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Dear Alex,

Citizens Advice consultation on proposed changes to the energy supplier rating – ScottishPower response

Thank you for the opportunity to comment on the revised proposals for the Energy Supplier Rating.

ScottishPower welcomes this collaborative approach Citizens Advice has taken in relation to the review of the Energy Supplier Rating and are supportive of the work being undertaken to provide consumers with more accessible information on suppliers.

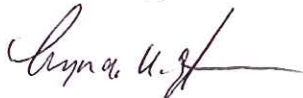
We would make the following general points in relation to the proposals, in summary of the detailed feedback in the attached appendix.

- ScottishPower is committed to rebuilding trust and consumer confidence in our company and the sector as a whole; and we are supportive of the direction of travel which will see the energy supplier rating extended to an increased number of suppliers.
- It is vital that all information published on supplier performance is comparable, consistent and reliable; and that Citizens Advice provide clear definitions to ensure this is achieved.
- It is critical that suppliers are allowed the time required to implement the necessary system changes to produce the new data being requested; and we ask that Citizens Advice take this into account when determining the first publication date of the new Energy Supply Rating.
- We also wish to work with Citizens Advice on incorporating new categories into the Energy Supply Rating to ensure consumers have the right mix of metrics when considering suppliers' performance.

We would be happy to discuss further any of the points made with Citizens Advice if this is considered to be beneficial.

Finally, I have also provided our responses to the two information requests (Prepayment/Customer Service and Switching Performance) also due on 8th September 2017.

Yours sincerely,



Lynda Clayton
Customer Service Director

Energy Supplier Rating Changes, Citizens Advice Information Request – September 2017

Question 1: Do you agree with our aim to introduce changes from December 2017?

We believe that the proposed timeline for introducing the changes outlined in the RFI is too ambitious. Suppliers will need time to implement changes to their reporting following clarification of the metric definitions from Citizens Advice (CA), once the decision has been taken. If the decision is not taken before October, any data pertaining to Q3 2017 may not be available given that the quarter is part way through.

With several of the proposed changes requiring time to create the necessary internal reports, we believe there should be a 'test' period (Q4: October – December 2017) of providing the data for Citizens Advice to review and make comment. These results should not be made public, but it should give all stakeholders the opportunity to consider how well the reporting process works. In order to be ready for this test period, and to develop any new reporting requirements, we would request a decision to be communicated by 22nd September 2017.

We propose the first set of public data should be Q1: January - March 2018 (submitted April 2018).

Question 2: Do you support our proposed threshold for mandatory inclusion in the rating of 50,000 domestic customers?

It is to the benefit of suppliers and consumers for there to be a level playing field and a comprehensive comparison of supplier performance across the market. We believe that the expansion of the tool to suppliers with a customer base of 50,000 or above is a positive step. However, we believe there should be a mandatory requirement for all suppliers to be included in the revised Comparison Tool. For all suppliers with an Ofgem licence to compete in the domestic sector of the energy market, consumers should have visibility of the available information from all companies.

Where certain information is not available, we feel it would be helpful for CA to provide the necessary commentary to explain that a particular set of data is not currently available from a specific supplier. Companies should then be expected to find a solution to provide the missing data.

Where data is available, but a calculation 'per 100k customers', or 'per 50k customers' produces a figure not comparable with the other suppliers, CA could provide on the report the actual figure, again with any necessary supporting commentary.

The inclusion of all suppliers would mean consumers receiving a full and transparent report on the agreed industry metrics, and allow them to make an informed decision should they wish to switch for reasons other than price.

Question 3: Do you support the voluntary inclusion in the rating? Do you support our proposed requirements for suppliers wishing to join?

All suppliers should be mandated for inclusion to ensure all suppliers are measured against the same criteria (see response to question 2 above).

Question 4: Do you have views on how we could improve information we provide to consumers about suppliers with fewer than 50,000 customers who do not voluntarily join?

While we believe that all suppliers should be mandated for inclusion in the rating tool, we do feel that the current provision on 'Contact Information', 'Opening Hours' and 'Billing Information' seems reasonable if suppliers are unable to meet the requirements for inclusion for a short period of time. We would suggest in these cases that any additional information that CA proposes to implement would need to be for all suppliers, not just those unable to meet the inclusion requirements.

Question 5: Do you agree that accuracy of bills is a suitable metric for assessing billing performance? Do you have views on which of the options for measuring bill accuracy is most appropriate?

We agree that accuracy of bills is a useful metric for assessing billing performance. We would support option 1 for measuring bill accuracy, as this aligns with SLC21B.4 and allows for suppliers to include customers on annual billing within their returns. We would, however, comment that despite taking all reasonable steps to obtain an actual meter read, there are times where this has not been possible and this can reflect customer disengagement rather than the supplier's performance. If the proposed bill accuracy measurement is put into place, it is likely that suppliers will require time to develop reporting that is consistent and matches the required definition.

It is important that a metric reporting billing accuracy reflects the licence obligations, and in our opinion option 2 does not do so. This option does not account for suppliers' obligations 'to obtain a meter reading at least once a year'. The number of meter reads we do receive on a more frequent basis, e.g. every 3 or 6 months, is determined by the customer, not the company. It is important to point out that no customer is actually on an annual billing cycle (excluding prepayment customers who receive a statement not a bill), however customers themselves determine if a reading is available to the company on a more frequent basis. For example, whilst our on-line customer base is on an annual reading cycle, they have a rolling 90-day billing window where customers can provide regular readings themselves. Our current on-line performance is 81% of customers provide a reading on receipt of the request we send them every 90 days. For off-line Direct Debit customers, quarterly billed customers, and those on other payment plans, we are dependent on them providing access to enable their meter readings to be collected. So whilst the majority of our customer base do receive an accurate bill more frequently than every 12 months, a metric measuring this is entirely customer-driven and completely outside the control of companies.

It might be helpful, to inform CAs decision, if all suppliers were able to provide their current methodology of calculating accuracy to determine if this is the most efficient way of measuring billing performance. Existing internal measurements may vary across suppliers. Any future measurement of bill accuracy would need to have a validated industry wide definition of the calculation to ensure absolute consistency and comparison across all suppliers.

Question 6: Do you consider that timeliness of bills is a suitable metric for assessing billing performance? Do you have views on whether it is more appropriate to measure timeliness of all bills, or just final bills?

We agree that timeliness of bills is again a reasonable metric for assessing billing performance. However, we believe that it is appropriate to measure timeliness of final bills only, as this is a clean/consistent measure across the industry and is a regulatory measure. As you note in your

consultation, final bill delay data is already collected by Ofgem and would therefore not add additional burden on suppliers submitting that information.

As per our answer to question 5 above, the variation of reading & billing profiles within and across suppliers, would make it very difficult to agree a consistent definition and consistent, comparable measurement for 'live' bills.

Question 7: Do you favour using timeliness, accuracy of bills, or both, as metrics of supplier performance on billing? Are there other metrics that we should have considered?

We are broadly supportive of using both timeliness and accuracy of bills as metrics of supplier performance on billing, taking into consideration our points detailed in questions 5 and 6 above. We currently measure accuracy and timeliness internally using alternative methods to those proposed by CA, and we publish monthly performance indicators on our website to inform customers. We measure overdue live and final bills in accordance with Energy UK's Billing Code, and the methodology we use is audited by Energy UK. We would be happy to share the details with CA if that would be helpful.

Question 8: Do you agree that the Guaranteed Standards are an appropriate measure of supplier performance for prepayment? Is there other data we should consider using?

We agree that current reporting on supplier's ability to meet PP guaranteed standards would give customers some insight into suppliers' performance. Indeed, we concur with CAs commentary relating to prepayment meters, in particular, the issues for customers regarding loss of supply either through the meter itself being faulty, or the customer having difficulty charging top-up cards.

It is right there is an industry Guaranteed Standard for these consumers and ScottishPower believe the figures reported to Ofgem are an appropriate measure of performance.

Any other issues customers have with their prepayment meter would be captured within the Complaint Handling Standards and that data is either reported via the monthly complaints submission to Ofgem and Citizens Advice, or within the escalated cases monitored within the complaints section of the Comparison Tool. For these reasons, we do not think there is a need to further monitor the performance of suppliers relating to prepayment meters.

Question 9: Do you support Option 1 (including prepayment where suppliers have sufficient PPM customers)? Do you support the proposed thresholds?

In line with our backing of Guaranteed Standards as an appropriate separate measure for prepayment performance, ScottishPower support Option 1. However, we would propose some adjustment to the percentages in the table on page 18.

For example, a large supplier with less than 25% could still have a significant number of prepayment customers therefore the Guaranteed Standard Performance for prepayment issues should be considered as an appropriate metric in the new Comparison Tool.

We understand that there has to be some recognition of those suppliers with a high number of prepayment customers, but would also welcome if CA could consider the inclusion of suppliers' Guaranteed Standard performance based on their absolute customer numbers on prepayment.

Question 10: Do you support Option 2 (scoring all suppliers according to billing performance only)?

No, please see response to question 9 above.

Question 11: Do you support our focus on telephone support as the key route for consumers to contact their supplier? Do you support our proposed metric in this area (average wait time for telephone services)?

We agree that telephone support remains the predominant method of contact between customers and suppliers. Call centre metrics can typically be complex in terms of operational definitions and we would therefore urge CA to carry out a detailed scoping and definition exercise to ensure that all submitters are reporting in the same way and to therefore ensure consumers have a clear understanding of supplier performance in this area.

We are concerned that, in attempting to achieve high scores in this measure, suppliers may be tempted to 'game' the metric and/or leave customers waiting in IVR queues for longer than truly necessary, thereby providing a poorer service to customers. Therefore, we would welcome further industry wide discussion on possible ideas of how best to measure this.

We would also request adequate time to review any reporting revisions that may be required in order to provide this data in the future, as call centre data is often subject to a bespoke build depending on the telephony platform and we would want to fully test any new reporting requirements prior to submission.

Question 12: Do you support the option to include additional contact methods in the scoring for some suppliers? Do you support the proposed threshold for including additional channels?

Whilst recognising that call centre support (including telephone) remains the predominant channel of contact for consumers, a proposal could be considered around the range of channel offerings and convenience that suppliers' offer to their consumers and using this as a means of measurement/comparison. This is referenced in our response to Question 16 below.

We do not currently measure the average response times for emails or the average wait time for chat to begin in the way CA is proposing.

We measure the volume of emails responded to within set timeframes to ensure we are focussed on providing a good service to our customers. We would need to build alternative reporting mechanisms to capture average response time.

In addition, we started to pilot a new webchat system in May 2017 which identifies where a customer might need additional help and offers up the webchat tool. Therefore, there is no waiting for the chat to begin.

Question 13: Do you agree that changing the weighting of OSE cases would better reflect consumer outcomes? If not, please provide your reasoning.

We understand there are 2 elements to this question:

- (1) OSE case weighing
- (2) OSE data moving from non-deadlock volume to outcome based data.

With regards to the OSE case weighting component of the CA Comparison Tool, currently at 30%, we believe there is no current proposal in this Consultation to change this (although we understand that a future Consultation may be issued). We understand the sensitivity and importance of this metric given the consumer detriment that is faced in having to go to OSE. However, we believe that the 30% weighting should be a maximum level as OSE cases reflect a very small proportion of UK customers and therefore should be balanced with wider customer satisfaction components. We are happy to discuss and review any proposed change in weighting for complaints/OSE cases.

With regards to the OSE data moving from non-deadlock volume to outcome based data, we have some concerns over the new proposals:

- The use of OSE outcome categories would require further investigation by CA into the accuracy of the outcome scores. Ombudsman Services: Energy (OSE) have openly stated that the categorisation of some cases is wrong, meaning they cannot guarantee the outcomes are 100% accurate, hence they have never published the data in their own quarterly data release on their website about suppliers. Indeed, we have found instances of cases being categorised as 'upheld' when in fact they should be 'maintained', i.e. the OSE remedy has not altered what we had offered in our final offer (deadlock letter) to the customer. We would caution that, without review and full validation of this data, it could lead to a lengthy OSE/Supplier dispute process at the end of each reporting quarter as suppliers would want to ensure that any publicly released data was of upmost integrity.
- It is worth noting that the determination of a case outcome does have a level of subjectivity applied. For example, there have been instances where OSE have added, what they call 'nominal increases' to the supplier's offer, e.g. £40 is increased to £50; £100 to £125. In such examples, we see that the core resolution and complaint handling approach has been good, however, as OSE rarely provide any rationale on their final decision letter to explain the additional amount, it is not clear why the small extra amount of goodwill was awarded. This concept of 'nominal increases' could lead to possible incorrect categorisation of outcomes which may in turn skew a consumer's perception of a supplier's performance in this area.

Very recently OSE said they were reviewing these 'nominal increases' when setting awards, once more confirming the accuracy is not there at present for anyone to feel comfortable publishing these outcome scores. We think it would be helpful if CA took this review into consideration when taking decisions relating to amendments to the rating tool.

- The proposal to include deadlocked cases resurrects the industry discussions suppliers had with CA over the current ombudsman metric. Deadlocking is a practice suppliers must follow if they reach stalemate with a customer. That letter entitles the customer to either accept the supplier's final offer, or take their case to OSE for an independent review. The deadlocking process is required in order to ensure compliance with Ofgem's Complaint Handling Standards (CHS). We therefore see this as being an important part of the consumer redress process, but in no way an accurate reflection of complaint handling quality.

CA's proposal states "This (the inclusion of deadlocked cases) could more accurately reflect the complaints handling performance of suppliers, by focusing on these complaints which they have failed to deal with efficiently and correctly". As mentioned above, we are of the opinion that the inclusion of deadlock cases is not a reflection of a company inefficiently and incorrectly dealing with a complaint. A deadlock letter can be issued for a complaint which has been very well handled, but the customer is requesting compensation well in excess of what the company is offering (based on what the company deems fair and reasonable against those individual circumstances). Companies should not be penalised for having to correctly issue a deadlock letter as is required by the CHS.

- The proposal does not clarify how the data and supplier performance would be presented i.e. would this be quantity or percentage based.
For example, a supplier could have a small number of OSE cases from which the outcomes are mostly upheld, and if only the upheld proportion is shown in the comparison tool then this could imply to consumers that this supplier provides a poor complaint handling service. Conversely, a supplier could have a large number of OSE cases but with a lower proportion upheld, and if only the outcomes are used in the metric then consumers may interpret that this supplier provides a better complaint handling service.

Consultation should be taken on how to accurately present this data to avoid customer confusion, if and when, outcomes are agreed to be included.

Smooth implementation of this metric would be supported by providing suppliers with a retrospective view of how they would have performed during the past 12 months under the new metrics. This will enable suppliers to understand how their performance will be affected by the new methodology. It will also ensure that any concerns around data accuracy can be resolved before the changes come into force.

In summary, we think it would be reasonable for CA to exclude deadlock cases from the Comparison Tool metrics and only move to OSE outcome based data once all suppliers are confident with the accuracy of the outcomes data and how it is presented.

Question 14: Do you agree with our proposed approach to non-compliance with information requests?

We are supportive of the approach to non-compliance with information requests, provided allowances are made for unforeseen circumstances that result in delayed reporting.

Question 15: Do you agree with our proposed approach for white label brands in the supplier rating?

We do not agree that white label suppliers should have the same comparison tool score as their parent brand. We believe that customers often choose white label brands based on their perception of the white label in addition to the actual customer service, etc. provided, so it is critical that they are provided with accurate data on actual performance relating to the brand they have selected, rather than the average performance across the white label and the parent brand. It should not be optional to separate the white label supplier performance from the parent brand performance – it

should be mandatory to allow complete transparency across brands for all consumers. Therefore, we would propose an arrangement where white label brands are given their own rating according to their own customer service performance. This would provide consumers with an accurate assessment of the brand they are switching to, rather than that of the, often unknown, parent company.

Question 16: Do you have any other suggested changes to the supplier rating?

We would like to propose a number of other ideas for consideration. These ideas fall into two main headings:

(1) Consumer Confidence

- Inclusion of the Billing Code as a measurement of Supplier performance. There is no difference in principal to the Switch Guarantee Code, in that it gives the consumer confidence that their supplier is adhering to a standard set of practices. Like the switch guarantee metric, we would propose a simple yes/no and score the suppliers appropriately with a similar weighting.
- In addition, the EUK Safety Code measures participating energy suppliers against 13 key Safety Net objectives. Independently audited, company's processes and controls are assessed against each of the 13 objectives. The scoring of 'gold', 'silver' or 'bronze' reflects suppliers commitment to ensuring that all vulnerable customers receive an appropriate level of support. CA could apply an appropriate weighting to each of the scores, with any company receiving 'gold' awarded the top mark.

(2) Benefits to Vulnerable Customers

- An excellent benefit for consumers is the Warm Home Discount Scheme. Currently at £140, this can be a significant help to a qualifying customer. We have heard of many situations where a customer has moved to a supplier not paying the Warm Home Discount rebate and whilst they may have saved a small amount on the tariff, they are actually worse off because they are unable to claim the WHD payment. Like some of these other metrics, it would be a yes/no outcome if a supplier provided a WHD payment to consumers.

'Benefits to Vulnerable Customers' could then potentially be expanded over time to include other measurements that CA may wish to consider in future.

The above text gives the detail behind our views and responses to the questions asked in the Consultation. For ease of review, we have also provided a table format with all of the questions and our high level response with comments where appropriate.

Question	High Level Response
1 Do you agree with our aim to introduce changes from December 2017?	No – should be Q1, 2018
Market Coverage	
2 Do you support our proposed threshold for mandatory inclusion in the rating of 50,000 domestic customers?	Yes, but should be mandatory for all, regardless of size.
3 Do you support the voluntary inclusion in the rating? Do you support our proposed requirements for suppliers wishing to join?	No – see 2
4 Do you have views on how we could improve information we provide to consumers about suppliers with fewer than 50,000 customers who do not voluntarily join?	No – see 2
Metrics - billing	
5 Do you agree that accuracy of bills is a suitable metric for assessing billing performance?	Yes
Do you have views on which of the options for measuring bill accuracy is most appropriate?	Yes, Option 1
6 Do you consider that timeliness bills is a suitable metric for assessing billing performance?	Yes – final bills only.
7 Do you favour using timeliness, accuracy of bills, or both, as metrics of supplier performance on billing?	Yes
Are there other metrics that we should have considered?	No
Metrics – prepayment	
8 Do you agree that the Guaranteed Standards are an appropriate measure of supplier performance for prepayment?	Yes
9 Do you support Option 1 (including prepayment where suppliers have sufficient PPM customers)?	Yes
Do you support the proposed thresholds?	No
10 Do you support Option 2 (scoring all suppliers according to billing performance only)?	No – see 9
Metrics - customer service	
11 Do you support our focus on telephone support as the key route for consumers to contact their supplier?	Yes
Do you support our proposed metric in this area (average wait time for telephone services)?	No
12 Do you support the option to include additional contact methods in the scoring for some suppliers?	No – see 16
Do you support the proposed threshold for including additional channels?	No
Metrics – complaints	
13 Do you agree that changing the weighting of OSE cases would better reflect consumer outcomes? If not, please provide your reasoning.	No – concerns over measurement and data quality
Other changes	
14 Do you agree with our proposed approach to non-compliance with information requests?	Yes
15 Do you agree with our proposed approach for white label brands in the supplier rating?	No – white labels ratings should be separate from parent
16 Are there any other changes to the supplier rating?	Yes – other areas proposed