

Decision

Way Forward on the introduction of Supplier Guaranteed Standards of Performance for Switching, and consultation on a Statutory Instrument to bring them into force

Publication date:	23 November 2018	Contact:	James Crump, Senior Policy Manager
		Team:	Faster and More Reliable Switching
		Tel:	020 7901 1883
		Email:	SwitchingCompensation@ofgem.gov.uk

This paper sets out the way forward for the introduction of Supplier Guaranteed Standards of Performance to ensure that suppliers provide compensation when domestic customer switches go wrong or customers are erroneously switched. The paper outlines our intention to introduce four new Guaranteed Standards immediately, relating to identification and correction of erroneous switches and refunds of credit balances, and to undertake further analysis ahead of the introduction of three more Guaranteed Standards, relating to delayed switches, the cause of an erroneous transfer and late final bills, in summer 2019. This paper also contains a draft Statutory Instrument to implement those new Guaranteed Standards, and forms the statutory consultation on that Statutory Instrument.

© Crown copyright 2018

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at: 10 South Colonnade, Canary Wharf, London, E14 4PU. Alternatively, please call Ofgem on 0207 901 7000.

This publication is available at www.ofgem.gov.uk. Any enquiries regarding the use and re-use of this information resource should be sent to: psi@nationalarchives.gsi.gov.uk

Contents

Foreword	4
Executive summary	5
Way forward on the introduction of Supplier Guaranteed Standards of Performance in Switching Compensation	5
Rationale for intervention	5
Guaranteed Standards for identifying and rectifying erroneous switches and credit balances.....	5
Further work to develop the remaining Guaranteed Standards	6
Next steps	6
1. Introduction	7
Context and related publications.....	7
Our decision making process	7
This document.....	8
Your feedback	8
General feedback	8
2. Way Forward on adoption of Guaranteed Standards	9
Section summary	9
Our proposed policy approach	9
Erroneous switches.....	9
<i>Interaction of Guaranteed Standards with existing remedies for erroneous switches</i> .	12
Refund of credit balances	12
Delayed switches and issue of final bills	13
The Energy Switch Guarantee	15
Additional payments arising from the failure to pay Guaranteed Standards on a timely basis, and for failure to resolve problems	15
Record keeping requirements.....	15
Audit requirements	16
Exemptions from the requirement to make payments under Guaranteed Standards..	17
Compensation payments	18
Implementation period for suppliers.....	18
Application to non-domestic customers	19
Alternatives to Guaranteed Standards	19
3. Next steps	20
Implementation of Guaranteed Standards.....	20
Publication of Statutory Instrument and Statutory Consultation.....	20
Timetable for delivery	20
Appendices	22
Appendix 1:	23
General comments.....	23
Response to consultation questions.....	25
Appendix 2	43
Summary of Guaranteed Standards for implementation	43
Appendix 3	44
Statutory Instrument	44
Appendix 4	48
Consultation on the Statutory Instrument	48
Consultation stages	48
How to respond.....	48
Your response, data and confidentiality	48
Appendix 5	50

Suppliers’ reasons for failure to meet outcomes of Guaranteed Standards from Request
for Information..... 50

Appendix 6..... 51

List of non-confidential consultation respondents 51

Foreword



I'm pleased to announce our decision to introduce new Guaranteed Standards for switching energy supplier.

This will set minimum standards of service when consumers switch to or away from a supplier – and will compensate customers if they are not met.

We know that many consumers consider switching energy provider is a hassle, or worry that things will go wrong if they try. While these concerns are not unfounded, in the vast majority of cases, consumers switch without a problem. But too many customers still experience delays when they switch, or in getting a final bill of credit balance from their old supplier. And whilst erroneous switches – where a customer is switched without their knowledge or consent, either by accident or due to fraud – are uncommon, they still happen far more often than we are willing to accept.

Not only are these events create unnecessary hassle for consumers, they serve to reinforce negative perceptions of switching and of the retail energy market in general. This causes consumers to remain disengaged, and to miss out on the benefits of switching.

We're working to make switching easier and quicker, and to improve the systems underpinning the switching process to make these problems happen less often. But we know that things will still go wrong, and it's right that consumers should be compensated when they do.

It's important that these Guaranteed Standards act as an incentive to suppliers to improve performance, and for this reason we're proposing to work with suppliers to make sure that they are targeted as closely as possible at those suppliers who are responsible for things going wrong.

All suppliers will now need to work with us to deliver these new Guaranteed Standards. They will reward those suppliers who look after their customers and penalise those who get things wrong. Ultimately, this will make the market work better for everyone.

I look forward to working with you as we implement these measures.

DERMOT NOLAN
Chief Executive Officer

Executive summary

Way forward on the introduction of Supplier Guaranteed Standards of Performance in Switching Compensation

Rationale for intervention

We are committed to making the energy market work better for consumers. A major pillar of this work is to improve customers' experience of switching. Whilst switching levels are increasing, many customers remain unwilling to engage with the retail energy market and have poor experiences when they do so.

Our Faster and More Reliable Switching programme will improve the overall switching experience for customers, including making improvements to industry data. However, we recognise that switches can and do go wrong, and this perception can be damaging to customer engagement. In 2017, 47% of customers felt that switching was a hassle, and 42% of customers were worried that something would go wrong with their switch.¹ These perceptions have been broadly unchanged over several years. We need to do more now to incentivise suppliers to improve switching process and give additional reassurance to consumers around switching.

Numerous industry initiatives have attempted to improve customers' experience of switching, but none have had the decisive impact to improve customer outcomes that we would like to see. For this reason, in June 2018 we consulted on the introduction of six new Guaranteed Standards of Performance aimed at the most common, or the most harmful, switching related problems. Failure by suppliers to meet these Guaranteed Standards would result in customers receiving automatic compensation payments for problems incurred whilst switching.

Guaranteed Standards for identifying and rectifying erroneous switches and credit balances

Following our June consultation, we intend to proceed immediately with four of the Guaranteed Standards as consulted upon in June, which will be implemented in spring 2019, subject to this consultation. We will also undertake further work developing the remaining Guaranteed Standards and implementing them through a further Statutory Instrument in mid-2019.²

Subject to this consultation, we intend to implement immediately new Guaranteed Standards relating to the identification, notification to customers, and rectification of Erroneous Switches, and the refund of credit balances to customers. The new Guaranteed Standards will apply in the following situations:

- When a customer reports a potential erroneous switch, these Guaranteed Standards will mean that customers will receive a standard payment of £30 from each supplier

¹ 'Consumer Engagement in the Energy Market 2018', at https://www.ofgem.gov.uk/system/files/docs/2018/10/consumer_engagement_survey_2018_report_0.pdf, p15.

² We have split Guaranteed Standard A from the consultation into two separate standards, one covering delays in switches and one covering delays in returning erroneously transferred customers. This means that we now intend to introduce seven separate Guaranteed Standards, though they cover the same events as the six Guaranteed Standards that we originally consulted on.

if they are unable to agree within 20 working days whether an erroneous switch has occurred;

- The customer will receive £30 from the contacted supplier if they fail to return the 20 Working Day Letter as required by the Erroneous Transfer Customer Charter within 20 working days;
- An erroneously switched customer will receive £30 from their old supplier if they fail to re-register the customer within 21 working days; and
- Where a switch has been completed, customers will receive a payment of £30 if suppliers fail to return a credit balance within 10 working days of issue of a final bill.

We are now consulting on a Statutory Instrument which will implement these Guaranteed Standards. Subject to consultation responses, we expect to make the Statutory Instrument around the turn of the year, with a two-month implementation period to follow.

Further work to develop the remaining Guaranteed Standards

Our June consultation contained proposed Guaranteed Standards requiring suppliers to complete a switch within 21 days, issue final bills within six weeks of a switch and to ensure that customers are not erroneously switched. Some respondents argued that the proposed distribution of compensation payments under these Guaranteed Standards did not accurately represent which suppliers were responsible for the detriment caused.

Introducing Guaranteed Standards which are mis-targeted could have unintended consequences for consumers. If suppliers feel that they may be penalised for events which are genuinely outside their control, they may put less effort into winning new customers, with a detrimental effect on competition in the retail market.

We have decided to undertake further work with the industry to ensure that these Guaranteed Standards target the underlying causes of customers' switching problems to the greatest extent possible. This will involve analysis of industry flow data to better understand how these events are triggered and to ensure that the payment of compensation better represents these triggers. We expect industry to engage with and assist us with this work.

We remain committed to introducing Guaranteed Standards in these areas. We recognise that there is potential to make them better targeted and we will endeavour to do so. However, we continue to believe that, even as set out in the June consultation, these Guaranteed Standards would improve customer outcomes and reduce customer detriment. Significant delay in introducing Guaranteed Standards in these areas would not be in the consumer interest. We intend to consult on a further Statutory Instrument in mid-2019, informed by the best information available to us at that point.

Next steps

This document contains a draft Statutory Instrument at Appendix 3, and forms a consultation on that Statutory Instrument. We expect that this Statutory Instrument will be made after a four-week statutory consultation. Following the Statutory Instrument being made it will be subject to inspection for 21 days by the Joint Committee on Statutory Instruments. Suppliers will then have a two-month period to implement the Guaranteed Standards contained within it, after which they will be required to make payments under the Guaranteed Standards.

We will seek to work closely with industry to develop the remaining Guaranteed Standards to target the root causes of problems and avoid unintended consequences and perverse incentives. Once this work is completed, we will produce, and consult on, a further Statutory Instrument to implement those additional Guaranteed Standards. We expect them to be in place and operational after summer 2019.

1. Introduction

Context and related publications

1.1. Ofgem regulates the gas and electricity markets in Great Britain. Our principal objective is to protect the interests of current and future gas and electricity consumers.

1.2. We are leading various initiatives to encourage and improve consumer engagement with the retail energy market. These include the implementation of new arrangements enabling faster and more reliable switching, the rollout of smart meters, and reform of electricity settlement arrangements.

1.3. In addition to making switching faster and more reliable, in 2017 we announced our intention to introduce new supplier Guaranteed Standards of Performance ('Guaranteed Standards') relating to customers' experience of switching.³ Guaranteed Standards create a mechanism where customers receive automatic redress if suppliers' service levels fall below our expectations. This reflects the one of the key priorities of our Forward Work Plan, to enable a better functioning retail market.⁴

1.4. On 12 June 2018 we published a consultation on introducing Supplier Guaranteed Standards of Performance for switching compensation (the 'June consultation').⁵ We proposed to introduce six new Guaranteed Standards to provide automatic compensation for consumers who suffer detriment when a change of energy supplier goes wrong.

1.5. In this document, we publish our intended way forward on the outcome of that consultation, following consideration of the responses received. We also publish for consultation a draft Statutory Instrument that will implement four of those Guaranteed Standards.

Our decision making process

1.6. Alongside our June consultation paper, we published a document outlining our proposed approach to assessing the impact of our proposals.⁶ We subsequently issued a

³ 'Open letter: creating incentives for suppliers to improve switching performance' at <https://www.ofgem.gov.uk/publications-and-updates/open-letter-creating-incentives-suppliers-improve-switching-performance>

⁴ Ofgem's Forward Work Plan for 2018/19 can be found at <https://www.ofgem.gov.uk/about-us/corporate-policy-planning-and-reporting/corporate-strategy-and-planning>.

⁵ 'Supplier Guaranteed Standards of Performance: Consultation on Switching Compensation' at <https://www.ofgem.gov.uk/publications-and-updates/supplier-guaranteed-standards-performance-consultation-switching-compensation>, 12 June 2018

⁶ 'Supplier Guaranteed Standards of Performance: Approach to Impact Assessment on Introducing Switching Compensation' at https://www.ofgem.gov.uk/system/files/docs/2018/06/supplier_guaranteed_standards_of_performance_approach_to_impact_assessment_on_introducing_switching_compensation_for_publication.pdf, 12 June 2018

Request for Information (RfI) in August 2018, with the aim of collecting data on the costs and benefits of the proposals.

1.7. We received 38 responses to the consultation.⁷ These responses came from energy suppliers, consumer organisations, third-party providers of services (such as price comparison websites), industry bodies, and members of the public.

This document

1.8. In the next section of this document we outline our intended way forward for how we will implement Guaranteed Standards in Switching Compensation. In the following section we outline our next steps. Appendix 1 provides a summary of the responses that we received to the questions included in the consultation and our response to them. A draft Statutory Instrument is included at Appendix 3, with instructions on how we will consult on it in Appendix 4.

1.9. Alongside this document we have published an Impact Assessment. This Impact Assessment builds upon our analysis in the Approach to Impact Assessment document, and contains analysis based on stakeholder responses to our RfI.

Your feedback

General feedback

1.10. We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this document. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
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. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments?

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

⁷ In addition, we received 16 responses to our Request for Information.

2. Way Forward on adoption of Guaranteed Standards

Section summary

In this section we outline our intended way forward on how to proceed with Guaranteed Standards on Switching Compensation.

Our proposed policy approach

2.1. In our June consultation, we proposed six new Guaranteed Standards. These are shown in Table 1 below (as proposed in the Consultation Paper).

2.2. As we noted in our June consultation, our preferred policy intention was to link Guaranteed Standards to the various stages of a switch, or an erroneous switch, where detriment may occur. We grouped the proposals by the stage within the lifecycle of a switch (or erroneous switch) where detriment occurs.

Table 1: Proposed Guaranteed Standards from the June Consultation

Lifecycle stage	Proposed new performance standard	Who makes payment?	Payment amount
Delayed switches	A To ensure a switch is completed within 21 calendar days from the date the consumer enters into contract with gaining supplier, or from date an ET is agreed, unless there are valid reasons for delay to switch	Gaining supplier	£30
		Losing supplier	£15
Erroneous switches	B To agree whether a switch is valid or erroneous within 20 working days of identification of the possible erroneous switch.	Gaining supplier	£30
		Losing supplier	£30
	C To ensure a consumer is not erroneously transferred.	Gaining supplier	£30
		Losing supplier	£30
D To send the Erroneous Transfer Customer Charter "20 working day letter" to an erroneously transferred consumer.	Contacted supplier	£30	
Final bill	E To issue final bills within six weeks of a switch.	Losing supplier	£30
Credit refunds	F To refund credit balances within two weeks of sending the final bill.	Losing supplier	£30

Erroneous switches

2.3. Three of the proposed Guaranteed Standards (B, C and D) in our consultation related to the resolution of erroneous switches. We noted in our June consultation that erroneous switches cause considerable distress to customers, and that the current rates of occurrence at slightly below 1% is significantly too high. Erroneous Switches are a significant cause of detriment and those customers who suffer them deserve appropriate recompense. Much of this detriment arises from the failure of suppliers to quickly identify and resolve erroneous switches.

2.4. Almost all respondents to the consultation agreed that the current rate of erroneous switches was too high. However, whilst some suppliers agreed that Guaranteed Standards should be used to provide redress to customers, there was concern about whether the standards as set out addressed the underlying cause of erroneous switches, and that they risked penalising suppliers for underlying industry issues or the behaviour of other parties. We provide a detailed summary of consultation question responses in Appendix 1.

2.5. Following the consultation, we still consider that Guaranteed Standards are necessary, both to act as a deterrent to firms switching customers erroneously and to ensure some redress when things go wrong. We have identified three distinct stages to the resolution of an erroneous switch. These are:

- **Verification** of the validity or otherwise of the erroneous switch;
- **Notification** to the consumer that remedial action will be taken; and
- **Rectification**, via the restoration of the customer of their original contract.

2.6. Of the Guaranteed Standards as proposed in the June consultation, B and D above provide a proxy for the first two stages of this process, and for this reason we propose to introduce those standards in accordance with the proposed timeline in the June consultation. Detail of how these Guaranteed Standards will be applied is contained in the Statutory Instrument in Appendix 3, and is summarised in Table 2 below.

2.7. At present, erroneous switches are rectified by switching the customer's registration back to their original supplier. This was explicitly included in Guaranteed Standard A (ensure a switch is completed within 21 calendar days from the date the consumer enters into contract with gaining supplier or from date an ET is agreed, unless there are valid reasons for delay to switch). We propose to disaggregate the restoration of supply to an individual supplier from Guaranteed Standard A. This Guaranteed Standard (called A1 for convenience below) will apply to the 'old' supplier (the customer's original supplier prior to an erroneous switch), and will require that supplier to complete the re-registration of the customer within 21 working days of agreement between suppliers that an erroneous switch has occurred.

2.8. We consider that it is appropriate to hold both the gaining and losing supplier responsible for the failure to agree the validity of an erroneous switch. Validity is currently agreed by the process as set out under the Erroneous Transfer Customer Charter (ETCC), which is part of both MRA and SPAA codes. All suppliers are signatories to one or both of these codes and should therefore be able to meet the terms of the ETCC, so we do not consider that this will penalise any particular group of suppliers. The requirement for both parties to pay an equal sum if agreement is not achieved is an appropriate incentive for suppliers to be jointly proactive in working with each other to verify the erroneous switch.

2.9. We have deliberately excluded incidences where suppliers use the Erroneous Transfer notification process to process customer-instigated switch cancellations in the cooling off period. We would note that this is not the intended purpose of the notification process but its use to return customers to their original supplier during their 'cooling-off' period has become an established feature of the switching process.

2.10. We have changed the drafting of the proposed Guaranteed Standard D to reflect that the ETCC requires suppliers to notify the customer within 20 working days if the verification process reveals no evidence of an erroneous switch. Some suppliers noted that

despatch of the 20 Working Day letter may be triggered automatically by the agreement of an erroneous switch between suppliers, and therefore Guaranteed Standards B and D are duplicative. We note that the automatic triggering of despatch of the letter would presumably mean that this Guaranteed Standard was not breached in most instances, and therefore would represent a good outcome for customers. However, notification to the customer that their erroneous switch will be resolved is a key stage in the resolution process outlined above. More importantly, we want to be clear that, in the event that suppliers have not agreed within 20 days whether or not a switch was erroneous, it is not sufficient to communicate to the consumer that the two suppliers have failed to reach an agreement. There is a different substantive purpose behind the two Guaranteed Standards and therefore we consider that it is appropriate that both are implemented.

2.11. Responsibility for the application of Guaranteed Standard D is clear – the first supplier contacted by the customer is responsible for ensuring that the letter is sent.

2.12. The customer's original supplier (the 'old' supplier in an erroneous switch) will be in breach of our Guaranteed Standard A1 if they fail to return an erroneously switched customer within 21 working days of a switch being verified as erroneous. The process for returning a customer following an erroneous switch is determined by the process contained within the ETCC, and responsibility for re-registering the customer principally falls upon the 'old' supplier (although both suppliers will be required to process flows within the registration system to return the customer). This Guaranteed Standard does not seek to apportion responsibility for the cause of the erroneous switch, merely the act of restoring the customer to their original supplier. A breach of Guaranteed Standard A1 will result in a Standard Payment of £30 being incurred by the 'old' supplier.

2.13. Guaranteed Standards B, D and A1 will not apply to customers or switches in the category 'Customer Service Returners' under the ETCC. 'Customer Service Returners' are customers who have exercised their statutory right to return to their original supplier under the terms of the Supplier Licence. Whilst these customers are not erroneously switched, the process for returning erroneously switched customers tends to be used to return these customers to their original supplier. However, we are aware that this may be misused by suppliers to avoid paying compensation under the Guaranteed Standards. We will monitor supplier data to ensure that this is not misused.

2.14. We continue to believe that it is important that the Guaranteed Standards incentivise the prevention of erroneous switches in addition to providing a remedy when detriment has materialised. Guaranteed Standard C as drafted in the June consultation is intended to provide this deterrent effect. We continue to believe that a Guaranteed Standard which applies to those suppliers who are responsible for an erroneous switch, and therefore provides an incentive to avoid erroneous switches, is necessary in addition to those which are linked to an event related to restoring a customer's supply when an erroneous switch has occurred (Guaranteed Standards B, D and A1).

2.15. However, we note that there is some concern regarding how Guaranteed Standard C would be applied in practice. Our original proposal was that the Guaranteed Standard would apply to all suppliers, gaining or losing, who are party to an erroneous switch. We recognise that would not be as effective a deterrent as we would wish, and it would be preferable if it could be better targeted at those suppliers who are responsible for the occurrence of detriment. For this reason we propose to undertake further work on this proposal to better identify the underlying causes of erroneous switches and to reflect this in the events that trigger a payment under the Guaranteed Standard. It is our intention to consult on a Statutory Instrument intended to implement this Guaranteed Standard in summer 2019.

Table 2: Guaranteed Standards relating to erroneous switches for implementation in Q1 2019

Guaranteed Standard		Cost incurred by	Payment
B	To agree whether a switch is valid or erroneous within 20 working days of identification of the possible erroneous switch.	'New' supplier in an erroneous switch	£30
		'Old' supplier in an erroneous switch	£30
D	To provide the Customer within 20 Working Days of their initial Customer contact either confirmation that they will be returned to their Old Supplier via the ET Procedure, or a statement of the outcome of the investigation if the verification process reveals no erroneous switch.	Contacted supplier	£30
A1	To return an erroneously switched customer within 21 working days of verification of an erroneous switch between suppliers.	'Old' supplier in an erroneous switch	£30

Interaction of Guaranteed Standards with existing remedies for erroneous switches

2.16. We would also note that it is important to continue to support ongoing industry-led efforts to develop the data relating to erroneous switches to improve the attribution of responsibility for erroneous switches. We do not consider that the adoption of Guaranteed Standards should substitute for measures such as an Erroneous Transfer performance assurance regime as proposed by ETWG, and expect industry efforts to develop this regime should to continue.

Refund of credit balances

2.17. Under the proposed Guaranteed Standard F in the June Consultation, the losing supplier would be required to return credit balances to the customer within two weeks of sending the final bill.

2.18. Delayed repayment of credit balances has the potential to cause significant consumer detriment, and is not an uncommon event. Based on an assessment of data from suppliers who responded to our Request for Information, we estimate that approximately 197,000 customers would be eligible to receive a payment under this standard as set out in our initial consultation.⁸ Even small balances which are not repaid can result in the customer having to take time and effort to recover their money. This is a significant source of detriment and requires remedial action.

⁸ This figure is an estimate of the 'whole of market' detriment based on the market share of suppliers who responded to our RfI. Please see our associated Impact Assessment for more details.

2.19. Where respondents argued against the adoption of Guaranteed Standard F, it was due to a perceived overlap with the ESG, or that the proposed Guaranteed Standard does not relate to an existing licence condition. Conversely, some respondents argued that the Guaranteed Standard as proposed is not aligned to the similar commitment within the ESG, and that to align the two standards would add cost.

2.20. However, several respondents were supportive of aims of this Guaranteed Standard, noting that there was no real reason to delay the return of credit balances where a final bill has been issued, and that once a final bill has been issued to the customer, there is no other party other than the losing supplier who could be deemed to be responsible for their failure to repay a credit balance. We agree with this argument, and for this reason we propose to adopt this measure as part of our first tranche of Guaranteed Standards. Detail of how this Guaranteed Standards will be applied is contained in the Statutory Instrument in Appendix 3, and is summarised in Table 3 below.

2.21. However, we recognise that the incidence of consecutive bank holidays may affect the ability of suppliers to provide refunds to customers. For this reason we propose to modify the Guaranteed Standard to require the losing supplier to return credit balances within *ten working days* of sending the final bill.⁹

Table 3: Guaranteed Standards relating to repayment of credit balances for implementation in Q1 2019

Guaranteed Standard		Cost incurred by	Payment
F	To repay credit balances within two weeks of sending the final bill.	Losing supplier	£30

2.22. We propose to introduce these new Guaranteed Standards immediately. Appendix 3 of this paper contains a Statutory Instrument, and this document forms part of a statutory consultation on that Statutory Instrument. Details of how to respond to this statutory consultation can be found in Appendix 4.

Delayed switches and issue of final bills

2.23. A consistent theme in responses to the June Consultation was that Guaranteed Standard A as defined does not take into account that delayed switches might occur for reasons beyond the control of suppliers. Common reasons given for this were poor industry data, particularly address and meter data, and the role of third parties (such as price comparison websites) in creating delays. In particular, it was noted by many respondents that it was unlikely that a losing supplier would be responsible for the creation of delays in the switching process.

2.24. Similarly, respondents noted that losing suppliers may not have control over delay to switches or the issuance of final bills. The main reason given for this was the inability of the losing supplier to obtain an accurate meter reading from the gaining supplier, from which a final bill would be generated.

2.25. We do not entirely accept these arguments. Clearly, delayed switches are a major source of detriment for consumers, and this is confirmed by the response to the RFI

⁹ For the purposes of this measure, 'working days' excludes weekends and bank or other public holidays.

responses. Whilst some delayed switches are caused by poor industry data, this does not diminish the detriment suffered by customers who have to wait to be switched or take action to resolve their switch themselves. We do not accept that the quality of industry data is necessarily beyond the control of suppliers, and existing suppliers (i.e. losing suppliers when a switch occurs) do have an obligation to ensure that information held by industry-wide systems is accurate where relevant.

2.26. Furthermore, poor quality data in retail energy markets is a long standing problem, notwithstanding the current efforts led by Ofgem improve address data in particular. Guaranteed Standards will incentivise suppliers to be more proactive in verifying the customer's address and meter point data before executing a switch, and, importantly, to be more proactive about making changes to the data held in the central industry systems when it is identified to be incorrect.

2.27. However, we do note that parties other than suppliers also have obligations in relation to accuracy of industry data. We also noted in our June consultation that it is not immediately evident that either the gaining or losing supplier is always solely responsible for issues that are created during the lifetime of a switch.

2.28. In the case of delayed final bills, the detriment suffered by consumers cannot be attributed to any party other than the gaining or losing supplier, although it may be the case that attributing responsibility solely to the losing supplier may make them responsible for poor outcomes caused by their counterparty in the switch.

2.29. We still consider that remedial action is necessary and that some measure to improve outcomes for customers and to reduce the incidence of delayed switches and delayed final bills, and to compensate those customers who suffer detriment is required. In our view, the use of Guaranteed Standards offers the best means of achieving these outcomes.

2.30. However, we recognise that creating Guaranteed Standards where an automatic compensation payment by a supplier is triggered by an event for which that supplier is not wholly responsible has the potential to create unintended consequences and perverse incentives.

2.31. Some respondents noted that the issuance of a final bill was dependent on the commission of a closing meter reading by the gaining supplier, or where this meter reading is disputed.

2.32. For this reason we propose to undertake further work to improve Guaranteed Standards A and E (in addition to Guaranteed Standard C) in advance of implementation. As part of this work, we will investigate industry flow data and other relevant data with the aim of identifying common factors which trigger delayed switches or delays to the issue of final bills. We will consider whether it is necessary to implement an additional Guaranteed Standard requiring suppliers to pay automatic compensation if they fail to obtain an accurate final meter reading.

2.33. We expect that suppliers and other stakeholders will engage with this work and assist us in our aim of improving the Guaranteed Standards, and as part of the work we may issue further requests for information although we do not expect to issue a further policy consultation. We will commence this work immediately, and it remains our intention to introduce Guaranteed Standards which will provide automatic compensation to customers who suffer a delayed switch or delay to the issuance of a final bill in summer

2019. We expect that we will consult on a further Statutory Instrument to implement these Guaranteed Standards at this time.

The Energy Switch Guarantee

2.34. It was noted by many respondents to the consultation that Guaranteed Standards A, E and F overlapped with the commitments of the Energy Switch Guarantee (ESG). Respondents argued that the introduction of these standards would reduce the added value offered by ESG to consumers, and risked making membership of the ESG less attractive to suppliers. These responses are considered in more detail in Appendix 1.

2.35. Whilst we continue to support ESG, we do not consider that it provides an alternative means of ensuring that consumers receive the outcomes that we want to see from Guaranteed Standards. Most notably, the ESG does not require suppliers to provide any redress to customers, the ESG does not have market-wide coverage of suppliers, and the Key Performance Indicators (KPIs) are set at levels that would allow a considerable number of consumers to suffer poor outcomes before a supplier is found in breach of ESG.

2.36. In its response to the consultation the ESG noted that it would be prepared to develop ESG to improve upon its offer to customers. However, our view is that all customers should be subject to the same protection, and that this can only be achieved by the application of the Guaranteed Standards to all suppliers. We understand from discussion with those responsible for the operation and development of the ESG that they and the ESG membership will consider how it should evolve to reflect the changing market and the needs of consumers.

2.37. We continue to support ESG, and consider that it has the potential to bring significant benefits to consumers as it develops alongside the Guaranteed Standards. We will work with the ESG to support them in the future evolution of the scheme.

Additional payments arising from the failure to pay Guaranteed Standards on a timely basis, and for failure to resolve problems

2.38. In our June consultation, we stated our intention that all payments made under Guaranteed Standards should be paid within 10 working days of the breach resulting in the payment becoming due, and that a failure to pay a Guaranteed Standard within 10 days should result in a further payment becoming due.

2.39. Where respondents to the consultation argued against additional payments, it was principally on the same basis that they were opposed to payments under the Guaranteed Standards themselves. As such we see no reason not to adopt this requirement to make a payment within 10 working days of the occurrence of any breach. For this reason we propose that Regulation 8 of the existing Guaranteed Standards¹⁰ should be extended to apply to any new Guaranteed Standards. This expectation is set out in the draft Statutory Instrument in Appendix 3.

Record keeping requirements

¹⁰ See "The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015" at <http://www.legislation.gov.uk/uksi/2015/1544/regulation/8/made>.

2.40. It is our expectation that suppliers will approach the payment of Guaranteed Standards in good faith. As is required under the existing mechanism for paying Guaranteed Standards, suppliers will need to proactively identify where standards are breached and make payments to eligible consumers using an appropriate payment mechanism.

2.41. In our June consultation we noted that suppliers should keep accurate records which enable them to identify all cases relating to breaches of any new Guaranteed Standards. We continue to believe that this is necessary. Effective record keeping will allow suppliers themselves to track performance. As set out in our June Consultation, our ultimate intention is to publish this data and for suppliers will be required to submit completed reports to Ofgem and Citizens Advice upon request. Suppliers will of course be entitled to publish their own data should they so choose. We consider that the publication of data on supplier choice is likely to be a useful tool for consumers in exercising choice over suppliers based on quality of service, and will act as a further incentive for suppliers to take steps to improve performance. We will explore how to implement these measures, and publish a required reporting format, in the coming months.

2.42. Suppliers should keep records of data relating to these Guaranteed Standards on a quarterly basis, commencing in the quarter when the Guaranteed Standards are first paid. These data will include, (but need not be limited to) the following:

- The **number of Guaranteed Standard payments made by the supplier**, for each of the Guaranteed Standards, specifying where these payments are made as the 'old' or 'new' supplier or the supplier with whom initial contact is made in the case of a Guaranteed Standard relating to erroneous transfers, or the 'gaining' or 'losing' supplier in the case of other Guaranteed Standards;
- The **number of rejected claims**, where a Guaranteed Standard which would otherwise have been paid but where no payment has been made due to one of the exclusions as set out in the Guaranteed Standards;
- The **number of payments made within 10 days** of a Guaranteed Standard falling due;
- The **number of additional payments made** as required under Regulation 8 of the Guaranteed Standards, where a further payment has become due to the failure of the supplier to provide a payment on a timely basis;
- The number of **customer service returners** processed by the supplier as a gaining supplier (where the customer has returned to their original supplier from the reporting supplier, after exercising the right to cancel within a 14 day period) and as a losing supplier (where the customer has returned to the reporting supplier by exercising the right to cancel within a 14 day period, after switching away to another supplier); and
- The **total value** (in pounds sterling) of payments made under a particular standard.

Audit requirements

2.43. As we noted in our June consultation, there are no express provisions within existing regulations that provide Ofgem with the power to compel suppliers to audit their own performance under Guaranteed Standards. However, we consider it desirable that Ofgem should be able to direct suppliers to audit their own compliance with the regulations.

2.44. Respondents to the consultation generally agreed that audits of Guaranteed Standards had some application and may be useful when directed against egregiously poor performing suppliers. We have not included an explicit requirement to compel suppliers to undertake an audit in this SI, or included a change to licences to that effect, but will continue to explore whether this is necessary as part of our ongoing development of these Guaranteed Standards.

2.45. It is our intention that a requirement to require suppliers to undertake a third party audit of their performance under the Guaranteed Standards regime should be as light touch as possible, and should only be applied where poor supplier performance has made such action necessary. However, when applied the power will require the scope of an audit to be as broad as is necessary. For example, it is possible that an audit might cover the supplier's processes in managing erroneous transfers or repayment of credit balances, its processes in recording or managing payments under the Guaranteed Standards regime, or a combination of these or other relevant factors.

2.46. For Guaranteed Standards relating to erroneous switches, it is possible that Ofgem might elect to rely on the output of an Erroneous Transfer Performance Assurance Board as an alternative to directing suppliers to undertake separate audits. However, this will depend on the successful implementation and development of the Performance Assurance Board.

Exemptions from the requirement to make payments under Guaranteed Standards

2.47. We would note that the purpose of these Guaranteed Standards is to incentivise better supplier behaviour in general, and improved interaction between suppliers. For this reason we have sought to apply exceptions only where necessary, or for where a supplier has failed to meet a Guaranteed Standard for reasons which are genuinely outside its control and the supplier has exhausted all options available to it to meet the Guaranteed Standard.

2.48. For example, we would not consider it appropriate to exempt a supplier from making a payment under a Guaranteed Standard simply because a supplier has been unable to secure an interaction with a counterparty to an erroneous switch (such as a response to a flow required under the Erroneous Transfer Customer Charter as contained within SPAA and MRA). One of the aims of the Guaranteed Standards is to improve communication between suppliers to resolve erroneous switches, and we consider that this places an appropriate incentive upon both suppliers.

2.49. However, numerous respondents to our consultation and Request for Information highlighted examples of occasions where circumstances beyond the control of a supplier meant that an outcome required by the Guaranteed Standards could not be met, and where it would not be appropriate for suppliers to provide a payment to consumers as a consequence. The reasons provided by these respondents are summarised in Appendix 5, and we have considered their appropriateness when drafting the Statutory Instrument in Appendix 3.

2.50. In addition to these reasons, there are a number of existing exemptions contained within the existing Guaranteed Standards, which we consider that it is appropriate to retain.¹¹ These exemptions include:

- Where there is a genuine dispute between the supplier and the customer as to whether the supplier is obliged to make the standard payment;
- Where the customer notifies the supplier that the customer does not wish the supplier to take any action, or any further action, in relation to the matter;

¹¹ See "The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015" at <http://www.legislation.gov.uk/ukxi/2015/1544/regulation/9/made>

- Where the supplier reasonably considers that the following matters are frivolous or vexatious;
- Where the customer has committed an offence under the terms of the Electricity or Gas Acts, or the customer has failed to pay charges due to the supplier; and
- Where it is not practicable for the supplier to meet the standards of performance due to exceptional reasons beyond the supplier's control.

2.51. Where a supplier has inherited a customer's supply contract from another supplier under a Supplier of Last Resort (SOLR) scheme, it will not be eligible to make payments for Guaranteed Standards where these obligations have been incurred by the previous supplier. This is explored in more detail in Appendix 1.

Compensation payments

2.52. Some respondents to the consultation argued that compensation payments made under the Guaranteed Standards should reflect the detriment incurred by customers, and that this might be lower than the proposed £30 or £15 standard payment, for example if a late credit balance was particularly low, or if a switch was only delayed for a few days after the 21 day licence requirement.

2.53. In our RfI we asked suppliers to indicate whether they offered compensation on a voluntary basis when customers suffered detriment. We received a relatively low number of responses to this question, and those responses we did receive presented a mixed picture of how compensation is offered. All suppliers who responded indicated that compensation was awarded on an *ex gratia* basis, and generally corresponded to supplier perception of the detriment suffered. Where suppliers provided a range of payments made, this was typically between £20 and £50.

2.54. We consider that the existing standard compensation payment of £30 is an appropriate level of compensation for a breach of this Guaranteed Standard. Even where the perceived detriment is relatively low (for example in the case of a low credit balance), there is still inconvenience to the customer, and the act of rectifying the detriment comes at a cost of time and effort to the customer. Setting compensation payments at a standard level also means that customers can be confident that they will receive the same compensation regardless of supplier. Finally, this level of compensation provides an appropriate deterrent to suppliers for poor behaviour and provides an incentive to avoid poor outcomes

Implementation period for suppliers

2.55. In our June consultation, we suggested that two months would be necessary to implement the Guaranteed Standards. Several respondents indicated that a longer period would be necessary for successful implementation.

2.56. Our proposed Statutory Instrument only covers some of the Guaranteed Standards initially proposed in our June consultation. Those relating to erroneous switches all replicate requirements that all suppliers are already obliged to meet, so there should be no implementation time required for suppliers to meet these standards. The standard relating to credit refunds reflects the existing standard within the ESG, which is already committed to by suppliers representing over 90% of the market.¹² For this reason, we consider that in

¹² Taken from Energy Switch Guarantee at <https://www.energyswitchguarantee.com/suppliers-sign->

the first instance two months will be sufficient to implement the first tranche of Guaranteed Standards. This two month period will commence following the Statutory Instrument being made and sent to the Joint Committee (subject to any changes proposed by Joint Committee).

Application to non-domestic customers

2.57. In our June consultation, we indicated that Guaranteed Standards should apply to domestic customers only, and our analysis was based on this case. Whilst some responses from consumer advocacy groups noted that microbusinesses and other SME customers may be subject to the same issues as domestic customers, we have not received evidence that would cause us to change this view. However, we will continue to monitor the incidence of the detriment events covered by the Guaranteed Standards amongst microbusinesses and other groups of non-domestic customer, and remain open to extending the application of these Guaranteed Standards if a compelling case emerges that they are necessary.

Alternatives to Guaranteed Standards

2.58. In our June consultation we discussed a potential alternative approach to delivering the outcomes that we want to see. This was to increase enforcement activity where we saw breaches of existing licence conditions. Some respondents argued that most of the outcomes covered by the Guaranteed Standards were covered by existing Licence Conditions, and that enforcement against these licence conditions would be the best vehicle for achieving these outcomes.

2.59. At an early stage we decided that this approach would not be sufficient to deliver the outcomes that we want to see, for the following reasons.

- Enforcement against existing licence conditions would not result in customers being compensated automatically where they suffer episodes of detriment. Were compensation to occur, it would need to be retrospectively applied by the regulator, which would be costly and potentially confusing for the customer, and would be less reassuring to customers about to proceed with a switch.
- Enforcement against existing licence conditions would require resourced to be diverted from other forms of enforcement activity, or for new enforcement resource to be obtained by the regulator.
- Enforcement against existing licence conditions would not apply evenly to all suppliers. Regulatory activity would depend of the detection of poor practice, and the ability to take timely action against a supplier.
- Enforcement against existing licence conditions would not act as a strong enough incentive for supplier to change their behaviour to improve outcomes for customers, largely for the reasons given above.

2.60. We consider that the use of Guaranteed Standards offers the opportunity to deliver all of our desired outcomes, and therefore intend to proceed with this as our preferred approach.

3. Next steps

Implementation of Guaranteed Standards

3.1. We consider that these new Guaranteed Standards will support the effective operation of the retail market by providing recompense to customers who suffer detriment as a result of poor supplier behaviour, and will improve customers' confidence in the operation of the retail market.

3.2. As set out above, we propose to implement these Guaranteed Standards using a staged approach. This is summarised below.

Publication of Statutory Instrument and Statutory Consultation

3.3. Appendix 3 contains the Statutory Instrument which we intend to make after a four-week statutory consultation period, subject to consultation responses. This document forms a consultation on that SI. Details of how to respond to the Statutory Instrument are contained in Appendix 4.

3.4. Following the four-week statutory consultation we will consider any responses ahead of making the Statutory Instrument. The Statutory Instrument will then be made and will then be subject to a 21-day inspection period from the Joint Committee on Statutory Instruments. At the end of this period, suppliers will have a two-month period to implement the Guaranteed Standards as drafted within the SI. After this implementation period they will be required to make payments and comply with other associated provisions under the Guaranteed Standards.

3.5. We expect to produce a further Statutory Instrument, followed by a statutory consultation, to implement the remainder of the Guaranteed Standards in summer 2019. Whilst we do not expect to issue another policy consultation on these Guaranteed Standards, we will seek to work closely with industry to ensure that compensation payments reflect the causes of detriment as closely as possible. We expect that all the proposed Guaranteed Standards will be in place by late summer 2019.

Timetable for delivery

3.6. Table 4 below shows a timetable for a proposed staged approach to developing these proposals going forward.

Table 4: Our proposed staged implementation approach

Stage	Action	Expected delivery
Stage 1	Implement Guaranteed Standards B, D and F from the June consultation, as drafted in the Statutory Instrument.	Consult upon Statutory Instrument by end of 2018. Implementation by suppliers (subject to consultation) in Q1 2019.
	Implement Guaranteed Standard A1 for returning erroneously transferred customers to their correct supplier within 21 days (incurred by erroneously 'gaining' supplier).	
Stage 2	Work with industry to identify whether use of industry data could improve targeting of standards A, C and E on sources of detriment.	Produce analysis to inform second Statutory Instrument in Summer 2019.

	Continue to support delivery of measures such as ET Performance Assurance.	Commence immediately to support industry-led work.
Stage 3	Implement Guaranteed Standards A, C and E in more targeted form, based on use of data identifying responsibility for ETs.	Draft and consult upon Statutory Instrument in Summer 2019.

Appendices

Index

Appendix	Name of appendix	Page no.
1	Responses to consultation questions	24
2	Summary of for implementation	44
3	Statutory Instrument	45
4	Consultation on Statutory Instrument	49
5	Supplier proposed reasons for failure to meet outcomes of Guaranteed Standards from Request for Information	51
6	List of non-confidential consultation respondents	52

Appendix 1:

Responses to consultation questions

1.1. In this section we give a summary of responses received to the individual questions in the June Consultation, and give Ofgem's view on the issues raised by those responses.

General comments

1.2. In total, we received 38 responses from stakeholders. The majority of stakeholders who responded to the consultation were energy suppliers, including large and small suppliers. However, we also received responses from consumer groups, industry bodies, and other market participants such as distribution network owners (DNOs), in addition to members of the public.

1.3. A number of respondents provided general comments in addition to direct responses to the consultation questions. These comments are summarised below.

Scale and scope of industry change

1.4. Some respondents noted that the retail energy industry is currently undergoing a period of extensive change, with initiatives driven by government or Ofgem including the retail price cap, introduction of smart meters, and the Switching Programme. Managing this change imposes a burden upon both incumbent suppliers and new entrants. One respondent noted a typical margin on a dual fuel bill of £1000 was 3%, or £30 – the equivalent of one payment under these Guaranteed Standards. The respondent suggested that the introduction of Guaranteed Standards could act as a deterrent to market entry. The respondent also noted that issues such as the volume of interoperable SMETS 1 meters could present further impediments to switching on a timely basis until the enrolment of these meters by DCC.

1.5. Our response: We recognise that the retail energy market is changing rapidly, and that an amount of this change is being driven by regulators and government. However, the adoption of Guaranteed Standards should be viewed as being complementary to these measures, with the aim of making switching more appealing to customers and to promote customer confidence in the retail market. Whilst enhanced competition in the retail energy market should have the effect of reducing margins or keeping them stable, we consider that the adoption of Guaranteed Standards will have the effect of rewarding suppliers who are proactive in reducing the likelihood of detriment around switching. However, we recognise that it is important that Guaranteed Standards are appropriately targeted at those suppliers who are responsible for detriment, and for this reason we have decided to undertake further analysis before adopting some of them (see section 2 above).

Impact on customers in social housing and other vulnerable customers

1.6. One respondent noted that the consultation did not explicitly address Switching and Change of Tenancy arrangements for social housing properties, which can have complex switching and 'move-in' arrangements. The respondent noted that these customers are more likely to be vulnerable.

1.7. Our response: Whilst we recognise that some switches may be more complex than others, we consider that 21 days should be adequate to resolve even the most complex

switches. We would also note that suppliers should take extra care to ensure that potentially vulnerable customers are not erroneously transferred and credit balances are returned on a timely basis. We will consider the impact on vulnerable suppliers as we further develop Guaranteed Standards relating to delayed switches.

Alternative industry-led approaches

1.8. Some respondents argued that performance management regimes under strict governance arrangements, such as the Erroneous Transfer Performance Assurance Board (PAB) could be used to look at supplier performance regarding erroneous switches.

1.9. Our response: We support the aims of the Performance Assurance Board, and do not consider that the Guaranteed Standards should preclude its establishment. However, we consider that the extent of detriment apparent from erroneous transfers, delayed switches and other measures covered by these Guaranteed Standards means that direct regulatory action is necessary. As set out above, we will observe the Performance Assurance Board framework for erroneous switches with a view to utilising it as an alternative to supplier audits for relevant Guaranteed Standards.

Lack of evidence relating to the underlying causes of detriment

1.10. Numerous responses (principally from smaller and medium sized suppliers) noted our assumption in the June consultation that “on average suppliers will tend to pay compensation in proportion to the problems they are responsible for” does not hold for all suppliers, given the uneven distribution between gaining and losing suppliers. These responses were especially concerned that the suppliers may be “paying compensation when they might not be at fault”, as identified in the June consultation. Some respondents argued that this burden would disproportionately fall upon smaller suppliers.

1.11. Some of these respondents suggested a phased approach to implementation of the Guaranteed Standards, with those requiring further analysis being introduced once further work has been undertaken to determine the source of consumer detriment.

1.12. Our response: As set out above and in the response to questions below, we agree with respondents that the broad distribution of payments for some of the Guaranteed Standards as proposed in our consultation runs the risk of creating a distribution of payments that does not reflect the responsibility for detriment caused. For this reason we have decided to undertake further work on the Guaranteed Standards A, C and E, relating to delayed switches, responsibility for erroneous switches and issue of final bills. The aim of this work will be to ensure that the Guaranteed Standards penalise those suppliers who are responsible for detriment caused.

The role of third party intermediaries

1.13. Some respondents argued that third parties in switching (such as price comparison websites) could be affected by these proposals. Suppliers argued that they had little control over information relating to switches obtained through price comparison websites, and that this might be a source of delay or erroneous switches. Third party intermediaries argued that the adoption of Guaranteed Standards could result in suppliers blaming them for poor customer outcomes.

1.14. Our response: Third party intermediaries are not subject to licensing by Ofgem, and therefore it is difficult for us to apply measures to direct their behaviour. In addition, we

consider that it is ultimately the responsibility of the supplier to ensure that customers who switch to them through a third party receive the same quality of outcome as those switching through any other route. If suppliers have concerns about the quality of leads directed to them through third parties, we would consider it to be incumbent upon them to resolve this through their commercial arrangements with those parties.

Supplier of Last Resort arrangements

1.15. A small number of respondents asked how the Guaranteed Standards would be affected where a supplier adopts a portfolio of customers under Supplier of Last Resort (SOLR).

1.16. Our response: We agree that it would not be appropriate for a supplier to incur compensation payments for customers which it acquires as part of a SOLR process where the payment had been incurred as a result of poor behaviour by the old supplier. We have drafted the Statutory Instrument to remove the need for suppliers to make payments under Guaranteed Standards A1, B and D where any supplier involved in resolving an erroneous switch enters a SOLR process. However, following acquisition of these customers, a supplier might be liable if it fails to meet Guaranteed Standards E and F relating to issue of final bills and repayment of credit balances if a customer it has acquired as part of a SOLR process subsequently chooses to switch away, or if a customer contacts a supplier to indicate that they have been erroneously switched.

Response to consultation questions

1.17. Below we consider detailed responses to the individual questions asked in the Consultation.

Question 1: Do you agree that the aims of the Guaranteed Standards are aligned with and complementary to the industry-led operation of the Energy Switch Guarantee?

1.18. We received 16 responses that directly addressed this question.

1.19. Many respondents noted that there was considerable overlap between Guaranteed Standards A, E and F and the Energy Switch Guarantee (ESG). By far the majority of responses suggested that the introduction of Guaranteed Standards would undermine support amongst suppliers for the ESG. Some suppliers felt that the introduction of Guaranteed Standards would weaken the case for joining the ESG, and that many existing members could see little point in continuing their membership. However, some respondents argued that ESG could be considered as a viable alternative to achieving the outcomes set out in the Guaranteed Standards.

1.20. The response of the ESG itself notes that the Guarantee should be considered as an alternative to achieving the objective of at least some of the outcomes expected by the Guaranteed Standards. In its response ESG notes that it would be prepared to make improvements to the Guarantee to improve upon its offer to customers.

1.21. Our response: As we stated in our June consultation, we continue to support the ESG. We believe that the Guarantee has laudable aims and has already had some success in driving membership growth since its initiation in 2016.

1.22. There is undoubtedly some overlap between the ESG and the proposed Guaranteed Standards A, E and F, relating to delayed switches, issuance of final bills and repayment of credit balances. However, the scope and application of the ESG is much wider than these three areas. Most notably, the ESG provides a brand that signatories can use to provide reassurance to customers, and to promote switching in a way that regulatory measures such as Guaranteed Standards cannot.

1.23. However, in its current form the ESG could not be considered as an alternative means of ensuring that consumers receive the outcomes that we want to see from Guaranteed Standards. Most notably, the ESG does not aim to address or remedy erroneous switches, and does not require suppliers to provide any redress to customers.

1.24. To achieve a level of consumer protection equivalent to that enjoyed under Guaranteed Standards, the ESG would need to undergo substantial changes. Whilst the ESG sets key performance indicators in the areas where there is overlap with the Guaranteed Standards, these are set below 100% (sometimes substantially), and therefore an amount of detriment can be tolerated before a firm is determined to be non-compliant with the ESG. An ESG supplier can be compliant with the Key Performance Indicators (KPIs) of the ESG if it issues 90% of final bills within six weeks or less of a switch, even though this represents a breach of a licence condition. Enforcement action is only taken if this level falls below 90% for two successive quarters or 80% for one quarter.

1.25. Whilst considering responses to the consultation, we worked extensively with ESG to establish if the scheme could be aligned with the Guaranteed Standards to work as an alternative for those suppliers that were members of the ESG, with the Guaranteed Standards regime applying to non-members. However, we have concluded that this would create a two-tier system for customers of suppliers who were ESG members and those suppliers who were not, and the perception of a perverse outcome that customers who use a supplier within a voluntary industry scheme (the ESG) enjoy a lower standard of consumer protection than those who do not. For this reason, we have rejected this approach.

1.26. We consider that it is necessary to implement new Guaranteed Standards alongside the ESG, which will continue to offer valuable reassurance for customers and a switching 'brand' owned by the industry. However, Ofgem remains supportive of the ESG and its aims. We will work with ESG to support them in the future evolution of the scheme.

Question 2: Do you agree with our proposed new performance standard for delayed switches?

1.27. We received 19 direct responses to this question.

1.28. Responses from suppliers were divided with respect to this Guaranteed Standard, with some in favour, some giving qualified support, and some being opposed.

1.29. Those respondents who were opposed typically argued that the proposed standard placed a more onerous requirement on suppliers than the existing licence condition. Some respondents also argued that the standard could promote negative behaviour in suppliers (completing the acquisition within 21 days without regard to other risks to the customer created by a 'rushed' switch). Respondents who supported the measure identified the need for clarity around what constitutes a 'valid' delay, which would result in a payment not being made under a Guaranteed Standard. However, one respondent observed that the existing licence condition was not onerous enough, and could result in customers not receiving compensation for valid delays that were not their fault.

1.30. Some respondents observed that many switching delays were caused by poor industry data, or by third parties other than the gaining and losing suppliers (such as price comparison websites).

1.31. Most respondents who expressed an opinion agreed that it was unlikely that losing suppliers would be responsible for delays, and therefore should be excluded from a requirement to make compensation payments.

1.32. Our response: We continue to view delayed switches as a major source of detriment, and indeed our analysis indicates that they are the main cause of detriment by volume out of the Guaranteed Standards that we consulted on. For this reason we remain minded to introduce a Guaranteed Standard covering delays to switching.

1.33. We recognise the need to be clear about what this standard would entail, what would be considered as a valid reason for a delayed switch under the terms of the Guaranteed Standards and how the standard could be more accurately targeted to the cause of the problem. For this reason we propose to undertake further work, analysing industry flow data, to ensure that a Guaranteed Standard for delayed switches is targeted at those suppliers who are responsible for delays. We recognise that the Guaranteed Standard as currently drafted, requiring a payment from both gaining and losing suppliers, may not achieve this.

1.34. As stated above, it is our intention to publish a revised Statutory Instrument containing a Guaranteed Standard which is targeted at the underlying causes of delayed switches in summer 2019. We encourage all stakeholders to work with us in the intervening period to ensure that this Guaranteed Standard is as well targeted as possible.

Question 3: Beyond the licence definition of “valid switches”, do you believe any additional exemptions are necessary to cover scenarios whereby a switch cannot be completed within 21 calendar days?

1.35. We received 19 direct responses to this question.

1.36. A number of parties highlighted what would be considered as a ‘valid reason’ for a delay. These parties noted that non-working days such as bank holidays would be valid reasons for a delay. Some respondents also encouraged us to consider delays caused by factors deemed to be outside the supplier’s control (such as delays caused by information received from price comparison websites, or the poor quality of industry data).

1.37. One respondent noted that we indicated that delays caused by the Debt Assignment Protocol would not be considered as valid delays in our consultation, and asked us to explain why this was the case.

1.38. One respondent noted that the current licence condition was insufficiently clear for the purposes of a Guaranteed Standard, and that this could lead to confusion amongst consumers.

1.39. Our response: We will consider suitable grounds for exemption from this Guaranteed Standard when we draft a Statutory Instrument in summer 2019.

Question 4: Do you agree with our approach for losing suppliers compensating consumers?

1.40. We received 14 direct responses to this question.

1.41. Almost all respondents to this question strongly disagreed that losing suppliers should be held responsible for compensation for customers in some cases. Suppliers instead were of the view that responsibility for making a payment should fall on the supplier responsible for the failure. A number of respondents noted that losing suppliers were rarely at fault for delays to switches. A further respondent argued that any compensation process should be led by the gaining supplier on the basis that this would be simpler for customers to understand and to interact with.

1.42. One respondent expressed concerns that suppliers might shift blame for delays on to third-party intermediaries, and asked if Ofgem would mediate disputes between them and suppliers.

1.43. Our response: As indicated above, we recognise that the proposed methodology for awarding compensation as set out in the Guaranteed Standard as drafted may not reflect the reality of supplier responsibility for delayed switches. With this in mind, we propose to redraft Guaranteed Standard A with the aim of ensuring that payments are made by those who are responsible for the detriment incurred.

1.44. With regard to Guaranteed Standard A and others, we consider that losing suppliers should be sufficiently equipped to provide compensation to customers switching away from them without engaging with the gaining supplier.

Question 5: Do you agree with our proposal to revise this performance standard to align to new faster switching requirements in the future?

1.45. We received 16 direct responses to this question.

1.46. The views of respondents were mixed. Some respondents argued that the implementation of a compensation scheme should not happen until the Switching Programme had been delivered and the new arrangements were operating in a steady state. Some respondents argued that the Guaranteed Standard should not automatically be amended to reflect a five day switch when the new Switching arrangements are implemented.

1.47. However, some other respondents noted that it would be sensible to align requirements of the Guaranteed Standards to other changes to switching when they are implemented.

1.48. Our response: We consider that Guaranteed Standards are necessary to ensure that customers who do not receive the outcomes we expect from their switch are treated fairly. To this end we expect that the Guaranteed Standards will evolve as our expectations do. As part of our work to introduce faster and more reliable switching, we will introduce changes to supplier licence conditions to reflect our expectations for the speed of the switch process. It is our expectation that Guaranteed Standards will evolve to reflect these new expectations.

1.49. We do not agree with those respondents who argue that the introduction of Guaranteed Standards should be aligned with the Switching Programme. Go-live of the Switching Programme is currently planned for mid-2021, and our Impact Assessment reflects that there is considerable scope for detriment before that date. Suppliers should

implement these Guaranteed Standards in such a way that will allow them to adapt to the new Switching requirements when these are introduced.

Question 6: Do you agree with our proposed new performance standard for failure to agree whether a switch is erroneous or not?

1.50. We received 16 direct responses to this question.

1.51. The views of respondents were mixed with regard to our proposed new Guaranteed Standard for failure to agree whether a switch is erroneous or not. Some suppliers noted that the creation of this Guaranteed Standard would provide an incentive for suppliers to reach agreement when recognising erroneous switches. Some respondents who supported this Guaranteed Standard noted that it would be likely to require “minimal changes to a supplier’s business processes” and will be easily implemented by early 2019.

1.52. Some respondents expressed qualified support for this measure, whilst noting that suppliers may be dependent on the actions of another for agreement of an erroneous switch.

1.53. Some respondents argued that the Guaranteed Standard as drafted is duplicative of others, notably that requiring a contacted supplier to send the “20 working day letter” to customers. One respondent argue that this standard as drafted does not focus on quality of industry data as a cause of erroneous switches.

1.54. Our response: Whilst erroneous switches are less common than delayed switches, they still occur with far too great a frequency, and cause significant distress to customers. Industry initiatives such as the Erroneous Transfer Working Group have not been successful in significantly reducing the incidence of erroneous transfers and rectifying matters for consumers when they do. For this reason we think it is important to introduce Guaranteed Standards to provide compensation for consumers who suffer erroneous switches.

1.55. As set out above, we propose to immediately introduce three new Guaranteed Standards, corresponding to the confirmation of the incidence of an erroneous switch, notification to the customer that it will be put right, and its rectification. This Guaranteed Standard requires gaining and losing suppliers to confirm whether a supplier is erroneous or not. Because it requires an active decision by both erroneously gaining and losing suppliers we consider that it is appropriate for both suppliers to make a payment if the Guaranteed Standard is not met. We consider that 21 days is an appropriate period for suppliers to contact each other to agree whether a switch is erroneous.

Question 7: Do you agree with our proposed new performance standard to ensure a consumer is not erroneously switched?

1.56. We received 16 direct responses to this question.

1.57. As for the previous Guaranteed Standard, the views of respondents with regard to this standard were mixed. Some expressed support on the grounds that it was difficult to argue against the proposal that a customer should not be erroneously switched (a view that was particularly strong amongst those respondents who are not suppliers). Some expressed qualified support whilst arguing that there was some duplication of the aims of other Guaranteed Standards which are applicable to erroneous switches.

1.58. Some respondents disagreed with the proposed Guaranteed Standards on the grounds that culpability for erroneous switches was harder to identify and apply, and therefore to apportion responsibility to all parties was likely to penalise parties who are not responsible for the erroneous switch. Some of these respondents argued that in most instances it is likely to be the gaining supplier who is responsible for the erroneous switch.

1.59. Some respondents who disagreed with the proposed Guaranteed Standards argued that Erroneous Transfer performance assurance measures, as proposed by the Erroneous Transfer Working Group (ETWG), should be introduced as an alternative, whereas another respondent argued that no additional measures other than enforcement against the existing licence conditions, allied to existing provision of market monitoring data should be necessary.

1.60. One respondent encouraged Ofgem to consider that the proposed Guaranteed Standard might result in suppliers diverting resources away from prevention of erroneous switches and towards compliance with the Guaranteed Standards.

1.61. Our response: One of the key aims of the new Guaranteed Standards is to act as an incentive for industry to improve performance in identifying erroneous transfers. As drafted, this Guaranteed Standard does not relate to the identification or resolution of erroneous switches, but is aimed at making the party responsible for an erroneous switch provide compensation to the customer, and take remedial action to ensure that as few erroneous switches occur as possible.

1.62. We note that many respondents argued that accountability for erroneous switches is hard to identify, and that most arise from poor quality industry data, and particularly address data. We have some sympathy for this argument, although we note that there is more that suppliers (especially gaining suppliers) could do to verify a switch before its execution and more that existing suppliers could do to ensure that industry data relating to meter points that they supply is accurate. However, we agree that the distribution as proposed may not reflect accountability for an erroneous switch, which may therefore diminish the incentive effect of this Guaranteed Standard. We therefore propose to undertake further work to ensure that the Guaranteed Standard is as well targeted at the party responsible for detriment caused as possible. As with our proposed Guaranteed Standard A for delayed switches above, we expect to publish a revised Statutory Instrument in summer 2019.

Question 8: Do you agree with our proposed new performance standard for sending the “20 working day letter”, as currently required by the ET Customer Charter?

1.63. We received 15 direct responses to this question.

1.64. Once again, the views of respondents with regard to this Guaranteed Standard were mixed. Most respondents supported the measure or offered qualified support. Respondents who disagreed with implementation of this standard viewed this as unnecessary, or duplicative of other Guaranteed Standards (such as Guaranteed Standard C, relating to the prevention of erroneous switches). One respondent argued that this Guaranteed Standard would undermine the Erroneous Transfer Customer Charter, where the requirement to send the “20 working day letter” is contained within industry codes.

1.65. Some of these respondents noted that despatch of the “20 working day letter” tended to be an automated process triggered by a supplier when an erroneous transfer was agreed. Some respondents noted that the successful implementation of this measure

would be dependent on other measures aimed at reducing erroneous switches being implemented.

1.66. Our response: This is the second of three new Guaranteed Standards relating to erroneous switches that we propose to introduce immediately. Whilst some respondents argued that this standard in effect duplicates the effect of Guaranteed Standard B above, this Guaranteed Standard relates to the notification to the customer that the erroneous switch will be put right. Some respondents argued that despatch of the “20 working day letter” would happen automatically on identification of an erroneous switch; if this process is effective, then suppliers are unlikely to miss the Guaranteed Standard.

Question 9: Do you agree with our proposed new performance standard for sending final bills?

1.67. We received 19 direct responses to this question.

1.68. Most respondents supported, or cautiously support, the implementation of this Guaranteed Standard, although some of those who expressed cautious support expressed concern that payments made under the Guaranteed Standard were not proportionate to the detriment suffered by consumers, due to the variations in the levels of final bills.

1.69. Respondents who disagreed outright noted that failure to issue a final bill is almost always due to failure by the gaining supplier to secure an accurate closing reading from the customer, or where there is a dispute regarding meter readings, and therefore was likely to fall outside the control of the losing supplier. Some respondents noted that the Standard is aligned to existing licence condition in the Gas and Electricity Supplier Licences and that enforcement against this standard would be more effective means of ensuring customer outcomes.

1.70. Further reasons for disagreeing with the implementation of this Guaranteed Standard were the potential for endangering the operation of the Energy Switch Guarantee, and on the grounds that the payment required by the standard would not necessarily be proportionate to the size of the bill.

1.71. Our response: Failure to issue a final bill after a switch is a relatively frequent occurrence and can be frustrating for customers when it occurs. We believe that it is appropriate to introduce a Guaranteed Standard to address this detriment. As set out above, we consider it necessary that the scope of this Guaranteed Standard holds suppliers to a higher level of performance than required by the ESG, most notably through requiring all customers who do not receive a final bill to be compensated.

1.72. However, we note that whilst responsibility for providing a final bill necessarily falls upon the losing supplier in a switch, it is dependent upon them receiving a closing meter reading from the gaining supplier. We therefore propose to undertake further work to ensure that this standard is appropriately drafted to capture the source of this detriment, with a view to including a revised Guaranteed Standard in a further Statutory Instrument in summer 2019. This may comprise an additional Guaranteed Standard requiring gaining suppliers to process an opening meter reading and to supply this reading to a losing supplier on a timely basis.

Question 10: Do you believe any explicit exemptions are necessary for scenarios whereby suppliers are unable to issue a final bill within six weeks?

1.73. We received 13 direct responses to this question.

1.74. Almost all of the responses that we received cited the lack of a closing meter reading, provided by the gaining supplier, as the most common reason for the failure of a losing supplier to send a final bill. Other possible exemptions given were around a dispute with the final bill from a customer, or if the customer was unavailable to be contacted.

1.75. Our response: As set out above, we recognise that losing suppliers are dependent on receipt of a closing meter reading in order to issue a final bill. We will consider this alongside other possible exemptions when drafting our revised Statutory Instrument for publication in summer 2019.

Question 11: Do you agree with our proposed new performance standard for refund of credit balances?

1.76. We received 18 direct responses to this question.

1.77. The majority of respondents either supported or gave qualified support to the proposed Guaranteed Standard. Some respondents who offered qualified support noted that the proposed Guaranteed Standard was not necessarily proportionate to the detriment suffered by the customer.

1.78. One respondent noted that a revised Standard of ten working days would be better suited to the reality of making credit repayments (for example if repayment fell over a bank holiday period).

1.79. A small number of respondents disagreed with the proposed standard. One respondent argued that current industry billing systems are not aligned with such a requirement, and that requiring customers to request their own refund would add unnecessary complexity to the Switching process, and that there was no evidence provided in the consultation that customers suffer detriment as a result of late return of credit balances. The same respondent noted that the timely refund of credit balances is of greater importance to prepayment customers, but that this was reflected in existing measures (such as the Smart Prepayment Change of Supplier Principles).

1.80. Other respondents argued that the proposal did not relate to a licence condition and therefore held suppliers to a higher standard than the gas and electricity supplier licences, or that the proposed Guaranteed Standard would undermine the successful operation of the Energy Switch Guarantee.

1.81. Our response: As with the issue of final bills, failure by suppliers to repay credit balances can be frustrating for customers and can act as a deterrent to switching. Evidence from our Request for Information contained in our associated Impact Assessment document shows that the scale of this problem is significant, with an estimated 197,000 incidences in 2017.¹³ Whilst this is not explicitly addressed by an existing supplier licence condition, we consider that this represents evidence of sizable consumer detriment. As with other Guaranteed Standards, whilst there is some overlap with the commitments of the ESG, this

¹³ This is an estimate based on the market share of responses to our Request for Information.

Guaranteed Standard necessarily goes further than the ESG by requiring suppliers to provide redress to customers who suffer detriment.

1.82. By comparison with some other proposed Guaranteed Standards, failure to repay credit balances clearly accrues to the losing supplier in a switch, given that the Guaranteed Standard is triggered once a final bill is issued. For this reason we see no reason to further delay implementation of this Guaranteed Standard.

1.83. We also consider that there is no reason to differentiate between prepayment customers and customers with regular credit meters with regard to this Guaranteed Standard, as was suggested by some respondents. Indeed, since prepayment customers are more likely to suffer financial hardship than other customers, it is arguably more important that these customers have credit balances returned on a timely basis.

1.84. However, we recognise that where the wording of the Guaranteed Standard requires credit balances to be repaid within two weeks, it is possible that the occurrence of multiple bank holidays within a two week period may create a situation where suppliers have less time to repay a credit balance depending on when the final bill is issued. For this reason we propose to reword the Guaranteed Standard to require the repayment of credit balances within ten working days of the issuance of a final bill. We would also note that the Guaranteed Standard will require exceptions to be made where a supplier is genuinely unable to contact a customer to secure repayment of a credit balance.

Question 12: Do you believe we should add any other new performance standards?

1.85. We received 15 direct responses to this question.

1.86. Almost all respondents who answered this question directly argued that there was no need for further Guaranteed Standards.

1.87. One respondent suggested introducing new Guaranteed Standards for delays to complaints handling (or a failure to provide adequate information to customers in the complaints handling process), and for a failure to resolve billing problems not associated with switching. Another respondent argued that there may be a need for a Guaranteed Standard relating to the provision of opening and closing meter reads.

1.88. Our response: As set out above, we will consider whether it is necessary to implement a further Guaranteed Standard relating to opening and closing meter readings alongside our Guaranteed Standard for issuing final bills. We have also disaggregated the Guaranteed Standard relating to delayed switches in order to ensure that no delays occur in re-registering customers who are erroneously switched with their correct supplier.

Question 13: Do you agree with our approach to dual fuel switches?

1.89. We received 15 direct responses to this question.

1.90. Two respondents argued that compensation should be applied on a per fuel basis. Other respondents agreed that the Guaranteed Standards should be applied on a dual fuel basis.

1.91. Two suppliers asked for greater clarity regarding switches processed at different times. One supplier asked whether compensation would be paid in full in a dual fuel switch where one fuel is delayed over the 21 days. Another respondent asked what would happen if a supplier gains customers from different suppliers for gas and electricity.

1.92. Our response: We consider the majority of switches will be dual-fuel- to dual-fuel switches. In the case of a dual fuel switch, we would consider an event causing a breach of a Guaranteed Standard in one or both fuels to necessitate a single payment *per supplier* regardless of the number of fuels affected. For example, if a losing supplier billed fuels separately, and failed to return a credit balance outstanding on both fuels or a single fuel following a switch away from a customer, this would necessitate a single payment in either instance.

1.93. A supplier gaining customers from different suppliers at the same time (if the switching request was received on the same day) would also be required to make a single payment if a Guaranteed Standard payment was incurred on either or both of the switches. However, in this instance both losing suppliers could potentially be eligible to make separate compensation payments.

1.94. In the cases outlined above, our expectation is that we would anticipate that if a gaining supplier delayed on-boarding of a customer beyond 21 days for a single fuel, that supplier would still be required to make a single, full standard payment. We will consider this further when we publish our Statutory Instrument relating to delayed switches in summer 2019.

Question 14: Do you agree that where both gaining and losing suppliers are involved in the process covered by a Guaranteed Standard then both should pay compensation where the standard is breached?

1.95. We received 20 direct responses to this question.

1.96. Responses to this question were mixed, although many suppliers had severe concerns about the application of responsibility to both suppliers, and suppliers who may not be responsible for detriment incurred. Many respondents felt strongly that only the party at fault should be held responsible for paying compensation. Others noted that the complexity of the switching process meant that it was unlikely that it would be possible to accurately apportion responsibility.

1.97. Some respondents noted that the likely extent of liability for gaining and losing suppliers was likely to differ between individual Guaranteed Standards. A number of suppliers stated that the losing supplier would be unlikely to be responsible for a delayed switch.

1.98. One respondent argued that numerous problems with the switching process originate from poor quality address data, and that gas transporters and electricity distribution businesses were responsible for maintenance of address data (and that on the Electricity side a new flow (D0381) had been introduced in February 2018 to enable suppliers to notify distributors of relevant information.

1.99. Our response: We agree that responsibility for paying compensation under Guaranteed Standards should fall upon those who are at fault for detriment. We also agree with those respondents who argue that responsibility can be attributed in a more clean-cut fashion for some Guaranteed Standards than for others. In the case of sending the '20

working day letter', for example, responsibility falls clearly upon the party initially contacted by a supplier, and in the case of repayment of credit balances, responsibility can only fall upon the losing supplier, once a valid final switch is issued.

1.100. In some cases, it should be noted that the purpose of a Guaranteed Standard is to incentivise more constructive behaviour by suppliers. In the case of Guaranteed Standard B, compensation payments will provide an incentive for both gaining and losing supplier to reach agreement on whether a switch is erroneous.

1.101. However, we accept that under our proposed approach and for some Guaranteed Standards as proposed, it is possible that some suppliers may pay compensation for events where they are not responsible for detriment being suffered by a customer. For this reason we propose to undertake further research into some Guaranteed Standards with the aim of ensuring that compensation payments are made by those parties responsible. We will work with industry to conduct analysis of flow data and to produce improved Guaranteed Standards in summer 2019.

Question 15: Do you believe additional safeguards are needed to ensure suppliers are not liable for payments if consumers have acted in bad faith?

1.102. We received 14 direct responses to this question.

1.103. All respondents agreed that suppliers should not be responsible for payments if customers are demonstrated to have acted in bad faith.

1.104. Our response: We agree that no payment should be due where a customer can be demonstrated to have acted in bad faith or to have acted fraudulently in order to secure a Guaranteed Standard payment. We will make a general exception to this effect in the SI.

Question 16: Do you agree with the proposed two-thirds to one-third ratio of compensation payments between gaining and losing supplier in the cases of Guaranteed Standards A and C, and an equal share in the case of Guaranteed Standard B?

1.105. We received 16 direct responses to this question.

1.106. None of the respondents wholly supported the proposed distribution of compensation across all three of these Guaranteed Standards. Numerous respondents noted that the distribution of payments should be based on those suppliers which had been the cause of detriment rather than from an arbitrary split. However, some respondents did agree that joint responsibility for agreeing whether a switch is erroneous (in the case of Guaranteed Standard B) represents an appropriate distribution, given that both suppliers would be required to contact each other to confirm that the switch is erroneous.

1.107. Our response: We agree with respondents that both parties should be responsible for deciding whether a switch is erroneous. To confirm an erroneous switch requires both suppliers to contact each other (using existing processes contained within the Erroneous Transfer Customer Charter within SPAA and MRA). We therefore agree that it is reasonable that both parties should bear responsibility for making payments under this Standard.

1.108. We note the concerns of respondents as regards the other Guaranteed Standards (A and C). As set out above, we intend to undertake further work with the aim of ensuring that these Guaranteed Standards accurately reflect responsibility for detriment caused.

Question 17: Do you agree that compensation payments where both suppliers are involved should be £30 or £15 in the cases of Guaranteed Standards A and C, and £30 for both suppliers in the case of Guaranteed Standard B?

1.109. We received 16 direct responses to this question.

1.110. Once again, there was some variation in views expressed by respondents, although in most instances they disagreed with the distribution of compensation payments. Some respondents noted that a payment of £30 was high with regard to the level of detriment actually endured by customers.

1.111. Our response: As set out above, we intend to review how we apportion responsibility for preventing delayed switches and erroneous switches in the Guaranteed Standards. When we issue revised Guaranteed Standards, we will consider an appropriate level of compensation required by each supplier when they are breached.

1.112. In the case of a Guaranteed Standard requiring suppliers to agree whether a switch is erroneous, we consider that it is appropriate that both suppliers pay compensation to the customer if a reported erroneous switch is not properly addressed. We consider that the existing standard compensation payment of £30 is an appropriate level of compensation for a breach of this Guaranteed Standard.

Question 18: Do you agree with our proposals that all other proposed Guaranteed Standards D, E and F should be subject to compensation payments of £30, in line with existing Guaranteed Standards?

1.113. We received 14 direct responses to this question.

1.114. Response to this question was again mixed. A small number of respondents (from consumer groups and some suppliers) felt that the proposed payment was fair, or was fair in relation to proposed Guaranteed Standards D and E. However, others felt that the level of payment was disproportionate and should be 'reflective of the level of detriment experienced', arguing that the detriment arising from not receiving notification of an Erroneous Switch, receipt of a final bill, or refund of a credit balance was likely to be equivalent to less than £30.

1.115. Some respondents argued that in the case of issuance of final bills and repayment of credit balances, the consumer detriment suffered by consumers varies depending on the size of the credit balance to be repaid. Respondents argued that in these instances a compensation payment of £30 might be excessive.

1.116. Our response: Uncertainty around the issuance of final bills and repayment of credit balances can be a source of detriment for a customer, regardless of the size of the balance concerned. Issuance of final bills is an important step for customers to receive closure on their previous supply contract. Even low credit balances should be repaid on a timely basis, and once a final bill is issued there is no reason for a supplier to hold onto monies that it owes. In addition, a fixed compensation payment allows the customer to form an expectation of the amount of compensation due to them if a switch goes wrong. This is

important in providing reassurance to customers that they will be compensated if their switch goes wrong.

1.117. We consider that a standard payment of £30 is appropriate level of compensation for Guaranteed Standards relating to final bills and credit balance repayment.

Question 19: Do you agree suppliers should be required to make all payments in ten working days?

1.118. We received 16 direct responses to this question.

1.119. The majority of respondents agreed that payments under Guaranteed Standards should be made within ten working days. Some suppliers argued that payment within ten days could be difficult where the supplier does not have an existing relationship with the customer (for example where a customer is erroneously transferred to a customer). Some respondents noted that payment on a timeframe of ten working days may not be suitable for every customer.

1.120. Our response: We consider that ten working days is adequate to make a compensation payment to a customer following an event triggering an erroneous switch, subject to the exceptions outlined in Section 2 above and in the Statutory Instrument (for example where a supplier is genuinely unable to locate any means of getting payment to a customer). We would note that we expect that a supplier would make reasonable endeavours to make a payment; for example, where the supplier does not have details of a customer's bank account (such as in the case of prepayment customers) payment could be made by cheque.

1.121. The only likely reason for a supplier not being able to make a payment within this timeframe would be if they did not have a relationship with the customer and did not have a suitable postal address to make a payment to the customer. This is unlikely to occur in practice (although a supplier could be unable to obtain a suitable address in the case of an erroneous switch where the meter point address and billing address of the erroneously switched customer were different).

Question 20: Do you agree with our proposals to require additional payments to be made for failure to compensate consumers promptly?

1.122. We received 15 direct responses to this question.

1.123. Views of respondents to this question were mixed. Some respondents argued that it made sense for the proposed Guaranteed Standards to align to existing Guaranteed Standards as regards suppliers making additional payments. Some suppliers argued that there should be a cap placed on additional payments.

1.124. Conversely, some respondents argued that suppliers should not be required to make more than one payment as regards a single failure. Some respondents repeated the argument that it is unfair to require suppliers to make payments for issues over which they have little or no control. One respondent argued that the proposal for requiring repeated compensation payments every ten days was inconsistent with existing Guaranteed Standards.

1.125. Our response: One of our aims in introducing automatic compensation through Guaranteed Standards is that customers should be able to rely upon the smooth running of the switching process. Automatic compensation will assist this by providing customers with timely compensation when things go wrong. Given that all of the Guaranteed Standards are tied to individual events (with the possible exception of Guaranteed Standard C, which relates to the cause of an erroneous switch), suppliers should be able to identify when an event relating to a Guaranteed Standard was due to occur (or was reported to them) and make payments promptly. We therefore plan to retain this requirement.

Question 21: Do you agree with our proposals to require additional payments to be made by suppliers if they fail to resolve problems?

1.126. We received 15 direct responses to this question.

1.127. Whilst some respondents agreed that additional payments to customers were appropriate where suppliers failed to resolve issues, the majority disagreed with our proposals. Some respondents argued that a focus should be on quality rather than speed of resolution. Other respondents argued that scenarios exist where it may be difficult to determine whether an issue is resolved, or that compensation should be reflective of detriment caused. One respondent was particularly concerned that management of erroneous switches within the allotted time scales could result in suppliers incurring significant uncapped charges if the erroneous switch was unresolved.

1.128. One respondent argued that the total payment made to a customer should be capped in the case of repeated failures, adding that the onus should be on the customer to notify the supplier in the case of repeated failure.

1.129. Our response: One of the aims of the introduction of Guaranteed Standards is to provide an additional incentive for suppliers to resolve issues on a timely basis. We consider that it is appropriate for suppliers to make further payments where issues are not resolved. All of the Guaranteed Standards with the exception of Guaranteed Standard C (ensuring a customer is not erroneously transferred) are triggered by one or more supplier's failure to deliver a particular outcome for a customer, so in our view it should be easy for suppliers to identify whether the problem has been resolved and to take steps to resolve it. As indicated in our June consultation, we propose to exclude Guaranteed Standard C from the requirement to make additional payments, as causing an erroneous switch is a one-off event.¹⁴

1.130. We would consider that it is entirely unacceptable that customers should be held responsible for contacting suppliers where the supplier repeatedly fails to resolve an issue. Guaranteed Standards should incentivise suppliers to take ownership of issues which cause detriment for consumers, and failure to resolve these issues would compound the detriment experienced by customers. For this reason we do not consider that it should be necessary to cap the payments received by customers.

Question 22: Do you agree that the new Guaranteed Standards should be introduced for domestic suppliers only?

¹⁴ See "Supplier Guaranteed Standards of Performance: Consultation on Switching Compensation" at https://www.ofgem.gov.uk/system/files/docs/2018/06/policy_consultation_on_gsop_switching_compensation_for_publn_v2.pdf, pp 34-35.

1.131. We received 19 direct responses to this question.

1.132. Most respondents agreed that Guaranteed Standards should apply to domestic customers only. In a response to a separate question one supplier noted that there was no evidence of a similar extent of detriment in the non-domestic market, most notably for delayed switches. Four respondents (including two from consumer advocacy bodies) suggested that the Guaranteed Standards should apply to microbusinesses (and other business customers in one instance).

1.133. Our response: In the first instance it is our intention to introduce these Guaranteed Standards for domestic customers only. Our analysis is based on an assessment of the costs and benefits of applying these costs to domestic customers. However, we consider that it is possible that some SME businesses, and microbusinesses in particular, may experience detriment which is similar to that suffered by domestic customers. We remain open to extending Guaranteed Standards to protect these customers if this detriment becomes more severe, or it becomes apparent that it is a significant problem in these sectors. We would welcome evidence to this effect and will continue to work with consumer advocacy bodies and suppliers in this area.

Question 23: Do you agree that no changes are needed to requirements regarding the provision of information to consumers?

1.134. We received 14 direct responses to this question.

1.135. The majority of respondents agreed that no changes to requirements regarding provision of information to consumers were necessary. One respondent argued that consumers should be notified of their rights to receive compensation as part of a 'welcome pack' received upon switching.

1.136. Our response: We agree that no further provision of information to consumers is necessary, outside of the creation of a Statement of Obligations when a payment falls due, as is captured under the existing Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015.¹⁵ Customers should receive compensation payments automatically and should understand why they have received it at the point of detriment occurring. We do not consider that it is necessary to create the expectation at the point of sale or before a detriment event has occurred.

Question 24: Do you agree that we should expressly require suppliers to keep accurate records of their Guaranteed Standards performance?

1.137. We received 13 direct responses to this proposal.

1.138. Responses were mixed. Some respondents argued that it was sensible that reporting requirements should echo those that exist for other Guaranteed Standards. Some respondents argued that a requirement to keep accurate records would increase the level of cost incurred by suppliers. Others rejected the need for bespoke reporting requirements,

¹⁵ See Regulation 10 of the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015, at <http://www.legislation.gov.uk/ukxi/2015/1544/regulation/10/made>.

arguing that existing reporting mechanisms should be appropriate for reporting performance.

1.139. Our response: Accurate recording of Guaranteed Standard performance, and that suppliers make these records available to the appropriate bodies (including Ofgem), is essential to ensure that all suppliers are correctly executing their obligations under the Guaranteed Standards. We agree with suppliers that the majority of these metrics should be recorded by suppliers as a matter of course as a requirement under licence conditions and industry codes, and in some cases suppliers will already report performance information as part of the Energy Switch Guarantee, so producing additional tailored reports should not be especially onerous.

Question 25: Do you agree that Ofgem should have the power to request an audit of individual suppliers' Guaranteed Standards performance?

1.140. We received 16 direct responses to this proposal.

1.141. Once again, there was a wide range of responses to this question. A minority of respondents were opposed to the creation of a requirement to impose audits of performance against existing Guaranteed Standards. Some argued that this was without precedent in existing legislation, and others argued that it would raise an additional regulatory burden which would be especially keenly felt by small suppliers.

1.142. However, some respondents observed that they believe that Ofgem has existing powers to request an audit of individual supplier performance. These respondents supported this measure provided that it was delivered under these existing powers.

1.143. Our response: It is important that sufficient safeguards exist against suppliers being able to default against payment of compensation against Guaranteed Standards. Ensuring that supplier performance can be audited is an important part of these safeguards. For this reason we propose to investigate how audit requirements might be introduced as part of our ongoing work to improve Guaranteed Standards. We do not see this as a reason to delay the implementation of the Guaranteed Standards at this stage.

1.144. Audit requirements would be applied in a proportionate fashion, and a supplier would only be directed to undertake an audit if and when Ofgem had reasonable grounds to suspect that the Guaranteed Standards were being misapplied or some other aspect of performance required an outside opinion.

Question 26: Do you agree that we should mandate quarterly Guaranteed Standards performance reporting from all suppliers?

1.145. We received 15 direct responses to this proposal.

1.146. Almost all respondents agreed that requirements for quarterly reporting of performance against Guaranteed Standards was necessary to ensure that supplier performance was properly monitored. A number of these respondents noted that this was consistent with the reporting requirements for existing Guaranteed Standards. Only one respondent argued against additional reporting requirements, arguing that this placed an additional burden upon suppliers.

1.147. Our response: Reporting of supplier performance is an important tool for ensuring that the Guaranteed Standards regime is effective and implemented properly. As set out in earlier in this document, we expect that suppliers should already be recording performance against licence conditions and adherence to industry codes, such as the reporting of erroneous switches, and as such reporting this data to relevant authorities should not be especially onerous for any supplier.

Question 27: Do you agree with our plans to publish Guaranteed Standard performance data for individual suppliers?

1.148. We received 14 direct responses to this question.

1.149. The majority of respondents agreed with our proposals to publish data on individual supplier performance against Guaranteed Standards. A minority argued that publication of Guaranteed Standard performance data without proper context could potentially result in customers forming a false expectation of suppliers' performance.

1.150. Our response: Publication of supplier performance has the potential to be an important tool in allowing consumers to differentiate between suppliers, especially in an environment where the number of suppliers is increasing, and customers may wish to differentiate between suppliers using metrics other than price.

1.151. We note supplier concerns, and will work to ensure that any publication of data takes place in an appropriate context to ensure that customers are able to form an accurate impression of individual supplier performance from published data.

Question 28: Do you agree with our proposal to retain the existing dispute resolution procedure within the Regulations?

1.152. We received 14 direct responses to this question.

1.153. Almost all respondents agreed that the existing dispute resolution process, created for the existing Guaranteed Standards should be retained. One respondent argued that the Ombudsman should be responsible for all dispute resolution. A further respondent expressed concern that the existing dispute resolution process does not apply where customers are acting in bad faith.

1.154. The Ombudsman Service argued in its own response that the existing dispute resolution mechanism should be used, highlighting that it kept costs down and ensured consistency in the customer journey.

1.155. Our response: We agree that the exiting dispute resolution procedure works well for resolving disputes regarding Guaranteed Standards. The Ombudsman remains an alternative for customers who feel that their disputes have not been resolved adequately.

Question 29: Do you support the option of higher compensation payments for switches that go wrong where the supplier has attempted to switch the customer faster than five working days during the Switching Programme transitional phase?

1.156. We received 14 direct responses to this question.

1.157. Most respondents were strongly opposed to this proposal. Some respondents observed that this would act as a deterrent to suppliers attempting to implement a switch in fewer than five days in the Switching Programme transitional period. Other respondents noted that it would be confusing for customers.

1.158. Our response: We will consider this further, along with other potential options, ahead of implementation of the faster and more reliable switching programme.

Question 30: Do you agree with our proposal to allow suppliers and other bodies a two-month implementation period to make necessary adjustments to comply with the new Guaranteed Standards after we publish our decision?

1.159. We received 16 direct responses to this question.

1.160. Responses to this question were mixed. Responses from suppliers argued that Ofgem had seriously underestimated the period of time to implement a change of this scale. This view was not held by other parties (such as consumer bodies or third-party intermediaries) who argued that two months should be adequate. One respondent who agreed that a two month implementation period should be adequate suggested that Ofgem should implement a review period following implementation.

1.161. Our response: We are aware that these Guaranteed Standards are being implemented in a time of considerable change in the retail energy market. However, we consider that two months is a reasonable the implementation of the limited range of Guaranteed Standards in our first planned tranche. Suppliers should also prepare for implementation of the second tranche in summer 2019.

Appendix 2

Summary of Guaranteed Standards for implementation

1.1. Table A1 below contains the Guaranteed Standards that we propose to introduce following the Statutory Instrument as contained in Appendix 3 being made.

1.2. We propose to make further Guaranteed Standards, relating to delayed switches, issue of final bills and responsibility for erroneous switches following further analysis of industry flow data and other data. These Guaranteed Standards will be implemented by a further Statutory Instrument in summer 2019.

1.3. It should be noted that these Guaranteed Standards are denominated by letters for the purpose of identifying them in this document and in the June consultation. This does not imply that the Guaranteed Standards will be so labelled in the SI.

Table A1: Summary of Guaranteed Standards for implementation in Q1 2019

Guaranteed Standard		Cost incurred by	Payment
B	To agree whether a switch is valid or erroneous within 20 working days of identification of the possible erroneous switch.	'New' supplier in an erroneous switch	£30
		'Old' supplier in an erroneous switch	£30
D	To provide the Customer within 20 Working Days of their initial Customer contact either confirmation that they will be returned to their Old Supplier via the ET Procedure, or a statement of the outcome of the investigation if the verification process reveals no erroneous switch.	Contacted supplier	£30
A1	To return an erroneously switched customer within 21 working days of identification of an erroneous switch.	'Old' supplier in an erroneous switch	£30
F	To refund credit balances within two weeks of sending the final bill.	Losing supplier	£30

Appendix 3

Statutory Instrument

1.1. This Appendix contains the proposed text of the Statutory Instrument.

CONSULTATION DRAFT

20[XX] No [XXXX]

ELECTRICITY

GAS

The Electricity and Gas (Standards of Performance) (Suppliers)(Amendment) Regulations 20[XX]

Made [insert date]

Coming into force [insert date]

The Gas and Electricity Markets Authority (the "Authority") makes the following Regulations in exercise of the powers conferred by sections 33A and 47 of the Gas Act 1986 (the "Gas Act") and sections 39 and 60 of the Electricity Act 1989 (the "Electricity Act").

In accordance with section 33BAA(1)(a) of the Gas Act and section 40B(1)(a) of the Electricity Act, the Authority has considered the results of research to discover the views of a representative sample of persons likely to be affected by these Regulations.

In accordance with section 33BAA(1)(b), (2) and (3) of the Gas Act and section 40B(1)(b), (2) and (3) of the Electricity Act, the Authority has published a notice of its proposals and considered the representations made in respect of those proposals.

In accordance with section 33BAA(1)(c) and (4) of the Gas Act and section 40B(1)(c) and (4) of the Electricity Act, the Authority has consulted Citizens Advice and Citizens Advice Scotland, gas suppliers, electricity suppliers, and persons and bodies appearing to be representative of persons likely to be affected by these Regulations.

The Secretary of State has consented to the making of these Regulations in accordance with sections 33A(2) of the Gas Act and sections 39(1) of the Electricity Act.

Citation, commencement and interpretation

1.-(1) These Regulations may be cited as the Electricity and Gas (Standards of Performance) (Suppliers)(Amendment) Regulations 20[XX] and come into force on [insert date].

(2) In these Regulations, 'the Principal Regulations' means the Electricity and Gas (Standards of Performance)(Suppliers) Regulations 2015.

Amendment of the Principal Regulations

2. In regulation 2(1) (General interpretation) of the Principal Regulations-

(a) for the definition of "individual standard of performance" substitute-

“individual standard of performance” means one of the standards of performance a supplier is required to meet under regulations 3 to 6D.”;

(b) after the definition of “micro-business customer” insert-

“new supplier” means a supplier who has responsibility for the supply of electricity or gas to the customer after the transfer of the customer from the old supplier to the new supplier;

“old supplier” means a supplier who had responsibility for the supply of electricity or gas to the customer prior to the transfer of the customer to the new supplier.”;

(c) after the definition of “supplier” insert-

“supplier of last resort process” means the process under which a supplier is appointed by the Gas and Electricity Markets Authority through a last resort supply direction to take over responsibility for the supply of electricity or gas to customers of a failed supplier;

“valid contract” means a contract for the supply of electricity or gas by the supplier to the customer-

(a) that has been entered into by the customer;

(b) that relates to the premises for which the transfer has been made; and

(c) for which the notice of cancellation of that contract has not been received by the new supplier in accordance with any relevant contractual term or applicable statutory provision.”.

3. After regulation 6 (Reconnection) of the Principal Regulations insert-

“6A Identification of erroneous transfers

(1) This regulation applies where a customer notifies their old supplier or their new supplier that the customer believes that they have been transferred without a valid contract with the new supplier.

(2) This regulation does not apply where a customer is transferred to a supplier appointed by the Gas and Electricity Markets Authority under a supplier of last resort process within 20 working days of notification described in paragraph (1).

(3) Where this regulation applies, the old supplier and the new supplier must within 20 working days of the customer notification, agree whether the customer has been transferred without a valid contract.

(4) For the purposes of paragraph (1)–

(a) where–

(i) the supplier has advised a customer of a particular postal address that is appropriate for receipt of the notification described in paragraph (1); and

(ii) the customer notifies the supplier of that information by post alone,

the information is to be treated as received by the supplier when it is received at that particular postal address; and

(b) where notification is given to the supplier outside working hours, the period of time within which the individual standard of performance must be completed begins to run at the commencement of the next following period of working hours.

6B Investigation of erroneous transfers

(1) This regulation applies where a customer has notified the old supplier or new supplier that the customer believes the customer has been transferred without a valid contract.

(2) This regulation does not apply where a customer is transferred to a supplier appointed by the Gas and Electricity Markets Authority under a supplier of last resort process within 20 working days of notification described in paragraph (1).

(3) Where paragraph (1) applies, the supplier who initially receives the notification from the customer within 20 working days of that customer notification must take either of the steps set out in subparagraphs (a) or (b)-

(a) where the old supplier and new supplier have agreed that the customer has been transferred without a valid contract, provide written confirmation that the customer will be returned to their old supplier; or

(b) provide the customer with a written statement confirming the outcome of the investigations carried out by the old supplier and new supplier.

6C Resolution of erroneous transfers

(1) This regulation applies where-

(a) a customer has notified the old supplier or new supplier that the customer believes the customer has been transferred without a valid contract; and

(b) the old supplier and new supplier have agreed that the customer has been transferred without a valid contract.

(2) This regulation does not apply where a customer is transferred to a supplier appointed by the Gas and Electricity Markets Authority other than the old supplier or the new supplier under a supplier of last resort process within 21 working days of the agreement described in paragraph (1)(b).

(3) Where paragraph (1) applies, the old supplier must within 21 working days of the agreement referred to in paragraph (1) (b), re-register the customer with the old supplier.

6D Credit balances

(1) This regulation applies where-

(a) a supplier no longer has responsibility for the supply of electricity or gas to the customer where-

(i) a customer transfers to another supplier under a valid contract; or

(ii) a supplier's responsibility for the supply of electricity or gas to the customer has otherwise terminated.

(2) This regulation does not apply where responsibility for a supply of electricity or gas to a customer transfers (from one supplier to another) without a valid contract.

(3) Where paragraph (1) applies, a supplier must within 10 working days of issuing a customer's final bill, or if applicable, corrected final bill, refund any outstanding credit balance to the customer.

(4) For the purposes of paragraph (3), where a supplier is to issue the refund by cheque, the cheque is to be treated as refunded when it is received at the postal address provided by a customer.

(5) In this regulation-

“corrected final bill” means any final bill issued that makes corrections to the previously issued final bill.”.

4. In regulation 8 (Suppliers' payment obligations) of the Principal Regulations for paragraph (1) substitute-

“(1) A supplier must meet each individual standard of performance set out in regulations 3 to 6D.”.

5. –(1) In regulation 9 (Exemptions and limitations to supplier payment obligations) of the Principal Regulations for paragraph (3)(c)(i) substitute-

“(i) the notification given by the customer to the supplier under regulation 4(1), 5(1) or 6A(1); or”.

(2) After paragraph (7) insert-

“(7A) A supplier is not obliged to make a standard payment following failure to meet the individual standard of performance under regulation (6B)(3)(a) or (6B)(3)(b), where the supplier can demonstrate that the written confirmation was sent within a reasonable time to meet the individual standard of performance but-

(a) the customer provided the supplier with an inaccurate or incomplete postal address, where the written confirmation is to be sent by post; or

(b) the customer provided the supplier with incomplete or inaccurate details for receipt where, the written confirmation is to be sent by electronic communication.

(7B) A supplier is not obliged to make a standard payment following failure to meet any individual standard of performance set out in regulation 6D as applicable if–

(a) there is a formal dispute between the supplier and the customer, and that process is still ongoing, as to–

(i) the amount of the credit balance due, or

(ii) the method for refunding the credit balance;

(b) where the credit balance is to be refunded by cheque–

(i) the supplier can demonstrate that the cheque was issued within a reasonable time to meet the individual standard of performance but the customer provided the supplier with an inaccurate or incomplete postal address;

(c) there is otherwise a delay in refunding the credit balance due to events outside of the supplier’s control.”.

The seal of the Gas and Electricity Markets Authority here affixed and authenticated by the signature of L.S.

[Insert name]

A Member of the Authority

[Date]

I consent

[Insert name]

Minister of State for [Insert role]

Department for Business, Energy and Industrial

Strategy

[Date]

Appendix 4

Consultation on the Statutory Instrument

1.1. The Statutory Instrument contained in Appendix 3 is subject to a statutory consultation. This appendix contains details of how interested stakeholders can respond to this consultation.

Consultation stages

1.2. Below is an indicative timetable for our statutory consultation on the Statutory Instrument, and for implementation of that Statutory Instrument.

Table A3: Expected timetable for making Statutory Instrument

Date	Expected activity
23 November 2018	Publication of way forward and consultation on Statutory Instrument
21 December 2018	Statutory Instrument consultation closes
Early January 2019	Statutory Instrument made (subject to consultation)
	Statutory Instrument sent to Joint Committee on Statutory Instruments (subject to consultation)
January/February 2019	Statutory Instrument comes into force: implementation period begins
Spring 2019	Supplier Guaranteed Standards come into force

How to respond

1.3. We are interested in hearing the views of any stakeholders on the Statutory Instrument.

1.4. Please send any responses to SwitchingCompensation@ofgem.gov.uk by 21 December 2018.

1.5. We will publish non-confidential responses on our website at www.ofgem.gov.uk/consultations.

1.6. Following the conclusion of the statutory consultation, we will consider any responses and make changes as appropriate.

Your response, data and confidentiality

1.7. You can ask us to keep your response, or parts of your response, confidential. We will 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.

1.8. 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 will 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.

1.9. 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.

1.10. If you wish to respond confidentially, we will keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We will not 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.

Appendix 5

Suppliers' reasons for failure to meet outcomes of Guaranteed Standards from Request for Information

1.1. Table A4 below details potential reasons given by respondents to our Request for Information as to why suppliers might fail to meet the outcomes recorded in the Guaranteed Standards. These are reasons provided by suppliers and not necessarily supported by Ofgem.

Table A4: Reasons for failure to meet outcomes of Guaranteed Standards suggested by respondents to our Request for Information

Proposed Guaranteed Standard in June Consultation	Typical reasons for failure to meet standard
To ensure a switch is completed within 21 calendar days from the date the consumer enters into contract with gaining supplier, or from date an ET is agreed, unless there are valid reasons for delay to switch	Incidence of delays caused by bank holidays (as allowed by supply licence). Disruption caused by freezing of registration process by implementation of Project Nexus. Customer requests start date later than 21 days. Receipt of poor information from customers. Supplier is 'locked out' due to a further transfer being in process.
To ensure a consumer is not erroneously transferred.	Forgery by consumer or third party. Suspected misleading behaviour. Cancelled Contract not Actioned.
To send the Erroneous Transfer Customer Charter "20 working day letter" to an erroneously transferred consumer.	Missed due to delayed response from counterparty supplier, exhausting escalation processes in relevant industry codes.
To issue final bills within six weeks of a switch.	Developer account where a final bill is not requested for ease. Disputed or missing Read has occurred after the switch. Insufficient information to produce a meter reading. Supplier waiting for completion of accepted industry process (i.e. agreed read process or disputed meter process).
To refund credit balances within two weeks of sending the final bill.	Supplier does not have sufficient information to process a refund (such as a forwarding address or a bank account). Supplier does not have an accurate meter reading from customer or new supplier. Disputed reads process has been initiated. Differential between 14 day deadlines for both fuels in a dual fuel switch.

Appendix 6

List of non-confidential consultation respondents

We received a total of 38 responses to our consultation. In addition to those listed below, we received 9 confidential responses and one from a member of the public.

BES Utilities

Bristol Energy

Centrica

Citizens Advice

Co-operative Energy

Drax Group

Energy UK

Engie

ESB Energy

Energy Switch Guarantee

First Helpline

First Utility

Flipper

Flow Energy

Haven Power

ICoSS

Joint Supplier Response from Co-Operative Energy, ESB Energy, Octopus Energy and Ovo Energy

Just Energy

Ombudsman Services

Ovo Energy

Pure Planet

Scottish Power

Smartest Energy

SSE

UK Power Networks

Utilita

Utiligroup

Utility Warehouse

Which

