

# Guidance

RIIO-ED2 Fair Treatment Guidance	
Subject	Details
<b>Publication date:</b>	29 September 2022
<b>Response deadline:</b>	27 October 2022
<b>Contact</b>	RIIO-ED2 Team
<b>Team:</b>	Onshore Operations: Price Control Setting (RIIO-ED2)
<b>Telephone</b>	020 7901 1861
<b>Email:</b>	<a href="mailto:RIIOED2@ofgem.gov.uk">RIIOED2@ofgem.gov.uk</a>

Standard Condition 10AA is a principles-based licence obligation which contains overarching rules aimed at ensuring licensees, and their Representatives, treat each customer fairly.

This Guidance is intended to help Distribution Network Operators (DNOs) and other stakeholders better understand the requirements in Standard Licence Condition 10AA. It is relevant for all DNOs and their Representatives.

Ofgem may update this Guidance from time to time. DNOs are responsible for keeping up to date with the latest version of the Guidance.



© Crown copyright 2021

The text of this document may be reproduced (excluding logos) under and in accordance with the terms of the [Open Government Licence](#).

Without prejudice to the generality of the terms of the Open Government Licence the material that is reproduced must be acknowledged as Crown copyright and the document title of this document must be specified in that acknowledgement.

Any enquiries related to the text of this publication should be sent to Ofgem at:  
10 South Colonnade, Canary Wharf, London, E14 4PU. Alternatively, please call Ofgem on 0207 901 7000.

This publication is available at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Any enquiries regarding the use and re-use of this information resource should be sent to: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk)

Contents

**1. Introduction .....5**

    Standard Condition 10AA ..... 5

    The Fair Treatment Guidance ..... 6

**2. Scope of the Standards of Conduct.....8**

**3. The broad principles to which DNOs must have regard .....9**

**4. How Ofgem applies the Standards of Conduct.....10**

**5. Other useful information .....12**

## 1. Introduction

- 1.1 We [introduced] a new licence condition as part of our RIIO-ED2 vulnerability package to ensure Domestic Customers are treated fairly<sup>1</sup>.
- 1.2 DNOs must comply with Standard Condition 10AA and have regard to the RIIO-ED2 Fair Treatment Guidance (“Guidance”) in their interactions with their customers.

### Standard Condition 10AA

- 1.3 This section sets out the purpose of the licence condition which is to ensure that there are minimum service standards set out for DNOs in respect of customers in Vulnerable Situations<sup>2</sup>.
- 1.4 The purpose of the SLC 10AA licence condition is to place greater onus on the DNOs to treat their customers fairly, including customers in Vulnerable Situations, and to develop approaches that deliver fair outcomes for such customers.
- 1.5 SLC 10AA sets the Standards of Conduct for DNOs. They are enforceable principles-based rules that apply across DNOs’ interactions with Domestic Customers. They highlight our fundamental expectations regarding how DNOs and their Representatives must ensure that each customer is treated fairly. This is to be carried out as part of their business as usual (BAU) activities and we expect the Standards of Conduct to be embedded throughout DNOs’ businesses.

---

<sup>1</sup> Domestic customers has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means a Customer who is supplied or requires to be supplied with electricity at Domestic Premises (but excludes such Customer insofar as they are supplied or requires to be supplied at premises other than Domestic Premises).

<sup>2</sup> Vulnerable Situation has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at time of publishing is: means a situation resulting from a combination of the personal circumstances and characteristics of a Domestic Customer with aspects of the market so that the Domestic Customer in question is:

- (a) significantly less able than a typical Domestic Customer to protect or represent their interests; or
- (b) significantly more likely to suffer detriment or substantial detriment than a typical Domestic Customer.

- 1.6 DNOs should be continually striving to adopt and embed a consumer-centric culture across the workforce, in line with their consumer vulnerability strategy commitments and Ofgem’s Consumer Vulnerability Strategy 2025 (CVS)<sup>3</sup>. DNOs should ensure that their conduct results in customers being treated fairly. All staff should understand how their role can affect the fair treatment of customers in Vulnerable Situations.
- 1.7 Where we need to assess whether a customer has been treated fairly, we will consider a range of factors, including the outcomes the DNO has delivered for the customer.
- 1.8 The Standards of Conduct work alongside other rules in the Electricity Distribution licences, and DNOs should bear SLC 10AA in mind when considering how to comply with their other obligations.

## The Fair Treatment Guidance

- 1.9 The Fair Treatment Guidance is intended to help DNOs, and their Representatives, better understand the Standards of Conduct expected under SLC 10AA. The Guidance:
- outlines the purpose and scope of the Standards of Conduct; and
  - identifies the broad principles DNOs should follow to achieve the Standards of Conduct under SLC 10AA. The broad principles relate to how DNOs behave, provide information, carry out customer service processes and interact with customers in Vulnerable Situations. Adherence to those principles will assist the licensee in achieving the Standards of Conduct under SLC 10AA.
- 1.10 We expect the broad principles outlined in this Guidance to be factored into the design, monitoring and revision of all the DNOs’ policies and processes. This is to help ensure that DNOs have the appropriate culture in their businesses to consistently deliver fair outcomes for customers, particularly those in Vulnerable Situations. We also expect DNOs and their stakeholders to consider innovative approaches to delivering fair treatment.

---

<sup>3</sup> Ofgem Consumer Vulnerability Strategy 2025 <https://www.ofgem.gov.uk/publications/consumer-vulnerability-strategy-2025>

- 1.11 This Guidance does not modify or replace the obligations under SLC 10AA in the DNOs' Electricity Distribution licence. It is not an exhaustive list of DNO obligations, information or resources. DNOs should continue to refer to SLC 10AA and in the event of conflict, the licence will prevail.
- 1.12 In this Guidance, references to DNOs should be read as including references to their Representatives<sup>4</sup>.
- 1.13 In this Guidance, we use the terms 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of executive and non-executive members.
- 1.14 Ofgem may update this Guidance at any time by direction, in accordance with the licence condition. DNOs are responsible for keeping up to date with the latest version of this Guidance.

---

<sup>4</sup> Representative has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means any any person who is directly or indirectly authorised to represent the licensee in its dealings with Domestic Customers.

## 2. Scope of the Standards of Conduct

- 2.1 The Standards of Conduct apply to all activities of the DNO and its Representatives which involve, or otherwise relate to, interactions with a Domestic Customer. This includes, but is not limited to, everything from the provision of services such as connections, the response to supply interruptions and emergency service call outs, to responding appropriately when a customer makes a complaint.
- 2.2 SLC 10AA requires DNOs to seek to identify customers in Vulnerable Situations in an appropriate and effective manner, and to take account of any customer vulnerability when interacting with these customers.



### 3. The broad principles to which DNOs must have regard

- 3.1 The DNOs must achieve the Standards of Conduct in a manner consistent with the Customer Objective<sup>5</sup>. The overarching Customer Objective is for the DNOs, and their Representatives, to treat each Domestic Customer fairly, including each Domestic Customer in a Vulnerable Situation.
- 3.2 The broad principles in the Guidance relate to the four 'limbs' of the Standards of Conduct, outlined in the table below: how DNOs behave, provide information, carry out customer service arrangements, and how they seek to identify each customer in a Vulnerable Situation and respond to their needs.
- 3.3 The table below sets out the Standards of Conduct and gives some examples of what they mean in practice.

Customer objective	DNOs, and their Representatives, treat each customer fairly			
Limbs' of the Standards	Behaviour towards customer	Providing customers with information	Customer service arrangements	Considering customers in Vulnerable situations
What this means in practice	Behave and act in a fair, honest, transparent, appropriate and professional manner.	DNOs must provide information (whether in writing, orally or visually) which, amongst other things, is timely, complete, accurate, and not misleading and displayed in plain and, intelligible language, as well as being appropriate, accessible and fair	DNOs must make it easy for customers to contact them, act promptly to put things right when they make a mistake, and ensure customer service arrangements are fair, flexible, inclusive, equally accessible to all customers, transparent and fit for purpose	DNOs must identify and understand the characteristics, individual circumstances and associated needs of customers in Vulnerable Situations, including having processes to enable vulnerable customers to disclose their needs. DNOs must be accountable for ensuring that their actions are resulting in all customers in vulnerable situations being treated fairly.
Customer outcome	Customers have a positive experience when dealing with their DNO and are not put off future engagement	Customers receive the right information – at the appropriate time and in an accessible format	Customers' expectations are met by the DNOs processes and their issues are resolved appropriately	Customers' individual Vulnerable Situations are taken into account by a DNO in every interaction

<sup>5</sup> Customer objective has the meaning given in SC1 (Definitions and Interpretation). Licence conditions are subject to modification, please consult the Ofgem website for the most recent version. The definition at the time of publishing is: means the Fair treatment of each Domestic Customer, including each Domestic Customer in a Vulnerable Situation.

## 4. How Ofgem applies the Standards of Conduct

4.1. There are four themes relevant to Ofgem’s application of the Standards of Conduct: the **Customer Objective**, the **broad principles set out in the RIIO-ED2 Fair Treatment Guidance**, the **fairness test** and the **compliance threshold**. These components are assessed together when we apply the Standards of Conduct.

4.2. In the event of an investigation, we will look for instances where it appears DNOs are not meeting the Customer Objective and delivering “Fair” outcomes for customers. Ensuring each customer is treated fairly is the **Customer Objective**. The “Customer Objective” and “Fair” are defined terms within the Electricity Distribution licence.

4.3. We will consider what the licensee has either done, or not done, that may be unfair, and identify which **broad principle** of the Standards of Conduct is relevant. The broad principles are outlined in Chapter 4: behaviour towards customers, providing customers with information, customer service arrangements, and consideration of customers in Vulnerable Situations.

4.4. We will also consider whether the licensee’s actions and/or omissions meet our **fairness test**. The **fairness test** requires that any action or omission on the part of the licensee or its Representative should not give rise to the likelihood of detriment (unless such detriment were reasonable in all the relevant circumstances). The fairness test recognises that DNOs need to carry out legitimate commercial activities (such as charging for connections services) and preserves their ability to exercise their rights under statute, as long as they do so lawfully and proportionately.

4.5. If a likelihood of customer detriment does arise, a DNO will have opportunities to explain the reasons why it considers the detriment to be “reasonable in all the relevant circumstances” if it thinks the customer has been treated fairly. We will consider this information when deciding if the licensee’s actions and/or omissions meet our **compliance threshold**. This would happen as part of our ongoing engagement and compliance activities.

4.6. If we believe actions or omissions were unfair under the fairness test, we will consider how to respond. This may depend on how the DNO has engaged with us (eg by self-reporting concerns and cooperating with our enquiries) and what (if anything) the DNO has done or is proposing to do to address the risk of harm and/or offer redress to customers. Options for responding include enhanced monitoring and engagement, negotiating a package of redress for customers, or opening enforcement action.

4.7. Our enforcement guidelines set out the approach we take to enforcing against all licence conditions, including the Standards of Conduct<sup>6</sup>.

---

<sup>6</sup> Enforcement guidelines - [The Enforcement Guidelines | Ofgem](#)

## 5. Other useful information

This is a non-exhaustive list of some other documents we have published that may help stakeholders understand the requirements of SLC 10AA.

Document	Date
<a href="#">RIIO-ED2 Sector Specific Methodology Decision</a> . Our decision to implement a principles-based licence obligation (Annex 1, pg. 62)	December 2020
RIIO-2 Sector Specific Methodology Decision – <a href="#">Gas Distribution</a> . Our decision to implement a principle-based licence obligation (p. 14)	May 2019
Our <a href="#">report</a> on vulnerable consumers in the energy market. This includes examples of good and poor practice relating to how suppliers are treating consumers in Vulnerable Situations.	June 2018
Our <a href="#">enforcement guidelines</a> describe how we use our enforcement powers, provide redress and remedies for consumers, and punish or deter breaches or infringements. They also set out a number of actions we may take as an alternative to exercising our statutory enforcement powers.	March 2022
Conclusions from an <a href="#">enforcement investigation</a> into Ovo’s compliance with obligations including SLC 25C (SLC 0 from October 2017) (the domestic Standards).	April 2020
Conclusions from an <a href="#">enforcement investigation</a> into British Gas’ compliance with obligations including SLC 25C (the domestic Standards).	August 2018*
Conclusions from an <a href="#">enforcement investigation</a> into SSE’s compliance with obligations including SLC 25C (the domestic Standards).	June 2018*
Conclusions from an <a href="#">enforcement investigation</a> into British Gas’ compliance with obligations including SLC 7B (the non-domestic Standards).	June 2017*
Our 2016 Challenge Panel <a href="#">report</a> . This panel explored how well suppliers had been embedding the Standards in their approaches to sales and marketing.	January 2017*
Conclusions from an <a href="#">enforcement investigation</a> into Scottish Power’s compliance with obligations including SLC 25C (the domestic Standards).	June 2016*
Conclusions from an <a href="#">enforcement investigation</a> into npower’s compliance with obligations including SLC 25C (the domestic Standards).	January 2016*
Conclusions from an <a href="#">enforcement investigation</a> into BES’ compliance with obligations including SLC 7B (the non-domestic Standards).	December 2015*

Document	Date
Our 2014 Challenge Panel <a href="#">report and open letter</a> . This panel explored how well suppliers had been embedding the Standards. The report contains six key themes that may be helpful for suppliers to consider.	March 2015*
Our <a href="#">Consumer Vulnerability Strategy</a> outlines what we expect of suppliers in embedding consideration of consumer vulnerability in designing and delivering their products and services in line with the Standards. In 2019, we updated the CVS to set our key priorities for the coming years in a new vulnerability strategy (CVS 2025).	July 2013 and 2019 update

\* These documents relate to old versions of licence conditions, as they were at the time (SLC 25C or SLC 7B). The rules may be different now, but we've included these documents in this guide because we think they could still be helpful for you to refer to.

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