



Empowering choice and value for
all gas and electricity customers

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Dear Clare

Measuring energy supplier performance - consultation

Thank you for your providing us with a copy of your consultation on measuring energy supplier performance. I am pleased, on behalf of Ofgem, to respond to your request for comments.

We see the provision of information to consumers to enable them to compare performance and make decisions on their choice of supplier as key. Appropriate benchmarking information will also help to motivate companies to further improve performance.

Direct complaints

As you will be aware, Ofgem deliberately drew the definition of a complaint with which suppliers have to comply widely to encourage a culture change which supports the intention of the Consumers Estate Agents and Redress Act 2007 to give greater responsibility to suppliers to deal properly with their customers. In so doing we recognised that there would be an element of subjectivity on the part of the individual recording the complaint. We would ask that Consumer Focus balances carefully the desire to publish all direct complaints data with the possible disincentive to record complaints that presenting data on complaints volume may place on suppliers. As you are aware suppliers are required to publish annually those complaints outstanding at day+1. Our assumption was that this would be a more comparable figure across suppliers as it would exclude from the statistics complaints where only simple action is required to resolve them.

Our customer research found a disconnect between customers' perception of a resolved complaint and suppliers. Reporting on those complaints which customers have had to go back to the supplier upon because they have not been resolved ('repeat' complaints) should incentivise suppliers to ensure that the basis on which complaints have been resolved is understood and agreed.

Consumer Direct

We are keen that suppliers give information about Consumer Direct to provide customers with an opportunity to seek advice and guidance from an independent source. It is

important therefore that any information is provided is specific and useful to consumers in making a competitive choice of supplier. We would encourage Consumer Focus to be mindful of the possible negative effect on signposting that reporting on general contacts might inadvertently provide. However, data from Consumer Direct on complaints that it has had to refer back to the supplier might indicate how well a supplier is performing in its complaints handling service.

Consumer Focus

We agree that the number of complaints reported to the Extra Help Unit would be a useful measure of performance.

Energy Ombudsman

We recognise that data from an independent source such as the Energy Ombudsman could provide an objective measure of performance. Nevertheless, we understand the Energy Ombudsman's concerns about the possible negative effects on signposting the scheme that publication might bring. We would also be concerned if publication discouraged suppliers from proactively deadlocking complaints or drove inappropriate behaviours from suppliers, for example providing a financial resolution to a complaint where it may not be warranted merely to reduce referrals to the Energy Ombudsman. We encourage Consumer Focus to weigh carefully the usefulness of this information to consumers in their choice of supplier and the implications for the redress scheme more widely.

Weighting of quantitative measures

We agree that the weighting of any measure you propose to publish should reflect the time and effort and, in the case of complaints to the Extra Help Unit the seriousness of the complaint. Consumer Focus may also wish to consider weighting measures according to the opportunity the supplier has had to resolve the complaint. For example, greater weight could be given to a repeat complaint than one not resolved at day+1: in the former the supplier has not resolved the complaint to the satisfaction of the customer, whilst the latter might be unresolved because the supplier has to undertake further action such as a meter test. Similar arguments can be made for referrals from Consumer Direct and repeat referrals from them to suppliers.

Should Consumer Focus decide to publish Energy Ombudsman data we encourage you to consider whether different weighting should be given to deadlocked complaints and to those referred at eight weeks and whether this might incentivise supplier behaviour, for example more proactive identification of complaints which should be deadlocked.

Customer satisfaction / positive indicators

We agree that customer satisfaction measures will provide a helpful indicator of company performance. As the quantitative measures you propose are focussed on complaints performance it would be sensible if these were complemented by the Ofgem's research into customer satisfaction with suppliers' complaints handling. We would encourage Consumer Focus to look at whether the existing range of survey material is representative of the population and whether it provides for comparison across individual supplier performance adequately against a range of indicators, for example ease of contact, helpfulness of staff, etc.

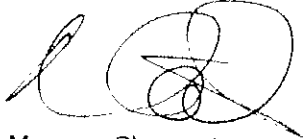
Coverage

Whilst it is important that customers are made aware that they have a choice of supplier beyond the big six suppliers, we are mindful that comparing performance alongside the big six might be misleading and possibly harmful. For example a small number of

complaints against a small supplier might be represented as a high number when calculated against their customer numbers. Small suppliers often seek to differentiate themselves by offering enhanced customer service and we encourage Consumer Focus to consider whether measures which compared performance on this basis might be more useful to consumers.

For micro business suppliers, it appears reasonable to replicate whatever information you decide to publish on domestic suppliers, and for all micro business suppliers to be included. We also encourage you to consider including customer satisfaction measures for this group of customers.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Marcus Clements', with a large, stylized flourish at the end.

Marcus Clements
Head of Consumer Affairs