

---

## **Directions issued by the Authority pursuant to paragraph 3 of Standard Licence Condition 32 (Reporting on Performance) of the electricity supply licence and of the gas supply licence**

**Department for Business, Energy & Industrial Strategy -  
Ofgem**

**RPC rating: validated**

### **Description of the measure**

Standard Licence Condition 32 (SLC 32) requires energy and gas suppliers to provide Ofgem with information on their overall performance (e.g. data on the total amount owed by all customers). Ofgem updated a guidance document that specifies what information must be provided by suppliers, how this information should be submitted and how to ensure its accuracy and consistency.

The measure revised this document, extending the list of required data types and simplifying parts of the guidance.

The objective of the change is to allow Ofgem to gather information on customers using smart prepayment meters (PPMs).

### **Impacts of the measure**

The BIT assessment states that 48 suppliers would have to read the guidance but that only 24 would be affected by new requirement on data reporting related to smart PPMs.

Total costs of familiarisation with the revised guidance are estimated at £3,422. This is based on the assumption that it takes 155 minutes to read this document and that the weekly wage for “managers, directors and senior officials” is £700-£800 (excluding non-wage cost uplift).

The assessment does not estimate the recurring cost related to the supply of new information, but it does demonstrate that it would be unlikely that this cost would exceed £50,000 per annum. Ofgem shows that each company would need to incur an additional cost of £388 per year (translating into extra 19 hours annually) for the total cost of the measure to be material. The assessment explains that it is unlikely that companies would devote more than 19 hours per year as most new data points

involve simple “yes or no” answers and as most companies already have data gathering processes in place.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the Business Impact Target.

### Quality of submission

The analysis presented in the BIT assessment is clear and concise. The approach taken to preparing the assessment appears proportionate.

The calculation of transitional cost related to revised reporting requirements incorrectly assumes that the total cost of the measure (rather than the EANDCB) cannot exceed £50,000 in order for the BIT score to round to zero. In effect the real regulatory burden would need to increase by £1941 per annum (92 hours) in order to make the total cost of the measure significant for the purposes of the BIT score. This makes it even less likely that the total impact of this measure would be materially different from zero.

The assessment would have benefited from a slightly more detailed discussion of the benefits of the measure. The claim that energy companies already have data gathering processes in place could also have been better justified and linked clearly to the specific data required by the measure. The assessment should have shown more clearly that the new data points could be easily incorporated into the existing reporting and data gathering processes. Consultation evidence could have been used for this purpose.

### Departmental assessment

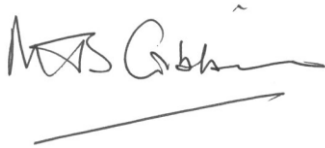
Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

### RPC assessment

Classification	Qualifying regulatory provision (IN)
----------------	--------------------------------------

---

EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero



**Michael Gibbons CBE, Chairman**

---

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.