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Ecotricity Response to Consultation on E-Serve Supplier Performance Report (SPR)

Dear Mr Jenner,

Ecotricity is an independent renewable energy generator and supplier, with over 180,000 gas and electricity customers. At Ecotricity, we have three principal attractions: the greenest energy with the emphasis on investing in new sources of renewable energy; the best customer service as demonstrated by the lowest level of complaints in the industry; and an ethical pricing policy that means every domestic customer gets our best price, regardless of payment method. It is this focus on ethics and principles of excellent customer service that's key to our growth.

We are a voluntary FIT Licensee and since the start of the Renewables Obligation, we have met our obligation each year with ROCs. We participated in the £12 Rebate delivery in both years, but as we have not passed the obligation threshold we do not participate in the Warm Home Discount; Energy Company Obligation or Offtaker of Last Resort schemes.

Overall we support the increase in transparency that publishing the SPR will bring and we do not have any objection to the principle of it; however, we do have a number of concerns about the potential for customer misunderstanding and details of its implementation; scoring and potential customer misunderstanding.

Publication of Information

The data and subsequent scores that E-Serve intends to publish mostly refer to "behind the scenes" activity and correspondence between the supplier and E-Serve. It is therefore unlikely that ordinary consumers will have much knowledge of these schemes or understand what a non-compliance might mean. It is possible, that consumers will view a non-compliance as the equivalent to a major fraud or a disregard for consumer welfare, rather than a failure to administrative requirements. Such a misunderstanding would simply serve to reduce trust in energy suppliers and lead to an assumption that all suppliers are unethical or even criminal and therefore there is little purpose in engaging in the market.

To avoid any confusion, E-Serve should ensure that the publication includes the following clarifications:

- That the information provided concerns Government schemes that suppliers are required to administer, but are not related to its core business of supplying electricity and gas to customers.
- That it does not refer to the suppliers' environmental performance or energy mix.
- Identifies when a non-compliance would have little effect on customers, but is rather primarily an administrative problem for E-Serve.

In addition, the publication should be accompanied by an explanation of the schemes and the complexity involved in delivering some of them. It should also be clear that these are schemes that suppliers are mandated to carry out at a cost to the industry and they are not profit making ventures for suppliers.

Timing

We believe that it makes more sense to publish the data once a year, rather than quarterly. This is because the schemes have annual compliance cycles, with activity concentrated at different points in the year. Quarterly publication could lead customers to believe that a supplier's performance has deteriorated, when in fact it has simply had more requirements to comply with and therefore more potential for non-compliance.

Engagement with suppliers

We welcome the opportunity to ask questions and raise concerns ahead of publication; however, we do not believe that two weeks provides sufficient time for any form of investigation into whether the score was appropriate and fair.

One way to determine whether a score was justified, would be if E-Serve include a detailed explanation of the incident, including evidence of the non-compliance and why it was worthy of a particular score. This information would help reduce time wasting for both suppliers and E-Serve as the former attempt to understand why they have a particular score.

Scores

We are very concerned with the proposed approach to scoring deadlines. Firstly, a score of 4 for missing a deadline is completely disproportionate; particularly given that this is the same rank that is given for not meeting the objective of an obligation overall. In addition, whilst we acknowledge that a failure to meet a deadline can cause significant inconvenience for E-Serve and in extreme cases can have knock on effects for the scheme overall; a very minor delay is unlikely to affect consumer welfare.

We are also concerned that suppliers would be marked down based on the likelihood of them missing a deadline. It is not clear how E-Serve would decide on the probability of meeting a deadline, but it is completely unjust to penalise a supplier for something that they have not yet done. A far better approach would be to only count deadlines that have actually been missed and then take a sliding scale on the severity based on how late the supplier was, how well they communicated with E-Serve and whether there were any extenuating circumstances. To give a score of 4 regardless of the length of the lateness would mean that once a supplier has missed a deadline, they have no more incentive to submit it the day after, than they do to submit it 10 months late.

With respect to compliance with the overall scheme it is entirely disproportionate to give a score of 4 simply for a supplier failing to make a payment to one customer within the timeframes for delivery for GER and Feed-in-Tariffs. Both schemes have proved far more complicated to deliver, than envisaged by the Government at the time they were set. With the GER in particular, it was not possible to ensure that 100% of customers received the rebate by the deadline. A single customer receiving £12 a few days late cannot be considered on a level of severity as not meeting the Renewables Obligation, particularly given the relative simplicity of administering the latter and the sums involved.

Where, following a failure to deliver the rebate or FIT payment to a customer, a supplier has made all reasonable efforts to put that right and ensure that the customer ultimately receives the money, they should not be classed as failing to meet their obligation. As with the deadlines, the failure to distinguish between a single late payment that a supplier remedies at their own expense and thousands of late payments that are never made, gives a supplier little incentive to do the right thing after they make a mistake.

A far better approach would to only grant a 4 when the supplier has not paid a given % of the rebates/FIT payments and has made no attempt to remedy this.

We are also concerned about the proposal to set a score of 4 based on Ofgem's interaction with the media and the fact it results in a media story. This is not something that is in the suppliers' control and in many cases whether a news story is printed is entirely unrelated to the severity of the incident. Other factors such as: other newsworthy things going on; the general public attitude towards energy suppliers; wider market forces (such as increases in power prices); the involvement of a known individual; an interested local radio station or newspaper or the preferences of an individual reporter or editor; will have far more influence on whether an issue attracts media attention than the severity of the incident itself.

Finally, whilst we agree that appropriate Governance structure are essential, we are concerned about how E-Serve would determine whether or not such Governance exists and what evidence they would use.

Conclusion

Ecotricity supports the overall objective of improving transparency, but we are concerned that the complexity of the schemes and lack of general public awareness of them, could lead to misunderstandings if publication is not accompanied by appropriate explanations.

We welcome the opportunity for suppliers to raise concerns before publication, but believe that this will only be effective if sufficient time is allowed and evidence for why a score was given is provided by E-Serve.

Finally, we have a number of significant concerns with the proposed scoring and believe that this should be reconsidered, in order to ensure that they are proportionate.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board. We also welcome any further contact in response to this submission. Please contact Holly Tomlinson on 01453 769366 or holly.tomlinson@ecotricity.co.uk.

Yours sincerely,



Alan Chambers
Acting Compliance Officer