

Regulatory Affairs

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By email to: spr@ofgem.gov.uk

Dear Mark

E-Serve Supplier Performance Report consultation

Thank you for the opportunity to provide views on the E-Serve Supplier Performance Report (SPR) and on the proposed approach to scoring energy companies' non-compliance incidents across the E-Serve administered schemes.

Our key points are as follows:

- We support Ofgem's continued efforts to encourage a culture of compliance amongst suppliers. Suppliers that are striving to act in the best interest of consumers will recognise that openness and transparency serve in further encouraging consumer engagement with the market. However, it is important to note that transparency does not always guarantee clarity. We believe that the publication of any supplier data should have a clear objective, should not have unintended consequences, and data and supporting commentary should be complete and accurate in order to fully achieve the objective.
- The proposed data primarily serves to provide insight into the issues that E-Serve face with suppliers when administering the schemes, and therefore should not be used as an indicator of a supplier's performance against its overall energy obligations. Unless correctly positioned, this data can be misleading and therefore requires supporting commentary, clearly explaining how it should be interpreted. For example, incidents deemed as 'non-compliant' should be clearly defined and allow for any factors outside suppliers' control.
- In view of what the data evidences, Ofgem's current proposal fails to provide a clear explanation in the ways in which the publication of the SPR will actively encourage consumer engagement, and overall serve to promote the interests of consumers. Whilst the report will give suppliers and consumers an opportunity to assess performance across the industry, this should not be considered as a guaranteed means towards

directly promoting the interests of consumers. Given that E-Serve seek to rely on this point as both a justification and a driving force to the publication of the SPR, we do not believe that the proposals go far enough in demonstrating how consumers can, or indeed should, use this data to make informed decisions when engaging with the market.

We expand on these points below in our answers to the questions posed in the consultation document.

I trust that our comments are helpful. Please contact me if you have any questions.

Yours sincerely

John Miller
Head of Enforcement
British Gas

Answers to Consultation Questions

Q1: Do you agree with our analysis that shows that publishing the SPR will promote the interests of consumers?

We agree that consumers should have visibility of supplier issues that may cause detriment; however the publication of any data that serves to promote the interests of consumers should be clear and also take into account the cost of delivery. In light of the above, we believe that overall, this is not achieved for the following reasons:

- The model appears to be missing a clear context or scale that will serve in providing the consumer with meaningful information about suppliers. For example, the model does not indicate a particular benchmark that suppliers should be striving to achieve in connection with their obligations, which could then influence the consumer's level of engagement with any given supplier. Consumers' inability to understand the context of the information may result in confusion and/or additional complaints to Ofgem and suppliers, and therefore result in additional costs.
- The E-Serve schemes are complex in nature which in turn questions the relevance of the detail provided in helping the consumer to make an informed decision; for example when switching. Care should also be taken in making comparisons between suppliers. Some suppliers are not obligated under all the schemes, for example due to size, therefore a direct comparison could result in misleading interpretations.
- The information contained in the SPR relates to E-Serve reporting activity, and not Ofgem regulatory activity. It could be argued that the commercial function E-Serve performs in administering government schemes is of much lower interest to consumers than Ofgem's regulatory and enforcement responsibilities. Therefore, instead of being used as a practical tool for consumers to engage in the market, it will likely be of more interest to the media due to the supplier ranking nature of the way the data is presented.
- We believe the model should go further in targeting specific areas that consumers have identified as ways to improve engagement. Before publishing the SPR, the benefit and value should be tested with consumers. This will ensure a proper cost/benefit analysis is made and that the objective to promote interest to consumers is met.

Q2: Do you agree with this method of scoring and the definitions we are proposing? If not, what alternative do you suggest?

We generally agree with the method of scoring however wish to note the below points and observations:

- What is considered as non-compliance in the context of the SPR requires clear definition. Due to the work Ofgem undertakes through its regulation and enforcement activities, consumers more commonly associate non-compliance with a failure to adhere to energy obligations or supplier license conditions. As these incidents fall outside the scope of the SPR, and coupled with the already complex nature of the schemes, attention needs to be given to how this distinction is communicated clearly and plainly to consumers.

- The '0' and '4' scores have been defined clearly, however it is not clear how suppliers may score a '1', '2' or '3' on any category. To enable suppliers to effectively assess and monitor compliance, it would be beneficial to expand on the boundaries or thresholds that exist between the three scores.
- We believe it is unnecessary to score and publish any historical incidents that have been resolved or closed prior to publication. This could cause undue customer concern and would fail in providing a current accurate overview.
- To further provide clear and accurate information, the scores need to be contextualised and therefore should take into account the following:
 - **Issues outside of suppliers' control.** As this may have a significant effect on overall scores, it is crucial that such instances are accounted for. For example, customers and installers have, on occasions, been known to supply incorrect data, resulting in suppliers having to contact E-Serve with amendments. As this is not due to the fault of the supplier, the publication of these incidents without proper context could lead to incorrect conclusions being drawn by consumers.
 - **Administrative issues.** It is also possible that some of the issues arose due to a failure in E-Serve processes, or as a result of actions taken in response to E-Serve advice. Furthermore, suppliers are required to submit installation information within a certain time-frame, therefore scoring should account for the adjoined BAU process that allows for the provision of amended or additional supporting evidence at a later date.

Scoring that particularly sits under the categories, 'Accuracy of data', 'Governance' and 'Time required to resolve' should contain a mechanism that reduces the score in light of such circumstances. Failing that, it should be clearly detailed in report. Furthermore, there is a risk that certain incidents could be counted in multiple scoring categories. A mechanism needs to be in place to guard against double counting when this occurs.

Q3: Do you agree with the data we plan to publish?

In light of our observations outlined in response to question 1 and question 2, the data published may be misleading and confusing for consumers. To help reduce the risk of this and ensure the information is as accurate as possible, E-Serve should provide supporting evidence on the scores they intend to publish and allow suppliers the time to make representations prior to publication

Data represented in the proposed graphs should be more relative if it is to promote consumer interests. For example, when looking at the total number of incidents a supplier with the largest customer base may be perceived as the least compliant. The data should be represented per 'x' number of accounts to add scale. Failing that, consumers would benefit from additional commentary that contextualises the data.

Q4: Do you agree with our proposed timings of publication?

As stated above, to allow for a thorough review of scores and an opportunity to raise any concerns before publication, E-Serve should seek to provide suppliers with supporting evidence that informs their scores. We agree that a two week frame is sufficient; however E-Serve should work on a case-by-case basis and allow flexibility for complex issues or those that have legal or regulatory implications.

Similarly, E-Serve should seek to engage with suppliers as soon as a potential incident of non-compliance occurs. As stated above in our response to question 2, we do not believe it necessary to publish any issues that are resolved before publication and the process of early engagement will aid in the speedy resolution of issues.

Q5: Do you have any comments on the SPR webpage we propose?

As outlined in response to questions 1 to 3 above, we question the relevancy of the SPR and associated data in promoting the interests of consumers. It is not clear how E-Serve envisage consumers to use this information as a tool to engage further in the market or how they are currently less advantaged by not having access to it. We therefore believe that in order to achieve this outcome, any publication of data should be more customer-focused and specifically targeted towards meeting clear and identifiable needs of consumers.