UR Consultation on Energy Supplier Customer Service Levels

SSE Response
28 May 2024

About us

At SSE, we are driven by our purpose: to provide the energy needed today while building a better world of energy for tomorrow. SSE develops, owns, and operates low carbon infrastructure to support the transition to net zero, this includes onshore and offshore wind, hydro power, electricity transmission and distribution networks, alongside providing energy products and services to customers. With current interests across the island of Ireland and Great Britain, in addition to carefully selected international markets, including East Asia, Europe and North America, SSE is both growing its footprint and its range of expertise in our bid to lead the transition to net zero.

Since entering the Irish energy market in 2008, we have invested significantly in our Irish businesses, with a total economic contribution of over €1.2bn in the last 3 years, supporting over 2,400 jobs in 2022/23. SSE Renewables owns 684MW of onshore wind capacity across the island, and operates a total of over 1,000MW. SSE Renewables is currently constructing additional onshore wind capacity in Ireland, and is actively developing solar and battery projects, as well as offshore wind at Arklow Bank Wind Park. SSE Renewables has operated a voluntary Community Fund in Ireland since 2008, and in 22/23 distributed €1m to 377 community groups in the vicinity of our onshore assets.

SSE Airtricity supplies electricity and gas to over 750,000 home and business customers across the island and delivers home energy upgrades through our one stop shop, the Generation Green Home Upgrade, which aims to deliver 50,000 home energy upgrades by the end of the decade.

In addition to our renewable generation assets, SSE Thermal owns and operates 672MW of dispatchable generation in Ireland providing vital security of supply. SSE Thermal has secured capacity contracts for the delivery of new low-carbon capacity through two stations in Kerry and Meath for 26/27.

SSE is committed to sustainability. We have built the largest renewable electricity portfolio in the UK and Ireland and in 2020 committed to achieve net zero greenhouse gas (GHG) emissions across all operations by 2050 at the latest, covering scope 1, 2 and 3 GHG emissions. Recognising the international importance of decarbonising the power sector as quickly as possible, SSE also aims to achieve net zero across scope 1 and 2 emissions by 2040 at the latest including through investment in low-carbon dispatchable power generation options such as Carbon Capture and Storage, Hydrogen, and electricity storage.

Executive Summary

SSE welcomes the opportunity to discuss good practice in customer service and respond to the UR's consultation on Customer Service Levels. We endorse that suppliers should deliver satisfactory customer service, noting that the UR focus on individual measures such as Speed of Answer or Abandonment Rate are only one facet of a customer experience. In our view an equal focus should be given to comprehensive, quality query resolution.

Over the past number of years, **industry has worked collaboratively** on meeting customers' needs during both Covid and the cost of energy crisis. As a market leading supplier, SSE has delivered on a wide range of programmes, including:

- *A market leading £22m affordability fund, the largest and most comprehensive of its kind across Ireland*
- *Delivery of seven government schemes across the island of Ireland, helping to support 750,000 customers.*
- *Delivery of voluntary UR Winter Charter commitments Winter '23 and Winter '24.*
- *Considerable outreach with third sector agencies facilitated by SSE, including championing the revision of our EAI Energy Engage Code*
- *Commissioning independent research into customer experience through our Saint Vincent de Paul partnership which has resulted in research led improvements to customer collateral, website, and customer journeys.*
- *Investing in Customer F.I.R.S.T*[1] *including system and training improvements as well as supporting omnichannel services which we continue to invest in and prioritise*
- *Review of staff remuneration and benefits to improve retention rates, job satisfaction and develop our agent to advisor programme.*

This has, at times, resulted in challenging circumstances for both suppliers and end customers who have faced heightened needs. SSE is concerned that the UR has taken a select number of quantitative based metrics from a time of unprecedented customer need and demand to prompt this consultation. To this end the UR should be cognisant of the financial investments we are making in tangible, meaningful customer satisfaction for the future. Section 2 of this paper will outline to the UR the investment and approach we are taking to end to end customer experience, focusing on query resolution and customer outcomes.

Indeed, based on the UR's own research, **customers are increasingly more satisfied** with their suppliers' performance which has increased to 84%, up from 74% in 2022, a significant increase given the cost-of-living crisis.

Our own SSE customer satisfaction scores align with this research showing an **improvement of 6%** in electricity **and 7%** in our gas business. We believe these improvements are a result of steps taken by SSE and other suppliers to improve service and prioritise customer outcomes that focus on satisfaction and resolution. This indicates that suppliers are themselves focused on customer outcomes as we emerge from the cost-of-living crisis and prepare customers for the energy transition. This indicates that there may not be a requirement for the UR to mandate the level of prescription this consultation is seeking input on.

As SSE is already investing significantly in our customer programmes, we are concerned that the costs of the URs proposals to the end customer have not been costed by the UR in the consultation paper.

[1] **F**rictionless **I**ntuitive **R**ewarding **S**eamless **T**rustworthy

Our initial analysis shows **a cost of at least £6-7 per year per customer** which we believe is not warranted noting the improving customer satisfaction we are seeing across the industry. In addition, in the coming years, the UR, DfE and the industry will be required to focus on long over-due programmes such as the Rollout of Electricity Smart Meters, Future Gas Metering Solution, and Energy Strategy workstreams as well as imminent delivery of Best Practice Framework on Vulnerability.

Each of these programmes are needed to move end customers from passive to active, and make them part of the energy transition, which to date Northern Ireland has lagged behind relative to the remainder of the UK and Republic of Ireland. This is an aspect which SSE detailed in our submission to the UR on the Consumer Protection Programme where we advocated for "*a shift from focusing on the customer of today to planning for the customer of tomorrow"* and this remains our position.

Aligned to our position in our CPP response on **the need for prioritisation of projects**, we urge the UR to ensure resourcing and effort of both regulator and industry is on delivery of the policy needed that will enable us **to deliver a more active consumer** who is educated, engaged and empowered to make active energy choices.

This is supported by the UR's own positioning at the House of Commons Northern Ireland Affairs Committee where the need for "*trying to balance things up"* was referenced by the UR's CEO, John French. We firmly support this sensible approach and as such the costs that will arise from these proposals must not be seen in isolation as they will impact end consumers in Northern Ireland who have "*discretionary income…half of what it is in GB".*

At a minimum we expect the UR to undertake a robust CBA of the proposals, including end customer costs. Being cognisant that each intervention must only focus on the **long-term tangible benefit to consumers, who must ultimately pay the costs** of regulatory interventions is integral.

Given the above, and the pace of change needed to deliver to the energy customer of the future, SSE believes pragmatic principles-based approach that delivers on evolving consumer outcomes is optimal. This would reflect shifting demographics and the changes that consumers will need to make as we introduce smart, flexible, and resilient energy systems.

Flexibility is crucial for suppliers to achieve this, and a principled approach would result in a more relevant and effective approach that would be more sustainable in the longer term.

As always, SSE is available to meet the UR on any aspect of our consultation response. We look forward to engaging further with you in the coming months.

Introduction

SSE welcomes the opportunity to respond to this consultation from the Utility Regulator (UR) on Energy Supplier Customer Service Levels.

SSE has engaged extensively with the UR, DfE, DESNZ and the third sector in recent years to navigate consumers' escalating needs in response to the multitude of crises, government schemes and shocks in wholesale energy prices. This is evidenced through the successful delivery of numerous government and internally driven schemes which has delivered real benefits to over 750,000 all island customers.

Throughout this period, SSE has been sharing data and our detailed customer focused operations plans with the UR which evidence the increasing demands placed on suppliers and the corresponding improvements we have implemented to meet these demands. These improvements have resulted in better customer outcomes which we strive to maintain as we return to BAU and move out of the energy crisis.

In this response, SSE will consider our learnings from the energy crisis and our knowledge of customer preference, expectation and how these align with the proposals set out in the consultation document. We will reference learnings from other jurisdictions and energy regulators on how best to implement a customer first solution which will ensure that customer needs are being met while keeping costs proportionate to the outturn benefits and sustainable for end customers.

It is our view that where the UR deems a need for regulatory intervention in this area that it should be a principles-based framework so that suppliers can maintain flexibility to serve customers' needs, particularly as customer expectation shifts away from call centres and moves to omnichannel and self-serve in the years to come. This is particularly important as we, as an industry, begin to deliver Smart Services which will necessitate consumers comprehending and taking action on their energy demands in new ways.

Section 3 will provide an indicative insight of the costs of the current proposals; we have itemised some of the more detailed measures listed in the consultation.

The UR must also consider the overall cost associated with implementing such measures and whether these costs are materially benefitting customers as they will ultimately be factored into customer bills.

Individual measures are addressed in Section 4. At all times, we wish to stress that SSE is fully aligned with the UR that customer satisfaction is paramount. However, we strongly advise that the UR considers an approach that is facilitative of suppliers' own means of delivering customer-based outcomes, rather than the highly prescribed approach in the paper which we firmly believe is misguided, costly, and will not result in sustainable outcomes for either suppliers or end customers.

Section 1: Setting the scene

As a supplier serving approximately 750,000 customers, we understand that the monitoring and evaluation of KPIs can help to gauge performance, predict trends in demand and adjust our customer service approach. As such, we invest significant resource to continuously review and flex our customer service operation and share these metrics and insights with the UR on a regular basis.

It is important however to look at metrics in the wider context with external factors such as the price of energy, time of year/consumption, government/political announcements etc which can drive customer contact. Additional considerations should also be provided for staff availability, experience, system changes and other concurrent projects which will all contribute to developing a comprehensive understanding of how a customer facing business is performing overall. Below we have provided additional insight to the UR on how SSE is approaching customer satisfaction and outcomes. Whilst we recognise that there have been times where customer's ability to contact us has been dissatisfactory, we would urge the UR to consider the approach based on customer outcomes, as one which provides the same focus on customers, but is more sustainable for a supplier and customer. In particular noting the need to ensure that suppliers are given due time and capacity on calls to customers who may be vulnerable.

Input-based metrics

Turning first to the input based KPIs reported to the UR on a monthly basis. These KPIs can help better understand our operational position but are not always effective in evaluating customer service performance as they tend to focus on the quantity of service rather than the quality of service provided, particularly important when considering complex queries.

It is also essential that any metrics are examined on an annual basis to normalise out any seasonal peaks which are present in gas and electricity businesses. Below we present four metrics: **Total Call Volumes, Abandonment Rate, Average Handling Times, and Average Call Wait Time.**

Since submission of KPIs to the UR began in 2022, SSE has continued to review our processes and implement improvements and efficiencies where possible, without compromising on customer satisfaction. This is reflected in a decrease in call volume which have returned to more normalised levels in 2024. Year on Year, 2022 to 2023, we have seen a decrease of 19% in our electricity call centre and 10% in the gas business.

A corresponding metric to call volume is Average Handling Time (AHT). This measures the average duration of a customer call and can provide insight in the complexity of the average call as well as identify efficiency improvements including agent handing time. While we strive to increase efficiency in AHT through script review for example, these are at a maximum efficiency before compromising customer experience.

In our call centres, our yearly averages have remained consistent with a similar trend in the first four months of 2024 despite the more complex queries received as a result of winter 23/24 bills.

Turning to the Average Abandonment rate (ABT), in our call centres, we have seen significant improvements in abandonment rate since 2022, with a 43% decrease in our electricity call

centre and a 33% decrease in our gas call centre. These trends have continued into 2024, thereby indicating further improvements.

This evidences the outworkings of the improvements made in call handling and diversifying the contact options for customers. By offering customers other ways to self-serve such as FAQs, website, chat etc, we are freeing up our agents from these more straightforward call drivers and thereby building capacity for answering the more complex calls before abandonment.

It is important to note that while ABT can be used in a live call centre setting, where you can adjust agent availability in the moment, it is not appropriate as an overall target but rather a retrospective indicator of past performance, when considered in the correct context.

Our internal forecasts show that we would expect ABT to follow seasonal trends and to decrease as we implement further improvements across customer contact options.

As above Average Speed of Answer (ASA) will provide insight into the live demand and can be used to provide insight into historic trends over time, but it should not be used a targeted metric.

Using metrics such as ASA or ABT in a call centre environment fosters a culture of haste which we believe would be a disservice to the customer and the UR's intentions. If SSE were to implement time-based targets such as these for our agents, we would be sending the message that agents should move quickly on to their next call rather than focusing on serving the customer at hand, which is not in our shared interests.

Instead, SSE prioritises customer-outcome based metrics which encourage resolution for the customer. This delivers a better customer experience as evidenced in our customer surveys but also a more satisfactory experience for our agents who are able to solve issues for customers in the moment and ultimately remove the need for them to re-contact. The benefit of this approach is detailed in the next section.

Outcome based KPIs

Outcome-based KPIs are a more effective measure of customer service levels as they focus on the results of the customer service activities and their impact on customer satisfaction. Below we look at **First Call Resolution (FCR)** and **Net Promoter Score (NPS)** to provide a more comprehensive view of how we serve our customers. At SSE, we prioritise this approach to customer-focused service for our business which achieves long-term improvements.

As a channel to improve customer service and satisfaction, customer service agents focus on resolving the customer query at the first point on contact. This can increase call handling time, depending on the complexity of the query.

This is more efficient for the customer and supplier as it removes the need for a second call to be made at a later date. There will be scenarios where it is not possible to fully resolve a query as follow up investigation may be needed but we continue to strive for improvement in this metric. In our electricity call centre, we have seen an uplift in FCR by 6% while in our gas business we see an increase of 6.2% between 2022 and 2023. Ensuring our agents are trained to the level that they can resolve most queries does require more investment in training and resources however there is a direct benefit for the customer in SSE approaching our contact centre in this way.

Consequently, our Net Promoter Score (NPS) reflects the performance of our agents in terms of customer satisfaction and is captured from customer feedback and surveys. As a key indicator of performance, we monitor NPS and are encouraged by our continued improvement since 2022. This KPI has increased 6% in our electricity business and 7% in our gas business over the comparative period. There is direct correlation between our renewed focus on FCR and improvement in NPS showing that this is the priority for customers.

Section 2: Lessons from Ofgem and understanding our customers

Taking into consideration the context setting provided above, we have also provided a summary of best practice learnings from other energy regulators, namely Ofgem's work in Consumer Standards. As well as the research we have used to build our internal Customer F.I.R.S.T strategy to ensure that we meet customer needs and expectations.

Lessons from Ofgem consultation

SSE welcomes the UR's reference to Ofgem's recent decision on Consumer Standards and would agree that the principle-based model used could provide a sound and reasonable framework for Northern Ireland if it was determined that any intervention is needed.

A cornerstone of the Ofgem consultation and decision was the Impact Assessment which considered the possible interventions and costs against the benefits for customers, any interventions in NI must also be subject to a similar Impact Assessment. SSE would ask the UR to provide a comprehensive Impact Assessment of the proposed measures to quantify the cost associated in Northern Ireland.

In their decision paper[2], Ofgem recognised the importance of striking an appropriate balance between the perceived CS issues and the changing nature of the energy industry during the energy transition. To balance this, Ofgem opted for a high-level approach of new principle-based licence conditions, with a supporting guidance document, to improve domestic consumers standards.

Without a full impact assessment in Northern Ireland, SSE is concerned that this cost is not fully understood by industry and therefore further consideration is needed. This is particularly significant given the mandatory costs which are associated with the energy transition, yet to be factored into customer bills. Any additional cost could further impact public opinion given that 83% of respondents to the UR's Domestic Consumer Insight Tracker Survey[3] reported that they would not be unwilling to pay extra on their energy bills for future investment projects.

SSE's Strategy for serving customers

Taking our experience in supplying 750,000 customers and the knowledge we have gained from other jurisdictions and best practice; SSE has developed our Customer F.I.R.S.T strategy which is the backbone of our approach to customer service as we exit the energy crisis.

SSE commissioned research to better understand customer preferences based on the reason they are contacting and the customer demographic. The outcomes are summarised below, and we are keen to share further information with the UR on this approach through dedicated insight sessions which we are happy to facilitate as part of next steps.

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[2] Consumer standards - Decision

[3] Projects to protect the environment, to provide extra support for consumers in vulnerable circumstances or to improve the reliability of the network. NIAUR Domestic Tracker draft report - final version

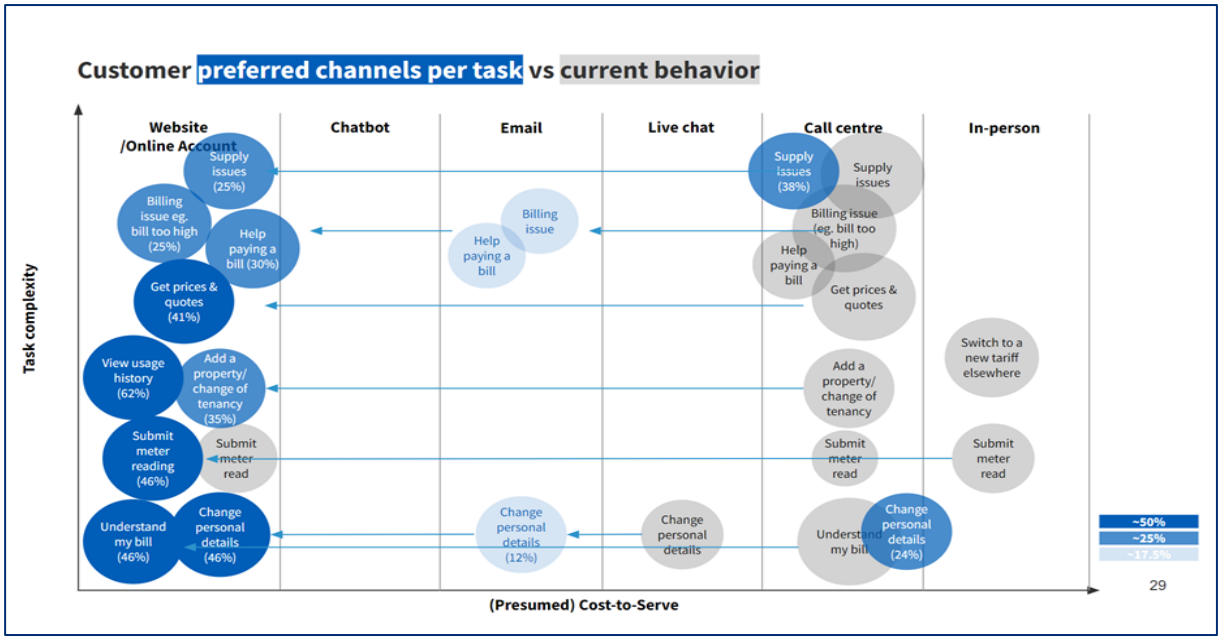
Customer preferences

Understanding customer preferences helps call centres to deliver service that is not only responsive but also anticipatory, creating a more satisfying customer experience.

Different channels for different queries

Research commissioned by SSE[4] found that while there continues to be a baseline demand for calls (including for those who may have accessibility needs), there's also a significant, often larger appetite from customers for self-serve approaches. For example, research suggests that most customers would prefer to use online accounts and websites when carrying out specific 'billing and payment' tasks. The graph below shows that for billing and account queries (a common driver of calls during the energy crisis) a majority of customers prefer to be able to access this information in their own time via website/self-service. It's also noteworthy that webchat is a communication channel which has grown significantly as a preferred method of communication by customers. This illustrates that customers' preferences are predicted on a desire for diversified contact options via an omnichannel approach. This is reflective of the SSE investment in such an omnichannel approach, focused on self-serve where the customer is capable and confidently able to obtain the query resolution, thereby freeing up agent capacity for complex issues and queries.

For example, in the graph below when asked what channel was preferred to submit meter reads or view usage history, a strong preference amongst customers is for this to be undertaken online (up to 62%). As queries become more complex (e.g. billing issue) the propensity of customers to engage in person/call centre increases. This shows that there is value, benefit and strong preference amongst customers for companies to utilise omnichannel approaches to engagement, which is based on customer need which can differ significantly dependent on the query and resulting complexity.



Graph 1: preferred customer channel

[4] CXPartners: A global consultancy firm focused on Cx performance

We are keen for the UR to factor this type of omni-channel customer preference research into their assessment which considers the average customer base *need* as the first step before any prescriptive regulatory interventions. It goes without saying that SSE recognises that customers with difficulties or vulnerabilities which may be a barrier to self-service will require a call centre option to be available.

Different channels for different people

Further research indicates that in addition to customers channel preference based on query, different customer generations experience customer service in different ways. This shift in bill payers' profiles and the need to ensure comprehensive query resolution necessitates consideration.

For instance, 38%[5] of younger generations are likely to give up on a customer service-related issue if they cannot self-solve in comparison older generations will likely contact an agent. This further emphasises the need for an omnichannel approach to ensure query resolution.

Furthermore, research by EY identifies that consumers[6] are increasingly preferring digital and hybrid digital channels particularly when researching and purchasing new products and services. This is particularly important as customers move from passive to active as per the Dept for Economy Energy Strategy which will require customers to think differently about how (and when) they consume energy in the years ahead e.g. Smart tariffs.

Overall, SSE recognise that customers require support via multiple channels, depending on the reason for contact as well as their personal preference which is clearly shifting as digitalisation becomes the expected norm for many customers.

We have invested significantly in mirroring this customer expectation to encourage self-serve and creating capacity in the call centre for those more complex residual queries that require a phone call, including customers in vulnerable circumstances.

Rather than focusing on metrics from a time of crisis and mandating delivery of costly interventions, we would urge the UR to facilitate and encourage suppliers' regulatory flexibility to deliver an omnichannel approach predicated on customer query type and customer profile.

Our research and internal programmes are already established to deliver this omnichannel approach and we would be concerned that the mandatory prescribed nature of the proposed measures could have a chilling effect on supplier investment in this space.

Translating learnings to SSE Customer F.I.R.S.T Strategy

Factoring in the research above, SSE has developed a customer service strategy, (**Customer FIRST**), which prioritises the customer experience for query resolution.

To optimise the customer experience, we are improving across multiple activity streams including:

- *Technology Evolution*: Onboard new enabling platform capabilities, e.g. webchat

[5] Gartner Customer Service and Support commissioned by SSE Airtricity

[6] Generational preferences for Millennials, Gen Z and Gen X.

- *Data & Insight Enrichment*: Expansion of our customer insights touchpoints. e.g. customer surveys and feedback
- *Process Re-engineering*: Leveraging automation technology to optimise existing processes including new phone and billing systems.
- *Communication Optimisation*: Help Centre redesign and standardisation of all communications.
- *Service Enhancement*: Expansion of digital care channels. e.g. webchat
- *Self-Solve Enablement*: Implementation of improved online self-solve functionality.
- *Employee Experience*: Centralised advisor knowledgebase, better utilisation of talent and improved retention rates.

This approach demonstrates the proactiveness of SSE in adapting to our customers' needs to optimise their journey and achieve a satisfactory resolution.

SSE notes that these initiatives will accommodate today's customer, including those in vulnerable circumstances. To achieve this, we expect to see a reduction in call volume by redistributing certain cohorts of customers to digital channels, thereby building capacity in the call centre to effectively handle more complex queries while maintaining a sustainable level of customer service resource. This approach has seen a growth of 38.4% in webchat contacts between 2022[7] and 2023 in our electricity business.

Through our significant investment in research and improvements, we have demonstrated our commitment to customer service. As such, suppliers continue to be best placed to determine what customers need and how best to meet that need. We will continue to learn from our customer interactions and adjust accordingly but reemphasise that we must retain regulatory flexibility to do this efficiently.

The following section details indicative costs associated with delivering the various measures suggested in the consultation and our concerns relating to such an approach being operationally difficult for limited customer benefit over and above what SSE is currently implementing.

[7] Noting that our web chat services were closed in April & May of 2022 and closed in October & November 2022 due to call volumes and answering of calls took a priority over the web chat

Section 3: Costs of implementation

As noted above, the consultation paper from the UR does not include a full detailed analysis of the costs associated with these proposals. As these measures must ultimately be paid for through end customers' bills, we would expect the UR to undertake a full Impact Assessment (IA) on the costs of implementation. To support this SSE has provided indicative high-level costs below, focusing on the most material aspects of delivery.

Upcoming consumer programmes in Northern Ireland

At the outset of this section, we note that the NI Energy Strategy has a clear focus on affordability during the energy transition, in particular noting the relative energy poverty is higher in Northern Ireland when compared to the rest of the UK.

The UR must be upfront with industry, Dept for Economy, and end customers that, if implemented, their proposals will cause an increase in end customers' bills.

In addition, there are several other programmes that will need to be implemented across Northern Ireland that deliver on both the DfE Energy Strategy requirements and additional consumer protection measures that the UR has committed to in the Consumer Protection Programme.

This includes but is not limited to:

- *the rollout of Electricity Smart Meters*
- *Future Gas Metering Solution (FGMS)*
- *direct supplier costs associated with the recently published Code of Practice on Vulnerability.*
- *Delivery of industry Care Registers across utilities*

These costs do not take into consideration any network cost increases that we also expect to see as the cost of the energy transition is realised through network investment at both the transmission and distribution level.

Northern Ireland vs. GB market

We note that when Ofgem published similar proposals for the British energy supply market, an Impact Assessment was conducted which showed that the cost per customer would be as high as c. £4 per annum. As a result of this additional cost burden, Ofgem reassessed the approach to mandatory provisions and adopted a less prescriptive and more principled based regime, one which SSE believes is more adept at capturing the customer outcome-based approach to regulatory interventions.

Northern Ireland is a much smaller retail market and any costs associated with these proposals will be higher in a market which suffers from diseconomies of both scale and scope.

In terms of diseconomies of scope, Northern Ireland has 500,000 circa meter points for domestic customers which limits the ability to spread these costs across a wide customer base. This compares with over 2.5m in Republic of Ireland or 28 million in GB (700,000 for Gas ROI and 23 million for Gas GB respectively).

In addition, Northern Ireland customers are (not yet) actively on a journey to becoming active energy consumers through ancillary services such as Microgeneration, EV Chargers, retrofitting etc. As a result, this limits the economy of scope for suppliers who can engage with

customers on other ancillary products during an inbound call. This limits the ability to socialise these costs across customers through cross-selling of other services. The same is not the case in the Republic of Ireland or Great Britain.

In addition, we note that the UR is proposing that these changes will be implemented through a licence modification. In the case of SSE Airtricity Gas Supply Northern Ireland this is a fully price regulated business which is subject to UR approved costs. Any costs associated with the implementation of any Code of Practice will require cost approval for recovery from the UR *before* any aspect can be operationalised.

While every effort has been made to identify and include all relevant costs associated with these proposed service standards, it is important to note that there may be inherent limitations that could result in certain incidental or unforeseen expenses not being reflected in this report. These costs are indicative only to provide further consideration to the UR on the impact to customer bills if these measures were to be implemented.

The proposed list of measures are independent of each other rather than a set of complementary measures, therefore the costs are calculated independently. Below we detail a bottom-up approach of costs for this list of measures to provide an indicative cost per customer of these interventions.

Cost Analysis (Electricity and Gas)

We note that the majority of the interventions being proposed relate to direct customer service provision and do not reflect costs associated with other means by which the customer may resolve their query through online account management, app etc. SSE is already committed to these costs and so the costs below only relate to direct UR proposals.

We have divided our cost analysis into three key deliverables:

- *ASA of 4 mins,*
- *callback service; and,*
- *freephone line for Vulnerable customers.*

Average Speed of Answer (ASA) and Abandonment (ABT) costs

As SSE operates two distinct contact centres, we have provided individual costs for electricity and gas noting that gas costs are subject to recovery via the Supply Price Control.

The key metric being proposed by the UR which will require an increase in resources is Average Speed of Answer (4 mins). By resourcing to this level, you would consequently have an outturn ABT which would meet 12.5%, therefore the costs associated with these measures are considered together.

We use an Erling C formula to estimate the number of resources required to manage incoming calls where a desired service level of 4 mins is required, based on a specific inbound traffic intensity.

For **Electricity**, based on our estimations, we calculate that an additional twelve personnel (including Team Leader) would be required to service Northern Ireland electricity to meet the required traffic intensity and service level being proposed.

This would lead to a cost increase of over £534,000 per annum or £3.80 per customer[8].

For our **Gas** price-controlled business, we estimate that an additional 25 personnel above our current price control allowances would be required. This would lead to a cost increase of over £1.07m per annum or £5.24 per customer[9].

In total this would equate to an additional cost of £1.61m per annum for Northern Ireland customers.

It should be noted that the inputs for these calculations are based on snapshoots including customer numbers and AHT as currently experienced by SSE. However, customer trends indicate that AHT is continuing to grow. This is due to the complexity of calls and is likely to also be increased due to the introduction of the new vulnerability definition, meaning that future analysis may indicate greater resource need.

Callback costs

As already indicated SSE has serious concerns about both the mandated need to have this service available as well as the prescriptive nature of mandating three attempted call backs within 24 hours, which we firmly believe is obtrusive to a customer and unwarranted. Evidence indicates that most callbacks do not result in the customer answering the phone and we are of the view that excessive callbacks will result in more customer complaints, leading in turn to longer calls as agents will be required to action these complaints.

We have calculated out the costs associated with the deployment of resourcing a distinct and separate callback (outbound) team, which for clarity is not in place in SSE.

For **electricity** we calculate that this would require ten additional resources at a total cost per annum of £445,000 or £3.17 per customer.

For **Gas**, we calculate this to require eight additional resources, at a total cost of £345,000 per annum or £1.68 per customer.

In total this would equate to an additional cost of £790,000 per annum for Northern Ireland customers.

This is a disproportionate increase to be mandated considering market size and would require resourcing separate from our inbound-call contact centre team. Such diseconomies of scale are diametrical to the efficiency needs of delivering a cost-effective contact approach for Northern Ireland customers during the energy transition.

Dedicated Freephone line

The UR proposes that suppliers provide a dedicated freephone number for vulnerable customers. In the first instance, we would like to emphasise that our operating model is predicated on an effort to divert and deflect call volumes to self-serve options, given that self-serve is the preferred option for customer query resolution based on our research. This creates capacity in the call centre for customers requiring support on complex queries and those who may be vulnerable and therefore require more bespoke customer support.

We have interpreted this measure to mean a freephone is made available for customers who are on our Care Registers, noting that the UR's recent expanded definition of vulnerability will

[8] Based on SSE Airtricity customers of 140,000

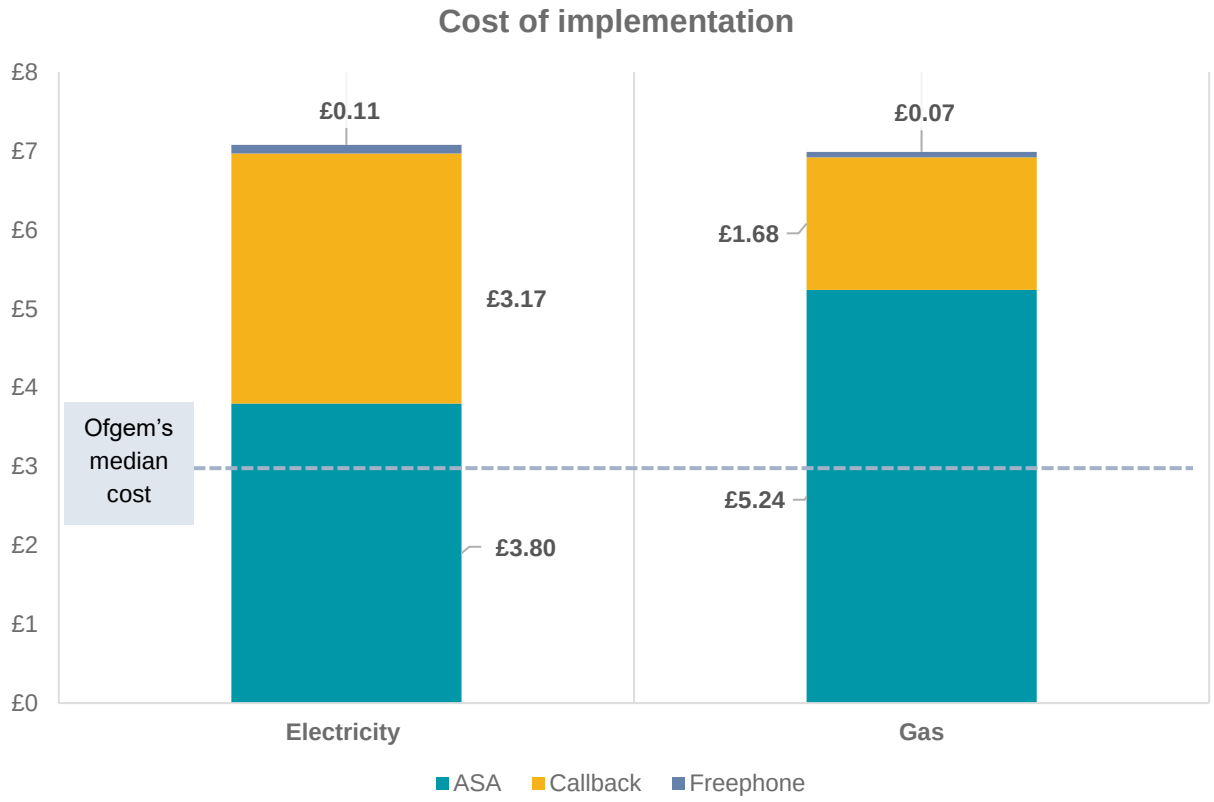
[9] Based on SSE Airtricity gas customers of 205,000

mean that in practice many customers may self-identify as vulnerable and therefore expect that the freephone should also be made available to them.

Having reviewed the UR's proposals, we have determined that the only viable delivery model would be a freephone line available for all customers. We have estimated that the total cost of this would be c. £30,000 for electricity and gas (two separate lines).

Total cost impact per customer

In totality, SSE can estimate a cost of circa. £7 per annum for each customer in both our Electricity and Gas businesses and would equate to a total of £2.42 million per year across our NI customer base, noting many customers will have gas and electricity connections.



This significant increase in customer bills would add to the costs associated with essential projects under the NI Energy Strategy, such as the introduction of Smart Meters and FGMS for gas. For example, the Cost-Benefit Analysis of electricity smart metering indicated a cost of £310 million[10]. Furthermore, the delivery of a Gas PAYG replacement programme, like the €111million[11] project in the Republic of Ireland will further add to the cost of future investment passed on to customers.

We would urge the UR to reconsider these mandatory requirements and prioritise investments that deliver substantial and lasting benefits to our energy infrastructure and customers.

[10] Northern Ireland Smart Meters - Cost Benefit Analysis Report (economy-ni.gov.uk)

[11] Options Costing Report Gas PAYG System Replacement Project

Section 4: Response to Questions

Consumers in vulnerable circumstances

Question: ***Do respondents agree with proposals 1 to 3 set out in Section 3.9 Consumers in vulnerable circumstances?***

Requirement 1: *Domestic consumers, in particular those in vulnerable circumstances must be able to easily identify a method of contacting their energy supplier that meets their needs. The effectiveness of these methods must be regularly reviewed by suppliers.*

SSE aims to ensure ease of contact for all customers, including those in vulnerable circumstances. We deliver this through a number of means, depending on the customers preference, including phone, email, webchat and social media. As a customer led business, we firmly believe this requirement is already being met, and that customer verbatims and insights mean we already regularly review the methods. As such, we are of the view that there is no requirement for a mandatory intervention for suppliers.

Requirement 2: *Suppliers must have processes in place to identify and prioritise enquiries from domestic consumers in vulnerable circumstances who may require immediate assistance, or representatives acting on their behalf and in their interest. This should include adequate training to ensure these processes are being followed sufficiently (discussed under requirement 6 in customer contact centre services).*

SSE does not support the selective nature of this requirement, as it would require profiling of customers before any engagement has taken place with the customer. Rather, we support and already undertake training across all customer-facing staff which focuses on supporting customers who may be experiencing vulnerability, but this is best delivered when the customer communicates an aspect of their circumstances which indicates the need for additional support. Any prioritisation of queries before actual communication has taken place is not feasible.

Requirement 3: *Suppliers must implement appropriate processes/services to provide a freephone telephone number for domestic consumers that are in vulnerable circumstances. Eligible customers must be made aware of and directed to free methods of contact as soon as their supplier is aware of their eligibility.*

SSE already provide information for customers across a variety of free-to-access channels both online and offline. We find that when a lot of information is to be communicated to customers it is beneficial to have this be accessible when the customer wants it, rather than relying on phone calls to explain everything. As such, omnichannel is the preferred option for SSE. It should also be noted that our current phonelines are not at premium rates, instead they are charged at local rates, and for many customers this is included in ‘free minutes’.

The proposed measures suggest a free-phone line for customers in vulnerable circumstances however given the expanding definition of this category, any management of this as a separate

option would be impossible for suppliers. In practical terms, suppliers could not advertise the freephone for a select group or manage the inbound traffic to ensure that it was only accessible by a subset of customers.

Therefore, the practical solution to this would be to move all customer service calls to a freephone however there would be considerable cost associated with this and as mentioned above, this is not required given the existing low cost/free option.

Customer contact centre services

Question: Do respondents agree with proposals 1 to 11 set out in Section 3.11 Customer contact centre services?

Requirement 1: *At an overall level, suppliers must ensure they have and maintain robust internal capability, systems and processes to enable them to adequately deliver their customer contact centre services.*

As illustrated above, SSE continues to show best endeavours in the overall capacity of internal capability, systems, and processes to enable us to deliver adequate service to our customers.

In addition to our improvements listed above, our Electricity and Gas businesses have moved to a new telephone system that allows for predictive forecasting and capacity planning to resource our contact centre effectively[12]. Furthermore, the investment of a new Gas Billing System will provide a more robust service to our customers through enhanced self-management of account.

Suppliers already invest in development of systems to continuously improve customer experience and therefore agree with the intent of this principle.

Requirement 2: *Customers must be able to easily identify methods of contacting their suppliers.*

Our contact methods are clearly detailed on all billing, customer communications, marketing collateral, our 'contact us' page is one-click from our home page on our websites to make it easily accessible for customers.

Requirement 3: *Suppliers must ensure customer contact centre services are open at times that meet the needs of their domestic customers.*

In the first instance, it is important to note that the most sustainable approach for any customer facing business is for BAU queries to be resolved by the customer themselves through self-service which is a 24-7 offering.

[12] Implemented in June 2023 electricity and November 2023 for gas

However, beyond this SSE provides extended opening hours at present beyond the 9:00-17:00 Monday to Friday hours for both our Electricity and Gas businesses. In addition, web chat and social media is available Monday to Saturday.

These hours are based on customer needs, meaning that there may be shifts in these as customer preferences change over time. It is our view that this requirement is to a large degree already being delivered as the decision to provide service is based on customer demand. We are of the view that like other measures in this paper, the need for additionality in this area is not met and does not require mandatory intervention.

Requirement 4: *Consumers must be able to reach their supplier's customer contact centre easily without experiencing an excessive call wait time to speak to an operative (not over an average wait time of four minutes).*

As detailed in Section 3 above, SSE is concerned that the introduction of this metric is unsuitable for several reasons. Firstly, the metric does not result in a better customer outcome, as an answer time of less than 4 minutes does not necessarily result in an optimal customer outcome in terms of satisfaction. Rather, SSE is of the view as already detailed that alternatives such as FCR and NPS are better indicators of customer satisfaction. In addition, as already referenced, there would be a significant cost on suppliers in meeting this target, noting that the UR has to date not clarified to us whether this metric is to be met at all times or as a yearly average.

This requirement is a focal point of our response above. To achieve this metric, it will require a significant resource increase and cost, including a minimum of 37 additional agents. Full associated costs, including IT equipment, are calculated in Section 3.

Requirement 5: *Suppliers to implement a triage system for all calls.*

At present, our call centres triage based on the call purpose, rather than an ill-defined customer need. It is not possible to triage calls based on the circumstances of the customer at the point of initiation. Currently, SSE utilises IVR options on our customer service line, which will ensure that the customer will speak to the appropriate team depending on the reason for the call. For example, we have options based on emergency reporting, change of tenancy, meter reading, billing, contract queries etc. This triage is essential to deliver First Call Resolution as it ensures the customer is directed to the appropriate team at first instance. If we were to add in an option for a customer in vulnerable circumstance, we would require a dedicated Vulnerability team to mirror the functionality of all other areas which is not efficient for the customer or SSE. As above, it would be impossible for suppliers to monitor access to that option, particularly given the broad definition of vulnerability and the increased opportunity for people to qualify.

Any triage can only be based on the reason for contact, rather than the status of the customer making the contact.

Requirement 6: *Customer contact centre operatives must be adequately trained to ensure they can provide accurate and consistent information to consumers.*

Our staff are required to partake full induction and refresher training sessions, with ongoing team leader support to provide confidence in supporting all customer queries. To ensure customers receive accurate and consistent information, agents must be allowed appropriate time to handle each call on a case-by-case basis, given the increased complexity of calls experienced across the industry. Furthermore, we have a quality assurance component built into the process to ensure our agents are providing the correct information. This measure is already being delivered.

Requirement 7: *Call back services must be offered by all suppliers and acted upon in no more than 24 hours.*

This requirement is a focal point of our response above. Offering a call back service is something that we offer to customers on an ad-hoc basis, but the UR should understand that loses it efficacy once call volumes go beyond a manageable threshold. If a call centre is experiencing peak call demand, then agents must focus on answering those inbound calls as a priority. It is only after those call queues have been resolved, can agents then turn to outbound call backs.

There are also limitations with 24-hour windows as we cannot assume the availability of the customer in this 24-hour window; the customer called us at a time of convenience to them and a call back will not necessarily align with that same convenient time. In fact, we have success with around 33% of our call backs.

To achieve this proposed measure, SSE will require a significant resource increase, including a minimum of 10 additional agents. Full associated costs, including IT equipment, are calculated in Section 3.

The implementation of this measure as proposed will ultimately drive-up costs, at little benefit to the customer.

Requirement 8: *Suppliers must ensure that their call abandonment rate is not excessive (not above 12.5%).*

This target is aligned with the resourcing requirements for ASA of 4 minutes and is a focal point of our response above. This metric cannot be seen in isolation from the 4-minute call answer time metric. Both are intrinsically linked, and both carry with them a significant cost to implement, which we firmly believe is not justifiable in the NI market where customer satisfaction levels are comparatively high, noting our approach is to focus on customer outcomes such as FCR and NPS as true leading indicators of customer satisfaction.

Requirement 9: *A customer's call must never be disconnected when they contact their supplier during their customer contact centre operating hours (apart from circumstances outside of the supplier's control).*

SSE would welcome further explanation on what this metric is intended to address, as no call is disconnected except where there is either a fault in the system or where an agent must end

a call due to customer behaviour. Otherwise, as per our views on other measures this measure does not meet additionality requirements to bring forward for implementation.

Requirement 10: *Written customer contacts (all mediums of written contact with consumers including webchat, social media platforms and emails) must receive timely responses within a maximum of 24 hours.*

As detailed above, SSE prioritises customer query resolution in all contacts where possible and this requires sufficient time and engagement to deliver.

Mandating a response with 24 hours can impede the investigation process for agents and result in sub-optimal service for the customers. Prioritising FCR requires suppliers to take the time to research the response to the customer. This will ensure that customers are handled effectively with them receiving a response which provides a robust answer to their query and not simply acknowledged by an automated system.

Where the contact is electronic, we can provide an automated message confirming receipt however we would not consider this to be full resolution.

We would welcome confirmation that this measure is not intended to apply to non-digital communication, namely postal communication.

Requirement 11: *Suppliers must implement a triage system for written contacts.*

As noted in response to requirement 5, all customer contacts are currently triaged based on the reason of the contact. For example, vulnerable customer forms are prioritised upon return to ensure that the action that is required is taken as a priority as that is a time-sensitive issue.

Setting fixed direct debits

Question: Do respondents agree with proposals 1 to 3 set out in Section 3.12 Supplier processes for setting fixed direct debits?

Requirement 1: *"Suppliers must take all reasonable steps to ensure that when setting the fixed direct debit for a new customer, it is based on the best and most accurate usage information: the fixed direct debit value must be calculated specific to the individual customer and based on up-to-date and accurate information.*

For new customers, payments must be based on a number of factors, which includes information provided by the customer. This must, as a minimum, include the following:

i. Up to date meter reading;
ii. Size of the property;
iii. How many people live at the property; and
iv. Take account of any other relevant information provided by the customer."

When setting fixed direct debits for new customers, we ensure it is based on the most accurate and up-to-date usage information. For new customers, this includes the size of property, the number of occupants, and any other relevant detailed provided by the customer.

Our systems primarily use variable direct debits based on readings from customers, technicians, or system-assessed estimates. For those opted-in to Equal Payment Plan (EPP), fixed Direct Debits are calculated using historical consumption patterns, current and future rates, applicable charges, and seasonal factors. This method ensures that the monthly charge is accurately determined.

To maintain accuracy, the fixed Direct Debit amount is reviewed and recalculated every four months in our electricity business and every three months in our gas business. This review reflects updated data, including consumption patterns and unit price This process helps us provide fair and precise billing for all our customers. Alternatively, customers can opt out of EPP and choose to pay by variable Direct Debit at any time.

As such we are of the view that SSE is already aligned with this requirement.

Requirement 2: *For any fixed direct debit payment plan (new and amended), suppliers must provide clear and accessible information to the consumer on how this payment plan operates.*

When signing up a customer to a fixed direct debit payment plan, the supplier must clearly explain how the fixed direct debit operates. This must be clearly articulated to the customer at the point of sign up (verbally if in person or via phone or written if online) and confirmed in writing by the customer's chosen method of contact. The supplier must include the following information (as a minimum):

i. *How the customer's fixed direct debit has been calculated;*
ii. *That the fixed direct debit value can change over the course of the contract and that it will be reviewed at regular intervals (to ensure it is reflective of customers actual usage either lower or higher);*
iii. *How and when the supplier will review the fixed direct debit;*
iv. *How and when the customer can request a review of the fixed direct debit;*
v. *How the customer can help improve the accuracy of the fixed direct debit e.g. by providing meter reads at regular intervals to ensure there is an accurate record of actual usage;*
vi. *That a fixed direct debit payment plan can result in overall account credit or debit if the energy usage is different to that expected; and*
vii. *What options the customer has if they accrue credit (to include how to request payment of their credit (see 3.13) and processes for discussing with the supplier any debt that has accrued on the account)."*

When enrolling a customer in a fixed Direct Debit payment plan, clear and accessible information is provided on how the plan operates. This explanation is given at the point of sign-up, whether verbally or in writing, and confirmed in the customer's preferred method of contact.

We detail how the fixed Direct Debit is calculated, inform customers that the amount can change, will be reviewed regularly, and that the customer will be informed of the review outcome. Customers are also told how to improve accuracy by providing regular meter readings and how to interpret their bills for credit/debt balances including options for refund of credit if requested.

As always, fixed Direct Debit is one of many payment options available to customers and they can choose to amend this payment option at any time upon request.

Requirement 3: *Reviewing the fixed direct debit - the fixed direct debit review must be conducted on a regular basis at set regular intervals (a minimum of six months) and the value must be based on up-to-date accurate information.*

a. *Suppliers must conduct a regular review of fixed direct debits to ensure they accurately reflect the customer's actual energy usage. This must occur (i) at least every six months (as a minimum) or (ii) if there is a trigger such as a build-up of excess credit, or (iii) following a customer request.*
b. *Customers can submit their own meter reads to their supplier, these must be used by the supplier to review their fixed direct debits to ensure the value is based on accurate information and not estimated reads.*
c. *If a supplier changes a customer's fixed direct debit (e.g. due to a tariff change or a supplier-initiated review) the customer must receive clear, informative and timely communications on the fixed direct debit change, including the supplier's reason for the change. This communication must be sent by the customer's preferred means of contact. The communication cannot be solely through information on the face of the bill (as per requirement 2).*
d. *In addition to the six-month review, suppliers must have controls in place to identify and trigger a review when a customer has excessive credit or debit amounts accrued (further detail on what is deemed excessive is defined under supplier processes for return of customer credit)"*

This requirement is already covered within SSE's EPP Terms & Conditions. Given the frequency of the review cycle, credit/debt levels are presented to the customer on their bill for information purposes. Should the customer require the return of any credit, this can be facilitated through existing supplier processes.

What is deemed excessive will vary from customer to customer. We draw the attention of the UR to the purpose of the EPP which is to smooth the cost of energy through the year and avoid bill shock in times of higher usage. As always, customers can opt out of this product at any time if it is no longer suitable.

Return of customer credit

Question: Do respondents agree with proposal 1 set out in Section 3.13 Supplier processes for return of customer credit?

Customer Credit – customers on a fixed direct debit must not have excessive credit on their account and any accrued customer credit must be easily obtained from their supplier.

a) Excessive credit is defined as the monetary value in excess of an average three-month period of usage over a 12-month period (therefore taking account of seasonal usage).

b) Any customer in credit can, on request, receive payment of their credit in a timely manner and this must not require multiple contacts by the customer. This must take account of the latest actual meter reads and coverage of an imminent bill. The payment must be made within a maximum of 28 days from the request being made by the customer (or as soon as is practical).

c) Excessive customer credits must trigger a review by the supplier to ensure the customer's fixed direct debit is set at the correct level. If the customer is paying in excess of their usage, the supplier must either reduce the customer's fixed direct debit or refund the customer's credit (dependent on the customer's preferred option).

Customers can access credit refunds from their EPP at any time, however this is contrary to the intent of the product. Should the customer wish to receive a refund, the process for refund and implication of this on future bill balances will be fully explained.

'Excessive' credit is a subjective term for each individual and applying a universal amount across the customer base will result in disruption to many customers who understand the rationale of the EPP and wish to accrue a credit to smooth their energy bills in higher consumption months. Any prescriptive measure should be considered through the lens of future electricity consumption trends, e.g. with electrification of heat and transport, customer usage will trend higher and therefore suppliers must retain flexibility to factor this into forecasts.

As above, customers can choose to exit the EPP at any time.

Proposed approach for implementation, monitoring, and reporting

Question: Do you have comments on the proposed approach for implementation, monitoring and reporting as set out in Section 4

It is our view that there are several decision points and further considerations are needed to determine the value to all customers, namely a comprehensive Impact Assessment.

Moreover, if the IA indicates, that notwithstanding the cost of mandatory measures any framework should focus on core principles and outcomes, providing suppliers with the flexibility to adapt to a changing customer landscape. Such flexibility is crucial as customer needs and market conditions evolve. This way, a framework would remain fit for purpose over time, ultimately serving the best interests of customers.