



Ofgem Consultation – E-Serve Supplier Performance Report (SPR)

Question 1: Do you agree with our analysis that shows that publishing the SPR will promote the interests of consumers? Please support your answer.

1. No. E.ON does not agree that the publication of the SPR will promote the interests of customers. The consultation does not demonstrate sufficient analysis to support the proposal.
2. The extent of the analysis described only goes as far as showing that Ofgem had not seen any improvements in levels of compliance, which is not necessarily the result of suppliers' performance not being published outside individual scheme reports. The supporting table in the consultation (table 1) is of a very high level nature and takes a qualitative rather than a more robust quantitative form such as using results from research. We would be interested to see the results of any consumer research that has been carried out to ascertain consumer appetite on suppliers' performance in operating social and environmental schemes.
3. E.ON's view is that without some contextual commentary and clear explanation the SPR will be unintelligible to consumers and therefore of negligible consumer benefit. Worse, this could lead to misinterpretation and therefore undermine the intention behind publication. Customers will not be able to see a supplier's compliance against each individual scheme without delving deep into the raw data.
4. In terms of being transparent and showing where consumers' money is going, we would welcome further information in regard to the design of the proposed report and how the financial elements are intended to be displayed. Paragraph 1.3 states that 'suppliers pass on their costs for meeting their scheme obligations to their consumers'. This statement is potentially inaccurate because it is not clear whether suppliers pass on all costs associated with schemes to their customers or the cost of resolving any non-compliance materially impacts the price they pay i.e. some suppliers may choose to "write-off" some or all costs associated with schemes and be less profitable.
5. E.ON would be interested in any other examples where publication of performance in itself drove an improvement in compliance, given that this is the main driver behind the proposal to publish.
6. The proposed method of administration of the report with peer review and several layers of sign off does not appear efficient, and contradicts the premise of keeping costs down for consumers. We would also like to understand better the process and timeframes involved from the point of a supplier being notified of a potential non-compliance issue to it either being accepted, challenged or to it being published.
7. It is important that, if a report is put into the public domain, an appropriate balance is given so that the partaking suppliers and their significant effort to administer the schemes on behalf of the Government is reflected. We would not like the published report to further diminish



levels of trust within the energy market. To this end, if published, the report should pull on positives (i.e. champion suppliers who are performing well) as well as any negatives.

Question 2: Do you agree with this method of scoring and the definitions we are proposing? If not, what alternatives do you suggest?

8. We welcome the introduction of the proposed scoring system; however, we would encourage that its use is trialled, with a review of its relevance after several months as we believe more testing is needed to determine its appropriateness.
9. It is not clear that there is a need for five categories. Instead it feels that a scoring matrix would be equally as effective, simpler and easier to administer should there be only four categories. We therefore suggest the removal of the 'Effect on industry / government / public confidence' category. This category is also entirely subjective. It identifies three distinct stakeholder groups who may each take a complete different view from each other.
10. To ensure that the public, who are the target audience for this information, can make informed choices based on the information published, events recorded on the SPR should be articulated in a way that they can be understood clearly by an average consumer. The scoring matrix therefore also needs to be clear and unambiguous. For example, it appears there is little difference between some of the descriptors that result in a severity rating of three and a severity rating of two. For example, "high chance of deadline missed" vs "significant chance". Further clarity is needed to understand how items will be scored to reduce this subjectivity. When suppliers are notified of an event that will be recorded on the SPR, we should understand the event that is being recorded as well as being able to correlate the description of the event to an associated score on the matrix. This ensures there is an efficient process for agreement between both Ofgem and the supplier.
11. We would seek clarity on what exactly constitutes a "non-compliance" incident. E.ON currently has a collaborative relationship with Ofgem and there are several agreed operational processes to correct data for measures, in particular for ECO, and we would expect these to be considered inaccuracies rather than non-compliances.
12. In terms of the "compliance with overriding scheme obligation", we disagree with the "all or nothing" approach to scoring and disagree that failure to make a single GER payment or FIT payment should constitute non-compliance when that failure may be due to circumstances beyond the supplier's control (for example, where the consumer has moved premises and not left a forwarding address or where the supplier is awaiting information from a FIT generator to be able to process a payment). A supplier may have taken all reasonable steps to fulfil their obligation and still fail. Instead, we suggest that the compliance category, as with the others, is a scale of severity, with a score of 4 only being allocated for a systemic failure to meet obligations.
13. We also feel that the scoring matrix would be more transparent should a cumulative approach be taken because various minor contraventions may be as serious as a one-off major contravention. We do, however, recognise that it is important to avoid "burying" major contraventions, so as an alternative we would suggest that the scoring system is weighted in a



way that draws more focus to major contraventions. For example, rather than having a rating system that adopts scores of 0 to 4, the system could instead use the following scores 0=no contravention, 5=minor contravention, 20=moderate contravention and 50=major contravention. In the cumulative example provided where there were six minor contraventions a score of thirty would be produced (6x5) versus a score of fifty where there was one major contravention (1x50). This outcome would accurately reflect the existence of a major contravention.

14. We believe that scores should be weighted dependent on how many customers a supplier has enrolled in each of the schemes, similar to the approach taken with domestic complaints reporting.
15. We would welcome more information on how the scores are to be presented and what supporting information will be provided to consumers so they are not misled by the scores' meaning.
16. We are mindful that language such as "severity" used in a report may have negative connotations that could damage a supplier's reputation even if it were fully compliant. The replacement of this with the word of "rating" would be more neutral. Note: There is an error within the 'financial loss' section of the table. Where it says >1%, we believe it should say <1%.
17. We would suggest that a viable alternative to the proposed scoring methodology would be a ranking system (for example, Gold, Silver, and Bronze) similar to the Energy UK Billing Code Audit. We view this as a much simpler and more consumer friendly scoring methodology and one that may incentivise suppliers to a greater extent to improve their rating as a supplier could utilise this much more easily.

Question 3: Do you agree with the data we plan to publish?

18. We do not expect typical customers to base their decision on choosing a particular supplier on reviewing the raw data provided. We do, however, expect industry experts to review the data and possibly find it useful. The provision of information to industry experts is not, however, one of the over-arching objectives set out in the consultation so we do not feel that any value will be added in this area. We also have concerns that the descriptions of issues within the raw data may be taken out of context by media and further damage trust within the industry.
19. It must also be considered how helpful the graphs will be for schemes that are rated annually. For example, for the Government Electricity Rebate it is probable that twelve months of no issues would occur followed by potentially a flurry of issues following the completion of audit work before returning back to no issues. We do however welcome the use of graphs if we believe they can help to simplify the data shown.
20. E.ON welcomes the decision to only publish data from October 2015 onwards. We view that the publication of earlier scores would not provide any benefit to the consumer and would not be fair to the supplier, with scores from before this date likely to be less robust and suppliers not being aware that this data was being collected for the purposes of publication.



Question 4: Do you agree with our proposed timings of publication?

21. Different schemes operate in different ways so unfortunately the timing of the publication will not be able to meet all schemes; however, we have no reservations in terms of the date proposed.

Question 5: Do you have any comments on the SPR webpage we propose?

22. If the web-page's objective is to provide transparency to consumers and demonstrate that they are getting value for money it should be presented in a simple and easy to understand manner. To this end, consumers' preferences should be placed at the heart of its design.