

Guidance

Supply licence guide: Interactions with Ofgem and other industry participants

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This guide is to help you understand the rules for mandatory interactions between suppliers, and Ofgem and other industry participants. The guide is relevant for all suppliers of domestic and non-domestic customers.

Ofgem may update this guide from time to time. Suppliers are responsible for keeping up to date with the latest version of the rules.

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KEY



Applies to electricity suppliers



Applies to gas suppliers



Applies to domestic suppliers



Applies to non-domestic suppliers*



Some of these rules only apply to suppliers with more or fewer than a certain number of customers

* We specifically state where rules only relate to a subset of non-domestic customers, eg microbusinesses.

Overview of interactions with Ofgem and other industry participants

It is vital that suppliers comply with our rules on sharing information with Ofgem and wider industry. We require companies to submit certain information to Ofgem on a regular basis, and from time to time, we may also issue ad hoc requests for information to suppliers. We may request certain information from suppliers to fulfil our statutory duties, for example our publication, enforcement, and market monitoring functions.

The interactions suppliers must have with Ofgem and industry are broad and cover many aspects of energy supply. To make things easier, we've broken down the licence conditions relating to this theme into four sections within this document:

- Supplier reporting requirements
 - Regular reporting requirements
 - Irregular reporting requirements
 - Smart meter reporting requirements
- Mandatory supplier interactions with wider industry (including supplier representatives) and compliance with codes
- Obligations upon ceasing to supply
- Ofgem's power to direct suppliers

Key Standard Licence Conditions (SLCs) for this theme

Below are the key licence conditions that relate to this theme (interactions with Ofgem and other industry participants). We've highlighted some parts of these rules, but you should refer to the actual SLCs for the full detail. The documents listed in the 'other useful information' section may provide more context to help you understand the intent of the rules, especially our consultation documents.

Note that some of these SLCs are numbered differently in the gas and electricity licences. We've included both references, with the gas one first (ie SLC 37/43 means that it's SLC 37 in the gas licence, and SLC 43 in the electricity licence).

Remember:

The Standards of Conduct contain enforceable overarching principles that are relevant across many supplier activities and licence guide themes. (The Standards are

SLC 0 for domestic / SLC 0A for non-domestic suppliers.) These are aimed at ensuring licensees (and their representatives in the case of domestic suppliers) treat each customer fairly. This includes behaving in a fair, honest, transparent, appropriate, and professional manner, and providing information that is complete, accurate and not misleading. Domestic suppliers also need to make an extra effort to identify and respond to the needs of domestic customers who are in vulnerable situations.

REPORTING REQUIREMENTS

Regular reporting requirements

SLC 19A Financial information reporting



- Outlines the financial information that certain suppliers (where relevant) must publish online annually in their Consolidated Segmental Statement.¹
- This includes publishing revenues, costs, and profits of its activities in the generation and supply of electricity and/or gas.

SLC 32 Reporting on performance ([Social Obligations Reporting](#))



- Outlines the types of information (relevant to dealings with domestic customers) that must be provided to Ofgem, Citizens Advice, and Citizens Advice Scotland if specified by us.
- This includes data on payment methods, missed payments, disconnections, energy efficiency, and the Priority Services Register.²

SLC 50/56 Database to facilitate consumer engagement



- Requires suppliers to issue first contact communications to their eligible disengaged customers, as specified by us.
- Suppliers must send data on these disengaged customers (who have been on a default tariff for three years or more) to us once we've issued a direction in this regard. After this, suppliers must provide this data every month.
- If there is good reason, we may request that suppliers send this data to us more frequently than every month.
- Suppliers must provide us with any information that we reasonably request about their compliance with this condition, or to help assess its effectiveness.

¹ Consolidated Segmental Statements are annual statements segmenting the financial results of energy companies' supply and generation activities.

² The Priority Services Register (PSR) is a free service suppliers are required to provide to offer additional support to certain eligible customers.

Irregular reporting requirements

SLC 5 Provision of information to Authority and data retention



- Requires suppliers to provide Ofgem with any information we reasonably require in order to allow us to perform our functions under legislation or regulation, e.g. our publication, compliance, and enforcement functions.
- Information must be provided when and in the format we request, and may be requested on an irregular *or* regular basis.
- This SLC also contains rules about retaining certain data relating to contracts and derivatives with certain groups, eg wholesale customers, for five years.

SLC 7A Supply to microbusiness consumers



- Requires suppliers of microbusiness³ consumers to provide any information we reasonably request about their compliance with the obligations in SLC 7A, or to assess the effectiveness of these obligations.
- SLC 7A obligations include requirements to identify microbusiness consumers, bring certain information to their attention, and display this information in a clear and prominent way.

SLC 7D Supply to certain microbusiness consumers – additional requirements



- Requires suppliers of microbusiness consumers to provide any information we reasonably request about their compliance with the obligations in SLC 7D.
- SLC 7D obligations include requirements to disclose specific pricing information in a clear and prominent way.

SLC 22G Requirements for restricted meters



- Requires suppliers to provide us with any information that we reasonably request about their compliance with this condition, or to assess the impact and effectiveness of the obligations. Suppliers must do so as soon as reasonably practicable after receiving the request.
- SLC 22G obligations include requiring suppliers to make certain tariffs available to domestic customers on restricted meters.

SLC 28A Prepayment Charge Restriction (prepayment price cap)



- Requires suppliers to provide us with any information that we reasonably request about their compliance with this condition. Suppliers must do so as soon as reasonably practicable after receiving the request.
- SLC 28A caps the amount of money suppliers can charge a domestic prepayment customer. This applies to all domestic prepayment customers,

³ Electricity microbusiness customers are those with an annual consumption of not more than 100,000 kWh OR fewer than 10 employees and an annual balance sheet/turnover not exceeding €2m. Gas microbusiness customers are those with an annual consumption of not more than 293,000 kWh OR fewer than 10 employees and an annual balance sheet/turnover not exceeding €2m.

except those with a fully interoperable smart meter (also known as a SMETS2 meter).

Smart meter reporting requirements

SLC 37/43 Rollout reporting and provision of information to the Secretary of State



- Requires suppliers to provide certain information to the Secretary of State upon request.
- The type of information that could be requested includes the provision, installation, operation, maintenance, and use of smart meters.
- Suppliers may have to provide a rollout report, monitoring report or progress report depending on the nature of the request.

SLC 38/44 Rollout reporting, setting and achieving annual milestones, and provision of information to the Authority



- Enables the Authority (Ofgem) to ask for information from suppliers about smart metering. Suppliers must comply with such information requests that are sent to them.
- This includes a rollout plan that sets out annual milestones for rolling out smart meters, and progress reports showing a supplier's performance against their plan. For larger suppliers, the annual milestones are binding. Plans and progress reports must be submitted by 31 January each year.

INTERACTIONS WITH WIDER INDUSTRY

SLC 11 Compliance with codes



- Requires suppliers to be compliant with the [industry codes](#).
- The industry codes underpin the electricity and gas wholesale and retail markets. Licensees are required to maintain, become party to, or comply with the industry codes in accordance with the conditions of their licence.

SLC 11A Security arrangements



- Requires suppliers to be compliant with the [Fuel Security Code](#).
- There are special considerations for licensees who supply gas or electricity to premises in Scotland.

SLC 15 Assistance for areas with high distribution costs scheme: payments to System Operator



- Sets out suppliers' obligations regarding making payments to the System Operator to (a) reduce costs for consumers in regions with high distribution costs, and (b) recover any outstanding costs arising from energy supply company special administration or administration of an energy distribution or transmission company, as required by a direction from the Secretary of State.
- Contains rules about penalty fees a supplier must pay for any payment not made to the System Operator by the specified date.

SLC 17 Mandatory exchange of information



- Outlines the mandatory exchange of information between gas suppliers and gas transporters and shippers in certain circumstances. This includes information on:
 - the gas pipeline system
 - incidents of gas being illegally taken
 - meter connections and disconnections
 - where premises change from domestic to non-domestic (or vice versa)
 - where the supplier intends to carry out an inspection of a gas meter.

SLC 18 Undertakings to relevant gas transporters



- Contains rules requiring suppliers to provide appropriate security to the relevant gas transporter and pay all relevant charges for gas taken out of its pipeline system when the gas transporter gives a notice ending any arrangements between them.

SLC 30 Supply Point Administration Agreement



- Requires suppliers to uphold their obligations under the mandatory [Supply Point Administration Agreement](#). This is an industry code which sets out the inter-operational arrangements between gas suppliers and transporters.

Some licence conditions apply to suppliers and their representatives (for example SLC 0, the domestic Standards of Conduct). In these cases, suppliers are responsible for ensuring that their representatives comply with the rules. Suppliers should bear this in mind when agreeing contractual terms with third parties.

Note that 'representative' is defined in the licence as "in relation to the licensee, any person directly or indirectly authorised to represent the licensee in its dealings with customers". This could include, for example, price comparison websites.

RULES WHEN A LICENSEE CEASES TO SUPPLY

SLC 8 Obligations under last resort supply direction



- This SLC allows us to direct a supplier to supply customers if a circumstance has arisen that would entitle those customers' current supplier to have their licence revoked. It outlines some of the rules that the supplier (known as the supplier of last resort) must follow if we direct them to supply these customers.
- The information we are likely to request from a failing supplier and from a supplier of last resort can be found in our [guidance](#).

SLC 9 Claims for last resort supply payment



- A supplier might incur additional costs if they are appointed as a supplier of last resort.
- SLC 9 outlines the rules a supplier must follow if they wish to submit a claim for a last resort supply payment, seeking to reimburse some of these costs (if appropriate).
- The condition requires that suppliers can only make a claim to relevant electricity and/or gas networks licensees for a last resort supply payment if we agree that the claim is appropriate in all the circumstances.

SLC 10 Restriction or revocation of licence



- If we have granted a licence, there may be circumstances in which we would revoke it. The conditions whereby this may happen are included in the terms of the licences that we grant. They can also be found [here](#).
- SLC 10 outlines that if a supplier applies to us to have their licence revoked, that they must take all reasonable steps to ensure continuity of supply for their customers, on the same or similar contract terms, before the revocation.

OFGEM'S POWERS TO DIRECT SUPPLIERS

The licences are clear where the Authority may direct the supplier to take certain actions. SLC 32A is not the only one in the licences where Ofgem has the power to direct suppliers. It is simply a condition which focusses specifically on Ofgem's power to direct suppliers to perform a specific set of actions.

SLC 32A Power to direct suppliers to test consumer engagement measures



- Allows us to direct suppliers to develop or run research (including randomised control trials) to test consumer engagement measures.
- Also allows us to request information about consumer engagement measures.

Obligations outside the supply licences

There are regulatory obligations relating to this theme that suppliers should be aware of, other than those contained in the gas and electricity supply licences.

Particularly of relevance to this theme are the [industry codes](#). As described earlier, licensees are required to maintain, become party to, and comply with the industry codes in accordance with SLC 11. See our [introductory guide](#) for more details.

Other useful information

Below is a (non-exhaustive) list of some other documents we have published that may help you understand the rules in this theme better. Suppliers may wish to consult other helpful materials about good practice, for example those published by Citizens Advice.

Document	Date
Information on modifications to SoLR supply licence conditions: <ul style="list-style-type: none"> • Decision • Statutory consultation • Proposal 	Nov 2018 Sep 2018 Jun 2018
Our guidance on how suppliers must submit customer complaints data to us	Jan 2018
Our decision to implement Standard Licence Condition 32A, giving us the power to direct suppliers to test consumer engagement measures	Jan 2017
Our selection criteria for choosing suppliers to be involved in mandatory Ofgem-led trials to promote domestic consumer engagement	Jan 2017
Our guidance on Supplier of Last Resort	Oct 2016
Our guidance for domestic electricity and gas suppliers explaining how they should submit information to us to monitor their performance as required under SLC 32	Aug 2016
Our decision in relation to smart prepayment consumer protections, confirming our proposals for changes to the Social Obligations Reporting	Mar 2016
Our guidelines for preparing Consolidated Segmental Statements	May 2015
Our guidance on the Licence Lite: sets out the roles and responsibilities of a Licence Lite supplier, how to apply for a Licence Lite direction, and how Licence Lite arrangements work	Apr 2015
Conclusions from an enforcement investigation into MA Energy’s compliance with SLC 11 (compliance with industry codes)	Apr 2013

NB our [website](#) has a full list of all enforcement investigations.

We remind all suppliers that this guide does not modify or replace the conditions in the gas and electricity supply licences. Neither is it an exhaustive list of supplier obligations or information resources. This guide is designed to introduce you to the rules, highlight relevant supply licence obligations, and signpost to key information that may help you understand these rules. Suppliers should continue to refer to the conditions outlined in the most recent versions of the [gas](#) and [electricity](#) supply licences.