

Energy suppliers, consumers and their representatives, and other interested parties.

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Supplier Guaranteed Standards of Performance (GSOP) – Final Decision on Payment Level Inflation Uplift and Statutory Instrument

Today we are publishing our final decision to uplift the Guaranteed Standards of Performance (GSOP) payment levels by inflation. To implement this, we issued a statutory consultation on 1 August 2024 on a draft Statutory Instrument¹ which was preceded by a consultation on 10 May 2024 that set out our rationale alongside our minded-to methodology for an inflation-based uplift.²

The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 requires suppliers to meet certain minimum standards across a range of services, including making and keeping appointments, provision of final bills, and refunds of the credit balances of former customers.³ If a supplier fails to meet any of these standards, it must automatically provide the impacted customer with a compensation payment which is currently set at £30. If the supplier fails to provide this compensation within 10 working days, it must also provide a further compensation payment of the same amount, in addition to the original payment.

We proposed to increase this compensation payment level to £40 to take account of inflation since it was last set in 2015. We considered that it was in consumers' interest to

¹ [Statutory Consultation on Supplier Guaranteed Standards of Performance \(GSOP\) Payment Uplift | Ofgem](#)

² [Supplier Guaranteed Standards of Performance \(GSOP\) payments inflation uplift consultation | Ofgem](#)

³ [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) Regulations 2015](#)

implement this inflation-based uplift and ensure that the compensation payment, and the incentive on suppliers to improve performance, remained at the level originally intended.

Based on the responses that we have received to the statutory consultation, we have not made any fundamental changes to the Statutory Instrument, nor have we made any changes to the policy proposals that underpinned the draft regulations as published. We have made a few minor amendments to ensure that the style and language is consistent with previous Statutory Instruments.

A summary of the consultation responses received is included in Appendix 1 of this letter. This includes responses which agreed that a wider review of the GSOP framework would be beneficial. We have committed to undertake this review of the underlying GSOP framework in our recent Consumer Confidence publication.⁴

The Electricity and Gas (Standards of Performance) (Suppliers) (Amendment) (No. 2) Regulations 2024 have now been made by the Authority and received Ministerial consent. The final Regulations have been published here: [The Electricity and Gas \(Standards of Performance\) \(Suppliers\) \(Amendment\) \(No. 2\) Regulations 2024](#). These Regulations will take effect from **2 January 2025** and amend The Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 to increase the compensation payment level from £30 to £40.

Suppliers must pay customers £40 for any breaches of the Guaranteed Standards that occur from 2 January 2025 onwards.

Yours faithfully,



Beth Martin

Director, Customer Protection & Retail Markets

⁴ [Consumer confidence: a step up in standards | Ofgem](#)

Appendix 1 - Consultation Responses

We received 7 responses to our statutory consultation. This appendix summarises the responses received, and our consideration of the points raised.

Overall, respondents continued to support our overall policy rationale as well as our specific proposal to uplift the payment method to £40 from January 2025.

Drafting of Statutory Instrument

No comments were made on the drafting of the SI. We have therefore not made any fundamental changes to the draft SI we consulted on in August 2024. We did, however, make minor amendments to the style and language in the final SI to ensure that it was consistent with previous SIs.

Implementation Timing

One supplier noted the need for sufficient implementation time, recommending February instead of January due to end of year reconciliation in December.

We note that our previous consultations had suggested a publication of Autumn for the final decision. We were also clear in these consultations on our intention for the uplifted payment level to take effect from January 2025, should we ultimately decide to make the proposed amendment. We consider that the publication of this decision provides sufficient time for suppliers to make the required systems and communication changes ahead of the uplifted payment level taking effect from 2nd January 2025.

Wider Review of GSOP Framework

A consumer group has encouraged a wider review to be done to ensure the GSOP framework is fit for purpose. They have advised that the following should be part of the wider GSOP review:

- Extent to which the current mechanism successfully functions as a supplier incentive and guarantees minimum standards are delivered for consumers.
- Exploration of possibility of consumers also reporting breaches directly to the supplier for compensation.
- Expansion of standards to include adherence to back-billing rules and provision of accurate bills.

One energy supplier has also recommended that the wider GSOP review focus on the following:

- Evaluating whether GSOP is delivering value to customers.
- Determining if GSOP is effectively driving the desired behaviours among suppliers.
- Assessing whether GSOP remains appropriately targeted.
- Exploring whether there are viable alternative solutions that can achieve the outcomes outlined in GSOP.
- Taking into account other factors that incentivise suppliers to provide good service and deliver improvements.
- Establishing and committing to a clear timeline on this review.

In our Consumer Confidence document, published on 10 September 2024, we set out that we will be going ahead with a wider review of the GSOP framework.⁵ We have noted the points raised in response to this consultation, as well as similar points raised in response to our May 2024 consultation, as we continue to develop the scope and focus of this wider review. We will welcome further engagement with industry, consumer organisations and other interested parties as we progress.

⁵ [Consumer confidence: a step up in standards | Ofgem](#)