

5 December 2005

**R/49**

## **PERFORMANCE OF LOCAL ELECTRICITY NETWORKS CONTINUES TO IMPROVE**

A report unveiled today (Monday) by energy regulator Ofgem shows that the performance of Britain's local electricity networks is continuing to improve.

Ofgem's Electricity Distribution Quality of Service report 2004-2005 examines the performance of all 14 local electricity networks across Britain. The performance of the distribution networks in any one year has the potential to be significantly affected by severe weather, and the storms of January 2005 were the worst in this regard since 2002.

However, the report shows that the underlying performance of the networks has improved significantly since Ofgem introduced quality of service incentives in 2002. Over this period, the average number of power cuts has fallen 16 per cent and the duration of power cuts has also fallen by 16 per cent.

David Gray, Ofgem's Managing Director, Networks, said: "The report shows that network operators have responded to the challenge Ofgem set for them in 2002 with the introduction of performance incentives.

"While severe weather will cause damage to overhead power lines, Ofgem has strengthened the incentives for network operators to restore customers promptly and efficiently. For those customers that do suffer prolonged power cuts, the compensation arrangements for customers have been improved." (*See Notes to Editors*)

**- Ends -**

### **Notes to Editors**

1. All companies who operate distribution systems are required to report annually to Ofgem on their performance in maintaining system security, availability and quality of service. This information provides a picture of the continuity and quality of service experienced by final customers.

2. The quality of service incentive scheme which was introduced in April 2002 financially incentivises the Distribution Network Operators (DNOs) with respect to the overall quality of service they deliver in terms of the number and duration of power cuts and the interaction with customers that telephone the DNO when they experience a power cut.

3. Ofgem therefore monitors performance in several ways including:

- the number and duration of interruptions to supply per year – these are defined as the number of customers affected by power cuts per 100 customers per year and the average length of power cuts per customer per year, DNOs are incentivised based on their annual performance against the targets for each of these measures.
- the quality of telephone response – is assessed through a customer survey carried out on a monthly basis. This considers responses by a sample of customers who have recently called their DNO with respect to power cuts or other issues.
- the number of short interruptions to supply per year – the number of customers affected by power cuts lasting less than three minutes per 100 customers per year.

4. Ofgem has improved the compensation arrangements for customers affected by power cuts resulting from severe weather and by other longer power outages. Broadly, there are now separate standards for supply restoration under “normal weather” conditions and severe weather. Previously, there were exemptions for severe weather, but from now:

- Under normal weather conditions domestic customers will be entitled to £50 compensation (non-domestic £100) after being off supply for 18 hours, with a further £25 for each subsequent 12 hour period. The level of compensation continues to be uncapped.
- Under severe weather conditions the trigger period for payment (i.e. the time at which customers are entitled to compensation) will depend on the scale of event.

5. Copies of the document “Electricity Distribution Quality of Service report 2004-2005” can be obtained from the Ofgem website on [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Hard copies can be ordered from the Ofgem Distribution Centre on 020 7901 7116 or by email from [distribution@ofgem.gov.uk](mailto:distribution@ofgem.gov.uk).

6. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem’s aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

**For further press information contact:**

**Chris Lock: 0207 901 7225 or 07766 511470**

**Mark Wiltsher: 020 7901 7006 or 07774 728971**