

Appendix 7 – Customers

Quality of service interruptions incentive scheme ("IIS")

Target setting methodology

1.4 We support the continued use of the target setting methodology adopted in DPCR4 throughout DPCR5. We comment on the minor changes proposed under the appropriate headings

LV

1.7 We support the proposed amalgamation of the LV mains and LV services category into a single LV total category.

HV

1.9 We believe that 5 years of IIS compliant data is the optimum number of years to calculate HV benchmarks.

1.10 We do not believe that HV benchmark data is skewed by DNOs that have a predominant circuit type in one particular band. We have previously provided data to Ofgem to demonstrate that this is not the case.

EHV/132 kV

1.11 We believe that ideally EHV/132kV benchmarks should be set on 10 years of IIS compliant data. In the interim, only IIS compliant years should be used.

Non-attributable Interruptions

1.16 We support the benchmarking of non attributable interruptions as described.

Pre-arranged interruptions

1.20 We support the work to develop a more robust methodology for the setting of targets in relation to planned work. However, given the proportion of total CI and CML that planned work represents, this work should not be overly complicated. Specifically, we cannot see how it would be possible to tie IIS pre-arranged work to a pre-arranged capex allowance in a meaningful way.

1.23 We support the use of different methodologies for determining the planned and unplanned components of overall targets for IIS as there are different drivers behind each component. The DNOs' targets should remain combined for planned and unplanned in DPCR5 for performance measuring and incentive purposes.

Short interruptions

1.27 We support the continuation of the of the existing DPCR4 methodology for short interruptions in DPCR5.

Target Performance

Frontier performance

1.29 As a frontier DNO for CML performance we would strongly support an option to be given an allowance to support a target that reflects our current level of performance. This would lock in the current level of performance for DPCR5 and encourage further improvement for customers' over the price review period.

Frontier performance is a valuable mechanism for revealing what DNOs are able to achieve. Where there are wide differences in performance, that cannot be explained by network differences, such those that exist with average restoration times, then a principle was established in DPCR4 that the frontier performing DNOs were recognised and rewarded. It is our view that this frontier performance in relation to average restoration time should continue to be rewarded in the same way as in DPCR5.

1.30 An incentive for worst-served customers would benefit only a small minority (<0.5%) of total customers. The incentive should not be an alternative to continued improvements in average performance for all customers.

Underperformance

1.31 We agree that DNOs who do not meet their DPCR4 IIS targets should not be funded twice to make the same performance improvements across price control periods.

1.32 We support the proposal that a DNO that has failed to meet its DPCR4 target should have its DPCR5 cost allowance reduced as suggested.

Audits

1.35 We agree that the current audit arrangements should continue. We also support the proposal that the current audit arrangements could be enhanced by introduction of an additional larger scale random audit of DNOs during DPCR5. A more cost effective alternative to enhance the process may be to make the existing annual audit sample entirely unannounced.

1.37 We support the proposal to measure the accuracy of 132kV and EHV incidents separately from HV and to introduce a higher threshold for incidents at voltages above HV.

Exceptional Events

1.40 The purpose of excluding events from the IIS mechanism is to focus the IIS incentive on underlying performance. In our view, this is achieved with the current definition and the number of excluded events that occur is not a relevant test of whether the definition is the correct one. What is more important is that underlying performance is identified and that DNOs are appropriately incentivised to improve both the underlying (day-to-day) performance and performance during the excluded event itself.

WPD believe that the exclusions mechanism has worked well and has made consistent comparisons of underlying performance between DNOs achievable. We cannot see merit in changing the thresholds given the work required on resetting of targets and the difficulty that changing the criteria will introduce in making long run comparisons of data over price control periods. It would a complicated process, with no benefit to either company or customer

The IIS Scheme provides a strong incentive to improve underlying performance. There are other mechanisms, such as the guaranteed standards which encourage a DNO to perform during an excluded event. Ofgem could further ensure that there is a further incentive on DNOs to perform well during excluded events by incorporating into the audit process a measure of how quickly a DNO restored its customers; either by comparing restoration across companies affected by the same event, or by benchmarking restoration performance with similar events that have been historically

excluded from the IIS scheme. A company could expect to have all of its CML excluded for an exceptional event only if it met the benchmark criteria.

WPD would support a separate mechanism that incentivised DNOs to perform well in excluded events as described above.

1.43 The materiality test was removed during DPCR4 to simplify the audit process and make it more mechanistic. The excluded event thresholds were adjusted to recognise this change at the time. We do not support its re-introduction.

1.44 The uncapped nature of the normal weather standard should be removed for a catastrophic event outside of the DNOs control.

The thresholds for a one off exceptional event that would currently apply for an NGC event (where 10% of the CML exceed 2,000,000 customer minutes) should also be removed where mitigation by the DNO is not possible.

1.45 For the reasons outlined above WPD do not support any changes to the excluded event mechanism.

Worst-served customers

1.50 A worst-served customer can be defined as such either because of a single incident of long duration, or because the customer experiences a high number of multiple interruptions over a defined time period. Any definition of worst-served will need to incorporate both these elements.

We look forward to working with Ofgem to identify worst-served customers.

Option 1

1.52 This option assumes that a worst-served customer is one who suffers a single long duration interruption and is based on a Guaranteed Standard scheme.

A Guaranteed Standard Scheme is designed to be a backstop to ensure that a very small percentage of customers who experience poor performance are appropriately compensated. It does not address the underlying cause of the problem or provide anything more than a weak incentive to encourage DNOs to improve the reliability of the supply experienced by these customers.

In general terms we do not support the introduction of a Guaranteed Standard Scheme which provides compensation for worst-served customers.

Option 2

1.53 This option assumes that a worst-served customer is one who suffers a series of multiple interruptions and is based on a Guaranteed Standard Scheme.

For reasons explained in 1.52 we do not support the introduction of a Guaranteed Standard Scheme as an appropriate mechanism to improve service to worst-served customers.

Notwithstanding our comments on the appropriateness of the Guaranteed Standard mechanism to address worst-served customers, there may be merit in reviewing the current multiple interruption standard and replacing it with a total duration standard if it can be demonstrated that this better meets customer views.

The second stage of the WTP survey should establish more clearly the exact relationship between the costs to put proposed new or tightened standards in place and the willingness of customers to pay for these improvements. It is important that any subsequent changes to the standards of service accurately reflect these findings

Option 3

1.54 This option is one that focuses on improving performance for customers defined as worst-served and we support this approach.

We believe the most appropriate mechanism to improve supplies to worst-served customers is one that focuses on reducing the number of customers who are defined as worst-served. DNOs will be able to focus their efforts on those customers who experience the worst levels of supply reliability because of their location and the fundamental structure of the HV network. Consequently, for this option the definition of a worst-served customer must focus on the HV and above voltage levels.

We envisage that Ofgem and DNOs could agree the funding required to reduce the number of worst-served customers by an agreed target quantity. Appropriate incentive could be established to reward outperformance and penalise underperformance.

Quality of telephone response

Assessed attributes

1.57 WPD support the simplification of survey questions as outlined.

1.59 We agree that the quality of information received by a customer during a power outage is of prime importance to customers. Our own survey indicates that customers who experience an outage value accurate information on the likely time of restoration. This can either be via a tailored automated message or from an operator. Where the estimated time of restoration advised changes then customers expect to be updated about this change.

It may be possible to measure the quality of information by comparing the time of restoration advised to the customer against the actual restoration time achieved.

We would be happy to work with Ofgem to investigate the feasibility of such a measure.

1.60-1.61 We agree the inclusion of the additional questions into the customer survey as described may be helpful. The survey is useful for researching customers' opinions and identifying what aspects of telephony performance are important to them but as it provides a subjective indication of customer views we do not think it is appropriate to incorporate the results into an incentive scheme.

Key measures

KM1, KM2 and KM3

1.64 We agree that these measures are a useful measure of volumes of calls answered by a DNO but do not directly lend themselves to being incentivised as part of the telephony scheme

KM4 - Speed of response

1.66 It is our view that the "ease of access" to a DNO contact centre comprising both the ability to get through to a contact centre and the speed of the response in doing so are important to customers. The current incentive on speed of response is based on a weekly telephony survey and, from experience of our own customer survey which includes a question on satisfaction with the speed of response, we believe that customers' reaction to this question is very often based on the performance of the DNOs field staff in restoring their supply, rather than the actions of the contact centre itself. We do not therefore think the customer survey is a good mechanism to measure the speed of response of a DNO contact centre.

Ofgem may not have evidence that customers would like their calls answered quicker precisely because the current survey only focuses on customers who were able to talk to an agent. The survey does not include the views of customers who abandoned their call or could not get through for some other reason. It is not therefore appropriate to reject speed of response as a valid measure on this basis.

We therefore believe that any incentivised measure on speed of response should be based on an objective measure of the actual speed of response achieved. We remain unconvinced that there are significant cost implications or difficulties in doing so. In our view, part of day-to-day management of a contact centre is based on understanding the number of calls taken and the speed with which the calls are being answered. It is something that any contact centre has to monitor and manage as part of its routine daily activity.

KM5 - Unanswered calls

1.68 WPD considers that the inclusion of unsuccessful calls within the telephony incentive for DPCR5 is extremely important. An unsuccessful call should comprise;

- Total calls not reaching the specified lines.
- Total calls terminated by the DNO during the IVR/group announcement.
- Total calls not allowed in the queue or flushed from the queue.
- Total calls abandoned by the customers in the queue.

This information is already collected by Ofgem and could be audited as part of the annual IIS audit to ensure that the data is being reported in a consistent way between Companies.

Guaranteed standards of performance

Audit requirements

1.72 We would support the requirement for a separate audit of GS data by Ofgem.

Undergrounding in Areas of Outstanding Natural Beauty ("AONBs")

1.74 We continue to have concerns over the recovery of the cost associated with network undergrounding in National Parks and Areas of Outstanding Natural Beauty. We are committed to continuing to provide and wherever possible improve on the reliability of our network, to reduce both the number and duration of interruptions in electricity supply that our customers see. An important element of this is investment in the network and undertaking undergrounding of overhead lines for visual reasons would divert resources and investment from this essential activity. We will seek views on our position as part of our public consultation.

Voltage quality

1.79 The ESQC Regulations set limits for RMS voltage and frequency. The ESQC Regulations take precedence over BS EN 50160 'Voltage characteristics of electricity supplied by public distribution networks'. However, as this standard covers a variety of other voltage quality parameters (e.g. flicker, harmonics and unbalance) and it has the force of a British Standard it effectively sets limits for these other parameters. The present edition covers voltages below 35kV.

A revision of BS EN 50160 (DPC: 08/30180966 DC) is currently out for comment from interested parties. This proposes significant changes to the standard. WPD agree with OFGEM that the impact of the revision would be much larger than the problem and that the costs of adhering to tighter standards could far outweigh the benefits to consumers. WPD does not think the document should be published in its current form and will be responding accordingly through the ENA.

With respect to the proposed changes we would highlight the following points:

- Scope extension to cover up to 150kV.
- Changes to definitions – voltage dips/swells
- Changes to definition of Normal Operating Condition - RMS voltage limits
- Future revision of BS EN 50160

Scope Extension to 150kV

The extension of the scope to 150kV would embrace our 66kV and 132kV connections. This would introduce absolute limits for various voltage quality parameters at supply terminals where there are no present limits¹ at these voltage levels.

Clearly, at supply terminals where the new limits are exceeded mitigation would be required, potentially at significant cost. To evaluate the impact would require monitoring of levels of voltage quality.

Further, the limits would apply at the supply terminals and not at the point of common coupling with other customers as is currently the case². This would serve to further limit what customers can connect and may require a more costly connection – the customer may have been able to tolerate the levels of disturbance so the increased cost may be undesirable from their perspective.

Changes to Definitions – Voltage Dips/Swells

In addition to a few other definition changes, the proposal introduces new methods of voltage dip/swell measurement, definition and classification. Existing fixed and portable monitoring equipment does not use this approach so costs of upgrading equipment would arise.

Changes to Definition of Normal Operating Conditions – RMS Voltage

¹ Note that although the *planning* limits in ENA Engineering Recommendations P28, P29 and G5/4-1 control new connections, they only apply at the point of common coupling with other customers and not at the supply terminals. Further, they are not retrospective and they only apply at the time of connection and do not control growth in levels due to changes in background levels of disturbance from equipment outside the scope of assessment.

² P28, P29 and G5/4-1.

In the current BS EN50160, when evaluating compliance with RMS voltage limits, situations beyond our reasonable control and exceptional conditions are excluded. However, in the new draft these aspects are removed. It would appear this would change the situation such that cases of broken/high impedance neutral conditions would now become valid for treatment as voltage complaints and we would be responsible for the costs arising from damage.

Future Revision of BS EN 50160

CEER is taking an increasing interest in voltage quality and is one of the driving forces behind the current draft revision of BS EN 50160. Through ERGEG it embarked on a public consultation through a paper entitled 'Towards voltage quality regulation in Europe'. In this, a variety of changes to BS EN 50160 were proposed, including

- Evaluation of RMS voltage limit compliance using a shorter period (e.g. 1-minute averaging rather than the present 10-minute averaging). This would have significant cost implications as it is not compatible with present transformer tap-change control schemes.
- Setting limits for numbers of voltage dips. The impact of voltage dips due to faults is a significant problem to a relatively small number of customers (e.g. industrial customers with dip-sensitive control systems). The most economic solution to this is to specify dip-tolerant equipment in the first place or to add small-scale voltage support improvements at low cost within the customer installations rather than improve the whole distribution network.

Thus, whilst the present proposed revision of BS EN 50160 has limited impact, this needs to be carefully watched by DNOs/TNOs and OFGEM alike. The present thrust of the changes being pursued by CEER/ERGEG may be something OFGEM will seek to influence to avoid increased costs of unnecessary/unjustified improvements in voltage quality.