


The 
Energy
Sure
Code **Know the
code on face
to face sales**

**Annual Report
2010**

Contents	Page No.
1.0 Executive Summary	2
2.0 Introduction	2
2.1 What is EnergySure?	2
2.2 EnergySure Governing Board and Membership	3
3.0 Code Compliance	3
3.1 The Annual Code Audit	3
3.2 Member's Compliance Review	3
4.0 Developments	4
4.1 EnergySure Code Development	4
4.1.1 EnergySure Development Proposals for 2011/12	4
4.2 The EnergySure Register	4
4.2.1 The Register in 2010	4
4.2.2 Registering Sales Agents	5
4.2.3 Withdrawing Sales Agents from EnergySure	5
5.0 Consumer Engagement	6
5.1 Consumer Concerns Addressed in 2010	6
6. Sanctions and Appeals	6
6.1 Sanctions	6
6.1.1 But what if the Suppliers themselves fail to maintain standards?	6
6.1.2 First line of defence	6
6.1.3 Sanctions Levels	6
6.2 Sales Agent and Member Company Appeals against Sanctions	7
6.3 New criteria to trigger disciplinary procedures	7
7. Stakeholder Engagement	7
7.1 Operation Liberal	7
7.1.1 Not Sure – Don't Open the Door!	8
7.2 Stakeholder Seminars	8
8. <i>Report from the Chairman</i>	9
Appendix One EnergySure Governing Board and membership	10

1.0 Executive Summary

2010 has seen significant challenges for the industry and highlighted the need for continual development of the EnergySure Code of Practice (the Code), to ensure that it remains relevant and achieves its goal of protecting the consumer and promoting the highest standards from energy suppliers. This report details:

- Improvements in compliance measured by the Code Auditor compared to 2009.
- The number of cases where members have withdrawn sales agents from the EnergySure Scheme for failing to maintain its high standards.
- Changes to the Code to accommodate changes to industry regulation and important consumer protection such as:
 - Recognising the wishes of consumers who put up notices that uninvited sales callers are not welcome.
 - Introducing commitments to provide accurate estimates of a product's annual cost and accurate comparison between the customer's existing product and the offered one.
- The support for the Police's Operation Liberal campaign on the broader and increasingly important area of the protection of vulnerable members of the community from rogue builders and distraction burglars.
- Our engagement with our key stakeholders at annual events to review the Code.
- Our plans for 2011 and beyond.

We are mindful of Ofgem's investigation of four suppliers into alleged mis selling activities and the calls for greater transparency from stakeholders and consumer groups. We are planning to introduce more initiatives in 2011/12 to address these concerns to ensure that consumer confidence in this area of consumer engagement is maintained and improved. This is particularly important for those consumers with little or no access to the internet and who utilise this route to market as a means of switching energy supplier.

Around 70,000 consumers switch using this form of marketing each month so it is important that their experiences of face to face marketing are professional and the decisions they make on switching supplier are based on accurate, up to date information.

2. Introduction

2.1 What is EnergySure?

EnergySure is a commitment to customers that sales agents will act professionally and courteously when selling gas and electricity products. It is made up of a number of different roles and functions:

- The *EnergySure Code of Practice* which sets out a detailed set of rules, regulations and requirements on the Energy Supplier and their Sales Agents
- The *EnergySure Register* is a registration scheme for all sales agents past and present. This database is accessed by Code members to ensure sales agents that have previously been struck off are not re-employed without first demonstrating that they can fully satisfy the requirements of the Code.
- The *EnergySure Governing Board* whose job is to oversee the code and ensure it is fit for purpose.
- The *EnergySure Code Manager* whose responsibility is to ensure that the Energy Suppliers maintain compliance with the EnergySure Code on a day to day basis.
- The *Code Auditor* who is independent and undertakes an annual compliance review of the Code.
- The *EnergySure Sales Agents* who sell energy products face to face to consumers and follow the Code's rules and regulations.

2.2 EnergySure Governing Board and Membership

The EnergySure membership and Governing Board have remained unchanged in 2010 and details can be found in Appendix 1, along with contact details for the Code Manager.

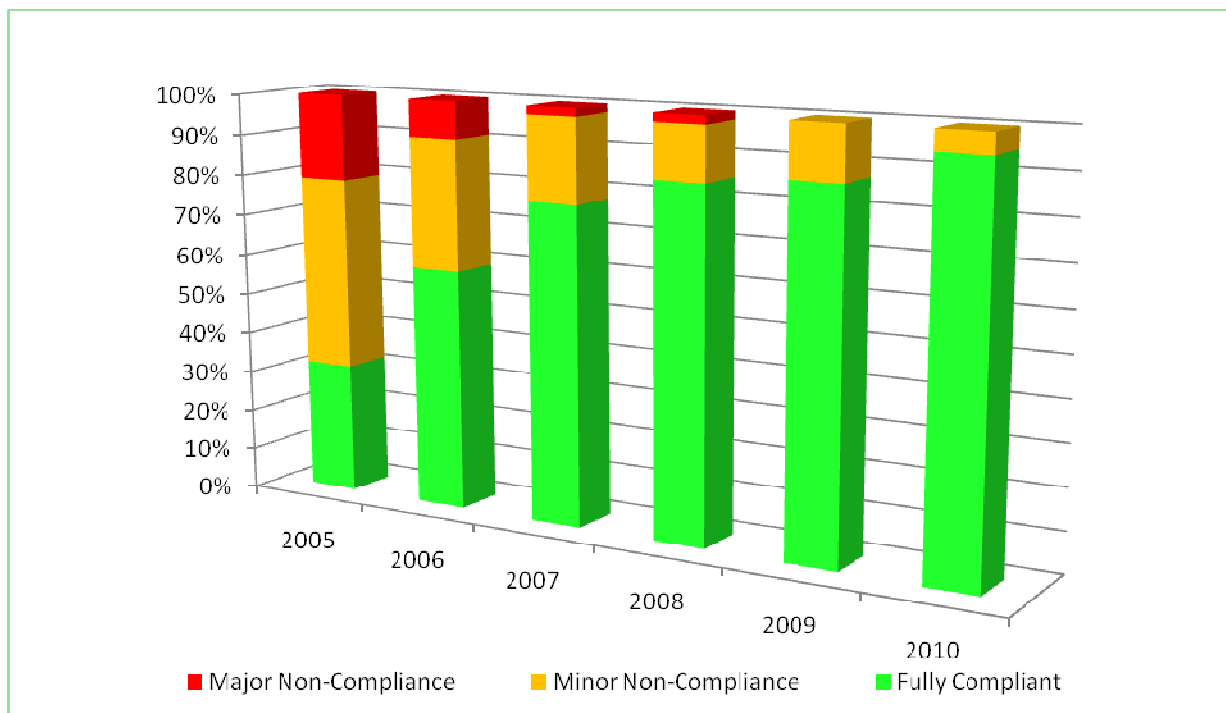
3. Code Compliance

3.1 The Annual Code Audit

The Annual Code Audit is the primary method of reviewing Members compliance with the EnergySure Code. It seeks to measure Members compliance for the whole twelve months of the year and a single failure in any one of the 40 key clauses in the EnergySure Code can lead to the Member being non-compliant. Results are classified in different levels from Minor to Major.

The Code Auditor for this year's audit was Deloitte LLP and the results in 2010 confirm further improvements in compliance as shown in Graph 1, with 95% of items tested compliant and 0.2% with a major non compliance.

Graph 1



3.2 Members' Compliance Review

Compliance is the term used to describe the Energy Supplier's commitment to the EnergySure rules and ensuring any person employed in face to face selling of energy products does likewise.

Suppliers are constantly monitoring their processes for evidence of system failures that may result in non compliance.

There was one instance in 2010 where a Code Member alerted the Code Manager that they had a breakdown in their compliance systems.

The member identified that actions taken to register sales agents had not been completed within the time period required after completion of their first day in the field.

The Code Manager confirmed that the actions taken by the member (to suspend the affected sales agents from active duties until they had changed their administrative processes), were sufficient and the

member confirmed that they had returned to full compliance. The Sales Agents were then allowed to continue their duties.

No breach of the Code took place and no customers were affected, however the Member was subject to an undertaking to ensure there was no repetition and further breach.

4. Developments

4.1 EnergySure Code Development

The Code has been strengthened in 2010 through additional clauses.

- Section 7.9: Introduction of stringent new controls to provide customers with an estimate of the annual charges for the product offered.
- Section 7.10: Introduction of new controls to ensure any comparison between the customer's existing product and the new product is based on the best information available.
- Section 7.4: As well as respecting No Cold Calling Zones where established using OFT guidelines, the Code has been extended to confirm Members commitment to not calling on any premises where there is a message prominently displayed indicating that the consumer does not wish to receive sales calls

The recent changes are major areas of development of the Code and Members ways of working. Any Sales Agent found to have exaggerated savings will face disciplinary action. Similar action will be undertaken if a sales agent persists on calling at properties where there are clear signs stating such calls are not welcome.

4.1.1 EnergySure Development Proposals for 2011/12

There are plans to develop the Code further in 2011/12. The AES Board is considering:

- Adding additional clauses to protect consumers.
- Changing the governance through changes to the Board for example by adding a small supplier representative.
- Changing the role of the Code Panel to allocate sanctions for non compliance and breach.
- Introducing Mystery Shopping of face to face sales activity.
- Amending the current sanctions process in line with the changing role of the Code Panel.

4.2 The EnergySure Register

4.2.1 The Register in 2010

All sales agents past and present have their registration details held on a central system which all Suppliers can access.

In 2010 the system was overhauled and significant improvements made to its operation including;

- Modern and sustainable database server technology
- Increased data security and monitoring
- Increased administrative and access control for Suppliers
- Supplier self-service access directly to the database
- Improved search and new record amendment functions
- New reporting and management tools (reconciliation with Suppliers own systems).

After a year of operation, further developments have been designed including improvements in the way records are updated as a result of sales agent performance reviews, and clearer presentation of current status including Agent withdrawals from the Scheme.

4.2.2 Registering Sales Agents

The selection process requires Member Companies to only employ individuals who have the right skills to do the job.

- All sales agents are subject to rigorous checking prior to employment as EnergySure Members recognise that Sales Agents are often invited into people’s homes.
- A week in a class room environment where the candidate’s skill and performance is assessed before even being allowed to meet with consumers, and finally
- A written examination and supervised consumer contact provides the reassurance that the candidate is suitable and can be approved as an EnergySure Sales Agent.

The Sales Agent completes a registration process and the Member Company will add a new record to the EnergySure Register creating a formal record of their on-going performance which will last the duration of the Sales Agents’ employment irrespective of which of the Member Companies he or she may be employed with.

There were 12,250 new sales agents registered in 2010.

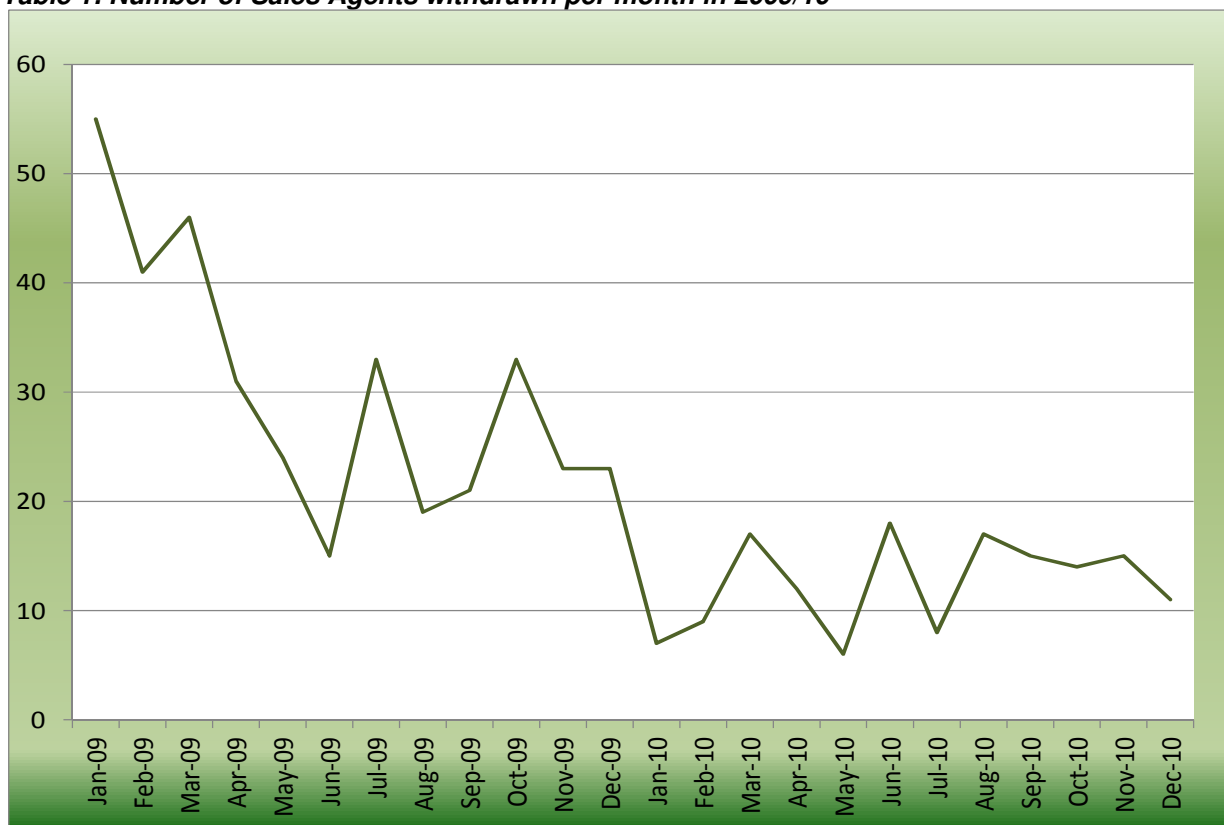
4.2.3 Withdrawing Sales Agents from EnergySure

Members expect their Sales Agents to provide the best service possible during a face to face meeting with a prospective customer. When a Sales Agent is not able to demonstrate consistent performance to the EnergySure standards then they can have their accreditation suspended or withdrawn and this is noted on the EnergySure Registration Scheme.

Members actively review the performance of all of their Sales Agents. If performance is not satisfactory the Sales Agent will be provided with support, retraining and coaching to improve their performance. If this is not sufficient or as a result of a significant failure to comply with the Code, the Sales Agent will have their EnergySure accreditation withdrawn.

Members provide the Code Manager with information on the number of Sales Agents who are withdrawn each month with the last 2 years withdrawals highlighted in Table 1.

Table 1: Number of Sales Agents withdrawn per month in 2009/10



5. Consumer Engagement

5.1 Consumer Concerns Addressed in 2010

The Code Manager investigates reports from members of the public and media to determine if a breach of the Code has taken place. This is an important part of the Code structure and is intended to reassure stakeholders that their concerns are taken seriously.

In 2010, the Code Manager recorded 14 cases of complaints regarding allegations of failure to comply with the EnergySure Code.

13 Cases	The Sales Agent was identified and action was taken including contacting the customer (unless the customer requested otherwise) to resolve the concern
1 Case	Where, with only a limited description of the individual, all members confirmed that that they did not have sales agents in this area on the day in question. On further contact with the customer the case was closed.

On average 7 calls per month of general enquiries were received. These included customer enquiries requesting confirmation of a sales agent's identity and Sales Agents themselves requiring confirmation of their EnergySure status.

6. Sanctions and Appeals

6.1 Sanctions

Sales Agents are very closely monitored and the ultimate sanction on them for failing to maintain the EnergySure standards is loss of employment and withdrawal from the EnergySure Scheme.

6.1.1 *But what if the Suppliers themselves fail to maintain standards?*

Members take compliance with the Code very seriously indeed. It's good commercial sense to ensure customers' experiences are good and that any issue of dissatisfaction is dealt with promptly and effectively. Members have policies, procedures and controls in place to ensure they meet EnergySure requirements.

Code Governance is there to encourage and remind all Members that they need to be vigilant to maintaining standards and that there is a significant threat of the application of a sanction when these standards are not met.

6.1.2 *First line of defence*

- Members will have supervisory systems in place to identify issues.
- In the majority of cases Members find and rectify issues and let the Code Manager know what happened.
- When the failures are not rectified and they are only brought to light through public concerns or through the Code Manager or Code Auditors investigation, action is taken to 1) rectify the problem, and 2) demonstrate full compliance is being achieved.

6.1.3 *Sanctions Levels*

Sanctions are applied where a member has not detected or promptly rectified a weakness in their procedures causing a breach of the Code. The level of sanction varies in relation to the seriousness of the issue and impact on Consumers, including;

- *Undertakings*, Provision of special requirements on the member to ensure the concern is addressed and the Member confirms that full compliance is being achieved.

- *Reaudit*, The Code Auditor returns to do a spot check to confirm independently of the member that compliance is being achieved, and the cost is borne by the Member.
- *Admonishment to the Board*, where the Member failings and actions taken are presented to the Governing Board.
- *Admonishment to Stakeholders*, where the Members failings and actions are presented to the Regulator Ofgem and to key Consumer Representation Groups such as Consumer Focus.
- *Public Admonishment*
- *Public suspension of Membership*

The Member Companies are large UK companies and any enforcement actions as described above are major actions to be avoided given the reputational damage that would occur. Members take the prospect of any of the above sanctions very seriously indeed.

We believe the Code has made a big difference and the results of the audit carried out consistently over the last 5 years have highlighted significant improvements.

6.2 Sales Agent and Member Company Appeals against Sanctions

Sales Agents can appeal against a decision to have their EnergySure Accreditation withdrawn. The hearing takes place by an independent person with the appropriate background to hear the appeal.

There were two appeals regarding withdrawal of EnergySure Registration Withdrawals in 2010 and one instance of a successful appeal, where the decision to withdraw registration was overturned.

Code Members can appeal against sanctions and it is the role of the Code Panel to hear appeals against sanctions on Code Members.

There were no appeals made to the Panel in 2010 regarding decisions made by the Code Manager on sanctions or other actions taken to ensure compliance with the Code.

6.3 New criteria to trigger disciplinary procedures

In 2010, the Governing Board introduced new rules on when the Code Manager can initiate sanctions. The original criteria have been strengthened by incorporating rules governing issues of non-compliance which occur in consecutive Code Audits.

We are committed to making the Code fit for the new decade and ready for the substantial challenges ahead for the energy sector. During 2011 changes will be made to the Code to strengthen and validate the substantial efforts already taken to improve the performance over the last 12 months. As part of this process, we will be reviewing the sanction process and ensuring that members' actions, efforts to resolve issues and efforts of EnergySure to improve overall satisfaction with this important form of selling are adequate.

7. Stakeholder Engagement

7.1 Operation Liberal

We have agreed to work with agencies such as the Police and Community Safety/Crime partnerships to help rid communities of distraction burglars and rogue builders. These rogues target the vulnerable in the community and devastate lives by taking life savings and injuring those who are unable to defend themselves.

For the Code, this has resulted in a clear message for enforcement agencies, that we will recognise and will never take advantage of the vulnerable members of the community, will respect any indication that an uninvited sales call is unwelcome and we have arrangements with the national police task force to provide information reports immediately we see anything suspicious.

7.1.1 Not Sure – Don't Open the Door!

EnergySure has actively embraced the fight against doorstep crime by funding the Police's Operation Liberal campaign '*Not Sure – Don't Open the Door!*' launched in 2010 and continuing in 2011.

We have provided the funding for the design and production of over a million posters and customer leaflets explaining about how to protect from doorstep crime. If you would like a copy or are interested in your community being part of the programme please let the Code Manager know at the email address provided in this report.

7.2 Stakeholder Seminars

In July 2010, Stakeholders were invited to review with the Code Audit Annual Report and the developments proposed. The updated version of the Code in October 2010 was a direct result of the Code Audit Report and input from stakeholders.

In November, a broader group of stakeholders and invited guests attended a seminar and workshop on the issues relevant to the Code in the changing consumer landscape. The event was hosted by Lord Dubs of Battersea and representatives of the Trading Standards Institute and national figures from the Police Operation Liberal Crime Unit attended.

The result of this meeting was an emphasis on promoting the Code to stakeholders and consumers, providing further visibility of the efforts made to manage compliance, and strengthening of the sanctions for failures to comply.

8. Report from the Chairman

2010 has seen some significant developments of the Code to embrace improvements in practices in the doorstep selling of energy.

For the Code itself, changes introduced in 2009 including additional clauses on estimates and comparisons, and acknowledgement of recognised No Cold Calling Zones have been subject to a full audit in 2010. Further development is being considered to strengthen both the Code and Members compliance with these new rules.

Whilst Members have individually had policies on respecting consumer wishes at the doorstep, it was considered appropriate to add an additional clause covering “No cold caller” notices. It also means that Sales Agents who ignore a sticker on an individual’s property which states clearly “No Uninvited Sales Callers” will be subject to the full weight of the sanction’s process for mis-conduct. They may also lose their job and be withdrawn from the EnergySure register.

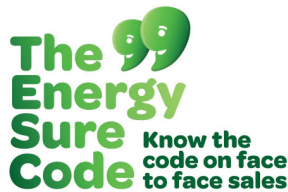
Technology now features predominantly with the majority of Members sales agents. Hand held terminals mean minute by minute supervision of sales agent’s activities and up-to-date information is always at hand. It means that consumers can be sure that prices quoted are up to date and any savings compared to a Consumer’s existing energy contract can be accurately made and recorded.

We have some way to go to increase consumer awareness of the Code but believe that by supporting major national campaigns by the police we can raise awareness of EnergySure, particularly for vulnerable consumers in society. While we will always be totally committed to continually improving the performance of registered sales agents, we remain concerned about doorstep crime. I fully support the efforts of the Police’s Operation Liberal campaign to find and prosecute these criminals.

In the current economic climate it is the responsibility of the Members and its major stakeholders to correctly represent the benefits that doorstep sales of energy products brings to consumers and to maintain a strong process to ensure consumer confidence is maintained. This means ensuring that EnergySure Sales Agents do things the right way every time.

Our important challenge this coming year is to recognise and act upon the results of the Ofgem investigation into four of the current six members of the Code and to learn what further development of the Code may be needed over and above the plans already in development for 2011/12.

Julian Anderton
Chairman (deputy)
Association of Energy Suppliers



Appendix One – EnergySure Governing Board and Membership

The following Suppliers were Members of EnergySure in 2010:

- British Gas (and Scottish Gas)
- EDF Energy
- E.ON Energy
- Npower
- ScottishPower
- SSE

The EnergySure Scheme is governed by the Association of Energy Suppliers Ltd, a separate limited company operated by the Energy Retail Association, which is a trade association for UK Energy Suppliers.

The current Board of Directors are as follows;

- Nigel Howard, British Gas
- Nigel Hobbs, Scottish Power
- Mark Garnett, EDF Energy
- Mark Alden, SSE
- Alan Hannaway, Npower
- Helen Hayes, E.ON

The Chairman of the Board is the Chief Operating Officer of the Energy Retail Association, Garry Felgate (until August 2010) and the deputy chairman Julian Anderton (acting Chairman from August 2010), Head of Operations, ERA. The Board met regularly throughout 2010.

The Operational Management is achieved through the Operations Group chaired by the Code Manager.

Supporting the Code's governance framework is the Code Panel, whose members are independent and come from a variety of backgrounds, including consumer representation and the wider business field. The Panel is the means whereby appeals from Code Members against decisions of the Code Manager will be heard, and it will also take an overview of the operation of the Code and put forward recommendations.

The Members of the Code Panel during 2010 were as follows:

- Lord Dubs of Battersea (Former Chairman of the Broadcasting Standards Council)
- Caroline Banks (Retired Director of Consumer Regulation Enforcement Division, OFT)
- Tina Tietjen (Chairman: Air Transport User's Council)
- Bryn Aldridge (Former Chairman: The Trading Standards Institute)
- Stuart Sweetman (Retired MD Post Office Counters Limited)

The Code Panel met regularly in 2010. The Panel were not called upon to hear any appeals from Members during 2010.

If you have any questions about EnergySure please contact the Code manager at codemanager@energy-retail.org.uk

