

Press Release

Monday 4 March 2013

OFGEM SETS TOUGH TARGETS TO IMPROVE ELECTRICITY NETWORK SERVICES FOR CONSUMERS

- **Ofgem sets strategy for next electricity distribution price control**
- **Increased payments for customers who experience prolonged power cuts**
- **Step-change required in how companies approach long-term planning and stakeholder engagement**
- **Network companies to take on more responsibility in helping vulnerable customers**

Ofgem has today published its new framework for electricity distribution networks (DNOs) which will run from 2015 – 2023. The control, known as RIIO-ED1, is designed to encourage companies to deliver improvements in customer satisfaction, reliability, stakeholder engagement and sustainable services at value for money to consumers.

Through the framework, Ofgem is leading customer improvements in a number of areas, including reducing the time a customer is off supply before becoming eligible for a compensation payment from 18 hours to 12. From the start of the price control, these payments will increase in line with inflation and be available to all customers, following the removal of the current exemptions for the Scottish Highlands and Islands areas. Ofgem has also mandated that this payment will be made automatically to vulnerable customers who are on the DNOs' Priority Service Register.

Ofgem is challenging DNOs to take a more active role in helping consumers in vulnerable situations. The companies will need to demonstrate in their business plans how they will work in partnership with other industry members to share data, knowledge and best practice. It is anticipated this will lead to better use of the information they collectively hold on consumers in vulnerable situations.

Hannah Nixon, Senior Partner, Distribution said: "The RIIO-ED1 framework clearly sets out that we expect the network companies to play a full role in demonstrating improved stakeholder engagement and delivering a better customer experience at value for money to consumers.

The network companies are important in delivering electricity to our homes but the customer doesn't have any direct contact with them. Through this price control we are directing them to take a more active approach, such as identifying vulnerable customers and providing more help, for example when a power cut occurs. It is an important step-change in approach and we expect to see clear evidence in their business plans of how they plan to deliver for consumers."

An important element of the timeframe RIIO-ED1 covers is the anticipated increased take-up of low carbon technologies such as electric vehicles and heat pumps, although it is uncertain when and to what extent this will occur. To address this issue, Ofgem has set out a clear package of targets and incentives to ensure that the companies demonstrate how they will accommodate uncertain levels of low carbon technologies onto their networks at efficient cost to the consumer.

Ofgem's framework contains a package of connections incentives aimed at encouraging the DNOs to provide a better service for connecting customers, including those connecting low

carbon technologies and distributed generation, such as solar panels. These include a time to connect incentive for smaller customers, customer satisfaction surveys and a connection engagement incentive for larger customers.

-Ends-

Notes to editors

1. **The strategy decision overview for RIIO-ED1 can be viewed here:**

<http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/riio-ed1/consultations/Documents1/RIIOED1DecOverview.pdf>

2. **Next Steps**

The network companies now have until July to submit well-justified business plans, demonstrating how they will meet the sustainability challenge, fund network expenditure and ensure continued safe and reliable operation of the networks and high levels of customer service.

Ofgem has asked DNOs to produce a one page summary of their business plans, including key projects and the cost to the customer in pounds and pence of delivering these plans.

Phase	Year	Month	Milestone
Strategy Development	2013	March	Strategy Decision published
Initial Business Plan Assessment and Fast-Track Decision		July	DNOs submit & publish business plans Invitation for comments (4 weeks)
		September	DNO bilateral meetings with the Consumer Challenge Group DNO bilateral meetings with the Committee of Authority
		October	Initial assessment and fast-track Draft Determination published (8 weeks consultation)
Draft and Final Determinations and Launch	2014	February	Fast-track Final Determination published
	2014	March	Non-fast-track DNOs resubmit & publish business plans Invitation for comments (4 weeks)
		July	Non-fast-track Draft Determination published (8 weeks consultation)
		November	Non-fast-track Final Determination published
		December	Statutory Consultation (28 days) on licence modifications
2015	April	Wednesday 1 st - new price control (ED1) commences	

3. 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. The Authority's powers and duties are largely provided for in statute, principally the Gas Act 1986, the Electricity Act 1989, the Utilities Act 2000, the Competition Act 1998, the Enterprise Act 2002, the Energy Act 2004 as well as arising from directly effective European Community legislation.

For further press information contact:

Lisa O'Brien	020 7901 7426
Chris Lock	020 7901 7225
Rory Edwards	020 7901 7246
Out of hours	07766 511470