



Via email

Citizens Advice Response to Consultation on the Supplier Guaranteed and Overall Standards of Performance

The Citizens Advice Service (Citizens Advice and Citizens Advice Scotland) welcomes the opportunity to respond to the consultation on the revised Guaranteed Standards (GS) and Overall Standards (OS). Our response is not confidential and can be published on your website.

We strongly support the retention of a performance standards mechanism.

We think that this mechanism plays a valuable role in today's environment for domestic and, where appropriate, micro-business consumers. The Retail Market Review introduced significant changes, most notably the Standards of Conduct, but there is limited evidence available to date as to how they have influenced improvements in supplier practices. We believe that these performance standards continue to have an important role to play in driving supplier service and improving the customer experience.

Guaranteed or overall standards

We recognise the rationale for the proposal to replace some OS with GS and welcome the fact that the changes will focus on individual consumers' entitlement to a payment where there has been a service failure.

However we also believe that there are continued benefits for reporting on suppliers' overall performance against a limited number of indicators as it is important for providing wider context about the service standards being achieved in the industry. For instance it could help highlight that energy consumers do benefit from reliable service levels in a variety of areas (similar to the purpose of the DNOs' Quality of Service monitoring framework), whilst drawing attention to areas where further improvement may be needed amongst individual suppliers. We note that Ofgem has suggested that suppliers would have the flexibility to report additional information about their overall performance as well as their GS performance. Whilst this could lead to some useful information becoming available it is unlikely to result in a situation where suppliers report sufficiently comparable information to enable industry wide comparisons to be carried out.

As Ofgem is aware, Citizens Advice currently publishes the company performance league table which tracks the complaints performance of the big six using the contacts made to the third party organisations with a formal role in assisting energy consumers. We are currently consulting with industry about publishing smaller supplier complaints performance. Separate to this, we are exploring what further information could be regularly published about supplier performance to help give consumers a comprehensive picture about the performance of individual suppliers and the industry as a whole.

The areas where we think the continued publication of standardised information about suppliers' individual performance each quarter (and annual) as well as the number of GS payments made for failures would be most useful are:

- Fixing faulty prepayment meters
- Faulty metering (not prepayment meters)
- Making and keeping appointments

Compliance

In order for the performance standards to have the desired impact it is essential that suppliers' compliance with the recording and reporting arrangements are more closely monitored. This will both ensure consumers are receiving the payments they are entitled to and establish a level playing field when it comes to the publication of the GS data. We note that Ofgem intends to contact suppliers separately to ensure they have appropriate reporting arrangements in place.

As Ofgem is aware, Citizens Advice and its predecessors have been long time advocates of introducing a more formalised audit function related to the GS. energywatch initially wrote to Ofgem about this in 2005 after our review of the data raised concerns about the accuracy of suppliers' reporting. We continue to believe that some form of audit process should be further considered by Ofgem, even if it is limited to a one-off review or periodic spot checks of suppliers' data.

The implications of the smart meter rollout

We note Ofgem's rationale for not including smart issues specifically as part of the GOSP regime. In our response to Ofgem's call for evidence we recommended that new smart related GS be introduced. If Ofgem believes that it is not yet appropriate to introduce new service standards, we think there should be early discussion and, ideally agreement, about what smart specific GS should be introduced. We set out our proposed standards at the end of this response.

We also support Ofgem's suggestion of introducing a new GS on erroneous transfers.

Making of payments

We believe that suppliers should have in place customer service arrangements in order to identify that breaches of the standards have occurred and automatically make a guaranteed payment. We discuss this further in relation to Q14. The consumer must be informed that the payment is made under the Guaranteed Standards regime, it should not be described as a goodwill payment or otherwise suggested that the payment is discretionary or part of a supplier's own compensation scheme. If described as such, we consider that the payment be regarded as described and that a GS payment has not been made (we have no objection to additional voluntary payments).

Question 1: Do you agree that a GS should be created, replacing the existing OS, to cover the time taken for suppliers to reconnect customers disconnected for unpaid charges once the debt has been repaid/an agreement reached?

Would the core requirements of the standard need to change from those set out in the existing OS?

We welcome the proposal to create a Guaranteed Standard which would entitle consumers to a payment for breach of the standard. As previously discussed, we also think it is important that suppliers continue to demonstrate that they are providing a good standard of service overall.

Question 2: Do you agree that the existing GS and OS should be merged to create a revised GS on visiting to repair or replace a faulty prepayment meter? Would the core requirements of the existing standard need to change, for example aligning the timeframes for visit?

We support the proposal to merge the OS and GS to create one GS on acting quickly to repair or replace a faulty prepayment meter. Suppliers should have arrangements in place where consumers can report a failure at any time. We think that ongoing supplier performance in this area should continue to be monitored and reported upon. We agree that the standard should be aligned and that the timeframes for both fuel types is the existing electricity standard i.e. within three hours.

The current standard deems that notice received outside of working hours could potentially leave customers off supply for a significant period of time, particularly on non-working days.

Consumer Focus' 2010 research into prepayment meter users, *Cutting back cutting down cutting off*¹, identified that PPM users are more likely to be on lower incomes than the average energy customer. More than half received some kind of means-tested benefit or disability benefit, and over one-third of PPM households were home to someone with a long-term physical or mental health condition or a disability.

These consumers are more likely to suffer increased detriment without access to energy due to pre-existing vulnerable circumstances, and would benefit from extended working hours (see our response to Question 10).

A faulty prepayment meter can carry a risk of disconnection from the energy supply, and given historic poor service and communication with prepayment meter customers the Citizens Advice Service considers it important that suppliers are required to meet robust standards in this area. We recommend a revision to the merged GS which would require suppliers to meet the standard 98% of the time on both working and non-working days, allowing for exceptional circumstances occurring up to 2% of the time.

We consider that there may be wider system issues related to payment or communications network (such as Pay Point or DCC) which prevent credit from reaching the meters in a timely fashion. The material impact on consumers will be the same as a faulty meter. We would wish Ofgem to consider whether this type of scenario would be covered by the GS or whether suppliers would be expected to use best endeavours with third parties.

¹ <http://www.consumerfocus.org.uk/publications/cutting-back-cutting-down-cutting-off>

Question 3: Do you agree that the GS to cover the making and keeping of appointments by suppliers should be retained? Would the core requirements of the existing standard in this area need to change and if so, how?

We agree with this proposal but the standard should change both to have standardised working hours (see our response to Question 10). We note that the Consumer Panel considered that the time slots for appointments should be narrower - 2 or 3 hour slots. Subject to a favourable impact assessment on the likely costs, our preference is in line with the Panel's and we would support a move towards more clearly defined appointment slots eg 2-3 hour or 3 hour window.

We are comfortable with suppliers having the flexibility to offer longer slots to consumers if they specifically agree (for example if this allows the appointment to be on a date more convenient to the consumer) with the supplier offering a follow up call or text an hour before the visit.

We regard keeping of appointments to be an important measure of customer service and so would like suppliers to report performance.

Question 4: Do you agree that the GS for faulty metering should be retained? Do any of the core requirements need to change, and if so, how?

We support this and agree with retaining the alternative to send a letter explaining why a visit is not needed.

Question 5: Do you agree that the OS for resiting meters can be removed? How will suppliers manage requests from customers wishing to have their meters resited in the absence of a performance standard in this area?

We do not support this without other changes. Whilst we recognise that there are other obligations upon suppliers regarding moving meters these do not require suppliers to report on their performance. Were these requirements to include the need to report on performance then we could support the removal of this OS standard. Our response to the consultation on PSR will cover the need for monitoring of performance as did our response to the consultation on revised severe weather payments.

We are also concerned that with smart meter roll out the location of meters may present connectivity issues which will require resiting of meters. Since resiting is likely to be on a second visit (the need for resiting not being apparent until the first visit) we think that an appointment at a time convenient to the consumer is more appropriate than a finite time limit. We think that an obligation which reflects this within SMICOP may be more appropriate.

Question 6: Do you agree that the existing OS requirement for changing the basis of charging involving a change of meter should be removed? How will suppliers seek to manage requests from customers in the absence of a performance standard in this area?

We agree with the removal of this OS.

Question 7: Do you agree that the GS applying solely to customers served by an ex-PES supplier operating in their ex-PES area should be removed?

Whilst this GS serves as a useful service standard, its application to ex-PES consumers limits its impact and usefulness. We agree with its removal.

However we would like to see suppliers improve their performance in dealing with billing related complaints. Billing issues continue to account for the vast majority of contacts made to the Citizens Advice Consumer Service. As Ofgem is aware from our responses to earlier consultations, we believe that a key consumer benefit of the smart meter rollout should include the strengthening of consumer protections around back billing.

Question 8: We would welcome views along with supporting evidence on whether the revised GS should apply to micro business customers as well as domestic. We would also be interested in views regarding whether coverage should be limited to a subset of micro-business customers and if so how any such subset might be defined, and whether only certain of the revised GS might apply to them.

We would support the extension of most GS to micro businesses - as a whole not just a subset of them. Micro-businesses are very diverse in their nature and as such we think it would be difficult to identify subsets which are suitable for different treatment. There are some of the standards that we would be content not to extend to microbusinesses or vary them but generally we think extending all standards to all microbusiness customers is the simplest and clearest approach.

Furthermore if micro-businesses tend to have service standards written into contracts, then it may well be the case that suppliers are already committed to meeting higher service standards and thus are unlikely to fail to meet any of the GS.

Our one exception would be meter resiting – we accept this may not be appropriate for businesses which have higher voltage or 3 phase supply. We also recognise that pre-payment meters are less common but think that for simplicity this standard be covered for microbusinesses.

Question 9: Are there any areas of the regulations where you think the obligations could be clarified? Please explain why.

We have identified some of these in our responses so far.

Question 10: Do you agree that the definition of working hours should be aligned? If so, what should those working hours be?

We believe the working hours should be aligned for both the gas and electricity standards. Given the general trend across many markets for extended hours we believe that 7am to 8 pm on working days would be reasonable and non-working days as at present. We think that contact centres should be open for all working hours and at least in the case of PPM customers for some time beyond the end of normal working hours (until 11pm on all days with a facility to leave messages

outside this time) in order that faults may be reported and appointments made - see above.

Question 11: Do you agree that payment levels should be aligned and increased to £29 for all standards? What method should be used to decide revised payment levels going forwards and how frequently should this review take place? Do you think that it would be appropriate to set differing payment levels for differing GS accounting for the likely impacts when each GS is breached?

We agree that payments should be aligned and increased at least to £29. We see the merits in raising the level of payment in line with the increase in prices since 2002 but recognise that this is a more complex metric. We are also aware that some network payments have been doubled – in part as a financial incentive to meet standards. The same logic should apply to supplier standards, but we are also aware that consumer panel opinion on the level of payments was mixed – wanting higher payments but recognising that in reality the cost will be borne by consumers.

Similarly we recognise that there are arguments that standards involving potential disconnection from supply should attract higher payments. On balance however we accept that the payments are penalties for breach rather than actual compensation and so would accept a flat level of payment. A flat level of payments for all standards will also make communication of the standards and reporting performance clearer. We would have one exception to this. As we said in our response to the call for evidence we have concerns that some suppliers are not as effective in making payments as they should be. We therefore believe that the additional payment for failure to make a GS payment on time should be larger than other payments, in recognition of this further breach of standards. We feel that this acts as an incentive to ensure systems are in place to deliver standards and payments where due.

Inflation and price rises will erode the value of the GS payments over time and so as well as the current proposed increase for inflation we believe that payment levels should be kept under review and increased as appropriate, at regular intervals.

Question 12: If the revised GS are applied to both domestic and micro-business customers, do you agree that the payment level should be the same?

We agree with this.

Question 13: Do you agree that suppliers should be given flexibility in how to inform customers' of their rights under the supplier GS? Are there other options for raising awareness more generally?

We agree that the primary responsibility for promoting the GS and consumers' entitlements to payments for failures lies with the suppliers. Companies must ensure that their staff training is regularly refreshed to enable GS payments to be made to all qualifying consumers.

We think that flexibility for suppliers is valuable - but in line with the approach of vulnerability strategy and PSR consultation. The flexibility should allow suppliers to

use their judgement to communicate most effectively to the relevant audience in appropriate ways - alternative media etc.

We further agree that there is a role for the Citizens Advice Service, Ofgem and others to promote consumers' rights and would welcome a further discussion about this issue.

Question 14: Do you agree that suppliers' should be required to provide information about their performance, with flexibility in how to do so, via the Regulations? How might suppliers increase transparency about their performance?

We believe that suppliers should be required to produce information on their performance. This would include reporting the payments made and as well as their overall service performance in the key areas we identified on Page 2. With regards to flexibility in providing information we repeat our comments in the response to Question 13.

Citizens Advice has a legal duty to publish this information in a format and frequency that we feel is appropriate. The current process is dependent on suppliers sending the data into Ofgem which is responsible for quality checking the data and passing it on to our organisation. In the past we have carried out checks of the data which raised concerns about the quality of the information received from suppliers eg suppliers were paying out compensation for GS failures but not recording them as failures. As a result our predecessor organisation, energywatch, originally wrote to Ofgem asking for the GS data to be independently audited. We repeated our concerns in the 2013 call for evidence².

Ofgem has not provided Citizens Advice's predecessor bodies with the GS and OS information for a number of years. Coupled with our ongoing concerns about data quality, this meant that we have chosen not to publish the GS data as we did not have sufficient confidence in its quality or robustness and therefore its usefulness to consumers. We were further concerned that the publication of this data could disadvantage suppliers who were reporting GS failures and payments more accurately than others.

In our response to the GSOP for DNOs we expressed our belief that consumers will see the standards for both suppliers and DNOs as an overall customer experience, and that we would seek to present information in a way that is meaningful to consumers allowing them to see the comparative performance³. In a separate exchange with Ofgem's Distribution Team we suggested that it would be more helpful for consumers for Ofgem to publish a compilation report covering both the DNOs' quality of service and GSOP performance, the responsibilities for which are currently split between Ofgem and Citizens Advice.

With regard to the publication of the supplier GS, as previously discussed, we are exploring what further information could be published on a regular basis to give

² <http://tinyurl.com/krqxw8p>

³ <http://tinyurl.com/pv3q9zq>

consumers a better understanding of the service standards within the industry as a whole and amongst individual suppliers.

Additional standards relating to smart meters

We note that Ofgem is not yet minded to introduce new smart metering related standards. As discussed we think it is important to agree a set of additional standards. In our response to the call for evidence⁴ we suggested the following areas where new standards could be introduced for consumers with smart meters:-

- Accurate Bills
- No Back Billing
- Timely crediting of payments in pre-payment mode
- Remote functionality - such as switching payment mode

For any queries regarding this response please contact:-

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⁴ <http://tinyurl.com/krqxw8p>