

**New Energy Consulting**

*MAKING ENERGY SUPPLY WORK*

# Response to Citizens Advice Consultation on Smaller Supplier Performance Rating

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## 1 Background

*Citizens Advice* is looking to increase the number of suppliers in the energy retail market covered by their energy supplier performance rating. Currently this is restricted to suppliers with over 50,000 meter points, and Citizens Advice would like to lower this to 25,000 meter points to increase the coverage of their rating.

Under the current arrangements 32 suppliers covering 98.96% of the meter points in the market are included. Under the proposed arrangements this will rise to 47 suppliers and 99.92% of the market by June 2019<sup>1</sup>.

*New Energy Consulting* works with several smaller and medium suppliers and understands how these suppliers operate and how they approach customer service challenges. Overall, we agree with the proposals, but have concerns over the methodology used. We feel that the current rating does not reflect supplier performance, leaving the scores at risk of manipulation, thus eroding the trust in them from consumers.

## 2 Questions

Citizens Advice have produced a consultation request detailing their plans and have proposed eight questions to be responded to:

### 2.1 Minded-to Option

Q1. Do you agree with our minded-to option to expand the existing rating to include suppliers with over 25,000 meter points? If no, what would you suggest as an alternative approach?

New Energy Consulting agrees with Citizens Advice's position to include suppliers with over 25,000 meter points. New Energy Consulting also agrees that Option 1 is the most logical approach to include these new suppliers. The draft RFI produced does not look overly onerous and suppliers should be able to report back on the figures required. The stats required are those which should be being tracked by a responsible supplier to internally manage their performance levels.

<sup>1</sup> [https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20Responses/Energy%20Supplier%20Rating\\_Consultation%20smaller%20suppliers%20rating310718.pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Energy%20Consultation%20Responses/Energy%20Supplier%20Rating_Consultation%20smaller%20suppliers%20rating310718.pdf)

## 2.2 Current metrics

Q2. Do you agree with our proposals to use the same metrics as the existing supplier rating, for suppliers with over 25,000 meter points?

It is here that New Energy Consulting has concerns. Some of the scores do not reflect service levels and poor performance by suppliers may not always be highlighted using the current metrics.

We feel that as the '*Fewer Complaints*' rating only covers 3<sup>rd</sup> party complaints performance, and not internal complaints performance as well, that if a supplier has a poor complaints process not highlighting the 3<sup>rd</sup> parties which provide free assistance to consumers, then these consumers might not be aware that these facilities exist. This will mean that they will not register in the complaints numbers that will be caught. However, a supplier that is very proactive in signposting may get a higher proportion of customers taking advantage of the services that 3<sup>rd</sup> parties offer, making them appear to be performing worse. We appreciate that internal complaints stats can vary from supplier to supplier depending on their efficiency at recording complaints, but with suitable auditing, this can be offset.

The '*Easier to Contact*' rating does not consider the quality of the service, merely how quick the supplier answers the phone. Consumers would rather wait a couple of minutes to get excellent service than be answered immediately. Whilst Trustpilot and other online fora are not a perfect scoring system, these do provide some insight into how some suppliers are performing. There is a poor correlation with some of the better performing suppliers on Citizens Advice's rating with the scores on online rating services and with Which?'s annual customer satisfaction survey. An aggregated score from these rating services could be looked at to resolve this, unless Citizens Advice has the resource to conduct customer satisfaction surveys with enough customers to get a statistically viable rating. Furthermore, perhaps a facility to consider any decisions made by the regulator finding against a supplier could be incorporated into the scoring. Whilst the regulator's decisions are normally published after the supplier has resolved the issues, Citizens Advice's rating does look at historic performance, not future performance, and so could be used.

We also feel there should be a clarification issued to confirm where sales calls from a dedicated IVR option should be excluded from the stats provided, as it reads as if only where there is a different lead phone number should they be removed. Q7 deals with our concerns about no inclusion of other communication types.

'*Clearer Bills, On Time*' again does not cover the quality of bills – just if there has been an actual reading used at some point in the last 12 months. With the onset of smart metering, the 'accuracy' of bills will become easier to achieve, without checking the supplier's ability to produce consistently accurate information with the data they have. 15 working days to produce a bill is also a very long time in monthly billing – we feel this could be tightened up to give a truer reflection of timely billing. 5 working days will be the target the better performing suppliers will be targeting to have worked through the majority of their billing exceptions.

We feel '*Easier to Switch*' is a fair metric.

Our concerns with 'Customer Guarantees' rating is that only the Big 6 were able to obtain 5 stars in your last score for up to March 2018, and only 3 others had a 4<sup>th</sup> star<sup>2</sup>, implying that the guarantees are too burdensome for smaller suppliers, hindering them from being able to compete on a level playing field. Most suppliers are also not members of Energy UK and are not happy to sign up to codes which they do not have an active part in developing and maintaining. Signing up to a British Standard also can be challenging for a smaller supplier.

We note that Citizens Advice is keen to keep their scoring system under review and we are pleased to read that and hope that at least some of our concerns can be addressed in due course to prevent any damage to reputation of the scoring rating.

Q3. Do you support our minded-to option to lower the threshold for a supplier to have a consumer service referral, or to retain the existing requirements and remove the weighting for those under 50,000 meter points?

New Energy Consulting supports the minded-to option to lower the threshold to have a consumer service referral to 25,000 meter points

Q4. Do you agree with lowering the weighting to per 10,000 meter points for all suppliers as the most appropriate approach? If not, what would be a more appropriate alternative approach?

New Energy Consulting agrees that this would be the most appropriate approach.

Q5. Do you agree that these are appropriate metrics for suppliers with more than 25,000 meter points? If not, please provide evidence to support your answer.

Notwithstanding our comments in answer to Q2, we feel that these are appropriate measures for smaller supplier inasmuch as they should be able to produce a response to the Draft RFI as it currently is implemented. The only area we have concern over is the Customer Guarantees due to fewer than a third of suppliers in your current rating scoring above a 3.

## 2.3 Proposed changes to the existing rating

Q6. If Ofgem's changes proceed, do you agree with our proposal to measure bill timeliness performance based on Bills and statements only? If you disagree, please include an explanation.

Yes, New Energy Consulting does agree with this approach, but would like to again mention that we feel 15 working days is not a tight enough timeframe to measure bill timeliness. We appreciate this is in line with Energy UK's Billing Code, but less than a sixth of UK suppliers are signatories to this. Most suppliers bill monthly and so the timeliness of bills should be updated to reflect that.

Q7. Are these the right communication methods to consider? Please give a reason why, and let us know if there are others we should include in this exploratory RFI. Please include details about what data you collect about these communication methods currently.

New Energy Consulting agrees that these communications should also be included. There is also still a reasonable number of customers who communicate via postal letter, which should also be considered. Whilst these communications are harder to track than calls, to be able to properly record complaints, the received date of all communications needs to be stored by a supplier, so the response times should also be recordable.

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<sup>2</sup> <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/citizens-advice-consumer-work/supplier-performance/energy-supplier-performance/compare-domestic-energy-suppliers-customer-service/>

Q8. Do you agree with our proposal to rank suppliers with a tied rating based on their complaints score?

This seems like the best way to separate suppliers scoring the same overall.

### 3 Conclusion

New Energy Consulting supports Citizens Advice's attempts to create an independent and transparent scoring system for the energy retail market, however, we have concerns over some of the metrics used in that we feel they may either unwittingly mask poor performance, or be too lax to highlight poor performance. These are detailed in our response to Question 2. We appreciate collecting these concerns was not the objective of this consultation, but we felt they needed to be raised so they can be taken into account for future consultations or changes.

We agree with the principle points of the consultation to lower the thresholds for the rating and for setting up a consumer referral service. We also agree that the response times to other customer communication methods should be included as part of the 'Easier to Contact' metric.

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