

Energy UK response to Citizens Advice Star Ratings consultation

4 February 2025

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 100 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry – from established FTSE 100 companies through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 27 million homes and every business in Britain. Over 730,000 people in every corner of the country rely on the sector for their jobs, with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. Annually, the energy industry invests over £11bn, delivers £88bn in economic activity through its supply chain and interaction with other sectors, and pays £6bn in tax to HMT.

Introduction

Energy UK welcomes the opportunity to respond to the Citizens Advice consultation on amending the metrics for the energy supplier Star Rating methodology. Citizens Advice plays a key role in driving improvements in the energy sector and is a trusted source of customer guidance. The supplier star rating is a valuable tool for empowering consumers by providing clear and accessible information about energy supplier performance to inform decisions about their supply options.

Encouraging positive consumer service outcomes is the top priority for the energy industry, and the Star Rating has a vital role to play in encouraging high standards of service. As the energy market evolves, the Star Rating should reflect the key outcomes when customers interact with their supplier, ensuring that the system is fair, balanced, and representative of modern consumer needs.

Our members think it is important that there is an opportunity to feedback on a proposed decision and weightings before implementation and for detailed guidance.

Ease of contact

Currently, the significant weighting towards Contact Ease encourages speed of response on specific channels over other important aspects of service and is less relevant to digital channels. Although speed of response is important, it should not be prioritised over the quality of the engagement with customers, as this can encourage suppliers to favour fast but potentially unhelpful interactions over good quality

support that effectively addresses customer issues. We think Citizens Advice should further consider how the Star Ratings could be better balanced between response speed and quality – reflecting that service quality can be a key differentiator in the market.

Given Ofgem's focus on outcome-based regulation and Citizens Advice's calls for a Consumer Duty, we are of the view that Citizens Advice should be looking at consumer service outcomes where resolution is the key outcome of success informed by the speed of response.

Digital metrics

As the energy sector continues to evolve, the metrics in the Star Rating should reflect the different ways that customers interact with their energy suppliers to remain relevant and representative of customer experience.

The inclusion of a broader digital metric encompassing webchat, in-app messaging, and potentially WhatsApp and social media, would be a positive step, as these channels have overall become an increasingly popular and effective means of customer communication. The flexibility and accessibility of these channels are valuable for consumers, as they allow for longer operating hours. This is particularly true for vulnerable customers, as they offer an important point of contact when other options may be more restrictive. However, considering that these metrics vary in usage across suppliers and the platforms are very different, we suggest that a similar approach to the current approach to social media, in that suppliers do not get a penalty as a result of low usage, is adopted.

Additionally, on social media, some suppliers have expressed uncertainty about its effectiveness as a metric, due to its narrow usage. If the metric is to be maintained, we recommend that it be incorporated into the broader digital metric, as above. We also recommend retaining the existing metrics for the email response, as this remains a valuable communication channel for many customers.

It is important that these metrics are introduced with clearly defined outcomes to ensure fairness and consistency and avoid confusion. Although webchat is a commonly used tool across suppliers, differences in methods mean that it could be difficult to easily establish benchmarks for performance. Energy UK therefore supports Citizens Advice's proposed next steps to conduct exploratory RFI's to test the metric to ensure the best outcomes.

Many of the webchat initiatives that suppliers used were introduced as part of the Vulnerability Commitment, for which improving accessibility for consumers is a key theme. As the Star Rating already include a scoring metric for being a signatory of the Vulnerability Commitment, the webchat metric is already indirectly reflected in this way. However, from a consumer perspective, it would be useful to have a clear, separate metric within the Contact Ease measure so that it is straightforward to compare suppliers based on this area.

Smart meters

Energy UK recognises that there has been feedback raised around the current Star Rating not reflecting the importance of net zero and decarbonisation to customers, with the lack of inclusion of smart meter metrics a key related point. However, we do not believe that the Star Rating is a suitable place to include these metrics, as they are policy targets and designed to reflect customer service performance. We are therefore in agreement with Citizens Advice that smart meter rollout targets should not be included.

Most of our members support further consideration of smart meter operability data in the Star Rating if clear indicators of supplier performance can be identified. This information could help customers to make decisions on which suppliers offer the wider benefits of smart. It could aid prepayment customers in particular to identify suppliers offering better support, such as being remotely kept on supply.

Billing

Citizens Advice, as a trusted voice for energy customers, plays a vital role in ensuring that the metrics used in the Star Rating align with consumer needs and preferences. Alongside metrics that assess how well suppliers resolve issues, there should be a focus on evaluating positive service that prevents issues from arising in the first place. Reintroducing a billing metric would be a good way to do this. Billing is often the first and sometimes the only interaction that a customer has with their supplier, and its accuracy plays a significant role in building trust and reducing the need for further contact. The most recent Energy Ombudsman data shows that billing remains by far the most common type of complaint, outweighing the next four most common types combined and highlighted as a priority in the report *Footling the Bill*.¹

We note Citizens Advice's point that in the past the billing metric resulted in high scores across the board for suppliers and not fulfilling the Star Rating aim of driving improvement in the sector. This was largely because the metric was based on annual statements, which is fairly easy to achieve. Considering this, we see merit in exploring the shift to a quarterly timescale.

Additionally, there would be value in revisiting the billing accuracy metric so that it is based on a broader range of criteria, thus giving a more comprehensive assessment. It would need to be a balanced set of criteria. A further option some members favour exploring would be differentiating between legacy meters and smart meters, to provide a more nuanced measure and recognise the market's mix of legacy and smart meters.

Switching

¹ Energy Ombudsman Complaints Data for 2024, <https://www.energyombudsman.org/news/energy-ombudsman-releases-updated-complaints-data-for-2024>

Energy UK maintains that switching is a key aspect (along with level of service) of the relationship between consumers and their suppliers. Having a smooth and efficient process for switching allows consumers to have a straightforward journey if they find a tariff that is cheaper, greener or that offers better customer service. Energy UK's most recent Electricity Switching report highlights that switching levels in December 2024 remained consistent with those of December 2023, with a significant spike in Autumn 2024, thus indicating that switching is still relevant to customers and an important metric to measure.² However, we support the Citizens Advice view that switching is adequately addressed through membership of the Energy Switch Guarantee (ESG).

The ESG represents a decent portion of the market, is voluntary, and evolves each year based on customer insights to ensure that suppliers maintain a high standard in this area. Its flexibility and ongoing evolution enable it to remain a step ahead, encouraging high standards.

Complaints

Energy UK thinks it is vital that complaints about common supply activity, rather than neutral contacts about the payment process or additional services, are being measured so as not to disadvantage suppliers with customer cohorts with a higher propensity for neutral contact.

For example, the Extra Help Unit logs affordability issues, and each of these contacts is automatically logged as a complaint. If a customer contacts their supplier with queries related to affordability, such as being off supply or about to go off supply, it should not be automatically categorised as a complaint unless the supplier is clearly at fault.

Finally, the complaints threshold must continue to provide a fair and accurate picture of supplier performance. Considering that no supplier has reached a 5* rating for a number of years, it is not clear that Citizens Advice is making most use of the Star Rating as a tool to influence customer outcomes. If the purpose of the Star Rating is to guide customers on what good looks like, Citizens Advice should consider seeking evidence on whether higher scores or greater differentials have a more meaningful impact for customers. Given that the current thresholds seem unachievable, it would be beneficial to explore adjusting the complaints threshold further or explore the option of introducing half Star Rating, to better capture potential differences between suppliers.

² Energy UK, Electricity Switching Report December 2024, <https://www.energy-uk.org.uk/wp-content/uploads/2025/01/Electricity-Switching-Report-December-2024.pdf>