Energy supplier rating review

Decision on supplementary proposals

December 2017

citizens advice

Summary

In November 2017 we released a decision document on changes to the energy supplier rating. As part of this decision we also asked for feedback on some supplementary proposals and on the detail of our proposed new requests for information (RFIs).

We held two supplier workshops on these changes, had a number of bilateral meetings with suppliers and stakeholders and also received a number of written responses. Thanks to all those that engaged with this process.

We proposed three new changes to the rating and rating tool:

- to include further voluntary industry schemes, and adjust the weighting to accommodate this change
- to include information on fuel mix in the rating tool on our website (but not score it in the rating itself)
- to adjust the way that the switching metric is calculated

We have decided to proceed with each of these proposals. These decisions are set out in detail below. This means that the rating will use the following design from March 2018.

Figure 1. Rating design from March 2018

Category	Weight	Metric	Data source
Complaints	35%	Existing complaints ratio	OSE, consumer service, EHU
Billing	20%	Accuracy of bills	RFI
		Timeliness of bills	RFI
Customer service	20%	Average call centre waiting time	RFI
Switching	15%	Switches completed in 21 days	RFI
Customer commitments	10%	Membership of the switch guarantee, and other voluntary schemes	Publicly available

We have also now finalised our RFIs to support the rating. These will now be issued to suppliers. A summary of the feedback received and decisions on the detail of these RFIs is set out below.

Decisions - rating design

New voluntary schemes and proposed weighting

We proposed to add three new schemes to the rating - the Safety Net, PPM principles and the BSI standard on inclusive design.

These would be scored as follows:

- 3 stars for membership of the Energy Switch Guarantee (ESG)
- 1 star each for membership of the Safety Net, PPM principles and the BS 18477 (up to a maximum of 5 stars overall)

In order that the changes do not lower the weighting of the ESG in the rating we proposed that the weighting would be amended. This change also allowed us to balance data we collect from suppliers, with data that comes from third parties.

The proposed new weighting was as follows:

- Complaints - 35%
- Billing - 20%
- Customer service - 20%
- Switching - 15%
- Customer commitments - 10%

Stakeholder views

A range of views were expressed by suppliers. While many recognise the value of these voluntary schemes in delivering benefits to consumers, some suppliers were concerned that they could be prohibitively expensive for smaller suppliers. Some also expressed the view that they already meet the requirements of such schemes and that joining them would simply be confirmation of that fact.

One supplier argued that the scoring should award a score for all the schemes included, rather than limit them to 5 stars. Some also felt that we should include other schemes, such as the Billing Code.

Most suppliers disagreed with our proposals to change the weighting, for a range of reasons. Some felt that we should not increase the complaints weighting. Others argued that the billing and customer service metrics were most important because they represented enduring aspects of the customer experience, whereas switching is a one time only process. Some suppliers felt that we should take more account of the views of consumers in setting the weightings of the categories.

Decision

We have decided to proceed with the changes that we have proposed to both the voluntary schemes and to the weighting.

The new Vulnerability Principle in the supply licence has placed new duties on suppliers to identify customers in vulnerable situations and apply the standards of conduct in a manner appropriate to their needs. We think that these schemes demonstrate suppliers are putting these principles into place, and in the case of the PPM Principles, are treating their prepayment customers fairly.

The scoring of the additional schemes has been designed to reflect the fact that not all the schemes are relevant to all suppliers. Our RFIs earlier this year showed that five suppliers in the mandatory inclusion for the new rating design have no/very few PPM customers. It would not be reasonable to prevent them from attaining a full score because they are not signed up to the PPM principles, as these are not relevant to their customers.

The new weighting will ensure that including further schemes will not decrease the importance of the ESG and will enable the new schemes to make a meaningful contribution to a supplier's score. We continue to be of the view that the small proposed increase in complaints data gives a prudent balance in the rating between supplier and third party data. This also aligns with research conducted with consumers which informed the original design of the rating, which showed that consumers valued complaints handling more highly than the other metrics.[1]

Inclusion of fuel mix disclosure in the rating tool

We proposed to include information on the fuel mix of suppliers as part of our rating tool. This was in response to feedback that we should do more to feature information about environmental performance. We are not aware of this information being available in a single place elsewhere, so it will provide an additional resource to consumers.

[1] https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/improving-energy-supplier-performance-information-energy-supplier-comparison-tool-consultation/

Stakeholder views

No suppliers disagreed with our proposals to publish the fuel mix on the information section of the tool. One supplier felt we should go further and score suppliers on their fuel mix or environmental performance. Another asked us how we planned to collect the information.

Decision

We have decided to proceed with this change. We will collect the information on fuel mix from supplier websites, unless this is not available, in which case we will contact suppliers directly. This data is generally publicly available in line with SLC 21. We will update the data on an annual basis.

Switching calculation

We proposed to slightly adjust the calculation of the switching score for the rating, to align with the calculation used by the ESG (see figure 2). This will have a very small impact on supplier scores, but will ensure that there is no misunderstanding about how performance in the rating relates to the supplier's ESG performance.

Figure 2. The current and proposed calculations for switching performance

Current calculation: (A+B)/C

Proposed calculation: A/(C-B)

Where:

A = Switches completed in 21 days

B= Switches completed in more than 21 days for valid reasons

C= Total switches completed

Stakeholder views

No suppliers raised concerns about the changes to the switching calculation.

Decision

We have decided to proceed with the change to the switching calculation from March 2018.

Decisions - requests for information

We sent some RFIs to suppliers earlier in the year to help us develop our proposals for the rating. In our decision document we outlined the data we planned to use in the new rating, and have since engaged with suppliers on the final form the new RFIs should take.

Customer service

In our initial RFIs, we asked suppliers to provide us with their call wait times *excluding* any time spent in an Interactive Voice Response (IVR) system. In response to our consultation, some suppliers felt that we should include this time, as it more accurately reflects the consumer experience of waiting to speak to a person.

We asked suppliers for information about their IVR systems and for views on what approach was more appropriate.

Suppliers were relatively split on which approach was most appropriate. Some felt that the IVR should be included, in order to prevent suppliers 'gaming' their wait times by extending the IVR. They also argued this was a better representation of the customer experience, and would be aligned with other 'mystery shopping' approaches which have been used elsewhere in industry.[2] One supplier provided survey data from their customers which showed that they felt the IVR should be included in published data on wait times.

However, some suppliers felt strongly that the IVR should not be included. They felt that IVR systems are important for larger suppliers to get consumers to the right part of the organisation, and remove the need for more hassle later on (eg being transferred to get to the right place). They also felt that suppliers could respond to this change, by reducing the length of, or removing, an IVR and then placing customers on hold instead.

They also allow more options for consumers to self-serve, by paying a bill or leaving a meter reading through the IVR rather than waiting to speak to a call handler. Suppliers pointed out that there would be cases where these self-serve

[2] https://www.which.co.uk/news/2017/11/how-long-does-your-energy-company-keep-you-on-hold

processes failed and the consumer was redirected to a handler, which would artificially inflate the wait time.

They also said that the time spent in an IVR could differ between suppliers based on their customer base. Long-standing customers were more likely to know which number they need to press to get through the system, whereas newer customers will need to listen to the options (sometimes multiple times). This could put suppliers that are taking on a lot of new customers at a disadvantage. A further issue was related to people who called the number accidentally, who are likely to spend a long time in the IVR unintentionally before transferring to an agent.

We asked suppliers to share information about the length of time their customers spent in the IVR, in order to better understand the differences between suppliers. Of those who responded, most suppliers had a similar average time spent in the IVR (around 30 seconds) and some also had an upper limit consumers are allowed to stay in the system. Some suppliers were unable to provide this data because their system does not currently record the customer time spent in the IVR.

We have considered the feedback from suppliers and the data that was shared, and it is our view that we should exclude the IVR from the rating. From a practical standpoint it is clear that some suppliers would not be able to provide data on the time that customers spend in the IVR. Given our aim to update the rating from March 2018 (which will report on the period September to December 2017), there is not enough time for suppliers to change their systems to capture this data. We think that it is important to introduce these changes to as quickly as possible to provide consumers with a broader view of performance in the market.

The new rating design will cover a broad range of suppliers, with different offerings and business models. Some of these will mean it is more necessary to use an IVR system to manage contacts than others. We think that IVRs add value for consumers when they allow them to self-serve and to reach the right destination, and would not want to dis-incentivise their use.

However, we recognise that some customers may view time spent in an IVR as wait time, and will keep our approach under review. We welcome any further research or information suppliers may hold on consumer perception of IVRs.

We take the risk of suppliers gaming their system to improve their performance in the metric very seriously. We think that the main mitigation for this is that if suppliers take steps which are unpopular with customers (eg unnecessarily lengthening their IVR system) this will be reflected in increased complaints (measured in the rating) and a deterioration in customer satisfaction, which most suppliers will want to avoid.

Bill accuracy

Some suppliers told us that they could only report on how many customers had received a bill reflecting a meter read at the meter point level, rather than at account level. Given that most domestic customers only have one meter point per fuel, the impact of this would be small, except where a supplier has a large number of customers with multiple MPANs (eg where they have a large number of customers with restricted meters).

Suppliers generally argued that consistency in the rating is important, but agreed that meter points could be used as a proxy for customer accounts where there was little/no material impact. We have decided to allow suppliers to use meter points to report this information on a case-by-case basis. We will require them to declare how many customers they have with multiple MPANs in order to to make this assessment.

Bill timeliness

We asked suppliers for information on their bill timeliness earlier this year (number of bills which are sent within 15 working days of their due date) . A number of issues arose around this request which we have engaged with suppliers on since. Each of these issues and our decision are set out below:

Should we allow 21 calendar days as a proxy for 15 working days?

While consistency is important, measuring in this way will only ever disadvantage the reporting supplier, as they will be unable to account for bank holidays. We have therefore decided to allow suppliers to report on this basis if they choose to do so.

Should we account for bill frequency?

Some suppliers were concerned that those that bill more frequently could be disadvantaged in the current RFI. We support frequent billing and were concerned at any suggestion that the rating could dis-incentivise this. Following further discussions with suppliers. we consider that those who bill monthly will have more chances to bill on time, as well as more chances to bill late, and so should not be disadvantaged. The one exception may be for new customers, whose bills may be late due to waiting for opening meter readings. Suppliers who bill monthly will have to attempt to bill sooner after the switch than those who bill less frequently.

We recognise this issue, but do not think it proportionate to take steps to exclude early bills from the measure, as consumers will have a fair and reasonable expectation that their bills should be on time. The performance measure already allows for bills to be up to three weeks late, which gives suppliers time to fix problems, including just after the switch.

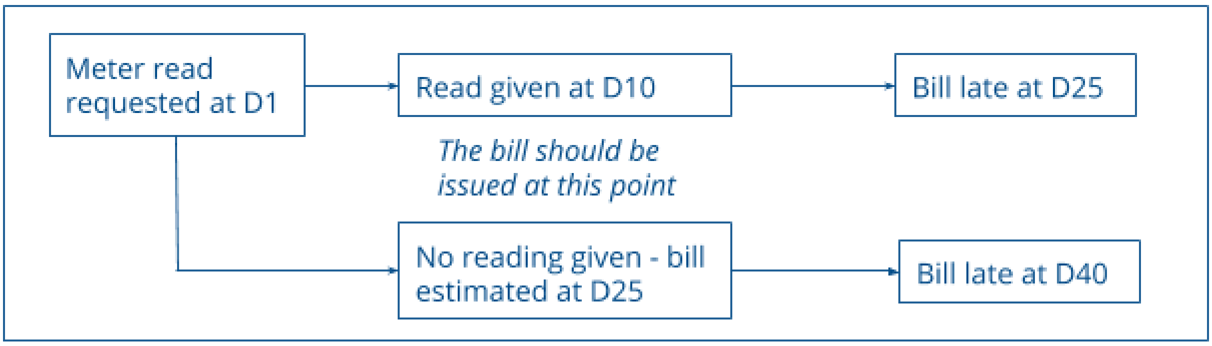
How should we account for billing windows?

When we issued our RFI a number of suppliers asked us how we would account for billing windows.

Different supplier processes vary, but these generally open at the point at which a consumer is prompted to give a meter reading to get an accurate bill. During the billing window the supplier may attempt to gain an accurate read through other means (eg via a meter reader) - and will finally move to send a bill based on an estimated read. This is often the end of the billing window.

We would expect suppliers to count the 15 working days timeliness of the bill from the point at which a bill could have been sent. Where the consumer supplies a reading this will often be the date on which the reading is supplied. If an estimate is forced, it will be 15 working days from the date that the this was done. The process below shows how this could work in practice, and how the late points for a particular bill could be defined.

Figure 3. Example of a billing window with late points defined (days shown are working days)



Should we ask for bills which were meant to be sent, rather than just those that were?

Our original RFI only asked suppliers for bills which had been sent. However, one supplier pointed out that they report to the Billing Code on a different basis, by including all bills which were due to be sent. This omission means that bills which are never sent were not recorded in the question we asked.

We are therefore amending the question to include bills which are due to be sent (not just those which actually were). This is set out in the wording of the RFI.

Next steps

If you have any further queries about the decisions please contact Alice Brett (alice.brett@citizensadvice.org.uk). The finalised RFIs have been sent to suppliers to whom they apply alongside the publication of this decision.

In early 2018 we will carry out the next stages of the review. This will include introducing scoring for the new RFIs and reviewing the scoring of the existing categories. We are also reviewing the web content related to the rating, and considering data management in the context of the new rating design. We will have further updates on this next year.

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