



Future Retail Regulation
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Head Office
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Sent by email to:
futureretailregulation@ofgem.gov.uk

josh.henderson@sse.com

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Dear Future Retail Regulation Team

Policy consultation: Domestic supplier-customer communications rulebook reforms

Thank you for the opportunity to respond to this consultation. Overall, SSE welcomes these proposed changes. This is a good step in the move into principles based regulation for customer communications, and should provide significant scope for innovation around customer engagement.

However, Ofgem should provide further clarity on its approach to market monitoring and how it will accommodate differentiation between suppliers. We also ask that Ofgem takes a pragmatic approach to monitoring and compliance work in relation to these new principles.

Suppliers' current customer communications are designed to meet the current prescriptive rules. As Ofgem acknowledges in the consultation that, despite the considerable effort Ofgem put in to designing the RMR 'clearer information' rules, these have not always resulted in particularly engaging communications. We ask Ofgem to bear this experience in mind when monitoring how suppliers respond to the principles and the efficacy of their redesigned customer communications.

SSE asks that Ofgem considers suppliers' evidence of the reasoning behind the communication design and how the communication design has been intended to provide a good outcome for customers when considering any compliance action.

Further details of SSE's comments and responses to each of the consultation questions are provided below. We have also taken this opportunity to provide some views on the wording of the principles and the outcomes themselves, which we hope is helpful (please see attached documents 'Annex - 1 Customer communications principles SSE amendments' and 'Annex 2 - Customer outcomes SSE amendments'. We believe it is important that this



wording is clear and that these are achievable to ensure the success of these new principles on an enduring basis.

Broadly, our proposed amendments to the wording of the principles and the outcomes focus on a few key concerns, including:

- The requirement that suppliers make customers “understand”, “know” or “enabled”.
- The requirement to provide “services” and “tools” throughout the year (it is unclear whether these should be sent to customers, or should be things which the customer can access, e.g. by phoning the supplier or visiting the supplier’s website).
- Wording which, if taken literally, sets an unrealistically high threshold.

We believe that these proposed amendments retain the spirit of the principles and the outcomes. We would be happy to discuss these proposed amendments in greater detail with Ofgem, should this be useful.

In addition, we found the ‘Principles in practice’ examples provided within the consultation interesting. These provide an outline of the types and extent of flexibility a supplier may wish to take in their approach to effective communication. We would appreciate the opportunity to discuss these in more detail with Ofgem to better understand the differences between the standards expected by the principles and best practice.

We look forward to further engagement with you on this topic.

Yours sincerely

Josh Henderson
Regulation Analyst

Question 1: Do you agree in general with our proposed reforms to the rules related to supplier-customer communications?

Yes. These proposals have the aim of allowing suppliers greater scope for innovation and responsiveness to the needs of their customers. This is a well-reasoned progression in the move towards principles based regulation and builds on the Standards of Conduct and Informed Choices.

While it is beneficial that prescription is being removed, Ofgem should be clearer on how supplier performance and compliance will be monitored and measured, with the removal of some of the prescriptive rules and introduction of principles in this area.

Ofgem should also provide clarity that suppliers who continue to comply with the current prescriptive rules will remain compliant once the principles are introduced. In addition, it would be helpful if Ofgem would share any expectations on timescales for implementation or change arising from the introduction of these principles.

Question 2: Do you think our proposals make appropriate use of principles and remove the right amount of prescription? Have we gone too far, or not far enough in removing prescription to enable suppliers to innovate?

Whilst SSE welcomes these principles, we do not expect this to be the final intervention to reduce prescription in this area. We do understand, however that Ofgem may wish to take a staged approach to this and is limited in some changes that can be made at present, for example as a result of European Union requirements. We would encourage continued review and monitoring to allow further opportunities to be realised.

Question 3: Do you think there are any areas of particular risk to Vulnerable Consumers that are not already addressed in this consultation and/or by the vulnerability principle in the Standards of Conduct?

No. These proposals will allow suppliers to take an innovative approach to the methods and mediums of engagement with our customers. SSE has taken steps over the last 2 years to ensure consideration of vulnerability and the provision of additional support for customers in vulnerable situations is embedded in our culture and processes. Our success in this area was demonstrated by our achievement of the British Standard (BSI) for Inclusive Service.

Question 4: Do you support our proposed changes to the rules regarding the (i) content, (ii) format, layout and wording, and (iii) frequency and timing of communications? If not, why not?

Yes, we generally support the proposed changes to the rules, however, we seek clarification from Ofgem in relation to expectations associated with 'throughout the year'. This is addressed in more detail in Q5. We do agree, however, that the changes allow the required flexibility around being able to recognise that particular groups of customers have their own specific preferences and requirements.

Question 5: Do you agree with the key features of the new principles: (i) "Key Engagement Points", (ii) "characteristics and preferences", and (iii) our expectations of suppliers?

Key Engagement Points. The application of “Key Engagement Points” appears to be diluted with an accompanying reference to engagement ‘throughout the year’. This introduces confusion about what is required and when.

SSE would propose that frequency and timing should be informed by ‘Key Engagement Points’ only. This remains consistent with the onus being on suppliers to identify what these are and how frequently they occur.

SSE seeks clarity on the difference between a “Key Engagement Point” and the information which should be provided ‘throughout the year’. For example, one interpretation could be that information which should be provided ‘throughout the year’ means information which the supplier makes available (e.g. Tariff Information Labels available on the supplier’s website) as opposed to information that the supplier provides directly to a domestic customer since this would be covered by “Key Engagement Point”.

Characteristics and preferences. As mentioned in the cover letter to this response, we have included a marked up copy of the principles (see Annex 1). We have proposed the inclusion of the words “insofar as is reasonably practicable”; this is because suppliers will not always be aware of the characteristics and preferences of some groups of customers (e.g. new customers or customers on deemed contracts who have had little interaction with their supplier). We also consider that there might be circumstances that mean a standard non-tailored communication might be sent to all customers – for example, if a supplier feels that it will meet the needs of all customers, or if circumstances mean that the supplier is not in a position to develop a suite of tailored communications. We ask that Ofgem considers the proposed amendments, or provides clarifications on its expectations with regards to suppliers taking characteristics and preferences into account.

Ofgem’s expectations of suppliers. We note that Ofgem has stated that the policy intent of the previous rules still applies and that suppliers should deliver shorter, simpler and more engaging customer communications. We ask for clarity that suppliers are not expected to communicate the same volume and type of information as was required by the current prescriptive rules, since this would act in essence as a retention of prescriptive rules and would prevent suppliers from producing short, simple and engaging customer communications.

Question 6: Do you agree with our package of proposals to change the current customer communications rules to “encourage and enable” engagement? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

Yes. Again, this supports the idea of suppliers being best positioned to understand how engagement with customers can be developed.

However, we ask that Ofgem provide clarity on how it will adapt to the more flexible and differing approaches taken by suppliers, where different organisations might deliver different – but still fair – customer outcomes.

Ofgem have acknowledged in their consultation that engagement can mean more than changing tariff or supplier, so we are pleased to see that the proposed principles cover a wider spectrum of ‘engagement’ activities than switching.

It should also be noted that Ofgem's RMR 'clearer information' rules have not always delivered their desired outcomes and this is demonstrated in the figures provided in paragraph 3.7 of the consultation document. This has resulted even with the considerable time and effort that Ofgem had applied in trying to find the best outcome for customers; we urge Ofgem to be cognisant of this and take a pragmatic approach to monitoring how suppliers operate under these new principles.

Question 7: Do you agree with our definition of Key Engagement Points?

As addressed in Q5, SSE thinks this definition is useful but it should be kept concise. The current reference to communicating with customers 'throughout the year' suggests that Ofgem may have expectations of what a minimum level of engagement might be and that it is not informed by suppliers thinking about what 'Key Engagement Points' are.

SSE does not think this is the policy intent and so the definition should be adjusted in keeping with this.

The current proposed definition sets the expectation that the supplier should be able to accurately predict when a customer is likely to want to consider their options. We propose that Ofgem considers amending the definition to begin "Points in time where *the licensee believes that* a Domestic Customer is likely to want to consider...". We ask that either: an amendment to this effect is made; or we are given clarification that the intention of the principles is for suppliers to make best efforts to provide information at a relevant point in time. The current proposed definition says that a "Key Engagement Point" is a point in time where a customer could benefit from considering their options. If we assume that a customer is likely to want to save money, then – if taken literally – this wording could be seen to imply that suppliers should contact a customer continuously if they are not on the cheapest tariff. This would not be a desirable outcome for customers or for suppliers and could be disengaging. We propose that the wording ", or could benefit from considering," is removed from the definition. We believe that the earlier wording ("is likely to want to consider") should be sufficient in ensuring customers get prompts at relevant times.

Question 8: Do you support our package of proposals to change the current customer communications rules to ensure consumers are aware of, and can obtain, "assistance and advice"? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers' ability to innovate.

SSE agrees that it is important that customers know that independent advice is available. Ofgem should remember that there are already established third parties such as Citizens Advice that are used as relevant contacts. SSE would be keen to understand how successful outcomes would be measured in relation to this. If customers choose to seek dispute resolution then there is a risk of it being perceived as negative service indicator for suppliers when it is also a result of clear and useful information being provided.

It is important to recognise that there is a balance between having differentiation across suppliers in who they signpost and having established consistent reference points that customers can trust, in order to ensure appropriate and quality support. While different third parties might be used by different suppliers, this should not compromise a coherent message being provided for customers about assistance being available.

Signposting is most beneficial where there is an established relationship between suppliers and the third parties being referenced. This allows the external party to be prepared for and understand contacts received as the result of a particular prompt a customer may have received from their supplier. Therefore, we expect that there will be a great degree of disparity between which organisations are signposted to by other suppliers, but that this is appropriate given that suppliers have relationships with different agencies.

We urge Ofgem to re-consider the wording of the principles and the outcomes. At present, the wording requires suppliers to make customers “understand” certain information. Clear information can be made available to customers but suppliers cannot guarantee that it will be universally understood by all customers.

Question 9: Do you support our proposed changes to the customer communications rules relating to “Bills and billing information”? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

SSE has previously advocated for greater simplification of bills based on customer insight and research. These proposed changes would assist with implementation.

Paragraph 5.18 of the consultation makes a distinction between bills being “made available” and “provided”. SSE seeks clarity on what this requirement will mean in practice and whether a notification that a bill has been added to the customer’s online account would satisfy this requirement.

Question 10: Do you agree with the distinction between billing information and Bills?

Yes, SSE thinks this is a useful distinction. The two different categories of information may or may not be provided separately but the distinction allows different possibilities to be realised in the future.

Question 11: Do you agree our principle reflects the different needs and circumstances of different customer groups, including prepayment customers?

Yes. The consultation refers to quantitative findings about different customer preferences in terms of how frequently bills are received and how it is presented. This is also clearly referenced in the wording of the principle as well.

SSE has not identified anything in the principle that could not be extended to prepayment customers. However, given this group has not historically been in receipt of bills in the same way credit meter customers have been, there must be careful consideration to ensure that changes are appropriate and effective and do not confuse or cause potential disengagement.

We note that the consultation (in paragraph 5.26) states that the principles would mean that outcomes for all customers “including those with prepayment meters, are measured to the same bar.” – we seek clarity that there is not an expectation that credit and prepayment customers receive the same or similar type, content and amount of communications. It is important that suppliers have the scope to develop communications which are relevant for prepayment meter customers.

Question 12: Do you support our proposed changes to the customer communications rules relating to “contract changes”? Please explain your answer, in particular noting any consequences you envisage for consumer outcomes or suppliers’ ability to innovate.

SSE supports the outcomes noted (on p43) of Ofgem’s consultation. In particular, it allows suppliers flexibility in terms of timing of end of contract communications. Specifically, suppliers will be better able to establish the time that such a prompt would be most effective.

However, the licence will retain reference to the Switching Window which allows customers to switch in the last 49 days of their fixed term tariff without paying an exit fee. We seek clarity that Ofgem does not expect suppliers to be tied to this as their timescales for sending end of contract communications. We urge Ofgem to consider if references such as this sitting outside of the proposed changes will contradict the policy intent or cause confusion and misinterpretation.

The consultation also introduces the prospect of notices being sent when a customer’s prices are reduced. We are concerned that a requirement to send a price reduction notification may reduce the overall benefit to customers (since sending out these types of notices can be costly and would need to be factored in to any price reduction).

Question 13: Do you agree with our proposal to no longer require suppliers to provide Annual Statements?

Yes, this seems like a pragmatic decision, although we note that some suppliers may want to continue to send an annual statement (albeit in a revised, potentially shorter, format) and that this – should the design be effective – should be seen as a reasonable way of providing information to customers.

Question 14: Do you agree that the intended outcomes of the Annual Statement are reflected in our proposed new principles?

The information currently contained in the Annual Statement could possibly be better provided at different intervals. The principles allow suppliers to think about applying this type of approach.

We seek clarity on paragraph 7.10 of the consultation which seems to set the expectation that suppliers will continue to provide customers with the exact information as currently prescribed by Section B of SLC 31A (albeit with the scope to provide this information via different communications and methods). We consider that this creates de facto prescription and limits the scope for suppliers to innovate in terms of the information they provide to customers.