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### **E-Serve Supplier Performance Report (SPR)**

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

We strongly support Ofgem E-Serve's objective to ensure they administer schemes efficiently to protect the interests of consumers. We are committed to being fully compliant in the delivery of all relevant obligations, delivering them efficiently and safely in a transparent and open manner.

Whilst the publication of a Supplier Performance Report (SPR) can offer benefits to all stakeholders, it is paramount that incidents and data are not misrepresented by an inconsistent approach to how they are scored. Ensuring that the scoring of the incidents is applied with fairness and objectivity within a robust governance framework will help to protect against such risks. Clarity and context to the publicised information will enable informed interpretation of the data and better understanding.

A key risk will be if suppliers who take a very transparent approach to updating the regulator on any potential issues, such as ourselves, are disadvantaged when compared to those who are less forthcoming about such issues.

The design of the SPR should not limit it to reporting only on the larger suppliers required to deliver obligations, it should publish the performance of all obligated suppliers as point of principle in its commitment to transparency.

Our detailed responses are set out in the attachment to this letter. Should you wish to discuss any of the issues raised in our response or have any queries, please contact Suzanne Jespersen on 07875 119281, or myself.

I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,

A handwritten signature in blue ink that reads 'Paul Delamare'.

**Paul Delamare**  
**Head of Customers Policy and Regulation**

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## Attachment

### E-Serve Supplier Performance Report (SPR)

#### EDF Energy's response to your questions

#### **Q1. Do you agree with our analysis that shows that publishing the SPR will promote the interests of consumers? Please support your answer.**

EDF Energy agrees in principle that there can be benefit in publishing the SPR to support the interests of consumers. It is important to ensure the interests of consumers are met without creating an opportunity for further detriment to the reputation of suppliers and/or the regulator. Consumers should be informed and reassured by the publication of the SPR and the supporting data that they have a balanced view of all suppliers' performance across the obligations.

We recommend that an evaluation of the consumer outcomes of the publication of the SPR would be valuable. This should focus on assessing its success in achieving the proposed objectives and that it has delivered value to stakeholders and consumers without requiring extra resources or creating an administrative burden.

#### **Q2. Do you agree with this method of scoring and the definitions we are proposing? If not, what alternatives do you suggest?**

EDF Energy has some concerns with the method of scoring and the definitions that are being proposed, as detailed below:

#### **Categories**

For the category 'compliance' it is noted that this is different for each scheme, however, this may not be clear to consumers reviewing the publicised SPR. The differences for each scheme should be outlined on the web page to explain the variation in compliance requirements for different obligations. This will provide a clearer picture for consumers to better understand the different requirements of the schemes being reported on.

The category 'effect on industry/government/public confidence' requires reconsideration. The scoring of an incident related to this will be subjective and heavily dependent on the timing of an event or specific political circumstances outside of the suppliers or regulator's control. This may be particularly significant in relation to increased media around an issue which may not relate to its compliance severity. It is assumed the scoring relates to communication in a negative context, however, this is not clearly referenced in the scoring matrix.

EDF Energy recommends including a scoring methodology that takes into account the response of the supplier when allocating a score to the incident. Where remedial actions are taken in a timely and prompt manner, for example, changes to processes have been implemented to avoid a repeat of the incident; this should receive a less severe score. This would be in contrast to scores for suppliers that respond with limited or no action. Where

repeat incidents occur, the incident should receive a more severe score. This would help to avoid continued non-compliance and encourage a culture of improvement and shared learnings towards achieving best practice.

### **Severity ratings**

We welcome the differing tiers of severity for incidents scored. However, the scoring should reflect that non-compliance of the overall scheme target is the most severe incident and this should be scored more highly. Alternatively overall obligation compliance or non-compliance could be recorded separately and clearly communicated in the report.

In Appendix 1, Climate Change Levy (CCL) has been included as an obligation. We assume this is an error as this is not listed as one of the relevant six obligations.

### **Treatment of scores**

The defined governance process and checking procedure described in the proposal should include an independent internal review and assessment of the incidents and their scoring. For example, EDF Energy has an internal audit team that reviews and assesses our processes and performances. E-Serve could incorporate this into their processes in recognition of the importance of the governance procedures and that the SPR is being published in the consumers' interest. Independent verification will enhance stakeholders' trust and to have confidence in the results.

### **Q3. Do you agree with the data we plan to publish?**

In relation to the data published, further explanation is required to provide clarity and greater understanding to all stakeholders. This will make the data better understood and provide context on the incidents recorded and the requirements of the schemes.

Another area where context would be helpful would be outlining when new schemes are introduced and/or there are changes or new scheme requirements, and this should be clearly explained in the publication of the data.

Where audits are carried out with some suppliers and not with others, we would welcome clarity if and how this would feed into the reporting and publication of the data. Would the outcome of these be included? It would be helpful to receive further clarity detailing the areas and reports where the suppliers' performance will be scored and reported on.

### **Q4. Do you agree with our proposed timings of publication?**

Yes, EDF Energy agrees in principle with the proposed timings of publication, however, we would welcome further clarity on this. It is explained that October 2015 will be the starting point. However, it is not clear whether this would refer to incidents recorded from October 2015 or to reports published after October 2015 (that detail incidents that occurred before October 2015).

We also believe that the two week period prior to publication in which a supplier can review their SPR scores and raise any questions or concerns prior to publishing the data is likely to be insufficient, especially if complex or legal issues are raised. We propose extending this period to four weeks to allow sufficient time for challenge and review in order to enable all stakeholders to have confidence in the result.

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

As we have outlined above, more detail on the background of each of the obligations should be published, for example, a brief summary of each obligation. Details should include the size of the obligation, the requirements of the obligation including reporting requirements for suppliers, and the length of each obligation. Also, when regulation changes have been required or introduced.

We would welcome evaluation of the outcome of this work. The publication of the data and its value should be measured on how successful it is in achieving its proposed objectives in ensuring compliance and maximising efficiencies in the interests of consumers.

**EDF Energy  
August 2016**