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Sent via email to: FutureConsumers@ofgem.gov.uk

20th December 2024

Energy UK's non-confidential response to Ofgem's statutory consultation on 24/7 Metering Support.

Dear Steven and Jemma,

Energy UK welcomes the opportunity to respond to Ofgem's statutory consultations on 24/7 metering support and appreciates Ofgem's consulting on this long-standing topic within the industry.

Energy UK acknowledges the importance of investigating 24/7 metering provisions across the energy sector. Our members are committed to ensuring that customers, particularly vulnerable ones during winter, receive protection and service. Energy UK supports an expectation of protection and good service from energy suppliers, especially vulnerable customers during winter time. The changes put in place in December 2023 following Ofgem's decision on the Consumer Standards statutory consultation have shown improvements to contact ease and support for customers struggling to pay their energy bills. Many suppliers already provide 24/7 metering solutions in varying ways and many examples of good practice. We understand that metering issues can pose significant issues. However, to address this impactfully, we urge Ofgem to reflect not just on immediate costs but the landscape of burden in regulatory compliance and its duties for both growth and net zero. Given Ofgem's broader consumer confidence initiatives, we do question whether a 24/7 metering license obligation represents a clear priority for customers.

The scale of this issue is still not clear enough. Ofgem estimates that the number of out-of-hours enquiries would be 83,204, but it is not clear if these inquiries are posing any harm to customers. It must also be reiterated that customers will still not be able to determine if they are off supply due to a metering fault any easier and may still resort to the well-known point of contact, the 105 number for Distribution Network Operators (DNOs). These considerations therefore raise questions about the genuine cost per call of activating this licence condition and the actual value it would provide customers.

Ofgem should be encouraging innovative ways of working in the sector, and this issue was a potential opportunity for Ofgem to co-create a solution to 24/7 metering provisions with the industry, taking the lead as the regulator, to set a clear outcomes-based approach. Energy UK attempted to collaborate with Ofgem and the industry to find an industry-led solution but navigating price-controlled networks and suppliers operating in a competitive market without a joined-up discussion on where efficient costs sit within the system was problematic.

Throughout this work, it has become evident that the regulator would need a central role in creating a proportionate solution.

Costs

Ofgem must consider the financial and market access implications of activating SLC 31G (c). The costs will vary significantly across suppliers, depending on their customer volumes, portfolios, and operational models. For example, a 24/7 service is more than likely to affect prepayment meters disproportionately given that a prepayment meter is designed to go off supply, despite the built-in features of friendly credit hours. Therefore, any cost impacts of this service are likely to affect suppliers with a greater portfolio of prepayment meters. Ofgem must consider these varying financial impacts.

Sufficient time needs to be given to suppliers in order to deploy operational changes, as for some this will take considerable time. The Request for Information sent to suppliers and DNOs earlier in the year was an important step forward in this workstream. Energy UK appreciates that, in isolation as currently framed, implementing SLC31G.3A(c) may not create what Ofgem defines as “important costs”. However, we urge Ofgem to avoid assessing policies and licence changes in silos and without apparent active consideration of the duties and focus of the sector. Cumulative costs from multiple changes have become increasingly significant and a determinant of the diversity suppliers are able to offer. Should Ofgem move forward with considering changing Guaranteed Standards of Performance working hours, the costs of this must be thoroughly assessed as we think they would be significant.

Ultimately, these costs and constraints will be passed onto customers' service and their bills, therefore Ofgem must take a long-term view on cost efficacy. Ofgem must consider customers' choices within this proposal and reflect what they wish to see from their suppliers and the regulator at this important time ahead of peak winter and following an energy crisis. Customers should have a choice in the service level they pay for from their supplier, and many choose the cheapest supplier possible. Ofgem's consumer research¹ revealed that the majority of customers are not willing to pay more for their supplier to be able to provide 24/7 metering solutions and do not think those provisions are necessary. This raises the question of whether this is the appropriate priority for Ofgem at this time.

We encourage Ofgem's upcoming Opex review to consider the costs associated with 24/7 metering support. If the costs of 24/7 metering solutions are not well reflected in the Opex consultation, particularly the cost of offering a free phone number for those in financial vulnerability, it risks insufficient recovery for the notional supplier. Ofgem should also consider the impact of these costs on new market entrants. Activating SLC 31G.3A(c) could pose a barrier to entry, especially given the additional financial impacts, limited availability and complexities of suppliers serving legacy pre-payment systems.

Regulatory risks

Regulation should be communicable to wider stakeholders and set clear expectations for suppliers. Policies and guidance documents should also be future-proof and agile where appropriate. We do not think the guidance provides this. Currently, the guidance lacks clarity, which risks damaging trust in the energy sector at a crucial time. The guidance in this statutory

¹ [Ofgem \(2023\), Consumer standards qualitative research](#)

consultation should consider future market conditions and outline how actions will be taken should market conditions no longer be truly reflected in the guidance.

Ofgem should outline clearly the purpose of any 24/7 solution, and what it should be used for, in order to provide the most effective customer outcome. We do not think it is clear that out-of-hours service should be reserved for emergencies only, to try and ensure SLC 31G.3A(c) is effective. Suppliers will be in difficult situations should a customer insist on receiving help for a non-emergency matter. If this element is not managed carefully, there is a risk of creating a negative customer journey, causing complaints and defeating our overall ambitions of improving consumer confidence and experience. Setting customer expectations effectively should be a key consideration, and the language and ways this is communicated by Ofgem are very important and maintaining customer trust requires further clarity. It is important to clearly communicate the scope of 24/7 metering solutions, and that this is for domestic customers.

Ofgem references the need for “clarity in communication from industry parties so consumers can easily understand who to contact in which situations”, however, it is not clear at this stage how Ofgem intends to standardise this. For example, whether there will be guided collaboration or an expectation for each supplier to update their own messaging independently. Therefore further clarity on Ofgem's own plans for customer messaging and the importance of network companies and suppliers working constructively together would be welcomed.

In conclusion, while Energy UK acknowledges the necessity of addressing 24/7 metering support, we urge Ofgem to carefully consider the approach taken and the broader implications and priorities within the energy sector. It is essential to adopt a clear approach, with standards and scope for innovation that ensures customer value for money while avoiding unintended barriers in the market. Collaboration between Ofgem and the industry will be crucial to developing proportionate and effective solutions.

If you have any questions, please do not hesitate to contact ed.rees@energy-uk.org.uk.

Yours sincerely,

Madeline Costello

Policy Manager, Energy UK