



## By Email

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Dear Alex,

### **Consultation on changes to the energy supplier rating July 2017**

Please find below npower's response to the Citizens Advice proposed changes to the energy supplier rating.

#### **Response summary**

We welcome the update of the energy supplier rating tool to enable better outcomes for consumers, however, there is a need to ensure that the proposed new metrics for billing and customer service are meaningful, important and consistently applied across suppliers, as customer measures.

We would also welcome further discussions on the current design, particularly with regards to the inclusion of consumer service referrals as opposed to just enquiries. We support the proposal to reduce the threshold to include more suppliers but have some concerns around withdrawal requests, following a voluntary inclusion, as this potentially may cause confusion to consumers.

Clarification is also required to ensure all suppliers align themselves to the same consistent approach to providing information, particularly in response for the proposed bill timeliness metric. The rating appears to separate the smaller from larger suppliers. This is particularly relevant to the responsibilities and obligations that are required of larger suppliers and the numbers of vulnerable customers this involves, putting the latter at a disadvantage.

Overall we welcome the changes but would encourage further discussion around accessibility as an overall service offering from energy suppliers, in order to promote best practice in the industry.

#### **Response to consultation questions**

##### **Q1 Do you agree with our aim to introduce changes from December 2017?**

We are in support of providing better metrics for consumers to help them make informed decisions when switching energy supply.

However we believe that the timings for publishing the revised metrics are optimistic given the current outstanding questions around the RFI. If bespoke MI is required, the creation of these reports could take some considerable time due to the IT development and impact assessments for accessing this data from systems; therefore delivery of these reports within the timescales may be challenging.

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**Q2 Do you support our proposed threshold for mandatory inclusion in the rating of 50,000 domestic customers?**

Yes.

It is important that consumers have relevant information to inform their decision when switching and to enable them to easily compare the market on a like for like basis. This helps with transparency and trust in the market.

Many start-up energy suppliers lead on price rather than the firm foundations of customer service - so this would encourage positive behaviours in the industry.

We also believe that it would be valuable to explore the frequency of reports for smaller suppliers so as to better reflect their overall performance and mitigate any fluctuations.

**Q3 Do you support the voluntary inclusion in the rating? Do you support our proposed requirements for suppliers wishing to join?**

Yes.

It's in the best interest of consumers to be able to access this information for all suppliers. We have some concerns about the request to withdraw, and how this amendment would affect the tables post the event, causing unnecessary confusion to consumers. Our assumption in this instance would be that the supplier is listed but without a rating and in this scenario would be happy to support this decision.

**Q4 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?**

Separate service information could be listed for those energy suppliers who do not voluntarily join. This would help consumers understand if the supplier could be a viable option for their circumstances – e.g. payment methods available, social housing tariffs, online account management, etc.

**Q5 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?**

No.

Consumers with traditional meters have more control over estimated/actual bills as they are able to supply meter reads. For those not able to read the meters themselves, energy suppliers can support these vulnerable customers and send meter readers to their homes if required.

As we move towards more Smart meters, this metric may become irrelevant. In a Smart environment, most reads will be actual reads taken directly from the meter, unless a customer has opted out of data sharing or there is fault in the ability to read the meter. Therefore the value of this metric is limited and not always a reflection of a supplier's actions. The metric as currently framed is also tied into reflecting actual reads (whether from customer, agent read, etc.) and fails to recognise that estimated reads, based on reliable data sources, is acceptable practice within the industry when producing a bill.

**Q6 Do you consider that timeliness of bills is a suitable metric for assessing billing performance?**

Yes.

We believe consumers would value this metric as a delayed bill could have a considerable effect on their personal finances. The responsibility of timeliness of the bill largely lies with the energy supplier and therefore is more of a true measure of performance.

However, in measuring this a consistent approach must be applied across all suppliers particularly in relation to timeliness – using the same reference points and measures. There is a need to provide clear definitions and assumptions in the RFI for clarity. It is known that suppliers have different methodologies and terminology with regards to billing vs read dates. Some companies refer to bill windows, open/closed/due dates; hence our concerns around the consistency and accuracy of data from suppliers if this is not set out correctly from the outset.

We would be happy to support conversations to ensure alignment if this is to be explored further, possibly through an alternative forum such as the billing forum.

**Q7 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 in favour of using **timeliness** as a measure, as we feel there is more value to the consumers and it is a metric that the supplier has a clear responsibility for. We feel that accuracy of bills in relation to estimated or actual reads is not a large driver of switching, particularly given the Smart roll out programme.

First bill as a metric could be explored as an option, as it would provide an indication of ease of switching, which could be valuable to consumers when deciding on a new energy supplier.

**Q8 Do you agree that the Guaranteed Standards are an appropriate measure of supplier performance for prepayment?**

Some metrics in the Guaranteed Standards would be valuable to prepayment consumers; particularly in relation to return to supply such that it would be useful for some to be considered as part of this metric. This information is readily available as we already report on this for third parties.

**Q9 Do you support Option 1 (including prepayment where suppliers have sufficient PPM customers)? Do you support the proposed thresholds?**

In principle, this metric could work but the score may not be reflective due to this weighting and therefore difficult for consumers to compare on a like for like basis. In our opinion, the thresholds seem too wide against the weighting score. For example 25%-75% of prepayment customers would equate to 50% of total score.

**Q10 Do you support Option 2 (scoring all suppliers according to billing performance only)?**

No.

Billing is not relevant to Prepayment customers and could cause confusion. Metrics should be appropriate, proportionate and relevant to all consumers.

**Q11 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)?**

Whilst speed of answering is measurable, it doesn't measure the quality of the call and the service received. We believe this would need to be supplemented by additional metrics if it was to be introduced to provide something meaningful for consumers - where both response and resolution are taken in to account.

There would be further benefit to consumers in highlighting additional telephony services such as our 'Queue buster' - a call back service which holds the customer's position in the queue, and connects the customer to the Agent when they are at the front of the queue.

**Q12 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?**

Yes.

Accessibility is a key metric as a consumer offering as it provides the consumer the choice of contact method. Smaller energy firms have been known to market and target specific groups, which forces customers to take specific journeys (online for example). The choice for the consumer in these instances are limited, and this low level of service offering is not reflected in the rating.

We support the threshold for including additional channels.

**Q13 Do you agree that changing the weighting of OSE cases would better reflect consumer outcomes? If not, please provide your reasoning.**

No.

We would be open to look at the outcomes however would be concerned with the lack of control we have over the time that responses/remedies are received back from the Ombudsman. The result is that the measurement could fluctuate from each quarter depending on workloads. If a policy was put in place in relation to OSE service level agreements, this could help mitigate some of these concerns.

In order for this metric to go ahead, we believe that further processes would need to be implemented following an OSE response, to allow for review and validation, due to the accuracy of data received. This would involve a reconciliation and dispute process for outcomes to take place on a monthly basis, which would require SLAs for OSE and suppliers. This would increase our timescales to process and report on this data, which could mean a misalignment of reporting periods for this data for the energy supplier rating tool and an increased burden for both parties.

We have reviewed the proposal to include deadlock letters in the calculation of the complaints performance handling score. As part of the Alternative Dispute Resolution we signpost customers to OSE in our deadlock letters when we have reached impasse. Deadlocks are not currently included in any performance metric and we strongly feel this should continue to be excluded from the complaints metric as it could cause confusion for consumers. We have highlighted this matter previously and would look to discuss this further prior to any inclusion.

**Q14 Do you agree with our proposed approach to non-compliance with information requests?**

Yes.

**Q15 Do you agree with our proposed approach for white label brands in the supplier rating?**

No.

White labels can be very different to the parent company and should not be assessed in the same way. For example Powershop use a different IT / customer service platform to npower - reflecting their unique customer service approach and framework, and their levels of service. As such, we propose that Powershop ratings should be measured separately as they are effectively a unique company and brand, albeit owned by a company operating in the same category and space.

**Q16 Are there any other changes to the supplier rating?**

Yes.

There are a number of voluntary codes which demonstrate customer commitment that should also be considered for inclusion.

- EUK Voluntary Agreement - Actions for refunding credit balances
- EUK Code of Practice for Accurate Bills
- Ofgem Voluntary Practices - Households that do not use gas
- Ofgem Voluntary Agreement - Signposting additional customer support between the water and energy sectors
- The Energy Retail Association 'Safety Net' - Protecting Vulnerable Customers from Disconnection

The Warm Home Discount of £140 is offered by all suppliers with at least 250k customer accounts. Currently the discount is offered to over 2m households and we believe it is an important factor for these consumers when choosing an energy supplier, therefore we feel the availability of this discount should be highlighted to help inform their decision.

We hope that you find our consultation response useful. If you wish to discuss this matter further or provide any updates on the project, please contact **Alan Hannaway** via the details in this letter or email [alan.hannaway@npower.com](mailto:alan.hannaway@npower.com).

Yours sincerely,

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