

Dermot Nolan
Chief Executive
Ofgem
9 Millbank
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24 October 2014

Dear Dermot,

Customer satisfaction with suppliers' complaints handling

Thank you for your letter of 26 September 2014 in which you draw attention to Ofgem's latest research into customer satisfaction with the handling of complaints by energy suppliers. EDF Energy shares your concern that customer satisfaction levels are still far too low. It is clear from your report that this is an industry wide problem with all suppliers having a significant percentage of dissatisfied customers and is not an isolated issue.

You can be assured that EDF Energy takes this issue extremely seriously. We believe that achieving high levels of customer satisfaction is central to the long term success of our business and we place it at the heart of everything we do. I am personally determined to improve the level of satisfaction of EDF Energy's customers. You will be aware that in March 2012 I launched our Customer Commitments, setting out our promise to customers to deliver fair value, better service and simplicity. These commitments underpin our dedication to putting customers first and support our ambition to become the best and most trusted energy supplier in Great Britain.

Domestic customers

Existing processes for complaints resolution

All of our customer advisors are trained to identify and resolve complaints. Should the customer request (or the advisor feels it necessary), a complaint is also escalated through the line management in order to try and obtain a resolution.

We have a dedicated complaints resolution team, introduced in 2012, for customers to contact if they feel it necessary. The direct telephone number, email address and other contact details are shown on the back of the bill.

Recent improvements to the processes

We have applied a strong focus to provide improvements in this area. We see two clear courses of action to pursue:

1. Understanding the root causes of dissatisfaction and implementing process improvements in order to minimise the number of complaints our customers feel it necessary to make
2. Improving the processes by which we handle and track complaints when they do arise.

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In terms of our root cause analysis, we have:

- Assigned a dedicated team to monitor complaints by category, in order to identify trends and probe for root causes through analysis of the data and underlying processes
- Where we identify the root cause of a complaint, we allocate the responsibility for finding a solution to the relevant process owner, who then assesses the systems and process changes necessary to ensure the underlying root cause is fixed and that the issue does not recur. We have a standardised process for tracking the implementation of these changes.

In terms of improvements to the handling and tracking of complaints, we have made a number of improvements, some examples of which are detailed below. We have:

- Increased the use of quality assurance results to target individual advisors where we can see a need for additional training
- Introduced an alert to line managers to flag where an advisor closed a complaint that had to be subsequently re-opened
- Developed new guidance for managers to intervene earlier in the complaints process if sufficient progress is not being made in order to ensure that the process does not stall for want of a clear decision or the need for a specific area of expertise to provide assistance
- Increased senior management communications to staff, reinforcing the importance of resolving customer complaints in a timely and effective manner
- Introduced enhanced customer feedback mechanisms for customers contacting our dedicated complaint handling team, providing the opportunity for written feedback via email or physical card on how their complaint was handled and the service received.

Improving performance

Ofgem's survey is based on analysis of complaints made in December 2013. Given the improvements we have initiated, we thought it would be useful for us to obtain a like-for-like comparison on recent performance using the same questions and sample size as Ofgem to determine whether these were having an impact upon our performance.

There are indications from this survey that the improvements we have recently made are beginning to have a modest positive effect across all aspects of our complaints handling. We openly acknowledge that there is much more to do and we are steadfast in our resolve that we will continue to drive for further improvements.

The percentage changes in respect of domestic customers from this, compared to the Feb 2014 survey, are:

- Overall satisfaction with complaint handling up from 30% to 33%, dissatisfaction down from 54% to 53%
- Overall satisfaction with complaint outcome up from 34% to 39%, dissatisfaction down from 50% to 44%

- Agreement that the customer was treated fairly up from 31 % to 34 % and disagreement down from 51 % to 48 %
- The resolution gap (where we think the complaint is resolved but the customer does not) has reduced from 48 % to 43 %.

Looking at the drivers of satisfaction highlighted in your report as priority areas for action, we have seen more significant improvement in these scores:

| Aspect | Net satisfaction | | |
|-------------------------------------|------------------|----------|----------|
| | Feb 2014 | Oct 2014 | Change % |
| Clearly informing you of next steps | -41% | -25% | +16 |
| Feeling of someone taking ownership | -33% | -21% | +12 |
| Taking a proactive approach | -36% | -24% | +12 |
| Their ability to make decisions | -40% | -29% | +11 |
| Speed in resolving your complaint | -44% | -36% | +8 |

Our ambition to go further

One area where it is clear that we need to improve is with respect to ensuring that our customers have greater clarity on the closure of their complaint. In order to help with this, we will introduce scripting for all advisors to use when closing a domestic complaint on a phone call. This is to ensure the maximum level of clarity and transparency and, wherever possible, ensure that the customer is in agreement for their complaint to be closed.

Where we have to use written communication we will provide confirmation that all actions have been completed and will invite customers to indicate whether they do not agree with the closure of their complaint.

Alongside these initiatives, we will continue to identify and deploy further process improvements. In addition, we will carry out complaints satisfaction surveys, in order to assess their impact and to help us identify further improvements.

Micro-business customers

The survey data for micro-business complaints handling procedures was not shown on an individual supplier basis in Ofgem's report. In addition, the survey samples for domestic customers and micro business customers were different and so it is not possible to cross-compare results.

Nevertheless, while we cannot compare our relative position, we thought that it would be helpful to give an indication of EDF Energy's performance for micro business, measured through our own survey, as shown in the table below.

| Aspect | Net satisfaction – EDF Energy October 2014 |
|-------------------------------------|---|
| Clearly informing you of next steps | -18% |
| Feeling of someone taking ownership | -16% |
| Taking a proactive approach | -18% |
| Their ability to make decisions | -24% |
| Speed in resolving your complaint | -36% |

The results in respect of the other key measures are:

- Overall satisfaction with complaint handling 46% and dissatisfaction 44%
- Agreement that customer was treated fairly 50% and disagreement 34%
- Resolution gap 32%

Without knowing EDF Energy's standings within the original research, we cannot provide a comparison of where we stand relative to our performance in the Feb 2014 survey. However, we recognise from these numbers that there is still more to do in terms of improving our performance. In particular, the level of dissatisfaction is still a cause for concern.

We will seek to implement similar initiatives to those detailed above for our domestic business within our micro-business. In addition, we will carry out the following specific improvements for all of our business customers:

- Enhance our induction and refresher training for all staff to maintain understanding of complaints regulations and best practice
- Ensure all complaints are subject to routine sample audit, with feedback given to management and customer service advisors to improve speed and quality of resolution
- Provide customers with a written confirmation of the actions taken where a complaint could not be closed during a call. This written confirmation will provide the opportunity for the customer to contact us should they not be satisfied before we close the complaint
- Continuously improve our processes and performance through our audits and root cause analysis.

These are our initial identified actions for improvement and we will take these steps in addition to recommendations from the published independent audit on our complaints handling processes. In doing so, we will adopt the most appropriate approaches, tailored to different groups of customer (domestic and business) and share learning and best practice across the company wherever possible.

Complaint resolution audit

Your 26 September letter also requested us to undertake an independent audit of our complaint resolution process and to publish the result by 28 November 2014. In addition to the actions outlined above, we will seek to implement any recommendations as quickly as possible. The audit is currently underway and I will write to you again to update you with the results.

Yours sincerely

A handwritten signature in blue ink, appearing to read "V. Rivaz".

Vincent de Rivaz