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E-Serve Supplier Performance Report (SPR) Consultation First Utility Limited Response

Executive Summary

First Utility is always supportive of efforts to aid transparency within the industry, with a view to ensure the consumer is able to have as much relevant information as possible about industry participants. However, we do not feel that the proposal for introducing Supplier Performance Reports (**SPR**) will be a useful or cost-effective method of doing so.

We feel that the proposed reporting will in fact create an additional administrative burden on suppliers and indeed on Ofgem E-Serve, potentially driving up costs for all parties due to the time taken in creation, review, challenge and publication. We would be keen to see any cost assessment analysis undertaken by Ofgem E-Serve around production, review and presentation of this data, and to understand the basis for the assessment as to the basis of what are described as “the trends for non-compliance”, the correlation between such basis and this approach and the probability of improving such trends, as against other potential means of so doing. In addition, we believe that producing data that could viably be used as a supplier “league table”, despite this not being the stated intention, is at odds with the “compliance culture” that is being engendered within the industry via Ofgem and the embedding of Standards of Conduct.

We set out our detailed response to the questions below.

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

No, the obligations that we have as a licensed supplier are already central to our operations. To address each of the points which are raised in section 1.11:

- **Inexpensive - Creating an additional layer of cross-obligation reporting that will need to be reviewed extensively by Ofgem E-Serve (as noted 2.15) and by suppliers to ensure there are no errors or challenges will increase cost both to suppliers and Ofgem, and ultimately the consumer.**

- **Applies across all of the schemes - The nature of each obligation is very different, and indeed as noted in the consultation there are often suppliers who are obligated under some and not others. Conceptually feeding responses from e.g. RO (which is a relatively straight-forward operational process) and ECO (which is administratively complicated) into the same model produces significant challenges as to the usefulness of the output.**
- **A culture of compliance - Compliance is already central to our role as a supplier. It is reinforced by the supply licence, specific SI's and wider Ofgem guidance. As a supplier operating in this marketplace it is crucial that we drive performance in our obligations to both keep costs low and mitigate risk. As such publication of this type of performance report will not build a compliance culture as this already exists.**
- **Helps us to improve E-Serve administration - we would argue that efficiencies in process between suppliers and E-Serve would be better addressed at scheme level, rather than within a “catch all” report across schemes.**
- **Consumer transparency of cost - The primary incentive for a supplier to be efficient is to keep costs low and be competitive. The production of this report will not aid the customer in seeing where their money is going (as it will not relate to costs of schemes etc), and indeed as noted on the first bullet point will in fact increase cost for suppliers and Ofgem E-Serve.**

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

Our primary concern with the methodology described is it does not necessarily take into account additional influences on supplier performance. For example if due to a system issue or administrative oversight on the part of Ofgem, a supplier may be delayed in making a response or have an unrepresentative response.

Any compiling of data that could be viewed as a “league table” has to ensure that there is no misrepresentation of suppliers’ performance.

Furthermore schemes that are more complex with monthly interactions (such as ECO) are in danger of being scored to a disproportionately high extent when compared with other schemes.

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

As noted in Q1 & Q2 we have concerns over both the necessity for the report itself, and whether the methodology could misrepresent performance. We also have concerns over the reporting damaging working relationships between suppliers and E-Serve.



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

No. The two week review period for suppliers to review and challenge does not give sufficient timescales for suppliers to raise queries with E-Serve and receive responses.

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

Please see Q1 - 3.

If you have any queries or would like any further information, please do let me know.

Yours sincerely

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