

# Energy Supplier Rating

Decision Document on  
Revised Methodology for  
the Citizens Advice Star  
Rating

July 2023



# Contents

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<b>Summary</b>	<b>2</b>
<b>Proposed Removal of Switching, Billing and Voluntary Commitments Metrics</b>	<b>4</b>
Switching Metric	4
Billing Metric	5
Customer Commitments Metric	6
<b>Proposed Weightings for the revised Star Rating Methodology</b>	<b>7</b>
<b>Further Comments on the Star Rating Methodology</b>	<b>9</b>

# Summary

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We can all face problems that seem complicated or intimidating. At Citizens Advice we believe no one should have to face these problems without good quality, independent advice. We give people the knowledge and the confidence they need to find their way forward - whoever they are, and whatever their problem.

Through our advocacy work we aim to improve the policies and practices that affect people's lives. No one else sees so many people with so many different kinds of problems, and that gives us a unique insight into the challenges people are facing today.

As the statutory consumer watchdog for the energy and post industries we have an important role to play in shining a spotlight on the problems consumers encounter, providing solutions to these problems and ensuring their voices are heard when important decisions are made about the future. The Citizens Advice energy supplier rating serves as part of this statutory function.

First published in 2016, the star rating provides consumers with accessible information about energy supplier performance and enables consumers to make more informed switching decisions. Over the last two years, the UK's energy retail market has experienced a period of significant disruption, with volatile wholesale prices leading to a wave of supplier failures and extensive policy responses from regulators and government. In addition, high energy prices have contributed to an escalating cost of living crisis.

Crucially, this period of disruption has also seen customer service standards in the retail sector fall, at the exact time when customers are most in need of support from their suppliers.

Some of this decline has been driven by a significant increase in demand for help and support from their customers due to high energy prices and the wider cost of living crisis. Suppliers have been dealing with an increased number of customer contacts and many of the issues are more complex. But it is also clear that suppliers need to make improvements. Given these market conditions, Citizens Advice believed it was necessary to review how the star rating measures supplier performance on customer service.

In March 2023 we released a consultation document about our proposed changes to the Star Rating, with a deadline for stakeholder responses in May 2023. We sent this consultation to all domestic energy suppliers, and other relevant stakeholders. We received written responses from 9 domestic energy suppliers and 5 stakeholders. In some cases we held calls with suppliers to get a better understanding of the specific issues raised in their consultation responses.

The key decisions we have made on updating to the star rating are:

- To remove the billing and switching metrics from the rating.
- To keep the weighting of the customer commitments at 10% and to keep the weighting of the complaints metric at 35%.
- To increase the weighting of the customer service metric to 55%

**Table 1: Final decision on rating design**

Category	Weighting	Metric	Data source
Customer service	55%	Average call waiting time	RFI
		Email response time	RFI
		Social media response time	RFI
Complaints	35%	Existing complaints ratio	Ombudsman: Energy (OS:E), consumer service (CS), Extra Help Unit (EHU)
Customer commitments	10%	Membership of the Energy Switch Guarantee, Vulnerability Commitment	Publicly available

This star rating methodology represents an interim methodology. A number of respondents to our consultation stressed the need for close work with Ofgem in light of their proposals to include the star rating as part of a reputational incentive programme to improve customer service performance. We particularly welcome Ofgem’s work in enhancing monitoring of online auto response (i.e. bots).

No new data will be required from energy suppliers. We will therefore be implementing changes from Q3 2023 (July-September) release of the rating. The RFI and Proforma for this release of the rating will be sent to suppliers in the week commencing 2nd October 2023, with a response deadline of 30th October 2023. The first publication of data under the new methodology will be in November 2023.

We strongly encourage energy suppliers to engage with Ofgem's work to develop a new measure and will revisit the methodology of the star rating when this work is complete to support the provision of clear, actionable insight for consumers. Citizens Advice will continue to work closely with Ofgem and will consult on the star rating methodology again when Ofgem's work on a new measure is concluded.

# Proposed Removal of Switching, Billing and Voluntary Commitments Metrics

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In our consultation on a revised Star Rating methodology we proposed to remove the Billing, Switching and Customer Commitment categories from the star rating.

## Switching Metric

The vast majority of respondents to our consultation disagreed with the removal of the switching metric. The most commonly cited reason for this was that the number of people switching suppliers has been increasing, and there is potential for this number to increase further in the future as the retail market normalises. Some respondents also felt that switching is an important measure for assessing supplier performance, particularly for consumers who don't encounter any problems and so don't need to frequently contact their supplier or make a complaint.

## Decision

We will proceed with our proposal to remove the switching metric from the star rating.

We recognise the views of stakeholders that switching is returning to higher levels. However, it remains the case that switching is well below 2019 levels and switching remains a relatively marginal part of the market. As a result, we believe that the original arguments made in the consultation paper for this metric's removal still stand: it is a relatively small part of the market, and other issues such as complaints and ease of contact should take priority given current market conditions.

Supplier scores on this metric in the rating are uniformly high. Over the last 8 quarters, scores have averaged 4.55, with a high of 4.86 in Q2 2021 and a low of 4.3 in Q1 2021. The metric therefore provides little in the way of differentiation

between suppliers and simply inflates scores by taking into account an aspect of customer service which suppliers should be (and are) performing routinely For the very small minority of suppliers who tend to do relatively worse on this metric, this would be better addressed through targeted monitoring and enforcement action on the part of Ofgem.

Respondents also noted that, since the introduction of Faster Switching, the current switching metric is set at a level below compliance, and that there is a case for updating the metric to reflect these shorter timescales. However, the aim of the star rating is to push for a performance level over and above minimum compliance requirements. Given the timescales now mandated through Faster Switching, it is difficult to see at what level this metric could be set to encourage realistic performance that is above the compliance level.

## **Billing Metric**

All respondents to our consultation disagreed with removing the billing metric from the star rating. The overall concern from respondents was that billing remains a key part of the customer journey and that removing it would narrow the scope of the star rating to only those customers who have an issue with their supplier.

### **Decision**

We will proceed with our proposal to remove the billing metric from the star rating.

As the aim of the star rating is to push supplier performance beyond mere compliance, it is difficult to see the utility of this metric. Supplier performance on this billing accuracy measure is almost universally high with little variance. Over the last 8 quarters, scores have averaged 3.84, with a high of 4.11 in Q4 of 2022 and a low of 3.56 in Q1 of 2021. The metric therefore provides little in the way of differentiation between suppliers and simply inflates scores by taking into account an aspect of customer service which suppliers should be (and are) performing routinely.

## Customer Commitments Metric

The vast majority of respondents were keen to see customer commitments continue to be included in the star rating. A number of concerns were raised, including:

- These commitments genuinely drive improved performance, including by facilitating continued innovation and best practice over and above the commitments themselves.
- The star rating is a key driving force behind why suppliers sign up for the Vulnerability Commitment and Energy Switch Guarantee, and removing them from the star rating would remove this incentive and possibly damage the standing of the commitments.
- That removing the customer commitments would damage the star rating, making it less unique when compared to other rating systems.

### Decision

We will keep the customer commitments metric in the star rating, and maintain the weighting of the metric at 10% of the overall rating. In line with the comments we received, this decision was taken in recognition of the role these commitments can play in improving performance and the role the star rating plays as an incentive for suppliers to take part in these commitments.



# Proposed Weightings for the revised Star Rating Methodology

In our consultation we proposed the following weightings for the revised star rating methodology:

**Table 2: Proposed rating design**

Category	Weighting	Metric	Data source
Complaints	60%	Existing complaints ratio	Ombudsman: Energy (OS:E), consumer service (CS), Extra Help Unit (EHU)
Customer service	40%	Average call waiting time	RFI
		Email response time	RFI
		Social media response time	RFI

A number of respondents have argued for the overall bandings of the metrics included in the star rating to be reduced to reflect new market conditions. However we feel this runs directly contrary to the aims of the star rating to generate insight to drive better performance throughout the sector and would amount to an acknowledgement that current poor customer service was acceptable. Most other respondents indicated that since they did not want the switching, billing and customer commitments metrics to be removed, they did not have any specific comments on the suggested weightings.

One respondent was concerned that the suggested weightings could give rise to a situation in which a supplier who answers the phone quickly, but retains a high number of direct complaints, will be rated more highly than one with low complaint numbers, with these complaints primarily directed through supplier's internal systems.

However we have strong reason to believe that they are not a major concern at this time. This is because the complaints figures and contact times are generally closely correlated: suppliers that are worse at answering queries from their customers almost invariably receive more complaints. In addition, if such a situation were to arise, it would indicate that the supplier was able to effectively resolve complaints through its own internal systems, which we believe to be a positive result. On investigation of historic figures over the past eight quarters, there were no occasions where a supplier received a complaints score of 1 and an ease of contact score of 5 and only one occasion where a supplier received a complaint score of 1 and an ease of contact score of 4.

## Decision

Our decision on the weightings of the metrics in the star rating is as follows:

**Table 3: Final decision on rating design**

Category	Weighting	Metric	Data source
Customer service	55%	Average call waiting time	RFI
		Email response time	RFI
		Social media response time	RFI
Complaints	35%	Existing complaints ratio	Ombudsman: Energy (OS:E), consumer service (CS), Extra Help Unit (EHU)
Customer commitments	10%	Membership of the Energy Switch Guarantee, Vulnerability Commitment	Publicly available

Since the publication of the consultation regarding the star rating in March 2023, Ofgem have commenced work to introduce new licence conditions to deliver better outcomes for consumers. This includes a focus on contact ease and reputational regulation. With existing proposals suggesting the mandatory publication of the star rating, we have adapted the rating to give a higher

proportion of the score to the element that relates closest to contact ease - customer service.

# Further Comments on the Star Rating Methodology

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Respondents to our consultation raised a number of other points about the star rating methodology which we have responded to below:

- A number of suppliers stated a preference for inclusion of webchat and other forms of communication to be included in the contact score. We will continue to work with industry to develop an understanding of how a comparable score can be developed. .
- One respondent suggested we provide more detail about the issues people are contacting the consumer service about. We have considered this but the detailed issue codes are best used internally and with industry stakeholders, given the high possibility of the misunderstanding about the meanings of specific codes, as well as potential miscodings.
- Some respondents suggested introducing new measures to the complaints metric. We are investigating how the complaints metric might be developed further and will keep this under active review.
- A number of respondents stressed the benefits of consistency in the star rating and the ability to compare data to previous years. However, the market has changed and therefore the star rating should change too.
- Some respondents asked for a separate star rating for prepayment customers to reflect the fact that these customers are more likely to be contacting their suppliers through the affordability crisis. However, Citizens Advice feels it is important to keep these all payment methods within the same star rating. Customers should be able to switch between a credit and prepayment method, and it is important that customer service is accessible to both.

We encourage suppliers to engage directly with Ofgem regarding the development of the new metric to address these points.

# Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

**[citizensadvice.org.uk](https://citizensadvice.org.uk)**



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