



Ofgem consults on enacting 24/7 meter fault support for consumers

Headline assessment	
Document:	Ofgem's consultation
Consultation dates:	14/11/24 – 20/12/24
Impact classification:	High: Domestic Suppliers, Medium: Distribution Network Operators, Gas Distribution Networks, Consumers
Action if desired:	Respond to the consultation

15 November 2024

Hattie Lunn

Author



Hattie Lunn

Senior Analyst

h.lunn@cornwall-insight.com

For more information about us and our services contact us on enquiries@cornwall-insight.com or contact us on 01603 604400.

Disclaimer

While Cornwall Insight considers the information and opinions given in this report and all other documentation are sound, all parties must rely upon their own skill and judgement when making use of it. Cornwall Insight will not assume any liability to anyone for any loss or damage arising out of the provision of this report howsoever caused.

The report makes use of information gathered from a variety of sources in the public domain and from confidential research that has not been subject to independent verification. No representation or warranty is given by Cornwall Insight as to the accuracy or completeness of the information contained in this report.

Cornwall Insight makes no warranties, whether express, implied, or statutory regarding or relating to the contents of this report and specifically disclaims all implied warranties, including, but not limited to, the implied warranties of merchantable quality and fitness for a particular purpose. Numbers may not add up due to rounding.

1 Assessment and recommendation

On 14 November, Ofgem published a [statutory consultation](#) seeking views on its proposal to activate a dormant Standard Licence Condition (SLC) which would require domestic suppliers to have available a 24/7 support service for customers off-supply due to meter faults to provide immediate assistance, guidance or advice.

The regulator considers that an industry-led solution has not been progressed sufficiently since the requirement was first decided on in October 2023, thus is now considering activating the SLC in the hopes of achieving several positive consumer outcomes, such as reduced time off-supply. It considers that a 24/7 phonenumber may be the optimal approach for the majority of suppliers.

We recommend that domestic suppliers, distribution network operators (DNOs) and gas distribution networks (GDNs) respond to this consultation, as it will help to shape Ofgem's thinking in taking the SLC forward. Responses are requested by 20 December 2024.

Cornwall Insight comment: The approach from Ofgem is one that will likely not be favoured amongst suppliers. Although the argument from the regulator is that this will incur minimal cost and that consumers will be better off, the impact assessment suggests this will cost consumers more for non-monetised benefits that will be difficult to evidence. While the industry will support the idea of those who find themselves off-supply being able to access help when they need it, putting this obligation on suppliers with minimal prescription and increasing the amount of phone numbers that consumers may need to call in an emergency, may not necessarily be the best route.

2 Background

In October 2023, following a consultation process, Ofgem published a [decision that introduced new requirements](#) into the supply licence to boost customer service standards. This included new obligations that aimed to improve contact ease between consumers and their suppliers under SLC 31 *Assistance and Advice Information*, as well as changes to SLC 27 which focuses on support for those struggling to pay bills.

Part of the decision on improving contact ease included a proposal for suppliers' enquiry services to be available 24 hours every day to receive enquiries from, and offer assistance, guidance, or advice to, customers who are experiencing an interruption in supply of electricity caused by a meter fault. However, following stakeholder feedback, Ofgem decided this should not take effect, to allow time for an industry-wide solution to be put in place. The issue has been considered before down other routes, such as the Retail Energy Code (REC) modification [R0053 24/7 Emergency Metering Service](#), but this was put on pause by the proposer in December 2023.

The regulator considers that at this stage, not enough progress has been made on an alternative solution, and thus this consultation discusses how it should enact the dormant licence condition and impose this new obligation on suppliers. Ofgem noted that in June 2024, a Request for Information (RFI) was issued to suppliers and DNOs to inform its considerations. This collected data on potential costs of activating the SLC, and the prevalence of the issue impacting networks and suppliers with existing 24/7 emergency helplines. The proposals are discussed below, as is the draft impact assessment published alongside the consultation, informed by the data from the June RFI.

3 Proposal

Ofgem's rationale behind activating the dormant SLC is to prevent the consumer harm that can occur, particularly for vulnerable customers, when a meter fault causes the customer to become off-supply. While some suppliers (approximately 36% of active domestic suppliers – covering 65% of domestic market share) may have an existing approach to providing 24/7 help and emergency services in these cases, it does not apply to all – Ofgem considers this should be a minimum baseline for customers to access, regardless of supplier.

The regulator also considers there to be benefits in easing the pressure on networks' emergency contact services that can lead to inefficient outcomes for consumers experiencing issues that a supplier may be responsible for. It outlines a potential risk of confusing customers further to change contacts for emergencies, and stresses that how this information is communicated to customers will be key.

While Ofgem considers the requirement under the SLC to be principle-based, it proposes updates to the Contact Ease guidance document, which outlines the expectations that suppliers should ensure:

- The customer understands which organisation to contact and how, and that the relevant contact information is clear and easy to find.
- The supplier is available to receive enquiries from customers off-supply due to meter faults, to triage what might be causing the interruption in supply and determine if it is urgent. Ofgem expects the supplier to offer assistance, guidance or advice to resolve the issue at the time of the enquiry where this is possible, or at the earliest opportunity.
- The customer's supply is restored as soon as possible in line with any existing obligations and standards, and the customer is advised of the supplier's process to investigate and fix any meter fault, including an estimated timeline for the issue to be investigated or resolved if it is in the supplier's control.
- The supplier to consider whether a customer requires further assistance, in line with existing licence obligations, especially if that customer is in a vulnerable circumstance.

In practice, the updates to the guidance should improve clarity of intent, and see suppliers act on a centralised, industry-wide solution, which Ofgem remains open to.

The consultation also notes the potential for Ofgem to further review the Guaranteed Standards of Performance (GSOP), another form of regulation that requires suppliers to investigate and/or fix meter faults within certain timeframes, though these timeframes begin within working hours.

3.1 Implementation

In previous consultation, concerns were raised by suppliers around Ofgem's intention to only provide 56 days of notice of the new obligation taking effect, and that this would not be sufficient to make the operational and system changes required for some. Ofgem is proposing now that, should this go forward, it is likely the SLC would take effect from April 2025, so is seeking evidence from suppliers on whether this is achievable or not within the proposed timeframe.

4 Impact Assessment

The [draft impact assessment](#) issued alongside this document outlines the costs and benefits of re-introducing this SLC. When including its best estimate of monetised benefits, the net benefit to customers from the policy could range from -£8.87mn to -£5.33mn per year, or -£0.28 to -£0.17 per customer per year (not including one-off costs in Y0). Those monetised benefits include Ofgem's assumption of what the reduced time of being off-supply would incur, using the Value of Lost Load (VoLL). For gas, the VoLL is £2.92 per hour, while for electricity, this is £8.15 per hour. For the non-monetised benefits, Ofgem considers reduced risk of harm to affected consumers, tied to the reduction in waiting times on network operator phonelines.

The costs to suppliers (who state that they do not already meet the requirements of the licence condition) could be in the range of £6.41mn to £9.03mn per year, or £0.20 to £0.28 per customer per year (not including one-off costs in Y0). It estimates that one-off costs to the market in Year 0 to be between £1.05mn to £1.50mn, or £0.03 to £0.05 per customer.

Outside of costs, Ofgem briefly considers the impact on competition as well and acknowledges that initially this change may have a negative impact on competition. This is due to a possible reduction in the ability of suppliers to offer different levels of customer service, which may impact the "small, but not insignificant" number of customers who may switch based on service. It is worth acknowledging this would be a higher cost per customer for smaller suppliers. However, the regulator ultimately considers the overall benefit outweighs the short-term cost to competition.

5 Next steps

Responses to the consultation are sought by 20 December 2024, after which a decision is anticipated for early 2025 but will be dependent on the responses given.



CORNWALL INSIGHT

CREATING CLARITY

Cornwall Insight
The Atrium
Merchant's Court, St George's Street
Norwich, NR3 1AB

T: 01603 604400

E: enquiries@cornwall-insight.com

