcomes of the Annual Statement are reflected in our proposed new principles?

- 1.113. Most stakeholders, and particularly suppliers, strongly agreed with the proposal to no longer require suppliers to provide Annual Statements. It is widely felt amongst suppliers that engagement with Annual Statements is low, especially as twelve months may not be the right engagement point, and that the proposal could lead to reduced costs without consumer detriment.

- 1.114. One consumer group suggested that they have evidence that backs this up.²⁶ At the same time, they cautioned that Annual Statements are the only regulated communication with smart and prepayment customers, and that no longer requiring suppliers to provide an Annual Statement must therefore coincide with better communications with such customers.
- 1.115. Another consumer group, however, disagreed with the proposal, suggesting that Annual Statements are useful for consumers, especially those on a standard variable tariff. They believed instead that it is the content, language and format of Annual Statements that could be changed. They felt that Annual Statements could play a particularly important role after the removal of prescription; ensuring important information is brought together and provided at least once a year.
- 1.116. Whilst in general agreement, one supplier said that some suppliers may want to continue issuing Annual Statements, and if the design is effective it should be considered a reasonable way of providing information to customers. Another said that Annual Statements should not be mandatory, provided suppliers send customers a sufficient number of prompts without it.
- 1.117. Stakeholders widely agreed that the intended outcomes of the Annual Statement are reflected in the proposed new principles. One consumer group stated, however, that this did not necessarily mean that Annual Statements were therefore redundant.

Our response to comments raised

- 1.118. We note the concerns raised by the consumer group who didn't agree with our proposal. Our updated 'comparing and switching tariff and supplier' principle now contains a minimum backstop that would require suppliers to prompt consumers to consider their options at least once a year. We think this mitigates the consumer group's concerns about removing the Annual Statement and the only guarantee that all consumers hear from their supplier at least once a year.
- 1.119. We agree that the Annual Statement could still be a useful tool, and do not wish to dissuade suppliers from continuing to issue it if they want to. However, our proposals will give suppliers more flexibility to decide on the most effective timing for providing this information, as well as the content and format.

²⁶ Citizens Advice, [Response to Ofgem's working paper on domestic supplier customer communications rulebook reforms](#), March 2018.

Appendix 2: Explanation of principles drafting, and changes made from policy to statutory consultation

This appendix sets out in one place the key stakeholder feedback we received on each of the principles, how we've taken this on board in our final proposed drafting (including a tracked changes version of the principle) and any other key changes we have made to drafting since the May 2018 policy consultation.

Cross-cutting changes

Expression/feature of principles	Stakeholder feedback and rationale	Revised expression/feature of principles
Setting a proportionate and achievable regulatory bar across all principles	<p>Many stakeholders commented on the need to ensure that the wording of the principles puts a proportionate and achievable obligation on suppliers in regards to the outcomes they must deliver for customers. There may be occasions on which it is not reasonable to expect a supplier to ensure a consumer understands something, given achieving this outcome would depend on a consumer taking the time to engage with the communication, and having the cognitive ability to understand it. However it is reasonable to expect that suppliers design their communications to be as simple, clear and easily understandable as possible. We appreciate there are limits to what is in a supplier's control when it comes to consumers understanding communications. We have aligned the wording of all principles to that of the informed choices limb of the Standards of Conduct (see paragraphs 2.28-2.29 for more detail). This ensures consistent and reasonable expectations across all our principles.</p> <p>We have also rephrased the principles so it is about the Domestic Customer being <i>provided</i> with the information as opposed to the supplier <i>providing</i> it. This focuses the drafting on the outcomes for the customer rather than the actions of the supplier.</p>	Aligned all principles to expectation that 'each Domestic Customer is provided with [information/a Notice]... that is sufficient to enable...'
Length of sentences in principles	Some stakeholders fed back that the length of text in parts of some principles detracted from the readability and clarity of intent . We agree that having simpler sentence structures can make the requirements on suppliers clearer.	We have restructured several of the principles by breaking them down into separate sub-conditions to ensure our policy intent is clear. For example, moving requirements to take into account characteristics and

		preferences into separate sub-conditions
Use of the word 'provide' in each principle	The majority of stakeholders commented on the use of the word 'provide' in the principles. One stakeholder was very supportive of the use of this word, as they believe it means suppliers need to actively notify customers of the existence and availability of information. Many suppliers had concerns that the requirement to 'provide' information may stifle innovative new methods of communications. Many suppliers also felt that it could represent additional obligations for suppliers, particularly in the case of Bills – which are currently required to be 'made available'. We have addressed our response to this stakeholder feedback in paragraphs 2.21-2.22 and 5.20-5.23.	We have retained the use of 'provide' in all our principles
Taking account of that Domestic Customer's characteristics, preferences [and current Tariff features]	Some stakeholders commented on the phrasing ' taking account of characteristics and preferences ', and questioned the extent to which suppliers should be responsible for identifying these. For example one supplier suggested the additional wording of 'so far as reasonably practicable'. Another supplier suggested that 'and current Tariff's features' does not need to be included in addition to customer characteristics. We think it is important to retain 'current Tariff's features' in relevant principles as this reflects the features of that Tariff, rather than the characteristics of the customer. We have modified our principles to reflect that preferences should be taken into account 'where appropriate'. We discuss this further in paragraphs 2.30-2.36.	Taking into account that Domestic Customer's characteristics [and current Tariff's features] and, where appropriate, that Domestic Customer's preferences
Defining the word 'Form'	We want to ensure that it is clear what mean meant by 'form' of communication. This is intended to include both the means by which information is communicated – eg verbally, in hard copy, electronically – and the way in which information is presented or structured – eg how it is laid out, what font size and colour is used, whether there are graphics etc. We discuss this in paragraph 2.20.	We have defined 'Form' as 'includes the means by which information is communicated and the way in which information is presented or structured'
'Any Charges that are, or will be, owed to and/or by the licensee'	One stakeholder did not consider that the 'billing information' principle reflected information that would be relevant to prepayment customers (although they felt provision was made for prepayment customers when looking at the package of principles as a whole).	The definition of Relevant Billing Information includes: 'any charges, fees or payments to or from that Domestic Customer's account,

	<p>It is important the wording of all the principles clearly reflects that the outcomes are relevant to prepayment customers. Given the different nature of transactions of prepayment customers (ie the payment is first and charges for consumption are made afterwards) we have clarified that the principles which mention charging relate to all transactions associated with that customers energy. This also ensures that those paying by direct debit, and any other transactional arrangements that may evolve in the future, also fall in scope of this principle.</p> <p>We discuss how the 'billing information' principle applies specifically to prepayment customers in paragraphs 5.34-5.36.</p>	<p>and what is owed to or by the licensee'</p> <p>In the 'continuing to make informed tariff choices' principles we have added "including any charges, fees or payments'</p>
Energy Supplier	<p>One stakeholder commented that this is not a defined term in the licence.</p> <p>Although there is a definition of 'Energy Supplier' in the licence, we consider in the context of these principles that the reference to supplier should be fuel specific ie gas or electricity supplier. The flexibility within our new principles should allow the supplier to communicate information about gas and electricity separately or combined as appropriate to the situation.</p>	'[Gas/Electricity] Supplier'

Encouraging and enabling engagement

'Encourage and enable' principles as set out in our May 2018 policy consultation

Encourage and enable [May 2018 version]

Contract choices

1. The licensee must ensure that it provides information, services and/or tools for each Domestic Customer at all Key Engagement Points and throughout each year that, taking into account that Domestic Customer's characteristics, preferences and current Tariff, is effective in:
 - (a) Enabling that Domestic Customer to understand that they can switch Tariff and Energy Supplier, and how they may benefit financially from doing so.
 - (b) Encouraging that Domestic Customer to consider their options relating to contracts and terms, including their choice of Tariff.

Encourage and enable (cont.)**Consumption and cost choices**

2. The licensee must ensure that it provides information, services and/or tools for each Domestic Customer throughout each year that, taking into account that Domestic Customer's characteristics, preferences and current Tariff, is effective in:
 - (a) Enabling that Domestic Customer to understand the key features of their Tariff, including any Charges, and make timely choices in how and when they consume [electricity/gas].
 - (b) Encouraging that Domestic Customer to consider their options to improve their ability to manage costs and consumption, including ways to be more efficient and flexible in how that Domestic Customer consumes [electricity/gas].

Key Engagement Points: Points in time where a Domestic Customer is likely to want to consider, or could benefit from considering, their options relating to contracts and terms, including their choice of Tariff.

Expression/feature of principles	Stakeholder feedback and rationale	Revised expression/feature of principles
Objective (new)/cross-cutting		
We have added a new objective (SLC 31F.1) at the start of the 'encouraging and enabling engagement' SLC that relates to the two principles and the new prescription about 'providing prompts to engage' (SLC 31F.5)	<p>We have introduced this requirement to focus suppliers' minds on the <i>manner</i> in which they carry out activities relating to these rules. Supplier activities should be designed to effectively promote consumer engagement, and should be proportionate.</p> <p>We've used the phrases 'effective' and 'designed to promote' to reflect that suppliers should be considering the policy intent of these conditions and act in the spirit of the required outcomes when encouraging and enabling their customers to engage.</p>	See 31F.1 below
'is effective in'	<p>Some stakeholders questioned what is meant by the requirement for information to be 'effective' in encouraging and enabling engagement, and how this reconciles with having reasonable expectations of what suppliers can achieve. One consumer group supported the use of this wording to reflect the outcomes expected in the principle.</p> <p>As set out in the cross cutting section above, we have changed the requirement for information to be 'sufficient to enable' the outcomes rather than 'effective' at achieving</p>	No longer used in this context

	the outcomes. We do however include the word 'effective' in the new 'objective' section of the principle, as discussed above.	
'throughout each year'	Stakeholders commented on what is meant by this information needing to be provided 'throughout each year' . This is discussed in more detail in paragraphs 3.17-3.18. We recognise that the frequency of this information will depend on the customer – for example those on more complex tariffs may require more frequent communications.	Similarly to our other new principles, information now needs to be provided 'in a Form and at a frequency' that achieves the outcome of these principles
Continuing to make informed tariff choices		
Name of the principle: 'Cost and consumption choices'	We have updated this so it better reflects the content of the principle. We've added 'continuing' to be clear this is distinct from SLC 25 obligations.	Continuing to make informed tariff choices
Phrasing in limbs (a) and (b)	We have clarified that limb (a) concerns customers being able to understand their Tariff, while limb (b) is about customers making informed choices, and being encouraged to do so by their supplier.	Simplified and consolidated intent so clear distinction between what is required by limb (a) and (b) respectively
Timely choices	Some stakeholders questioned the intent behind referring to 'timely choices' , noting that in order to make informed choices information should be timely. We agree with this observation and have replaced this with 'informed choices'.	Now refers to 'informed choices'
'timely choices in <i>how and when</i> '	One supplier suggested deleting the phrase 'and when' in reference to energy consumption. For some customers on certain Tariffs <i>when</i> they consume energy can be just as important, and sometimes more important, than <i>how</i> they consume energy. We therefore propose to retain this phrase.	Retain current wording
Comparing and switching tariff and supplier		
Name of the principle: 'Contract choices'	We have updated the name of this principle so it better reflects the revised content.	'Comparing and switching tariffs and supplier'
Scope of principle	As explained in paragraph 3.27, we have narrowed the focus of this principle to refer to customers' awareness of switching. We have retained the intent of limb (b) in the form of the more prescriptive requirements relating to 'providing prompts to engage'.	Replaced limb (b) of this principle with new 'providing prompts to engage' prescriptive requirements set out below
Timing of information	Many suppliers questioned what the intended policy intent was of providing information at 'Key Engagement Points' <i>and</i> 'throughout	Similarly to 'continuing to make informed choices' we have aligned this

	each year'. We address these comments in paragraph 3.18.	wording with other principles and propose to require this information to be required 'at a frequency' that achieves the outcome of this principle
'Information, services and/or tools'	<p>One stakeholder supported the wording 'information, services and/or tools', while another proposed that just 'information' should be used as it would be more relevant to the content of the principle.</p> <p>The reduced scope of this principle (with the removal of limb (b)) would not necessarily require services or tools to achieve the outcomes (although suppliers may do so if they choose).</p>	Refer just to provision of 'information'
'that they can switch Tariff and Energy Supplier, and <i>how</i> they may benefit financially from doing so.'	<p>One supplier said they supported the drafting of the principle for customers to be <i>enabled</i> to understand they can switch supplier rather than being <i>encouraged</i> to do so. A number of suppliers noted that they should not be expected to provide information to customers relating to <i>how much</i> they could save by switching supplier.</p> <p>Although we've removed the second part of the 'comparing and switching tariff and supplier' principle, the policy intent to require suppliers to communicate information about switching supplier is still covered by the objective in SLC 31F.1, which requires suppliers to communicate in a manner that promotes positive engagement in this context.</p> <p>As discussed in paragraph 3.28, our policy intent in saying '...<i>how</i> they may benefit...' was not for suppliers to need to provide personalised estimates of how much a consumer could save by switching to another supplier, so we are proposing to amend this.</p>	<p>Clarified that suppliers should provide information explaining that customers <i>may</i> benefit (including financially) rather than <i>how</i> they may benefit financially:</p> <p>'that they can switch Tariff and [Electricity/Gas] Supplier, and may benefit from doing so, including financially'</p>
<p>Definition of 'Key Engagement Points':</p> <p>'points in time at which a Domestic Customer is likely to want to consider, or could benefit from considering, <i>their options relating to contracts and terms</i>,</p>	<p>Stakeholders were generally supportive of the definition of Key Engagement Points. Many supported that it is a very broad definition as it allows flexibility for different suppliers to apply the obligation in different ways. One consumer group commented that there is a risk that customers may not receive relevant information at important points in time. Some had suggestions to clarify or improve drafting, for example by adding consideration of characteristics and</p>	<p>Amended to:</p> <p>'means points in time at which a Domestic Customer is likely to want to consider, or could benefit from considering, <i>their options relating to switching Tariff</i>'</p>

including their choice of Tariff'	<p>preferences or replacing 'want to consider' with 'need to consider'.</p> <p>We have largely retained the current drafting of Key Engagement (now Prompt) Points. We agree with the majority of stakeholders that there are benefits in keeping this definition broad to allow suppliers to identify times that are appropriate for each customer's circumstances. We have amended our definition of Key Prompt Points slightly to ensure it aligns with the scope of the new 'providing prompts to engage' set of rules around switching tariffs rather than the broader switching tariffs and supplier in the drafting of the principle in our May 2018 policy consultation.</p>	
Providing prompts to engage (new)		
We discuss this proposed prescription in the 'changes to prescription' section of the 'encouraging and enabling engagement' chapter (paragraphs 3.29-3.34).		

Tracked change version of the 'encouraging and enabling engagement' principles (from May 2018 policy consultation to final proposals for statutory consultation)

Objective

31F.1 The licensee must comply with standard conditions 31F.2 to 31F.5 in a manner which is effective and designed to promote each Domestic Customer to engage positively with their [Gas/Electricity] Supply either (as appropriate to the circumstance):

- (a) by considering switching Tariff or [Electricity/Gas] Supplier; or
- (b) by understanding and managing the costs associated with their Tariff and the [electricity/gas] that Domestic Customer consumes.

31F.2 In complying with standard conditions 31F.3 and 31F.4 the licensee must take into account that Domestic Customer's characteristics and current Tariff's features preferences and, where appropriate, that Domestic Customer's preferences.

~~Consumption and cost choices~~ Continuing to make informed tariff choices

31F.3 The licensee must ensure that ~~each Domestic Customer is provided with it provides information, services and/or tools for each Domestic Customer throughout each year that, taking into account that Domestic Customer's characteristics, preferences and current Tariff, is effective in:~~ in a Form and at a frequency sufficient to enable that Domestic Customer to:

- (a) ~~Enabling that Domestic Customer to~~ understand the key features of their Tariff, including any ~~Charges charges, fee or payments;~~ and ~~make timely choices in how and when they consume [electricity/gas].~~
- (b) ~~Encouraging that Domestic Customer to consider their options to improve their ability to manage costs and consumption,~~ 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].

~~Contract choices~~ Comparing and switching tariff and supplier

31F.4 The licensee must ensure that each Domestic Customer is provided with ~~it provides~~ information, ~~services and/or tools for each~~ in a Form and at a frequency that is sufficient... Domestic Customer at all Key Engagement Points and throughout each year that, taking into account that Domestic Customer's characteristics, preferences and current Tariff, is effective in:

- (a) ~~Enabling ... to enable~~ that Domestic Customer to understand that they can switch Tariff and ~~Energy~~ [Electricity/Gas] Supplier, and ~~how they~~ may benefit financially from doing so, including financially.
- (b) ~~Encouraging that Domestic Customer to consider their options relating to contracts and terms, including their choice of Tariff.~~

Providing prompts to engage

31F.5 The licensee must ensure that:

- (a) it seeks to identify each Domestic Customer's Key Prompt Points;
- (b) where a Key Prompt Point is identified, the licensee considers whether it would be appropriate, in line with the objective set out in 31F.1(a), to provide that Domestic Customer with all of the following:
 - i. that Domestic Customer's Cheapest Tariff Message;
 - ii. that Domestic Customer's Estimated Annual Costs; and
 - iii. that Domestic Customer's "About Your Tariff" Label;
- (c) it provides each Domestic Customer with information set out in paragraph 31F.5(b) on at least one occasion in any 12 month period, and at all other Key Prompt Points where it would be appropriate to do so to achieve the objective set out in paragraph 31F.1(a).
- (d) in the event of a Relevant Change affecting that Domestic Customer the licensee must treat this as a Key Prompt Point and must provide the information set out in 31F.5(b) on the relevant Notices.

Definition

"Key-Engagement Prompt Points" means points in time at which a Domestic Customer is likely to want to consider, or could benefit from considering, their options relating to ~~contracts and terms, including their choice of switching~~ Tariff.

Final proposed version of the 'encouraging and enabling engagement' principles for statutory consultation

Condition 31F Encouraging and enabling engagement [FINAL PROPOSAL]

31F.1 The licensee must comply with standard conditions 31F.2 to 31F.5 in a manner which is effective and designed to promote each Domestic Customer to engage positively with their [Gas/Electricity] Supply either (as appropriate to the circumstance):

- (a) by considering switching Tariff or [Electricity/Gas] Supplier; or
- (b) by understanding and managing the costs associated with their Tariff and the [electricity/gas] that Domestic Customer consumes.

31F.2 In complying with standard conditions 31F.3 and 31F.4 the licensee must take into account that Domestic Customer's characteristics and current Tariff's features preferences and, where appropriate, that Domestic Customer's preferences.

Continuing to make informed tariff 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 and 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.

Providing prompts to engage

31F.5 The licensee must ensure that:

- (a) it seeks to identify each Domestic Customer's Key Prompt Points;

- (b) where a Key Prompt Point is identified, the licensee considers whether it would be appropriate, in line with the objective set out in 31F.1(a), to provide that Domestic Customer with all of the following:
 - i. that Domestic Customer's Cheapest Tariff Message;
 - ii. that Domestic Customer's Estimated Annual Costs; and
 - iii. that Domestic Customer's "About Your Tariff" Label;
- (c) it provides each Domestic Customer with information set out in paragraph 31F.5(b) on at least one occasion in any 12 month period, and at all other Key Prompt Points where it would be appropriate to do so to achieve the objective set out in paragraph 31F.1(a).
- (d) in the event of a Relevant Change affecting that Domestic Customer the licensee must treat this as a Key Prompt Point and must provide the information set out in 31F.5(b) on the relevant Notices.

Definition

"Key Prompt Points" means 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.

"Relevant Change" means Change(s), as defined in standard condition 31I.7, and the changes referred to in standard conditions 22C.5(a), 22D.9 and 23.2.

Assistance and advice information

'Assistance and advice' principles set out in our May 2018 policy consultation

Assistance and advice information [May 2018 version]

- 3. The licensee must ensure that it provides relevant information about their energy services to each Domestic Customer at a frequency and in a form that enables that Domestic Customer to know how to quickly and easily:
 - (a) Identify and contact the Relevant Party about a problem, question and/or other request for assistance. This includes, but is not limited to, general or specific queries, complaints, disputes and emergencies;
 - (b) Seek impartial advice from independent parties such as Citizens Advice or Citizens Advice Scotland;
 - (c) Identify their rights as regards to the means of dispute settlement, including how to access to any Relevant Ombudsman, in the event of a dispute with a Relevant Party; and
 - (d) Access assistance. This includes, but is not limited to information about:
 - i. Managing debt and finances;
 - ii. Managing energy consumption and associated costs; and
 - iii. Energy efficiency, social and financial programmes.

Expression/feature of principles	Stakeholder feedback and rationale	Revised expression/feature of principles
One principle to cover all assistance and advice information	<p>One consumer group suggested splitting out the principle into two principles, recognising that some information under the principle (for example related to particular government schemes) may be more relevant to certain customers in certain circumstances.</p> <p>We agree with the consumer group that there is a distinction to be made between limbs (a) and (b) and limbs (c) and (d). We discuss this further in paragraph 4.11.</p>	<p>Split this principle into two sub-conditions. The second part (31G.2) requires that information be provided '<i>as appropriate in the circumstances</i>'</p>
Scope of obligations to provide assistance and advice information	<p>One consumer group commented on the importance of recognising the diverse needs of customers, and noted that there are likely to be a variety of different assistance and advice services that a supplier might need to consider. Some stakeholders had questions about our expectations for what the scope of the assistance and advice principle is and how this is reflected in the principle. In particular:</p> <ul style="list-style-type: none"> Some stakeholders had questions about the use of the words 'energy services' and whether this was too generic or broad. A number of stakeholders suggested that references to 'managing debt and finances' could be construed as suppliers being required to provide assistance beyond the scope of licensed activities. <p>It is important that the scope of this condition ensures that customers get relevant and beneficial assistance and advice. The drafting must also give sufficient assurance for suppliers that we only have expectations of them needing to provide customers with information that is appropriate in their role as an energy supplier.</p> <p>We recognise that the scope of 'energy services' could be very broad, so we have made changes to be more specific in our expectations of information provision.</p> <p>We also agree that managing debt and finances could be taken as very broad. Customers in debt or those struggling to pay their energy bills are a key focus for us</p>	<p>More defined scope of principle</p> <ul style="list-style-type: none"> Limited the definition of 'Relevant Parties' to the licensee, representatives and the relevant network company Limited the scope of impartial advice to Citizens Advice consumer service (although other impartial advice may still be relevant under 31G.2(b)) Amended phrase 'access <i>appropriate assistance and advice</i>' (31G.2(b)) Information about 'managing debt and finance' has been changed to 'debt prevention and management' (31G.2(b))

	<p>(as set out in our 2018 report on vulnerable consumers²⁷). Therefore we think it is reasonable for suppliers to consider providing assistance and advice relating to debt prevention and management where appropriate to that customer and the circumstance.</p> <p>SLC 31G.2(b) will still require suppliers to think about a customer's circumstances and whether they could benefit from other assistance. We consider this should include <i>advice</i> as well as assistance. We do however recognise that any information provided should be appropriate to the circumstance and not put inappropriate obligations upon suppliers.</p>	
Reference to characteristics and preferences	<p>We initially did not propose to include a reference to characteristics and preferences within this principle. Given the importance of the provision of this information to customers (for example that around health and safety) we considered that the outcomes of the principle are essential for <i>each</i> Domestic Customer and therefore it was unnecessary to include considerations for characteristics and preferences.</p> <p>On further reflection we consider that consideration for characteristics and preferences is relevant for this principle (for example preferred communication method and what information is appropriate under the new SLC 31G.2) and therefore propose to include 'taking account of characteristics and, where appropriate, preferences'.</p> <p>We do not consider this lessens the obligation for suppliers to deliver the outcomes for 'each' customer.</p>	Included 'taking account of characteristics and current Tariff features and, where appropriate, that Domestic Customer's preferences' (SLC 31G.3)
'quickly and easily'	<p>One stakeholder suggested the words 'quickly and easily' are not required as timings and ease should always be appropriate to ensure customers can make informed choices.</p> <p>We have used the phrase in this context in reference to <i>how</i> (ie the Form) this information is provided. The provision of the information itself under assistance and advice would indeed need to be timely to ensure customers can make an informed</p>	'quickly and easily understand how to'

²⁷ Ofgem, [Vulnerable consumers in the energy market: 2018](#), June 2018.

	<p>choice. However we are also specifying that the form of this communication also needs to make sure this information can be quickly and easily accessed in the event of customer need. For example, in the event of an emergency, customers will likely need to already have been provided with emergency contact information – so they have it close at hand and in an appropriate form so that they can <i>quickly and easily</i> use that information at the appropriate time.</p> <p>We have however clarified intent by stating that provision of information needs to be sufficient for the customer to ‘quickly and easily <i>understand</i>’. Scope of this condition does not cover how easy it is to access the services themselves, however where these services are provided by the supplier the Standards of Conduct does require suppliers to ensure it is easy to contact them.</p> <p>We have discussed this further in paragraphs 4.18-4.19.</p>	
‘general or specific queries’	We consider any queries a customer may have for Relevant Parties should be in scope and therefore it is unnecessary to specify whether these queries are ‘general or specific’.	‘queries’
‘Citizens Advice or Citizens Advice Scotland’	<p>One stakeholder suggested that references should be to Citizens Advice consumer service rather than Citizens Advice or Citizens Advice Scotland, as consumers would most benefit from being referred to Citizens Advice’s consumer service in the first instance.</p> <p>We agree with this suggestion. The Citizens Advice consumer service is already a defined term in the licences and references both Citizens Advice and Citizens Advice Scotland.</p>	‘Citizens Advice consumer service’
‘Identify their rights as regards to the means of dispute settlement, including how to access to any Relevant Ombudsman, in the event of a dispute with a Relevant Party’	We have not changed our policy intent, but have tweaked the drafting of this limb of the principle to improve readability.	‘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’

'Relevant Ombudsman'	One stakeholder suggested that the 'Energy Ombudsman' should be specifically mentioned in the principle, rather than Relevant Ombudsman. The 'Energy Ombudsman' is listed in the definition of 'Relevant Ombudsman' and therefore we do not consider it necessary to also include in the principle.	Continue to refer to 'Relevant Ombudsman' in principle drafting
'Managing energy consumption and associated costs'	We have clarified our intent here by explaining this is in relation to improving energy efficiency.	'Improving energy efficiency, including management of [electricity/gas] consumption and associated costs'

Tracked change version of the 'assistance and advice information' principle (from May 2018 policy consultation to final proposals for statutory consultation)

31G.1 The licensee must ensure ~~that it provides relevant information about their energy services to~~ each Domestic Customer is provided with information in a Form and at a frequency ~~and in a form~~ that is sufficient to enable that Domestic Customer to ~~know quickly and easily understand~~ how to ~~quickly and easily~~:

- a. identify and contact ~~the each~~ Relevant Party about a problem, question ~~and/or any~~ other request for assistance. This includes ~~general or specific~~ queries, complaints, disputes ~~or and~~ emergencies; ~~and~~
- b. seek impartial advice from ~~independent parties such as~~ Citizens Advice ~~consumer service or Citizens Advice Scotland~~;
- ~~c. Identify their rights as regards to the means of dispute settlement, including how to access to any Relevant Ombudsman, in the event of a dispute with a Relevant Party; and~~
- ~~d. Access assistance. This includes, but is not limited to information about:~~
 - ~~i. Managing debt and finances;~~
 - ~~ii. Managing energy consumption and associated costs; and~~
 - ~~iii. Energy efficiency, social and financial programmes.~~

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 energy 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 that Domestic Customer's characteristics and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Definition:

Relevant Party: ~~All relevant party/parties in relation to a Domestic Customer's energy supply. This includes, but is not limited to, are~~ the licensee, their Representatives ~~or and energy network companies~~ the [Licensed Distributor/Relevant Gas Transporter] (via the [Licensed Distributor's/Gas Transporter's] Enquiry Service).

Final proposed version of the 'assistance and advice information' principle for statutory consultation

Condition 31G Assistance and advice information [FINAL PROPOSAL]

31G.1 The licensee must ensure 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 that Domestic Customer's characteristics and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Definition

"Relevant Party" Relevant parties are the licensee, their Representatives and the [Licensed Distributor/Relevant Gas Transporter] (via the [Licensed Distributor's/Gas Transporter's] Enquiry Service).

Relevant Billing Information, Bills and statements of account

'Billing information' principle set out in our May 2018 policy consultation

Bills and billing information [May 2018 version]

4. The licensee must ensure that they provide Bills, statements of account and/or any relevant billing information to each Domestic Customer, at a frequency and in a form that takes into account that Domestic Customer's characteristics, preferences and their ability to effectively manage their costs and consumption, including information about:
- (a) Any Charges that are, or will be, owed to and/or by the Licensee
 - (b) How any Charges since the last Bill or statement of account have been calculated, and
 - (c) When and how that Domestic Customer needs to pay any Charges, leaving adequate time for that Domestic Customer to understand their circumstances and, where appropriate, arrange payment.

Expression/feature of principles	Stakeholder feedback and rationale	Revised expression/feature of principles
Name of principle: 'Bills and billing information'	We have put 'Relevant Billing Information' first in the name as this is relevant to <i>all</i> consumers (while Bills and statements of account are only relevant for some customers).	'Relevant Billing information, Bills and statements of account'
'provide Bills, statements of account and/or any relevant billing information'	All customers will need Relevant Billing Information to manage their costs and consumption. However, the role of Bills and statements of account may not always be relevant to all consumers. Customers who pre-pay for their energy may never need to receive a demand for payment, while for some customers being regularly asked for payment might be an important component in being able to manage their costs. We have refined how we list these three requirements in the principle to reflect this.	'provided with Relevant Billing Information, and where relevant Bills or statements of account'
'Taking into account that Domestic Customer's... ability to effectively manage their costs and consumption'	Some stakeholders questioned how measurable 'ability to effectively manage their costs and consumption' might be. We have restructured this principle so that the measure is now that the information provided is <i>sufficient</i> to enable that domestic customer to <i>understand and manage</i> their costs and consumption. This better sets out the outcome of this principle and places the	'is sufficient to enable that Domestic Customer to understand and manage the costs associated with their Tariff and the [electricity/gas] they consume'

	obligation firmly within the suppliers ability to achieve.	
'relevant billing information'	<p>We have defined the term 'Relevant Billing Information' to be clearer about our expectations of the content of this information.</p> <p>In doing so we have moved the descriptions of the types of information we expect suppliers to be providing to customers from the main principle to this definition.</p> <p>Defining <i>Relevant</i> Billing Information in the context of understanding and managing costs and consumption also creates a clear distinction between this information and other information you may find on a Bill – such as a Supply Number or Citizens Advice details which are not necessarily directly related to that customer's costs or consumption.</p> <p>We have used the present tense in the principle, reflecting our expectation that information provided to customers may need to be forward or backward looking in order for the customer to understand their costs and consumption (eg 'you have used 20% of your credit' or 'you have 80% of your credit left' may both be relevant in different circumstances).</p>	<p>'Relevant Billing Information' means any information a customer may need to understand and manage the costs associated with their Tariff and the [electricity/gas] they consume. This includes (either collectively or at differing frequencies as appropriate to that Domestic Customer and the circumstance):</p> <ol style="list-style-type: none"> any charges, fees or payments to or from that Domestic Customer's account, and what is owed to or by the licensee; how any charges, fees or payments are calculated; and when and how that Domestic Customer needs to make any payments or will have payments deducted, leaving reasonable time for that Domestic Customer to arrange payment before it falls due.
'leaving adequate time for that Domestic Customer'	<p>We have clarified our intent of this phrasing:</p> <ul style="list-style-type: none"> We have replaced 'adequate time' with 'reasonable time'. We consider 	'leaving <i>reasonable</i> time for that Domestic Customer'

to understand their circumstances and, where appropriate, arrange payment '	<p>'reasonable' time is a more appropriate bar in this circumstance.</p> <ul style="list-style-type: none"> • Removing requirement for time 'understand their circumstances'. Suppliers are already required to ensure customers can make informed choices – which, as discussed in above tables, includes them having time to make decisions. • Specifying it is reasonable time to arrange payment <i>before payment is due</i>. 	to arrange payment <i>before it falls due'</i>
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Tracked change version of the 'billing information' principle (from May 2018 policy consultation to final proposals for statutory consultation)

31H.1 The licensee must ensure ~~that they provide Bills, statements of account and/or any relevant billing information to~~ each Domestic Customer is provided with Relevant Billing Information, and where relevant Bills or statements of account, in a Form and at a frequency ~~and in a form that takes into account that Domestic Customer's characteristics, preferences and that is sufficient to enable that Domestic Customer to understand and their ability to effectively manage their costs associated with their Tariff and consumption the [electricity/gas] they consume., including information about:~~

- ~~a. Any Charges that are, or will be, owed to and/or by the Licensee~~
- ~~b. How any Charges since the last Bill or statement of account have been calculated, and~~
- ~~c. When and how that Domestic Customer needs to pay any Charges, leaving adequate time for that Domestic Customer to understand their circumstances and, where appropriate, arrange payment~~

31H.2 In complying with standard condition 31H.1 the licensee must take into account that Domestic Customer's characteristics and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Definition:

Relevant Billing Information: means any information a customer may need to understand and manage the costs associated with their Tariff and the [electricity/gas] they consume. This includes (either collectively or at differing frequencies as appropriate to that Domestic Customer and the circumstance):

- ~~d. any charges, fees or payments to or from that Domestic Customer's account, and what is owed to or by the licensee;~~
- ~~e. how any charges, fees or payments are calculated; and~~
- ~~f. when and how that Domestic Customer needs to make any payments or will have payments deducted, leaving reasonable time for that Domestic Customer to arrange payment before it falls due.~~

Final proposed version of the 'billing information' principle for statutory consultation

Condition 31H Relevant Billing Information, Bills and statements of account [FINAL PROPOSAL]

31H.1 The licensee must ensure 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 standard condition 31H.1 the licensee must take into account that Domestic Customer's characteristics and current Tariff's features and, where appropriate, that Domestic Customer's preferences.

Definition

31H.12 "Relevant Billing Information" means any information a Domestic Customer may need to understand and manage the costs associated with their Tariff and the [electricity/gas] they consume. This includes (either collectively or at differing frequencies as appropriate to that Domestic Customer and the circumstance):

- (a) any charges, fees or payments to or from that Domestic Customer's account, and what is owed to or by the licensee;
- (b) how any charges, fees or payments are calculated; and
- (c) when and how that Domestic Customer needs to make any payments or will have payments deducted, leaving reasonable time for that Domestic Customer to arrange payment before it falls due.

Notifications of price increases, disadvantageous unilateral variations and end of fixed-term contracts

'Contract changes information' principle set out in our May 2018 policy consultation

Contract changes [May 2018 version]

5. The licensee must ensure that it provides notification(s) to each Domestic Customer of any disadvantageous contract change, price change or any renewal of a fixed term contract. Taking into account that Domestic Customer's characteristics and/or preferences, the notification(s) must:
- (a) Be provided in adequate time and in a form that enables that Domestic Customer to make an informed choice and take action to allow them to avoid any changes before they take effect;
 - (b) Describe what the change is, including an explanation of the reason(s) for the change, any implications of the change if that customer takes no action and when the changes take effect; and
 - (c) Communicate to the Domestic Customer their rights and options relevant to the change, including those set out in [conditions setting out retained prescription relating to the rights of the consumer].

Expression/feature of principles	Stakeholder feedback and rationale	Revised expression/feature of principles
Name of principle: 'Contract Changes'	We have made this title more specific to ensure the scope of this principle is clear.	'Contract change information (notifications of price increases, disadvantageous unilateral variations and end of fixed term contracts)'.
'any disadvantageous contract change, price change or any renewal of a fixed term contract'	<p>Some stakeholders commented on the scope of this principle and whether it should cover 'price changes' or price increases.</p> <p>We have now aligned the wording the principle with the scope of current licence – see paragraphs 6.10-6.11 for an explanation of why we have done this.</p>	<p>(a) a Disadvantageous Unilateral Variation;</p> <p>(b) an increase in the Charge(s) for the Supply of [Electricity/Gas] to a Domestic Premises (including a reduction in the amount of a Discount that is applied to a Unit Rate or Standing Charge); and</p> <p>(c) a renewal of Fixed Term Supply Contract.</p>
'provided in adequate time and in a form that enables that Domestic Customer to	A consumer group noted that the principle did not reflect the intent that notifications should be sent at a time	'provided in a Form and at an appropriate time that is <i>designed to prompt</i> that Domestic

make an informed choice'	<p>that the notification is likely be to engaging the customer.</p> <p>The potential to improve engagement in response to receiving a notification is one of our key justifications for prioritising reform in this area. Suppliers should be considering the role of notifications in prompting consumers in how they design what these notifications look like and when they are sent. We have now specifically included requirement for suppliers to design notifications to prompt customers to make informed choices – both in terms of <i>when</i> it is provided and the <i>form</i> in which it is provided.</p>	Customer to make an informed choice'
'including an explanation of the reason(s) for the change'	<p>One supplier noted that it might be disproportionate to require suppliers to explain every reason of the change, and this should be limited to relevant reasons.</p> <p>We recognise that it may not be proportionate or engaging for suppliers to provide customers with a list of <i>all</i> the reasons a change might be occurring. We have aligned this with current drafting in the licence for 'main' reasons for the change. Suppliers also need to ensure they are complying with requirements of the Standards of Conduct by providing information that is accurate, complete and not misleading.</p>	'including the main reason(s) for the Change(s)'
References to 'that change' throughout the principle.	We have defined 'the Change' to help clarify intent and mitigate risks of misinterpretation.	<p>'the Change'</p> <p>'means Disadvantageous Unilateral Variations, increases in Charge(s) for the Supply of [Electricity/Gas] (including by making any reduction in the amount of a Discount that is applied to a Unit Rate or Standing Charge) and renewals of Fixed Term Supply Contract'</p>
'any implications of the change if that	We would always expect that, where changes may have financial impacts on customers, this is explicitly explained in the notification. We have therefore	'any potential implications (including any financial implications) of the

customer takes no action'	clarified this in the principle. We recognise there may be cases where changes (such as a some Disadvantageous Unilateral Variations) may not have financial impacts.	Change(s) for that Domestic Customer if no action is taken'
'Communicate to the Domestic Customer their rights and options relevant to the change, including those set out in [conditions setting out retained prescription relating to the rights of the consumer].	We consider reference to these conditions is unnecessary, as they are clearly set out as requirements below this principle in the draft licence changes.	'that Domestic Customer's rights and available options relevant to the Change(s)'

Tracked change version of the 'contract changes information' principle (from May 2018 policy consultation to final proposals for statutory consultation)

31I.1 The licensee must ensure ~~that it provides notification(s) to~~ each Domestic Customer ~~of any disadvantageous contract change, price change or any renewal of a fixed term contract. Taking into account that Domestic Customer's characteristics and/or preferences, the notification(s) must:~~ 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 a reduction in the amount of a Discount that is applied to a Unit Rate or Standing Charge); and
- (c) a renewals of Fixed Term Supply Contract.

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

- (a) be provided in a Form and at an ~~adequate~~ appropriate time ~~and in a form that is designed to prompt enables~~ that Domestic Customer to make an informed choice in light of the proposed Change(s), leaving reasonable time for the Domestic Customer ~~and take action to allow them~~ to avoid any ~~e~~Change(s) before they take effect; and
- b. ~~Describe~~ contain information which is sufficient to enable that Domestic Customer to understand:
 - i. the ~~e~~Change(s), including ~~an explanation of the~~ the main reason(s) for the ~~e~~Change(s);
 - ii. any potential implications (including any financial implications) of the ~~e~~Change(s) for that Domestic Customer if ~~that customer takes~~ no action is taken;
 - iii. when the ~~e~~Change(s) take effect; and
 - i. ~~Communicate to the~~ that Domestic Customer's ~~their~~ rights and available options relevant to the ~~e~~Change(s), ~~including those set out in [conditions setting out retained prescription relating to the rights of the consumer].~~

Definition

For the purposes of this licence condition “the Change” means Disadvantageous Unilateral Variations, increases in Charges (s) for the Supply of Gas (including by making any reduction in the amount of a Discount that is applied to a Unit Rate or Standing Charge) and renewals of Fixed Term Supply Contract.

Final version of the ‘contract changes information’ principle for statutory consultation

Condition 31I Contract change information (notifications of price increases, disadvantageous unilateral variations and end of fixed term contracts) [FINAL PROPOSAL]

31I.1 The licensee must ensure 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 a reduction in the amount of a Discount that is applied to a Unit Rate or Standing Charge); and
- (c) a renewals of 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 that Domestic Customer’s characteristics and, where appropriate, that Domestic Customer’s preferences.

Definition

31I.5 For the purposes of this licence condition “the Change” means Disadvantageous Unilateral Variations, increases in 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 renewals of a Fixed Term Supply Contract.

Appendix 3: Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer

The Gas and Electricity Markets Authority is the controller (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. ie a consultation.

3. With whom we will be sharing your personal data

We are not intending to share your personal data with other organisations. We are intending to publish non-confidential consultation responses, including any personal data that may be contained within them.

4. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be kept for review after 20 years.

5. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data
- access your personal data
- have personal data corrected if it is inaccurate or incomplete
- ask us to delete personal data when we no longer need it
- ask us to restrict how we process your data
- get your data from us and re-use it across other services
- object to certain ways we use your data
- be safeguarded against risks where decisions based on your data are taken entirely automatically
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

6. Your personal data will not be sent overseas.

7. Your personal data will not be used for any automated decision making.

8. Your personal data will be stored in a secure government IT system.

9. More information

For more information on how Ofgem processes your data, click on the link to our "[Ofgem privacy promise](#)".