Mark Jenner
Ofgem E-Serve
9 Millbank
London
SW1P 3GE

25 August 2016

Dear Mark,

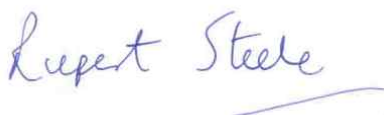**E-Serve Supplier Performance Report (SPR)**

ScottishPower is pleased to respond to the above consultation which seeks views on Ofgem E-Serve's proposals for supplier performance reporting. Our responses to the consultation questions are in the annex to this letter.

We think that there is already a strong culture of compliance in suppliers and we think that the efficiency with which environmental and social schemes are administered has also been improving. In this context, we have concerns that publication of the SPR, as currently proposed, may confuse the quality of the scheme administration with overall compliance. There is therefore a risk that the SPR would act as a focus for unjustified criticism of suppliers.

If Ofgem does therefore decide to publish the SPR (as opposed to reporting to suppliers their own score and the minimum/maximum/average for the group), it will be important that the context is clear.   In particular, E-Serve should provide a balanced narrative around any publication, making it clear that the SPR is a performance measurement tool relating to how well obligated parties manage the administration of the government obligations, not a tool to indicate how successful or unsuccessful they are in delivering the schemes. Indeed, this could be emphasised by taking scheme compliance entirely out of the rankings, as this is reported elsewhere and perhaps renaming the output "Supplier Administration Performance Report".

Should you wish to discuss our response or any of the above points, please contact me via the details provided or contact Mark Murphy (markes.murphy@scottishpower.com) on 0141 614 8202.

Yours sincerely,

Rupert Steele
Director of Regulation

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OFGEM E-SERVE SUPPLIER PERFORMANCE REPORT (SPR) CONSULTATION – SCOTTISHPOWER RESPONSE

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

We agree that creating the SPR data set has the potential to promote the interests of consumers, if it helps suppliers to be aware of how their administrative performance compares to the average. This could be achieved by reporting to suppliers their own score and the minimum/maximum/average for the group. If Ofgem wants to go further by publishing the information, it will be important that this is done in a reasonable context.

In particular, if the SPR data is to be published, it should be in a format that is easy to understand, is accurate and reflects the obligated parties' (and potentially the scheme administrator's) performance.

It will be particularly important that E-Serve provides a balanced narrative around any publication, making it clear that the SPR is a performance measurement tool relating to how well obligated parties manage the administration of the government obligations, not a tool to indicate how successful or unsuccessful they are in delivering the schemes. Indeed, this could be emphasised by taking scheme compliance entirely out of the rankings, as this is reported elsewhere. It would also be helpful to give context around the overall success of the programmes in question, and to highlight that the threshold for including items in the report is relatively low.

An incident should appear in the SPR only after it has been considered by both the administrator and the obligated party through a fair and transparent process, and both parties agree with how the event is presented. Any data relating to periods of time before such processes had been established should not be included in the publication.

It would be helpful to rename the publication "Supplier Administration Performance Report".

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

The scoring methodology and definitions provided in the consultation document are not always easily understandable and, despite what appears to be a robust sign off process within E-Serve, we believe there remains a degree of subjectivity in how incidents are scored. If a scoring methodology is applied, it is crucial that obligated parties have clear guidance on what type of event will result in an entry onto the SPR and the process of how the event is reviewed and evidenced by both the administrator and the obligated party.

We would encourage E-Serve to reconsider some of the language and the definitions used for the proposed scoring and definitions. For example:

- Within the financial loss category the severity rating refers to 'scheme participant', but it is unclear which organisations are covered by this definition. Does it, for example, include contractors and quality assurance agents as well as suppliers?
- Within the incident types, the category 'data accuracy/misreporting' could be understood by a reader to imply deliberate misreporting when in fact the issue relates to accidental errors; we would suggest 'data accuracy' would be a better label.

A guidance and process document should be made available by E-Serve to all obligated parties (and for each obligation it administers) to ensure that it is clearly understood how, why and when an incident will be placed on or removed from the SPR, what opportunity obligated parties will be given to make representations, and how E-Serve will differentiate between day to day operational processes and SPR events. The document should be drafted in consultation with obligated parties to ensure that the timeframes for the processes are practical, fair and consistent.

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

As noted above, we believe that any data that is to be published should be in a format that is easy to understand, is accurate and reflects the activity that has been undertaken by both the obligated party and the scheme administrator. .

E-Serve says in the consultation (paragraph 3.8) that it does not propose to include all suppliers in the same summary table or chart. We accept that there may be presentational constraints which make it difficult to include all suppliers in all charts, but there are huge risks that this can be misleading. If it is necessary for E-Serve to be selective, it should only be done on a chart by chart basis, with all obligated suppliers shown on the majority of charts. E-Serve should undertake any selection in an even-handed way which does not unfairly disadvantage any one obligated party or group of parties.

Any data that is published should be from a point in time where the scheme administrator has deployed an effective and robust management process to vet and verify the information with all obligated parties. It is not appropriate to publish retrospectively.

We think that E-serve should consider taking scheme compliance entirely out of the rankings, as this is reported elsewhere.

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

We are comfortable with the proposed timings of publication.

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

As noted in response to Question 1, the webpage should provide a balanced narrative and context for the SPR, making it clear that the SPR is a performance measurement tool relating to how well obligated parties manage the administration of the government obligations, not a tool to indicate how successful or unsuccessful they are in delivering the schemes. It should also give context around the overall success of the programmes in question, and highlight that the threshold for including items in the report is relatively low.

The webpage should be representative of all obligated parties, not just those whom the administrator deems to be the most significant. Big or small, all obligated parties play a part in the delivery of the obligations and how efficiently the scheme is administered, and all should therefore be represented.

ScottishPower
August 2016