

# Energy supplier rating

Decision document on a  
rating for smaller supplier  
performance

October 2018



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# Summary

The Citizens Advice energy supplier rating was first published in 2016.<sup>1</sup> It allows consumers to make informed switching decisions and provides accessible information about energy supplier performance. It is published on our website and integrated into the results page of our price comparison website (PCW).<sup>2</sup>

In July we published a consultation on developing a rating for smaller supplier performance.<sup>3</sup> We held a workshop in August with suppliers and other interested stakeholders to discuss our proposals on expanding the rating to include nearly 100% market coverage.<sup>4</sup> Our aim is to provide a regularly updated star rating for as many domestic suppliers as possible.

We also consulted stakeholders about minor changes to the rating methodology, in response to regulatory and market changes.

After reviewing the responses to the consultation, we have made the following decisions to:

- reduce the threshold for automatic inclusion to all suppliers with over 25,000 meter points<sup>5</sup>
- use the same metrics as the existing supplier rating for suppliers with over 25,000 meter points
- lower the requirement for company referrals from the consumer service to all suppliers with over 25,000 meter points
- change the complaints ratio by lowering the weighting to per 10,000 meter points for all suppliers

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<sup>1</sup><https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/citizens-advice-consumer-work/supplier-performance/energy-supplier-performance/compare-domestic-energy-suppliers-customer-service/>

<sup>2</sup> <https://energycompare.citizensadvice.org.uk/>

<sup>3</sup>

<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/consultation-on-changes-to-the-citizens-advice-energy-supplier-rating/>

<sup>4</sup> By June 2019

<sup>5</sup> We have decided to refer to meter points in relation to the threshold, rather than customer accounts, for ease of understanding. For most suppliers the number of meter points is the same as the number of customer accounts (where each fuel counts as an account, such that a dual fuel account counts as two accounts). We recognise this is not the case for suppliers with customers with complex meter arrangements. This change in language does not affect the complaints data in the rating, where we will continue to use customer accounts, in line with Ofgem's complaints reporting requirements.

We also decided to use the complaints score as a tie-break in the ranking when suppliers receive the same rating. We made this change from the October 2018 release onwards.

As stated in the consultation document, we will work with suppliers as they enter the market and as the threshold is approached, to ensure they understand their obligations.

Our decisions mean that the design of the rating will be expanded to include all suppliers over the 25,000 meter point threshold outlined in Figure 1.

**Figure 1: Rating design**

Category	Weighting	Metric	Data source
Complaints	35%	Existing complaints ratio	Ombudsman: Energy (OS:E), consumer service (CS), Extra Help Unit (EHU)
Billing	20%	Accuracy of bills	RFI
		Timeliness of bills	RFI
Customer service	20%	Average call waiting time	RFI
Switching	15%	Switches completed in 21 days	RFI
Customer commitments	10%	Membership of the Energy Switch Guarantee, PPM principles, Safety Net and British Standard for Inclusive Service Provision	Publicly available

For those suppliers with a company referral process in place at the beginning of October 2018, a full rating will be published in March 2019 (covering October - December 2018). Partial data (based only on our RFI) will be published for other suppliers, rather than a full rating. For the June 2019 release (covering January to March 2019) all eligible suppliers will receive a full rating.

# Consultation and Request for information (RFI)

The consultation was sent to 70 suppliers, including all suppliers who would be eligible for the expanded rating under our proposals. All suppliers eligible for the inclusion in our expanded rating were invited to our workshop or offered individual meetings or phone calls to discuss the proposals. A note was sent out to remind suppliers to engage with the consultation in the week before the deadline. We received 10 formal responses to the consultation. The breakdown of responses is shown below.

Respondent type	Number of responses
Suppliers currently in the rating	8
Suppliers currently outside the rating	1
Others	1

These responses have been published in full with this decision on our website. We've summarised key points alongside the decisions we've made about expanding the rating to suppliers with over 25,000 meter points.

Alongside the consultation we issued a draft RFI to the smaller suppliers. The aim was to ensure that smaller suppliers are aware of what data is collected and fed into the proposed metrics. This provided an opportunity for suppliers to flag whether they would experience any difficulties collecting this data. The final version of the information request will be sent out with this decision document. We will also be contacting those suppliers who are over or approaching the threshold to set up the company referral process.

Thanks to all those suppliers who responded to the consultation and commented on the RFI.

# Market share data

## Methodology

Our star rating is reliant on accurate information about suppliers' market share to ensure all eligible suppliers are included and to support the calculation of our complaints metric.

Earlier this year, Ofgem announced a revision to their reporting arrangements for monitoring complaints.<sup>6</sup> Since 1 July suppliers have been submitting direct complaints information to the regulator. As part of this process all suppliers are required to send Ofgem monthly reports on the number of meter points. Citizens Advice is also being sent the monthly direct complaints reports, which gives us access to market share data. This allows us to use the average of the three months market share data, rather than the market share data at the end of the month. This allows us to use more representative market share for suppliers that are experiencing growth throughout each quarter.

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<sup>6</sup><https://www.ofgem.gov.uk/publications-and-updates/guidance-submitting-customer-complaints-data>

# Decisions

## Minded-to option

Our minded-to option was to expand the existing rating to include all suppliers with over 25,000 meter points. We thought this would be the most appropriate approach to ensure that the model continues to be robust and comparable.

### Stakeholder views

All respondents to the consultation agreed with our proposal, with a couple of respondents arguing that we should include all suppliers, regardless of size. They said this would encourage healthy competition, full transparency and comparable standards of service for consumers.

Other views raised:

- As suppliers with less than 25,000 meter points will be excluded there will need to be clearer information about why these suppliers don't have a full rating.
- Concerns about the impact of having an increased number of suppliers in the rating on the time it takes to publish the data.

### Decision

We have decided to proceed with our proposal to reduce the threshold to all suppliers with over 25,000 meter points. Based on the current market, this would increase the number of suppliers in the rating to almost 50 suppliers<sup>7</sup> and provide almost 100% market coverage based on current customer numbers.

This will achieve our aim of providing better information for consumers about supplier performance, particularly when making switching decisions. We want to give as much information as possible about the performance of all suppliers. However we recognise that the inclusion of the very smallest and/or newly launched suppliers in the full rating may not be suitable.

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<sup>7</sup> By June 2019

It is important that consumers understand why a supplier doesn't have a customer service star rating. We confirmed in the consultation document we are testing different approaches to displaying this information.

We think the benefits of expanding the existing rating to include all suppliers with more than 25,000 meter points will mean a better user experience on the Citizens Advice price comparison site and a fairer comparison of suppliers. In our view, this is an appropriate minimum threshold for ensuring our rating continues to be based on consistent and comparable data.

We have assessed the workload and are confident that the complaints data process will cope with the increased number of suppliers and no changes to the current timelines are required.

## **Complaints metric**

### **Company referrals from the consumer service**

All domestic suppliers with over 50,000 meter points are required to set up formal referral arrangements with the consumer service. We proposed to lower the requirement for establishing company referrals with the consumer service to 25,000 meter points as our minded-to option.

### **Stakeholder views**

The majority of the respondents supported our proposal. One respondent that disagreed said that the consumer referral requirement needs updating so that includes more channels for communication than just telephony.

Several respondents said that they do not believe that the requirements to have a consumer referral represent a prohibitive cost to business and there is a clear customer benefit having these requirements in place. One respondent argued that these arrangements should be in place for all suppliers.



## Decision

We are going ahead with our minded-to option to lower the requirement for company referrals from the consumer service to 25,000 meter points. Suppliers below the threshold can still apply to voluntarily join these arrangements.

It is important to note we already offer two routes for referrals which are based on consumer needs and preferences. Currently the referral is sent to the supplier using the route by which the consumer originally contacted the service. This means that if the consumer emails the consumer service and meets criteria for referral, it's emailed to the supplier. If they telephone the consumer service and meet criteria for referral, it's transferred via mid call transfer.

We discuss issuing an exploratory RFI regarding different types of communication methods in the customer service section of the decision document on page 12.

## Other metrics

We proposed to use the same metrics as currently used in the existing supplier rating (outlined in Figure 1 on page 3)

### Stakeholder views

Almost all suppliers agreed that we should take this approach

One supplier did not agree with using the same metrics and argued that the existing metrics don't take into consideration advances in customer service and there is insufficient recognition of digital channels. The supplier argued that as an app-only provider the current metrics actively disadvantage them.

Some respondents raised concerns about the 'customer guarantee' metric saying that they don't think it is a fair reflection on the commitments of small/medium suppliers, who often follow the requirements of these guarantees in practice without having signed up due to the associated administrative and membership costs.

One respondent commented that the draft RFI does not look overly onerous and suppliers should be capturing these metrics to assist with their internal reporting to ensure they are providing a good service to their customers.

Other views raised:

- direct complaints figures should be included in the complaints metric as well as third party complaints
- the quality of service should be considered for the 'Easier to contact' metric, not just how quickly a supplier answers the phone
- an aggregated score from different online rating services eg Trustpilot could be considered

## Decision

We are going to use the same metrics as the existing supplier rating for all suppliers with over 25,000 meter points. We believe that taking this approach will help avoid confusion for consumers, and provide comparability across the industry.

Voluntary commitments are an important feature of the energy market and allow suppliers to demonstrate good practice. We believe that the schemes that make up the metric have a high value for consumers, especially those with certain disabilities, those in vulnerable situations and those who pay by prepayment. We think that the schemes are accessible for all suppliers, and the scoring allows for suppliers to achieve a full score without being members of all three schemes. There is more detail on changes to these schemes on page 13.

We are keeping the potential inclusion of direct complaints under active review and it is something we are considering in a future iteration of the rating.

We are keen to include other communication channels in the rating, alongside inbound telephone services. We discuss issuing an exploratory RFI regarding communication methods in the customer service section of the decision document on page 12.

## Change in ratio

We proposed a change to the complaints ratio for all suppliers. Complaints would be calculated as a ratio per 10,000 meter points, weighted per case type.

## Stakeholder views

The majority of stakeholders agreed with our proposal as the most appropriate approach.

One respondent highlighted that the change would alter consistency across the sector as OS:E publish their quarterly data showing various figures including cases accepted per 100,000 customer accounts. Ofgem reports complaints received over 100,000 customer accounts for the six large and medium sized suppliers but reports per 10,000 for smaller suppliers, which could cause confusion for consumers. If we were to go ahead with the change to the ratio then one respondent said there may be a need to highlight a difference from the other comparisons available.

## Decision

We are going to proceed with our proposal to change the complaints ratio and lower the weighting to per 10,000 meter points for all suppliers. We think that this approach is robust, consistent and it is more comparable for suppliers to be ranked using the same ratio. We will discuss the changes with Ofgem and Ombudsman Services: Energy and ensure the difference between the ratios are conveyed in communications.

# Proposed changes to the existing rating

## Bill timeliness

Ofgem's May 2018 consultation on customer communications included proposals that will have knock-on impacts for the supplier rating.<sup>8</sup> These would remove the requirement for Annual Statements, and introduce a principle-based requirement for all consumers to receive Bills, statements and billing

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<sup>8</sup><https://www.ofgem.gov.uk/publications-and-updates/domestic-supplier-customer-communications-rulebook-reforms>

information. We proposed to measure bill timeliness performance based on Bills and statements only, if Ofgem's changes go ahead.

## Stakeholder views

The majority of respondents agree with this proposal, if Ofgem's changes proceed. One respondent argued that 15 working days is not a tight enough time frame to measure bill timeliness. They said that most suppliers bill monthly and so the timeliness of bills should be updated to reflect that.

## Decision

Ofgem has released its final proposals on customer communications.<sup>9</sup> These would mean that some customers would not receive Bills or statements of account, but will receive 'Relevant Billing Information'.<sup>10</sup> This could potentially include all consumers except those who pay on receipt of bill, or who have a traditional, non-prepay meter.

We will review our RFI question on bill timeliness in the light of the final decision made by Ofgem. We will need to consider how to capture supplier performance in relation to the timeliness of Relevant Billing Information. We will continue to measure performance in relation to bills, statements of account and Annual Statements until the new rules are in place.

We will also keep the performance threshold for the metric - ie that bills need to be sent within 15 days of the intended date - under review. In general we have used performance thresholds which are based on recognisable industry or regulatory standards. The current threshold is based on the Billing Code, which is currently being reviewed by Energy UK. We will consider changes to our performance threshold in line with the outcome of this work.

We know that technological change is likely to improve supplier performance - and increase consumer expectations - across the areas we measure. If we feel that industry or regulatory performance thresholds are not ambitious enough we will propose our own which we think achieve better consumer outcomes. For

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<sup>9</sup><https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-domestic-supplier-customer-communications-rulebook-reforms>

<sup>10</sup>Ofgem define Relevant Billing Information as any information a Domestic Customer may need to understand and manage the costs associated with their Tariff and the [gas/electricity] they consume. This includes (either collectively or at differing frequencies as appropriate to that Domestic Customer and the circumstance): (a) any charges, fees or payments to or from that Domestic Customer's account, and what is owed to or by the licensee; (b) how any charges, fees or payments are calculated; and (c) when and how that Domestic Customer needs to make any payments or will have payments deducted, leaving reasonable time for that Domestic Customer to arrange payment before it falls due.

example, last year we set out our view that as the smart meter rollout progresses suppliers should ensure consumers receive accurate bills more regularly, and that we would seek to amend our performance measure at the appropriate point in the rollout.<sup>11</sup> We will review this aspect of the rating in 2019, after the SMETS1 end date and the activation of the new and replacement meters obligation.

## Customer service metric

We confirmed that we would be issuing a RFI later this year to collect data on the prevalence and response times/availability of the following communication methods:

- Webchat
- Email
- Online messaging services (eg facebook messenger)
- Telephone ringbacks

We asked suppliers to confirm whether they thought the data they collect on these communication methods would be appropriate to include in the rating, alongside telephone services. Also we asked if there were other methods we should include in the exploratory RFI.

### Stakeholder views

The majority of respondents agree that the communication methods were appropriate and welcome a move to recognise suppliers who provide a variety of contact methods. Other communication methods suppliers collect data on are:

- SMS messaging
- SignVideo

One respondent suggested including postal letters.

Several respondents agreed that there needs to be consistency in how response times for other contact methods are measured. Others pointed out that making a fair comparison between suppliers may be difficult for non-telephony channels as there will be inconsistencies. One respondent said that it is important that the descriptions and specific reporting requirements of each metric used is stipulated and agreed across industry to ensure comparable data is being presented to consumers.

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<sup>11</sup> [Decision on energy supplier rating review](#) (2017)

## **Decision**

We are still planning to issue our exploratory RFI later in the year. The responses provided by suppliers have been useful in the initial scoping for this work.

We will share a draft of the RFI for comment before it is issued to ensure that the content of the RFI is clear, and will enable us to make a decision on including other communication methods in the rating. We will consider at a later stage how other methods can be included in a way that enables comparison between suppliers to be fair.

# **Supplier rankings**

We proposed to use supplier performance in relation to complaints as a tie-breaker when suppliers had the same score in our rating. Previously we had ranked tied suppliers the same, and listed them in alphabetical in our rating tool. We were concerned that this was confusing to users.

## **Stakeholder views**

Most respondents agree with our proposal. One respondent said that it is fair and clear way to rank suppliers rather than the current approach of displaying tied rankings alphabetically. The ones that disagreed said that the current arrangements are suitable and do not see a reason why suppliers cannot have a tied ranking. One suggested that the tied ranking should remain the same but further explanation should be provided

## **Decision**

We have decided to proceed with this change, which we think is easier for users to understand, and fairer to suppliers than simply ordering alphabetically in the case of a tied score. We implemented this change at the October 2018 release of the rating.

# **Voluntary schemes**

We are aware that there are suppliers who are seeking to join the Energy Switch Guarantee (ESG) who are not yet able to demonstrate compliance with the key performance indicators (KPIs) on final bills and credit refunds. This is due to their relatively short time in the market, and therefore low numbers of leaving customers.

The ESG are proposing that these suppliers enter a temporary 'pre-membership' phase. This will be time-limited and available to new entrant suppliers only. Before doing so, they must demonstrate compliance with the 21 day switching KPI, and this will be monitored on an ongoing basis. During this 'pre-membership' period the supplier will not be able to use the ESG logo, and if they fall below the KPI they will lose their 'pre-member' status.

The supplier will then fully join the ESG when they have had a sufficient number of leaving customers to demonstrate compliance with the all the ESG KPIs. If they do not meet these, they will lose their 'pre-member' status.

We are proposing to recognise this 'pre-member' status in the rating. We think the 21 day switch aspect of the ESG is the most salient part for consumers switching to a supplier. It is also (along with the two week credit refund requirement) the part of the ESG that goes beyond what is required in the licence. Given this, we think that it is appropriate to score 'pre-members' two out of the three stars available for full ESG members. If you have any comments on this, please let us know by 9th November 2018.<sup>12</sup>

We will review the voluntary schemes section of the rating again in 2019, after the completion of Energy UK's Vulnerability Commission and review of the Billing Code.

## Other issues

Other issues raised that were not covered by the consultation.

- there needs to be a clear explanation of the changes to the comparison table when the new version is first published. Comparisons cannot be made with a supplier's rank in the former table as this may change with the addition of new suppliers and it could therefore appear that customer service performance has decreased when in fact it may have remained the same or improved.
- when suppliers join the rating for the first time they tend to have a very good score on complaints performance, particularly when they are a new entrant to the market. Often this high score is not sustained as that supplier becomes more established and gains new customers. Therefore one respondent suggested that newcomers to the rating are flagged up as such, making it clear to consumers that this is a snapshot of current performance and that there is no historical performance to refer to.

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<sup>12</sup> Please send comments to [thomas.brookebullard@citizensadvice.org.uk](mailto:thomas.brookebullard@citizensadvice.org.uk)

Wherever changes have been made to the comparison table, we will provide an explanation of the changes.

We will test the approach of adding a label stating 'NEW' next to the supplier name when they first join the rating.

## Our previous consultations

July 2018: [Consultation on a rating for smaller supplier performance](#)

February 2018: [Decision on supplementary proposals](#)

November 2017: [Decision on energy supplier rating review and consultation responses](#)

July 2017: [Consultation on changes to the energy supplier rating](#)

October 2016: [Decision on improving energy supplier performance information and consultation responses](#)

July 2016: [Consultation on improving energy supplier performance information](#)



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