

Alexander Belsham-Harris
Citizens Advice
200 Aldersgate Street
London
EC1A 4HD

Monkton Reach, Monkton Hill,
Chippenham, Wiltshire, SN15 1EE
✉ goodenergy.co.uk
✉ enquiries@goodenergy.co.uk
☎ 0800 254 0000

11/16/2017

Dear Alexander,

Energy Supplier Rating: Consultation on Proposed Changes

Thank you for the invitation to respond to the above document. Good Energy is a renewable energy company, supplying 100% renewable electricity and carbon-neutral gas, via the National Grid, to homes and businesses across the UK. Good Energy is working towards a 100% renewable future, helping to support technologies including wind, solar, biofuel, hydro and tidal. Our purpose is to power the choice of a cleaner, greener future together.

Overview

- Welcome measures to support greater transparency and choice in the retail market.
- Metrics need to accurately reflect the characteristics of suppliers of all sizes.
- The proposed timescales for introduction are currently too short and so increase risk for small suppliers, which may translate to higher costs for consumers.
- Metrics must reflect the differing demands of different consumer groups.
- Alongside customer service rankings, there is a need for the introduction of a rating to reflect genuine 'greenness' of energy supply to improve clarity in the market to support better consumer choice.

Good Energy is supportive of any steps which will support consumers to making a more informed decision when choosing which supplier to switch to. However, we have concerns regarding the proposed timescales of introduction for suppliers with fewer than 150,000 customers, and how comparable various metrics are between suppliers of different sizes.

Currently the 150,000 threshold is out of step with other reporting requirements, which occur at either 50,000 (for provision of PPM payment options and various billing criteria) or 250,000 (for various social obligations). If the threshold were to be brought down to 50,000 customers without sufficient notice, this risks creating additional operational burdens on small suppliers who have recently crossed the 50,000 customer threshold, at a time when they are already having to manage the costs and operational challenges of increased responsibilities in other areas.

The proposed timescales may also present significant challenges for small suppliers that have had in excess of 50,000 customers for some time. The regular nature of the data reporting requirement means systems must be developed and resources permanently assigned to monitoring and reporting standards under the newly expanded energy supplier rating. The timescales set out in this consultation leave little time for small suppliers to develop these processes robustly, which differ from those required to manage adhoc RFIs such as the one which comes alongside this consultation.

We therefore propose a longer lead time between the announcement that suppliers between 50,000 and 150,000 customers will be obliged to be included in the energy supplier rating, and their beginning to be reported. If currently proposed metrics are to be used, the beginning of 2018 is more likely to give sufficient time for suppliers to develop necessary internal processes to support both the gathering of data, and the communication of results externally. If however metrics are to be further reviewed, then the introduction should be further delayed to give adequate foresight to market participants. Small suppliers already face challenges implicit in operating a small company in a marketplace dominated by large players, and are typically limited in their resources to manage short-notice changes to reporting requirements. Although increasing the scope of the energy supplier rating will likely be beneficial for consumers, it is essential that it does not simultaneously impose significantly increased costs on small suppliers which must be then recovered from their small customer bases.

We also have concerns that the proposals as they currently stand risk negatively impacting small suppliers. We acknowledge the challenges in designing a metric which accurately reflects the characteristics of suppliers of all sizes. However, unless the metrics are carefully balanced, there is a risk that even a small number of complaints will have a significantly greater negative effect on the ranking of a small supplier than on a larger supplier. Adequate time must be invested to ensure that the proposed methodology does not disproportionately disadvantage small suppliers.

It is also important to consider that suppliers are not a homogenous group, and neither are their customers. Although true comparability is essential, it is the case that not all customers want the same things from their supplier. For example, we are aware that a large number of our customers prefer to make use of the phone, because they value the personal interaction with our call centre staff. However some other suppliers have found web-chat services to be more popular with their respective customer bases. Metrics must be designed in such a way as to allow for differences in customer preferences to be taken into account. It would not be beneficial for consumers if suppliers were incentivised to design their processes to reflect the systems of ranking, as opposed to feedback from their own customer base.

Finally, in recent months there has been an increase in the number of suppliers offering what are often marketed as 'green' tariffs. Although OFGEM permits any supplier with sufficient REGOs to cover the demand of green tariff customers to be able to claim that the tariff is powered from renewables, not all green tariffs bear the same green credentials. Consumers increasingly look to trusted bodies like CAB to explain the difference between genuine green tariffs, and those which are simply brown power green-washed with REGOs. We would support the introduction of an additional metric alongside the energy supplier rating which shows the *genuine* green additionality offered by a tariff. This is essential to allow consumers to make informed choices about the energy they are buying.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

Tom Steward

External Affairs Executive