

**RWE npower**

**Measuring energy supplier  
performance – for  
consultation**

**January 2010**

## **Measuring energy supplier performance – for consultation**

Thank you for the opportunity to respond to Consumer Focus's consultation document. Clearly it is important that consumers are provided with 'advice and information' which is 'accurate and impartial' and that this should not be through just one measure. The document recognises this and it is helpful in suggesting a range of metrics, both qualitative and quantitative, which taken together, in theory, ought to provide consumers with a comprehensive set of supplier comparators.

We have no objection to our response being placed on Consumer Focus's website and hence in the public domain.

For ease of reference, the headings and questions asked in the document are set out below together with our responses underneath each.

## **Section 1 – Quantitative measures**

**Q1: Please state which types and combination of the following quantitative measures you think best reflect industry performance and your reasons for this.**

### **1.1 Direct complaints**

Complaints are normally one of the main factors in assessing a service provider's performance: they are an easy measure to understand and, if defined, properly are meant to clearly represent a user's dissatisfaction with that service. However, in the case of energy, this is not yet the case.

We, like all of the major suppliers, have adopted, in good faith, the provisions of Consumers, Estate Agents and Redress Act 2008 (CEAR) and supporting legislation. Given that the definition of 'complaint' (*'...any expression of dissatisfaction...'* etc) under the relevant CEAR Act statutory instrument is, deliberately, wide-ranging so as to capture as many instances of consumer concern as possible, the result is that, understandably, suppliers have adopted different approaches in dealing with these. They reflect, amongst other things, suppliers' different core processes and different views of customer priority. These differences are a healthy sign of competition as service becomes a differentiator between suppliers. While having consistent metrics should not be placed above customer service, for the purposes of industry performance, we do need to have an agreed set of comparators which measure the same events across all suppliers.

As recently as 11 January 2010, at a meeting of the Customer Journey Working Group (at which Consumer Focus was represented) chaired by Ofgem, discussions involving the major suppliers again highlighted these differences.

The group recognised that, whilst legitimate, it meant that the usefulness of internal direct complaints as a supplier performance measure could be actively misleading because the recording processes were not directly comparable. There was also agreement that, as the definition of a complaint was so wide, it was again legitimately open to individual interpretation. Our concern is that companies, which, for the purpose of improving service, employ a more all encompassing approach, may be penalised for registering higher levels of expressions of dissatisfaction.

At the same meeting similar concern was raised about interpretation amongst suppliers about when a complaint is closed – again those companies who have strictly interpreted the standards under the Act could be adversely penalised if complaints resolved > 1 day was to be used in supplier performance comparisons.

In your own document under section 1.2, you comment on the *'inconsistent practices across suppliers in logging direct complaints'*. The Energy Retail Association (ERA) has been tasked with trying to facilitate a common approach from all suppliers, and until such time as this has been achieved, we do not feel this measurement is robust nor would it reflect an accurate picture across all suppliers. It may even lead to more confusion for customers.

## **1.2 Cases received by Consumer Direct**

Consumer Direct is not a complaints handling service per se; it is the government-funded telephone and online service offering information and advice on consumer issues. The advice to consumers may include, but is not exclusive to, assistance where a customer has experienced difficulty with a service or product provider.

Suppliers do not have access, from Consumer Direct, to the individual details of customers who have contacted CD for 'advice' and therefore have little opportunity to influence, through root cause analysis, the numbers of customers using this service.

Therefore, 'advice' data, even excluding contacts in the information categories listed, is not, and should not be used as a proxy for supplier performance.

You comment in your document that *'contact details for Consumer Direct are included on the back of all domestic energy consumers' bills, therefore all suppliers' customers have the same awareness of, and access to, the Consumer Direct service,'*

We are not aware of any conclusions that that is the case from the two information gathering exercises on this: - the first conducted by Consumer Direct itself in May 2009 covering how and where Consumer Direct's details are published and how customers could find these together with samples of our bills, links to our relevant web sites etc; and the second by Consumer Focus in December 2009, which required the provision of the same information, again with copies of our bill stationery. We believe this latter exercise was to ensure there was consistency across suppliers and the ease in which customers could access this information.

We would welcome a formal update on the conclusions of your findings to this exercise as, clearly, ease of access to Consumer Direct's contact details can be a major influence on the number of customers who access its services, whether for advice or as a company referral (see below).

## **1.3 Company referrals from Consumer Direct**

Company referrals from Consumer Direct, unlike advice contacts, are cases where the customer has an issue with their supplier which needs the supplier's intervention to resolve.

Therefore, unlike 'advice' cases, the supplier is able to review the case history and from, root cause analysis, put in place improvements to improve overall customer service – a desired outcome of all parties including Consumer Focus, who, in the introduction to the consultation document, see the publication of supplier comparative data as a way of driving continual improvement.

We would support the use of company referral data in the use of supplier performance data, subject to the issue of Consumer Direct's database being addressed, whereby incorrect data logged by them cannot be retrospectively corrected. This could mean that referrals are wrongly allocated and count against a supplier incorrectly. We would also wish to ensure that all suppliers did publish Consumer Direct's contact details in the same way to ensure customers had ease of access no matter which supplier they were with. (See comment above).

#### **1.4 Repeat company referrals from Consumer Direct**

Under the current operational process between suppliers and Consumer Direct, we have major concerns about the cases currently being logged as repeat referrals.

The current process whereby Consumer Direct notifies suppliers of the customer's details to arrange contact can result in the supplier then being unable to contact the customer. We have evidence in numerous cases when receiving a referral from Consumer Direct, of attempting to contact the customer back many times, including by telephone, email and by letter. When this has failed, the customer contacts Consumer Direct again, and this is then classed as a repeat referral.

To resolve this we have asked Consumer Direct to introduce a mid-call transfer facility whereby a customer's call can be transferred from a Consumer Direct operative to a supplier customer service representative in order to deal quickly with the former's issue. The facility to retrospectively amend Consumer Direct's database to exclude cases where the supplier has attempted to contact the customer also needs to be introduced.

Subject to satisfactory resolution of the above issues, we are supportive of this being included as a measure of supplier performance.

#### **1.5 Complaints handled by the Consumer Focus Extra Help Unit**

We agree with the inclusion of this measure as described in the document.

#### **1.6 Cases received by the Energy Ombudsman**

We believe that the use of the Energy Ombudsman data does not reflect supplier performance and should not be used in comparison data for a number of reasons;

Deadlock data is not a measure of supplier performance, but is based on supplier's own internal policies and practices as to when to invoke the deadlock process – this by its very nature can be different across suppliers

The number of cases > 8 weeks is often driven from the number of '8-week letters' sent by suppliers to their customers when a complaint remains 'open' at this point in time (a requirement under the CEAR Act).

At the 11 January 2010 Customer Journey Working Group referred to previously, all parties accepted that suppliers defined what constituted a closed complaint differently. This will influence the number of 8-week letters each supplier will send - in some suppliers' cases, reducing them considerably and consequently influencing the number of customers who may take their case to the Energy Ombudsman.

Finally, in terms of outcomes, the Energy Ombudsman records a resolution finding, not whether the complaint was 'upheld' against the supplier or not, as their role is to facilitate a solution rather than apportion blame.

## **1.7 Other quantitative complaint data**

Any quantitative data collected has to be objective, unbiased and subject to agreement and acceptance by all suppliers. We suggest that the use of suppliers' own internal measures could be open to individual supplier interpretation by each contributor.

Third party data could overcome this, but there would have to be prior agreement from suppliers as to the methodology and the scope of what was to be measured.

## **Section 2 – Weighting of quantitative measures**

**Q2. Please state whether you think the following measures should have a greater or lesser weighting and your reasons for this.**

As set out in our responses above, unless and until there is agreement across all suppliers as to the interpretation of what constitutes a complaint and related matters, there are only 3 measures within the matrix which currently attract an objective measure of customer service.

These are (subject to our caveats in 1.3 and 1.4 above)

- Consumer Direct Cases – Company Referrals
- Consumer Direct - Repeat Company Referral
- Consumer Extra Help Unit (EHU) - Complaint Received

### **2.1 Worked example**

In the case of the worked example in the consultation document, obviously this will depend on the criteria used as part of the calculation. Our responses to earlier questions indicate that some elements are not yet suitable as a measure of supplier performance and many are inappropriate. In addition, without some indication of the actual weightings proposed, it is difficult to comment meaningfully.

For the 3 measures we are in agreement with (as above), we would accept that repeat referrals and referrals to the EHU should take a higher weighting than company referrals.

## **Section 3 – Qualitative measures**

### **3.1 Customer satisfaction**

**Consumer Focus seeks views on which option would provide the most accurate picture, how you think it should be funded and how the customer satisfaction measure should be incorporated into the model; for example, as a standalone measure or as a positive metric (see section 4) as part of the overall ranking calculation.**

We would not be in favour of using external survey sources, due to the fact that many such organisations are commercial enterprises and there is potentially a conflict of interest between companies of this type undertaking work in this area and any other related areas within which those organisations operate. Also, customers of such organisations can be demographically weighted, which may not represent the make up of the customer base of all suppliers involved in the survey. In addition as a supplier we have no input to the development of the surveys used.

With regard to the Ofgem survey, this is a recent development and is only in its second year. However we do feel that this is worthy of further work between all parties to see if the survey can be taken to a point where agreement is reached by all suppliers to use the survey findings in this way.

An independent survey funded by the industry could be considered if agreement could not be reached on the development of the Ofgem survey. We would be happy to be involved in discussions on this; however this would depend on costs, the extent to which all suppliers were prepared to be involved and agreement on criteria and content.

If customer satisfaction data were to be incorporated, we would view this as a stand alone measure.

**Q3b. Consumer Focus seeks views on whether any additional qualitative indicators should be included in order to provide the best possible information on customer service for consumers.**

We are unable to identify any further criteria which would be considered objective and meaningful for customer decision making.

## **Section 4 – Positive indicators**

During the pre-consultation stakeholder workshop it was suggested that positive indicators highlighting best practice in customer service, such as resolving complaints quickly and corporate social responsibility offerings, should be reflected in the new relative performance information.

**Q4. Consumer Focus seeks views on what types of positive indicators would best reflect supplier performance and be useful to consumers. Additionally do you think these indicators should be combined with the complaint data or provided as a stand alone measure of performance?**

As you know, suppliers are spending considerable sums of money through their voluntary social spending programmes to help vulnerable customers. In npower's case this amounts to around £50m between 2008 and 2011 based on market share. The expenditure includes the provision of social and discounted tariffs, along with, for example, benefit health checks. While not wanting to duplicate information Ofgem already produces in this area, it might be helpful for customers to be able to refer to the headline data from this as an indication of supplier activity. Any narrative should be agreed by the suppliers before publication and would clearly need to distinguish those activities which can be measured on a like-for-like basis, from supplier initiatives which cannot be compared directly but which still offer assistance to customers

## **Section 5 – Coverage**

### **5.1 Domestic suppliers**

**Q5a. What performance information do you think should be published on the nine smaller suppliers? Should this information be combined with that of the big six or shown as a standalone measure separately?**

In our view, we would suggest the same performance criteria should be applied to the nine smaller suppliers as used for the Big Six, and that the each of the former's performance should be shown as a stand-alone measure.

## **5.2 Non-domestic suppliers**

### **Q5b. What performance information on business suppliers do you think Consumer Focus should provide for micro-business consumers? In what ways do you think it should differ from the provision for domestic consumers?**

We recognise the importance of providing small business consumers with accurate and up-to-date information, to enable them to make an informed decision when choosing their energy supplier. As we believe service is a key differentiator within the industry and understand the issues faced by SME customers, we support Consumer Focus's proposals to publish specific micro business performance.

In terms of the data we feel should be available, this should be consistent with that provided to residential consumers. However, the same caveats apply to the data for micro business customers as that for residential customers, as detailed in our responses above.

## **Section 6 – Presentation**

### **Q6. In what format do you think the performance information should be displayed to ensure it is easily understood and useful to consumers?**

We would recommend that supplier performance information should be illustrated graphically, supported by the underlying data indicating how each company ranks against each other and which reflects market share.

Whilst the use of symbols is superficially attractive, it cannot represent the many different facets of supplier performance and the interaction with their customers. University and school league tables, for example, do not measure performance using symbols.

## **Section 7 – Publication**

### **Q7a. How often do you think the performance information should be updated?**

We feel that performance information should be updated on a monthly basis using the previous twelve months' data on a rolling basis to reflect current status.

### **Q7b. Excluding the Consumer Focus website, where do you think links to the information should be displayed to ensure as many consumers as possible can access to the information?**

Possible other organisations where such data could be displayed include Consumer Direct, Ofgem and advisory agencies' (such as Citizens Advice etc.) web-sites.

## **Section 8 – Benchmarking with other sectors**

### **Q8. Please provide any further examples of best practice you think should be adopted from other sectors.**

We believe our responses above reflect the balance between providing customers with straightforward and meaningful information to enable them to make informed decisions and not over complicating matters with too much data, much of which lacks objectivity and scrutiny.

## **Section 9 – Other issues**

**Q9. While Consumer Focus hopes to have covered the current and relevant issues within this document, please let us know if you have any additional comments or issues you would like to raise.**

There are a number of issues (which we have raised above) which we believe are fundamentally important and will need to be addressed to both expedite and facilitate a robust and credible set of supplier performance measures. Much of this revolves around suppliers interpretations of the definitions within the Complaint Handling Standards.

Underpinning the measure of supplier performance are the industry processes which are often necessary to resolve complaints, but which can be both cumbersome and time-consuming. We would suggest future workshops with our industry colleagues and with Ofgem to explore how we reduce and improve some of these processes to enhance the service we provide to energy consumers.