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2 May 2023

Dear Jourdan,

Thank you for the opportunity to comment on Ofgem's amendments to the Electricity (Standards of Performance) Regulations 2015 for Severe Weather compensation arrangements. This submission is not confidential and may be published on our website.

Citizens Advice supports the amendments which will give greater protection to consumers. We welcome

- the update of regulations allowing payment to be paid by bank transfer and considering other electronic payment methods.
- the increase of the compensation cap.
- the introduction of an inflation adjustment mechanism and the update of the current payments in line with the current inflation rate.
- the removal of storm category 3 from existing regulations.

However, Citizens Advice considers that amendments should go further. We recommend the draft Statutory Instrument should be further amended to reflect below recommendations:

- the protection should extend to people that use sub-meters or pay landlords for electricity.
- other digital payment methods should be made available to consumers as soon as practically possible.

Patron HRH The Princess Royal **Chief Executive Dame Clare Moriarty**

Citizens Advice is an operating name of the National Association of Citizens Advice Bureaux.

Charity registration number 279057. VAT number 726 0202 76. Company limited by guarantee. Registered number 1436945.

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- customers that experience a short temporary restoration of supply should be compensated appropriately.

Answers to consultation questions are provided below:

1. Do you agree with our proposal to amend the 2015 Regulations, as set out above?

Yes, we agree with the proposal to amend the 2015 Regulations. However, we are concerned about the new payment method, the need for a prescribed period for receiving compensation and overlooking those using sub-metered and paying landlords for the electricity.

For the payment method, we agree that bank transfers are a welcome addition to the current payment methods and that this will speed up payments. However, the proposal has no information on how DNOs will obtain consumers' bank transfer details and protect this sensitive personal information. Since more options are available to customers, customers should be allowed to choose how they want to receive the compensation.

The proposal suggests that other electronic methods, like secure link, will be available for consumers. We take this to mean that DNOs could provide a payment link or QR code that allows customers to collect payment instantly via SMS, Email, and Apps. We would like to know when the feasibility study of other electronic payment methods will be carried out and when those electronic payments will be available for customers.

We welcome any digital methods that are made available to customers. However, Ofgem should also consider accessibility for digitally disadvantaged consumers. These new payment methods may not meet the needs of the digitally excluded customers. Traditional payment methods like cheques and cash should remain available for consumers.

We welcome the increase in the compensation cap and the introduction of an inflation adjustment mechanism to ensure that the maximum compensation that customers can receive is more reflective of the disruption they will have faced and is linked to inflation.

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However, Ofgem should also prescribe a period for receiving compensation. In the Customer Experiences of Storm Arwen report, Ofgem recorded that some people waited up to several months after losing power to receive compensation¹ which we do not believe is acceptable. We recommend that Ofgem adds a backdrop date for consumers to receive compensation to current regulation, with further compensation for late payments.

It is also important that there is a recognition that compensation can help support a customer during an interruption when additional costs may be incurred, and customers may not be in a position to pay for mitigations like meals and travel up front. Ofgem should further explore this in its ongoing reviews of severe weather GSOPs.

The amendment has yet to address people that use sub-meters or pay landlords for electricity who are currently missing out on the compensation. Ofgem should consider widening the eligibility to compensation and regulate, where necessary, to ensure compensation passes to those affected by severe weather conditions. The Energy Bill Relief Scheme set a precedent for pass-through requirements in future regulations².

2. Do any of the obligations need further clarification within the SI?

No, there is no need for further clarification.

However, further work is required to improve awareness of DNOs' obligations on statutory compensation, as Ofgem's Storm Arwen report reported that only a minority were aware of their entitlement to statutory compensation through communication from their DNO (e.g. from their website, a customer service agent or via a letter)³. Therefore, Ofgem and DNOs must improve the availability and accessibility of information on DNOs' obligations, customers' rights and compensation entitlements under the Severe Weather GSOP.

3. Are the new definitions appropriate?

¹ [Customer Experiences of Storm Arwen | Ofgem](#)

² [Pass-through requirements for energy price support provided to intermediaries - GOV.UK](#)

³ [Customer Experiences of Storm Arwen | Ofgem](#)



No Answer

4. Do the obligations in the draft SI reflect the recommendations (1,2,3,5, and 6) from the Review of Severe Weather Compensation Arrangements for Electricity Customers?

Yes, the draft SI reflects the review's recommendations (1,2,3,5 and 6).

However, we are concerned that recommendation 4 from the review has yet to be adopted. Recommendation 4 suggests Ofgem amend "*the electricity (Standards of Performance) Regulations to ensure that customers who have been off supply for a sufficient length of time to be eligible for compensation, but experienced a short temporary restoration of supply, are adequately compensated*"⁴. The overall experience for these customers is primarily the same; any temporary restoration is unlikely to have made any significant difference to this experience. We urge Ofgem to ensure that these customers are compensated appropriately and that the necessary regulations are in place before this winter when such weather events are more likely to occur.

5. Do you agree with the updated thresholds for Categories 1 and 2?

No answer

6. Do you agree with the proposed new payment levels and payment caps as set out in the draft amended 2015 Regulations?

While we welcome the increase in payment levels, from £70 to £90, we cannot determine whether the payment level is appropriate. It is unclear why payments were established at £70 initially and whether these new payment levels accurately reflect the inconvenience and disruption experienced by customers, particularly during the cost of living crisis when replacing spoiled food, for example, may be unaffordable, as the most recent report suggests that UK food price inflation hit 18.2% over the year to February⁵.

With an increasing reliance on electricity for heating and transport, we recommend that Ofgem review compensation payment levels alongside the Value of Lost Load or

⁴ [Review of Severe Weather Compensation Arrangements for Electricity Customers | Ofgem](#)

⁵ [Shoppers in Great Britain switch to frozen food amid cost of living crisis.](#)



equivalent measurements to ensure these are valued as accurately as possible and remain future-proofed as far as is practical. We agree with the increase in payment caps, from 5.5 days off supply for Category 1 and 6.5 days for Category 2 storms to 13 and 14 days, which means that the maximum compensation will increase from £700 to £2250. Increasing the payment cap reflects the customer's experience more accurately. Ofgem reported that some customers during Storm Arwen were cut off from the electricity supply for 10 days.⁶

However, the amendment stops short of removing the payment caps, which gives better protection to customers if DNOs cannot restore the electricity supply within prescribed periods. We recommend the payment caps be removed immediately.

There needs to be more clarity regarding whether Ofgem or DNOs are responsible for updating and publishing the payment level annually. We recommend that Ofgem takes on this responsibility to update the payments annually and distribute the information to DNOs for implementation. This will minimise the risk of any inconsistent calculation and compensation payment.

7. Do you agree with the proposed mechanism for adjustment of payment levels and payment caps?

We agree with the inflation adjustment mechanism.

8. Further recommendation

The drafted SI does not mention the implementation date. We would welcome the implementation on the date of the regulation amendments.

Best Regards,

TungHing Sum

Policy Researcher Citizens Advice

⁶ [Customer Experiences of Storm Arwen | Ofgem](#)



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