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Dear Andrius,

**Supplier Guaranteed and Overall Standards of Performance Review – Call for Evidence**

Thank you for the opportunity to respond to the above call for evidence which was published on 21 January 2012. I am responding on behalf of ScottishPower Energy Retail Limited. We are pleased to be involved in a review of the Guaranteed and Overall Standards of Performance. These were an important tool at the opening of the market to competition to ensure that customers could rely on a minimum level of service from their supplier. However, the market has evolved significantly since then and the Standards of Performance have not changed. This review is timely and provides a valuable opportunity to assess the standards of supplier performance alongside other market developments, including the Standards of Conduct.

At ScottishPower, we continue to support the aim of the Guaranteed and Overall Standards of Performance (GOSP) in the commitment to provide an expected level of service to customers. However, we believe that improvements can be made in relevance to what consumers in the retail market expect from suppliers in terms of service and potentially in aligning the GOSP with the Standards of Conduct to create one set of service standards which would ensure that customers are treated fairly and appropriately.

We believe that any Standards of Service framework should continue to apply to Domestic customers and to Small Business customers only. We do not believe the Guaranteed Standards provide any additional benefit to large business consumers. We propose that were we to remove large business customers from the standards we could create a more specific set of standards that are based on what customers want most from their supplier.

We also consider that any Standards of Service obligations should apply to all suppliers. In addition to this we would expect that the same standards would apply equally to both Gas & Electricity.

We are of the opinion that the Overall Standards in their current state have little meaning to customers and would suggest removing them, allowing increased focus on the relevant Guaranteed Standards scheme and individual suppliers complaints handling performance. Going forward, there are some additional points that we believe need to be considered as part of any review, as outlined below:

- **Guaranteed & Overall Standards Reporting Transparency:** Customer awareness of GOSP is relatively low in comparison to other customer service measures. We would therefore propose that suppliers have to publish their performance as well as their rights under the Guaranteed Standards. We believe this would increase customer awareness and encourage suppliers to improve their level of performance.
- **Future Market Development & GOSP:** By simplifying the Guaranteed Standards to cover core customer service areas, and aligning these to the Standards of Conduct, we believe that the GOSP would remain relevant and allow us to address changing customer needs as the future market develops.

We have set out our thoughts on the specific questions raised in your document in the annex to this letter. We would be keen to work closely with Ofgem and industry stakeholders on this review ensure that the Standards of Performance are useful, relevant tools for customers in engaging with their supplier. I would be please to discuss further any of the points raised above or within the annex and provide further information that may be required.

Yours sincerely

**Pamela Mowat**  
Head of Retail Regulation  
ScottishPower Energy Retail

**SUPPLIER GUARANTEED & OVERALL STANDARDS OF PERFORMANCE REVIEW  
SCOTTISH POWER RESPONSE**

***ROLE & SCOPE OF THE GOSP***

**Question 1: Are GOSP an effective tool for protecting consumers in the retail energy market?**

Customers expect a certain level of service from their energy supplier, and we are fully supportive of a framework which protects consumers and provides them with an expected level of service within the retail market.

Whilst we continue to support the aim of the GOSP, we believe that improvements can be made in respect of the relevance of these standards to customers' expectations in the current market, and also when considering how the GOSP will sit alongside the implementation of the Standards of Conduct.

In particular, we believe that some of the current Guaranteed Standards are out-dated or irrelevant in today's market (see our response to Question 4) and would welcome a review by Ofgem into whether these standards provide the right protection for consumers.

We consider that the Overall Standards are less relevant to customers and provide little value to consumers in the modern market. We do not believe that awareness of the Overall Standards of Performance is particularly high, and that they do not have a significant impact on the customer's decision making process when choosing an energy supplier.

Going forward, we would recommend that wider consideration should be given as to whether having a Standards of Conduct Framework as well as a Standards of Performance Framework best meets customers' needs. In order to engage customers and provide them with real confidence in their rights, we should consider whether a more simple, streamlined approach would be more appropriate. To that end, as the Standards of Conduct (SOC) develop we believe that Ofgem should consider aligning the Guaranteed and Overall Standards under the SOC obligations – creating one set of Standards whose core aim is to ensure fair treatment for consumers.

Overall, we believe, that aligning the GOSP with the Standards of Conduct, would benefit customers and suppliers alike, by removing some unnecessary burden from suppliers and being more relevant to what customers expect from their energy supplier.

**Question 2: To which groups of consumers are Guaranteed Standards (GS) relevant and useful? Are they of equal relevance and value to all consumer groups, including domestic SMEs and large businesses?**

It is our view that any Standards of Service framework would be relevant and useful to both Domestic and SME customers. Their behaviour, specifically in relation to engagement with their supplier, is similar in terms of the expected level of interaction, consideration and service. We therefore believe that by adopting our proposed framework and making it specifically applicable to Domestic and SME customers, we can further enhance the customer/supplier relationship, strengthening our commitment in line with the Standards of Conduct proposals to treat customers fairly and appropriately.

We do not believe that large business customers will benefit from this type of framework to the same extent as Domestic and SME customers. The relationship between large business customers and their supplier is much more equal, often involving bespoke or legally represented procurement, where contractual agreement under general law should be the governing principle.

**Question 3: Is the GS on Charges and Payments, which only applies to the previous Public Electricity Suppliers (PES), still appropriate? If so should it be extended to all suppliers?**

We consider that any Standards of Service obligations should apply to all suppliers. In addition to this we would expect that the same standards would apply to both Gas & Electricity. For example, differences in the expected performance standards or definition of working days should be streamlined as far as practicable.

**Question 4: Are there any customer service areas that no longer need to be covered by the GOSP? Are there any service areas that are not covered by the GOSP, but should be?**

We believe that the following Guaranteed Standards should be removed in their entirety:

- Meter Disputes –EGS6/GGS1
- Charges & Payments – EGS10

We consider that these Guaranteed Standards are no longer directly relevant to customers and are better covered by the service offering provided to customers, supported by the Complaints Handling Standards. We do think that some of the Guaranteed Standards, namely Prepayment meters (EGSX/GGSX), Appointments (XXX) and Payments (XXXX) are still likely to be relevant to customers and there is still a genuine role for these Standards in providing protections for customers. As we have highlighted in our response to Question 1 above, we think there is real value in exploring how these Standards could be adopted as part of a single, more flexible and customer-focussed framework of protections under the Standards of Conduct. We also believe that the Charges & Payments Standards will be thoroughly addressed through the Standards of Conduct and should be replaced with a more general customer service obligation on how suppliers interact with consumers.

It will be important that customers are made aware of their rights under any future framework and be able to embrace this on an ongoing basis. We think that the current

Notice of Rights Standard, while well intentioned, is not the most efficient or effective way to do this. In particular, sending an annual notice to all domestic customers is a costly exercise and unlikely to engage the majority of customers. We would suggest an alternative approach in which suppliers would publish details of the Guaranteed Standards, in an accessible manner on their websites and sent to customers on request. This would need to be backed up with broader information to customers on the existence of the Standards, such as a more sustained education campaign with high level messages. We think that greater consideration needs to be given to how this can be achieved and how it will work for customers.

We believe that the Overall Standards should be removed in their entirety. We think that these are no longer relevant for most customers, as they relate to particularly niche customer issues and are not issues that customers are widely aware of. In terms of driving supplier performance, we consider that the improved complaints handling reporting that suppliers have recently published are more valuable and will be more accessible to customers. In particular, this provides an overview of the key issues affecting customers, and provides a more relevant snapshot of supplier performance.

**Question 5: Which customer service areas are appropriate for compensation approached under the GS and which services areas are appropriate for performance reporting approach under the OS?**

As discussed in Question 1, we believe that all customer service areas should be covered by a one set of Standards which would follow a Guaranteed Standards process and that Overall Standards of Performance are removed, to be replaced instead by the supplier complaints reporting.

**Question 6: Are the current levels of compensation under the GS still appropriate? Should they be different for different customer groups?**

We believe that, where compensation is appropriate to the issue in question, the current rates of compensation are still appropriate as a minimum compensation for both Domestic and Non-Domestic customers. Suppliers can then provide more compensation where merited in an individual case.

## ***GOSP TRANSPARENCY***

**Question 7: What is the overall consumer awareness of the GOSP? To what extent should consumers be aware of the GS and OS and what is the best way for achieving this?**

We do not believe that customer awareness of the GOSP is currently particularly high and we believe that more can be done to build this. Customers need to be engaged and fully aware of what their supplier can do for them. This is important as it:

- Builds trust
- Allows the customer to make an informed choice when choosing a supplier

- Ensures that suppliers are doing all they can to treat their customers fairly and appropriately.

We would therefore suggest that in line with the Standards of Conduct, suppliers set out their commitments publicly, focusing on the benefits to the customer and the level of service they can expect. This would replace the existing annual notification document, which is not the most efficient or engaging way to communicate with customers.

This should be at the core of all customer/supplier interaction and should be brought to the customer's attention on a regular basis, through more engaging means.

**Question 8: What is the best way for suppliers to demonstrate that they meet and where appropriate, exceed the GOSP?**

We want our customers to know how hard we work to provide the best possible service to them, which is why we already publish performance against a number of our customer service measures online.

We would support a similar approach, where would publish the customers rights as well as our performance against those standards online, supported by a broader campaign to educate customers on what information is available generally on their suppliers' performance.

***FUTURE MARKET DEVELOPMENTS AND GOSP***

**Question 9: To what extent will each of the current GOSP remain appropriate in light of market developments such as smart metering?**

In the short term, and particularly during the roll out of smart meters, the Guaranteed Standards around Appointments and prepayment meters will remain relevant. These are likely to become less so in a smarter market. By creating one set of Standards in line with the Standard of Conduct, we believe that this will allow suppliers and Ofgem the flexibility to address any future market developments, as the commitment to treat customers fairly and appropriately would always be relevant, even if the specific service issues evolved. The core values would remain the same, but the specifics could be amended to ensure that suppliers are always engaging with consumers on what is important to them.