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Improving information for customers – An occasional paper (July 2004)

Dear Chris

Apologies for the slight delay, but detailed below are the thoughts of RWE npower in response to this paper. This is on behalf of its licensed retail energy supply operations and legal entities under the umbrella of the npower brand. Given the importance of billing matters to both customers and suppliers alike, this response deals primarily with this aspect of your paper.

Any regulatory activity that Ofgem wishes to undertake with regard to billing issues must be appropriate and should be justified against a clear rationale, firm evidence and be transparent, targeted and proportionate. It must therefore be consistent with the principles of good regulation.

As you know, RWE npower participated fully in the industry meeting energywatch hosted in May to discuss the development of a BSI standard in billing and looks forward to continued involvement in discussions about billing issues. In the meantime, we are liaising with the Energy Retail Association (ERA) which recently considered the proposal at a working group meeting we attended. The ERA is responding to energywatch's proposals on behalf of the industry as a whole.

Internal root cause analysis shows that a large proportion of billing complaints are caused by problems encountered when customers switch from one supplier to another. We would suggest that these problems are being properly addressed by the Customer Transfer Programme. From RWE npower's perspective, relatively few billing complaints are about misunderstanding the bill.

Furthermore, we would wish to point out that the bill is not the only way in which we communicate with our customers. For example, new customers receive a welcome book that provides answers to frequently asked questions, contact telephone numbers, details of other services available, along with a leaflet that provides them with a guide to their first bill.

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We have been fully engaged in discussions on consumer preferences for improving consumption information feedback. In fact, we are currently discussing internally answers to a number of questions that were posed to suppliers regarding ways in which such feedback could be improved and options that we could test within a consumer trial. We understand that a further workshop is planned for early October.

We question the appropriateness of the introduction of a BSI standard in billing and view it as being too prescriptive in a competitive market where distinctive bill presentation, billing processes and differentiation can all help consumers to choose between suppliers. We would not be supportive of the introduction of such a standard and believe that Ofgem/energywatch should instead seek to form a supplier consensus prior to pursuing this work further. We believe industry self-regulation as being the most appropriate means of resolving issues without distorting competition and the scope for differentiation.

With regard to consumption information feedback, Ofgem should wait until the trial has finished and the results have been analysed before determining the ways in which suppliers can improve feedback.

We look forward to contributing to the forthcoming review of supply licences.

If you require any further clarification on any of the above or related matters, please do not hesitate to contact me.

Yours sincerely,

Steve Hodges
Economic Regulation