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ERA response to the Consumer Focus consultation “Measuring energy supplier performance”

Dear Ms. Lucas

The Energy Retail Association (ERA), formed in 2003, represents electricity and gas suppliers in the domestic market in Great Britain. All the main energy suppliers operating in the residential market in Great Britain are members of the association - British Gas, EDF Energy, npower, E.ON, ScottishPower, and Scottish and Southern Energy.

We welcome the opportunity to contribute to the Consumer Focus consultation “Measuring energy supplier performance” on behalf of our members, and would be happy to discuss any of the points made below in further detail with you if this is considered to be beneficial. This is a high level industry response and the ERA’s members will also be providing individual responses.

Energy suppliers appreciate that some of their comments during the pre-consultation workshop were incorporated by Consumer Focus in the final consultation document. ERA and its members find opportunities for exchange of opinion and good practice invaluable to policies and overall function of the market.

ERA members understand that Consumer Focus is subject to a statutory obligation to disseminate advice and information to consumers (Section 10 of the CEAR Act 2007). However, it is important to raise a number of points regarding the proposed measures which we hope will assist in the provision of meaningful advice to consumers.

Energy suppliers agree with the principle that a wide range of measures is required. Nevertheless, the measures should also be proportionate and appropriate to the needs of customers and the communication of an overall picture of the industry’s performance.

The Consumer Focus proposed measures – especially with regards to complaints – will not be comparing like for like. It has become clear during discussions with Ofgem at the Customer Journey Working Group and other stakeholders that suppliers record complaint data differently. This is clearly an area which would benefit from a more consistent approach and the ERA is already facilitating a project which will allow for more clarity regarding the recording of complaints. Suppliers have already submitted areas for discussion which the ERA is reviewing and a meeting has been arranged to progress this project on the 9th March 2010. Until suppliers and Ofgem agree on a common approach Consumer Focus will be using data that is inconsistent.

Positive metrics similarly will need to be appropriate and directly comparable so as to ensure results that will be meaningful to customers. Energy suppliers aim for the current project on complaints processes to also indicate areas of positive activity.

On a related issue, it should be noted that all Consumer Direct data is not a reflection of customer service and should not be used as a proxy for complaints. As representatives acknowledged during the pre-consultation workshop, Consumer Direct is an information service and not a complaints or resolution service. Using the number of telephone calls also disregards the number of customers that use Consumer Direct information from other sources (e.g. via website). Moreover, since Consumer Direct is an information service it could be argued that other services like Money Advice Trust and Consumer Advice Bureau could also hold relevant data. These services are invaluable to energy consumers as they offer them the opportunity to make an informed choice and it would be misrepresenting their value and function if customer contact with any of them was used as a negative measure.

Consumer Focus could use the number of referrals to energy suppliers from Consumer Direct; however this option also has its own challenges. Firstly, there is no retrospective correction of Consumer Direct data so, for example, even if a customer does not belong to a supplier and was mistaken the entry will still remain in the Consumer Direct database. Secondly, Consumer Direct will on occasion put a call through to facilitate the customer even if the referral's intention is not a complaint; again in this case retrospective correction is not possible.

The same challenge with the absence of meaningful data to ascertain whether a supplier is at fault holds true for Ombudsman data. The Ombudsman representatives stated during the pre-consultation workshop that the service only records an instance of resolution and not if the finding is for or against the supplier, as their role is to seek a solution.

Suppliers are keen to work with both Consumer Direct and the Ombudsman to discuss recording processes and reporting systems as there might be a possibility to move towards data recording that will provide more information. However, this would depend on the individual strategic position of each organisation and what their core targets are considered to be.

It should also be noted that when cases and numbers of contact occurrences are combined there is a high possibility of duplication as one customer might be contacting multiple services, for example Consumer Direct, Consumer Focus and their supplier.

With regards to the weighting of quantitative measures it would be beneficial if Consumer Focus could provide some clarity on the categories and how their weighting has been allocated. Additionally, energy suppliers feel that the mix of categories is not conducive to providing an overall image of performance nor does it use data that can produce an accurate report, as the examples of the Consumer Direct and the Ombudsman cases mentioned above would show.

The inclusion of qualitative measures is welcome and suppliers are keen to assist with the development of meaningful metrics and robust sampling techniques which will provide real insight into the customer experience.

Energy suppliers look forward to working with Consumer Focus to ensure that customer have access to balanced and meaningful advice and information.

I hope you have found our comments useful. Should you require any more information please do not hesitate to contact me.

Kind regards,

Sofia Gkiousou
Policy & External Relations Advisor