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To whom it may concern,

**Public Consultation on Draft Advice on Complaint Handling, Reporting  
and Classification**

RWE npower welcomes the opportunity to provide comments on the above document produced by ERGEG ('the ERGEG document').

By way of background, RWE npower is an integrated energy business, generating electricity and supplying gas, electricity and related services to customers across Great Britain. We operate and manage flexible, low-cost coal, oil and gas-fired power stations - generating over 10.3 GW of electricity. We serve over 6 million customers and produce more than 10% of the electricity used in Britain.

We agree that complaints are an important indicator, both - internally and externally - of an individual service provider's performance, and which can be used as a means to identify market-wide problems. It is therefore important that consumers are made aware of the channels open to them in order to pursue a complaint against a service provider. It is equally important that the process by which a complaint can be made is also fair to providers in allowing them to resolve matters before referral to an outside body.

Reporting on expressions of dissatisfaction can be used also to drive improvements at both the individual service provider and market levels. To do so effectively however, there must be consistency in the definitions of dissatisfaction etc. being used, along with the recording and presentation of the data relating to complaints. Publication of complaints data should be fair, and non-tendentious, while accurately reflecting those matters which are important to consumers.

Finally, as is the case with service providers, any external complaints handling or advice giving organisation should have a well-publicised process telling prospective users how their complaint will be dealt with.

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Contained in the annex to this letter are RWE npower's responses to the questions posed by the consultation.

If you wish to discuss any aspect of this response, please do not hesitate to contact me.

Yours sincerely,

Paul Tonkinson  
Economic Regulation

## **Annex**

The references to the sections below follow those used in the ERGEG document

### **2. Definitions**

The ERGEG document details the process that exists in the Great Britain for dealing with complaints made against energy service providers. The process is given force by British law, the relevant legislation including, amongst other things, a statutory definition of a complaint. This definition is similar to that set out in the ERGEG document, which in espousing the view of what constitutes a complaint has to be considered in its widest sense implicitly recognises the subsidiarity of each jurisdiction and the differences in regulatory and dispute resolution structures obtaining there.

### **3. Recommendations**

#### **3.1 Recommendations to service providers**

##### **3.1.1. Information on the bill on how to complain**

###### **Recommendation 1:**

*Customers should be provided, on their bills, with the contact details of the service provider's customer service.*

###### **Recommendation 2:**

*Customers should be provided by their service provider with the relevant contact information of the relevant third party body in case they want to complain.*

###### **Comments:**

We agree that appropriate information should be made available to customers with respect to complaint handling. As a first step, the complaint should be forwarded to the service provider. Where this is unable to provide a suitable remedy, the customer can then refer the opportunity to refer the complaint to a relevant third party body, with this process being clearly signposted.

For any meaningful statistical measure of a service provider's performance, emphasis should be placed only on those contacts where the service provider has had the opportunity to deal with the matter about which the contact is made.

##### **3.1.2. Choice of the complaint channel within service provider**

###### **Recommendation 3:**

*To submit a complaint to a service provider, a wide range of channels should be available, and, in any case, more than one.*

###### **Comments:**

We agree. RWE npower accepts complaints by letter, telephone and internet. We promote all three channels as a means by which customers can complain.

### **3.1.3. Statutory complaint handling standards shared by all service providers**

#### **Recommendation 4:**

*Statutory complaint handling standards common to electricity and gas service providers should be in place. National Regulatory Authorities (NRAs) are best placed to set up these standards, after consultation with stakeholders, as appropriate, and to enforce them.*

#### **Comments:**

Such standards are already in force in Great Britain, introduced by legislation and are enforced by Ofgem.

The standards should not constrain service providers from being able to innovate in terms of dealing with complaints, nor stifle the ability of complaints to be resolved informally and quickly.

### **3.1.4. Service providers' redress schemes**

#### **Recommendation 5:**

*Redress schemes should be in place to allow compensation in defined cases.*

#### **Comments:**

We believe suppliers' redress schemes should not be prescriptive in terms of the detailing the grounds for awarding compensation. In Great Britain, service providers do offer financial redress; this can be given to cover a quantified loss. Suppliers also have the flexibility to award compensation on the basis of perceived or actual poor customer service for which, in the main, loss is difficult to quantify.

### **3.1.5. Compliance with alternative dispute settlement body's recommendations**

#### **Recommendation 6:**

*Service providers should follow the alternative dispute settlement body's recommendations.*

#### **Comments:**

In Great Britain, the alternative dispute settlement body (the Energy Ombudsman) which deals with domestic customer disputes issues decisions that are binding on the service provider alone. This is to address the apparent imbalance in bargaining power between consumer and service provider. These decisions can be challenged by the service provider through formal legal channels but in restricted circumstances.

### **3.1.6. Complaint data collection by NRA**

#### **Recommendation 7:**

*When a regulator deems it appropriate to receive data on customer complaints, the service provider should give the regulator access to these data.*

#### **Comments:**

In Great Britain, the provision of complaints data to the regulator and consumer bodies has been part of the various complaints handling processes extant in energy supply for many years. These data can and do have a significant impact on a supplier's reputation. It is therefore important that

the metrics to which the data relate are applied consistently by service providers so that where made, any comparisons are fair and equitable.

### **3.2 Recommendations to third party bodies (alternative dispute settlement boards, ombudsmen, consumer bodies...)**

#### **3.2.1. Single point of contact**

##### **Recommendation 8:**

*A single point of contact could deliver, for example, information on: suppliers; different types of supply contracts; price comparisons; consumer rights; and how to complain. When the single point of contact receives complaints, it should be able to direct customers to the relevant body to handle their complaints. This service should be set either by government or the NRA (in some cases in cooperation with other bodies in charge of consumer issues). It should be available either by phone, email, written mail (letter or fax) or in person.*

##### **Comments**

We agree that there should be a single point of contact to deliver free information and advice on consumer issues, particularly in relation to complaints. Advice must include directing customers to their service provider if they have not contacted them beforehand, in order to give the latter the opportunity to resolve the issue in question. In the case of Great Britain, Consumer Direct (CD) acts as the first point of contact in dispensing general consumer advice; where there are specific energy-related issues these are passed to a specialist branch of CD or to Consumer Focus, the latter whose remit is defined under legislation in being able only to deal with energy-related disputes in certain circumstances.

As regards the provision of what may be constituted as 'price comparisons', this can easily move into the realm of recommending service providers' different products. This is better left to those commercial organisations that presently offer such services. While a general consumer body is likely to be able to give generic advice about service providers' offerings, it is unlikely to have the necessary expertise to be able to offer advice on the wide range of different offerings in a particular market. Nor should it be placed in a position of being required to recommend one provider's product over another's. Indeed to do so may undermine one of the principal objectives of an advice organisation, namely that of impartiality.

#### **3.2.2. Prior contact with the service provider**

##### **Recommendation 9:**

*Before submitting a complaint to a third-party body, customers should first contact their service provider to explain their complaint and try to solve it directly with the provider.*

##### **Comments:**

We agree strongly with this recommendation. Where this does not occur, such contacts ought not to be considered to be complaints for the purposes of service providers' performance measurement.

### **3.2.3. Choice of the complaint channel**

#### **Recommendation 10:**

*To get in contact with a third-party body, a wide range of channels should be available, and, in any case, more than one, even if – at a later stage – a written document may be necessary for a formal procedure with alternative dispute settlement bodies.*

#### **Comments:**

We agree with this recommendation.

### **3.2.4. Free access for all customers**

#### **Recommendation 11:**

*Alternative dispute settlement should be made available for all household customers, preferably without charge or as inexpensively as possible irrespective of the financial amount of the dispute.*

#### **Comments:**

We agree with this recommendation. This is already the case in Great Britain with the Energy Ombudsman's service.

### **3.2.5. Statutory complaint handling standards within third party bodies**

#### **Recommendation 12:**

*Regarding third party bodies, the following complaint handling standards should be effective, in accordance with the above-mentioned Commission Recommendation and with 3<sup>rd</sup> Package legal provisions:*

- *A common classification of complaints should be used, as far as possible;*
- *Written complaint procedures should be determined within third parties, and made available to all customers. These procedures should include the communication of complaint to the service provider(s) before coming to a decision/recommendation;*
- *A prompt first answer or acknowledgement should be issued;*
- *A lead time to solve the complaint/dispute should be determined on a national basis. Final recommendations from a third-party body should be issued as soon as possible, and according to a lead time which is proportionate to the level of complexity of the complaint.*

#### **Comments:**

We agree with this recommendation.

### **3.2.6. Financial compensation to customers**

#### **Recommendation 13:**

*Customers whose complaint has been settled in their favour should be allowed a fair compensation from their service provider.*

#### **Comments:**

We believe the issue of compensation should be left to the service provider to decide, as it may not be relevant or necessary in every case where a complaint has been upheld. See also our comments on Recommendation 5 above

### **3.2.7. Complaint data collection by NRAs**

#### **Recommendation 14:**

*When a regulator deems it appropriate to collect data on customer complaints, the regulator should have the possibility to receive the relevant information from third parties as well as from service providers (refer to Recommendation 7).*

#### **Comments:**

We agree with this recommendation. This is already the case in Great Britain.

### **3.2.8. Complaint data publication**

#### **Recommendation 15:**

*The NRA or another third-party body having responsibility on customer complaints could provide and publish reports on complaints they have received. Depending on the level of maturity of the retail market, the report could include information such as:*

- *Categories of complaints which most frequently appear;*
- *Proposals of best practice that could be followed by suppliers in their complaint handling processes;*
- *A list of Alternative Dispute Resolution(ADR) Board recommendations which have not been followed by service providers, including their names;*
- *A description of the complaint handling process within each service provider.*

*The frequency of reporting should be at least once per year.*

#### **Comments:**

Please see the response to Recommendation 7 above. To reiterate, reporting of complaints data has to be considered carefully to ensure balance, fairness and relevance.

In recommending publishing service providers' names which have not followed ADR recommendations, this should not occur where there are mitigating circumstances which have prevented the former from implementing or complying with these.

### **3.2.9. Complaints monitoring & indicators**

*Customer complaints constitute a valuable resource regarding market monitoring, as they can be used as a helpful tool to show evidence of malfunctioning in the market. They should be considered as part of global market monitoring (which also includes research, surveys...).*

*Monitoring a selection of indicators on customer complaints would permit to identify problems in market design or processes, so that action can be taken to change faulty processes or carrying out procedures against malpractice and single companies. ERGEG is working on developing indicators for monitoring complaint handling practices, within the context of its work on retail market monitoring. Therefore, this report does not include such definitions. Nevertheless, these indicators will be of major importance for NRAs to help them monitor customer complaints.*

*Moreover, indicators like service providers' performances in complaints handling could highlight when a single supplier is giving poor service quality or infringing rules. The publication of such indicators could reinforce customers' position in the market and contribute to an increase in commercial quality of service.*

*Independent surveys on customer satisfaction and expectations regarding energy supply and quality of service could also contribute to market monitoring and updating of indicators, once they have been defined. In the countries where they exist, surveys on customer satisfaction have helped to put complaint handling among the top priorities of service providers.*

**Comments:**

In the mature British energy supply market, there is a significant interest in service providers' performance: private organisations already undertake customer surveys on a regular basis, which can be useful to measure changes over the medium term.

It is not clear from the above, if ERGEG proposes a common set of market indicators across its jurisdiction; this may not be possible. In addition, in Great Britain there already exists a significant infrastructure for the measuring, recording and publishing consumer complaints. The present arrangements are relatively new and have been expensive to introduce. It would not be helpful for the process to be changed significantly, unless it can be demonstrated that any new proposals will deliver significant benefits to both consumers and service providers.