



RIIO-ED1

## Broad measure of customer satisfaction

Cross-industry benchmarking

Network characteristics

Connections customers



**UTILITY OF  
THE YEAR**

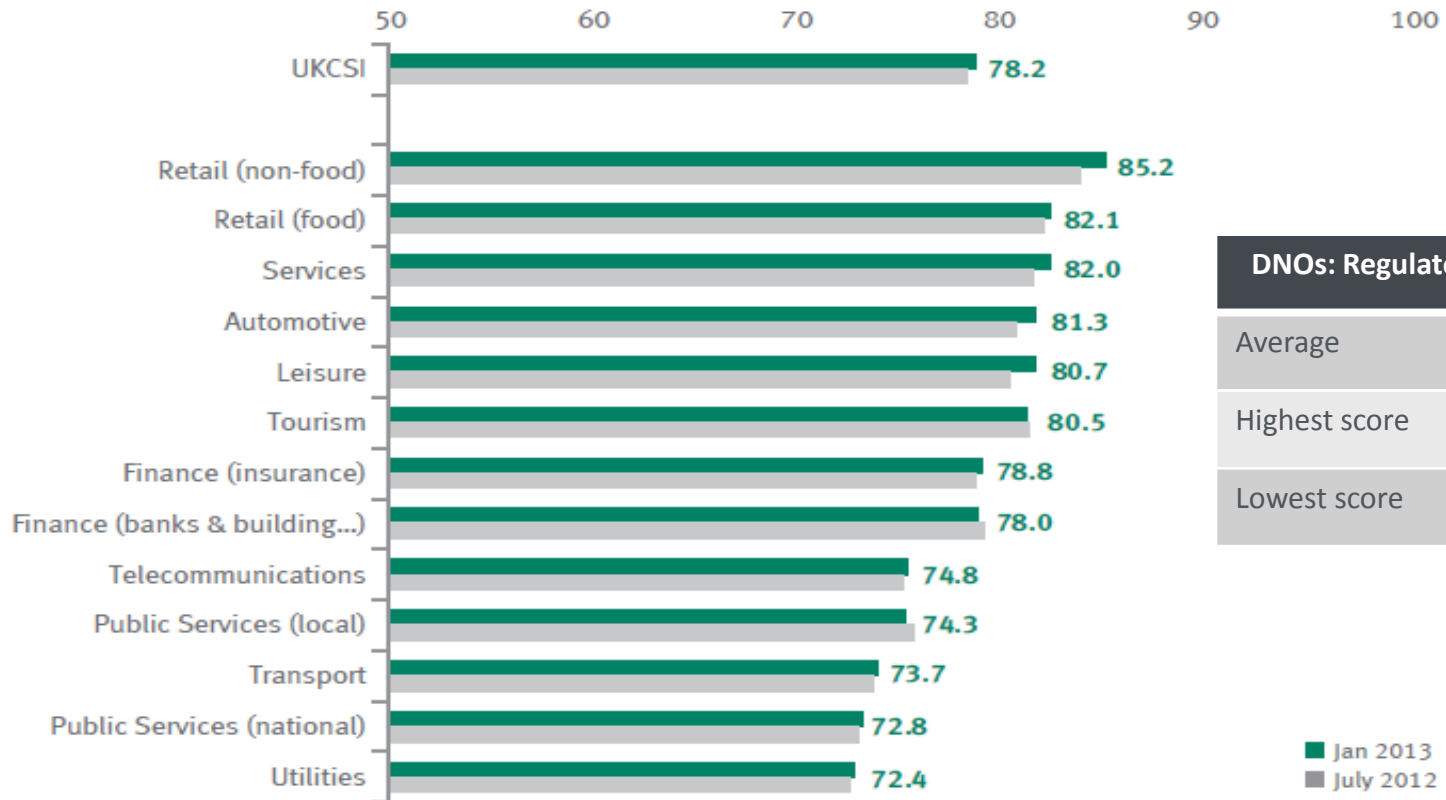


# Introduction

- Benchmarking customer satisfaction cross-industry makes it clear that the DNOs are providing a good level of customer service
- Therefore valid to use cross-industry benchmarks to set targets for customer satisfaction for RIIO-ED1
- Setting targets that are unachievable will not incentivise any DNO to make further investments to improve service, and those that are providing good service deserve the financial rewards through the incentive (therefore should not be self funding but allow all those providing good service to gain)
- We also believe that targets should be DNO-specific, with adjustments made to “baseline” targets; there should be further adjustments to targets, based on network characteristics (not performance)
  - Interruptions
  - Connections

# UKCSI: as an industry, we perform well when you consider service performance across industries

UKCSI January 2013 and July 2012 compared.

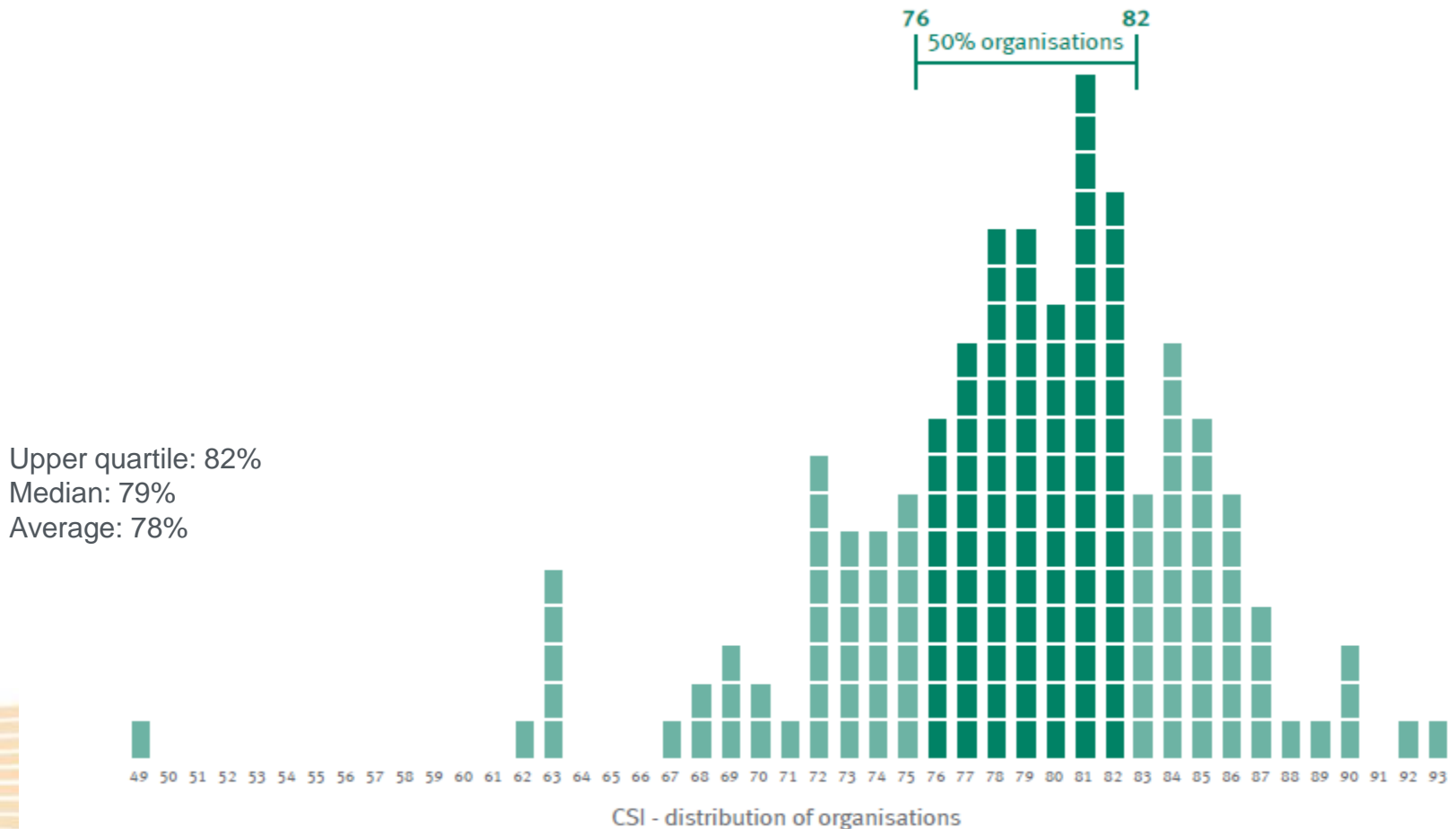


DNOs: Regulatory YTD (Feb)	
Average	7.98
Highest score	8.59
Lowest score	7.25

■ Jan 2013  
■ July 2012

Source: Institute of Customer Service

# Targets should be based on what constitutes “good” for consumers in general



Source: Institute of Customer Service

# The Broad Measure of Customer Service (BMoCS) historic performance

- UKPN recognises we are not yet meeting our ambition of providing excellent customer service
  - We accept this challenge and are transforming our business, at shareholder cost
- However, exogenous factors negatively impact LPN's interruption and connections service
  - Other incentives in the RIIO package take account of exogenous factors
- A constant differential in interruptions for London is observable to UKPNs other networks
  - 0.46 to EPN/SPN average & 0.64 to industry average
- This is inconsistent with our business model
  - a single point of customer service delivery

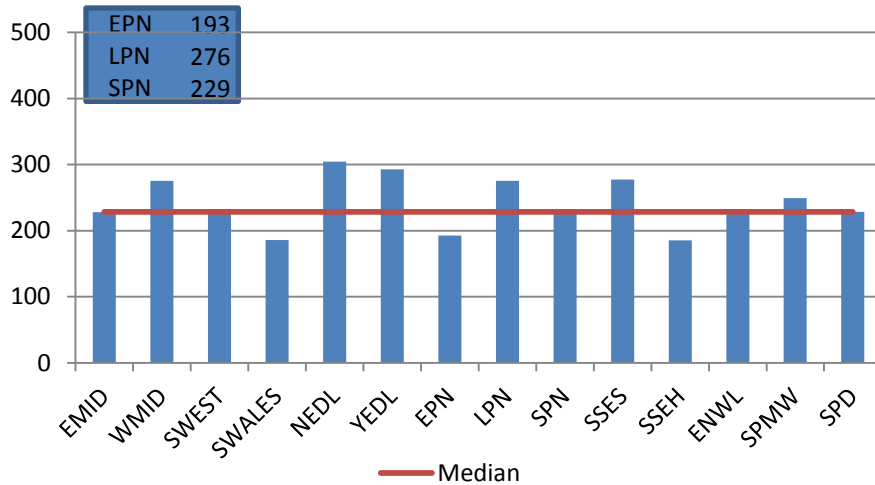
	Overall Mean	Interruptions	Connections	General Enquiries
UK Power Networks plc (LPN)	7.25	7.55	7.17	6.80
UK Power Networks plc (SPN)	7.73	7.91	7.40	8.04
UK Power Networks plc (EPN)	7.81	8.11	7.32	8.18
14 DNO Average	7.98	8.19	7.74	8.03

BMoCS outturn April 2012 to February 2013

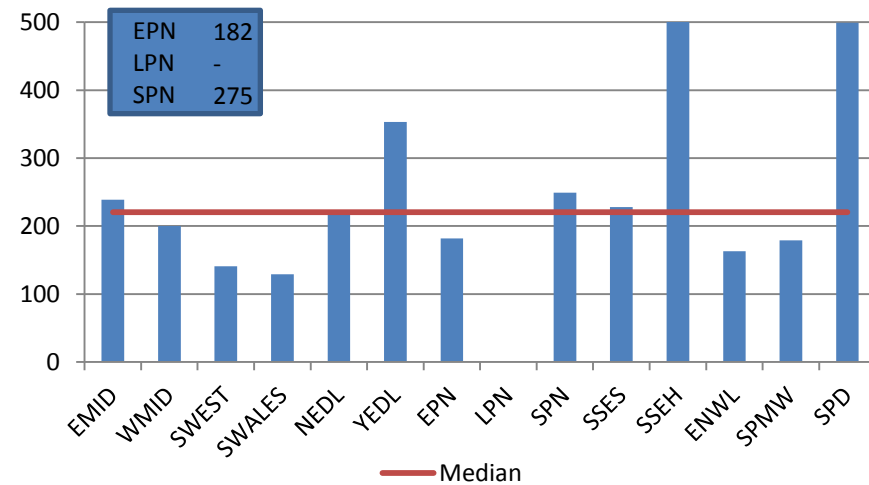
# Targets should be further adjusted based on network characteristics

## Interruptions: Our Networks perform in line with other companies, but LV faults result in longer interruptions

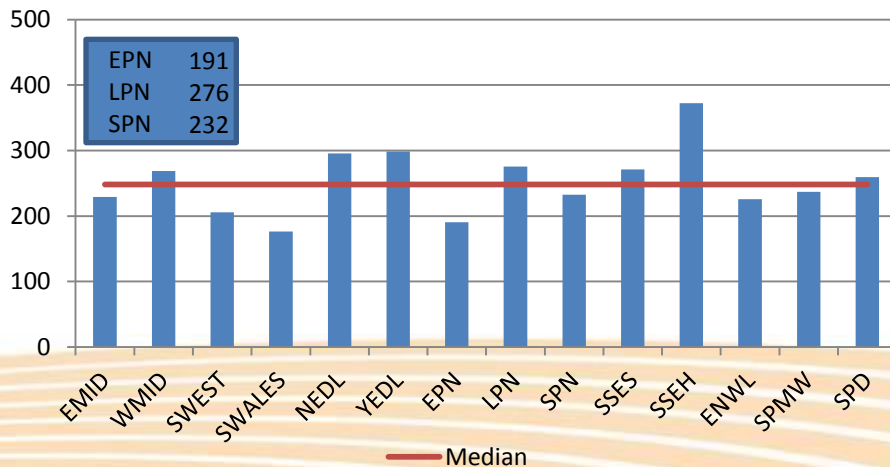
LV Underground Average Length of Interruption



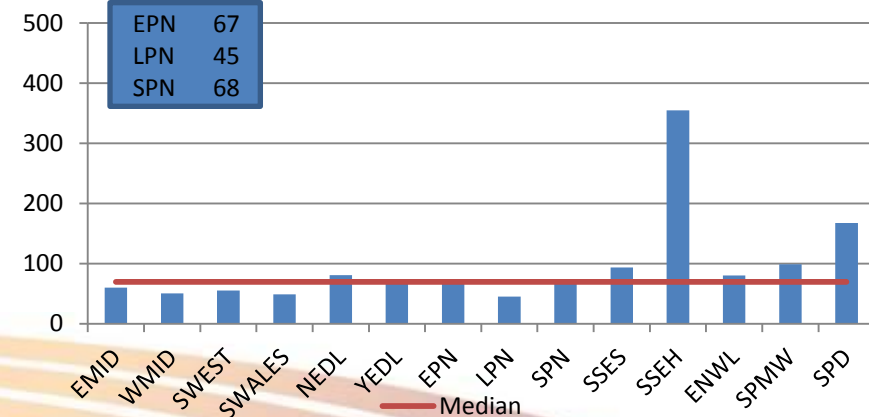
LV OHL Average Length of Interruption



LV Total Average Length of Interruption



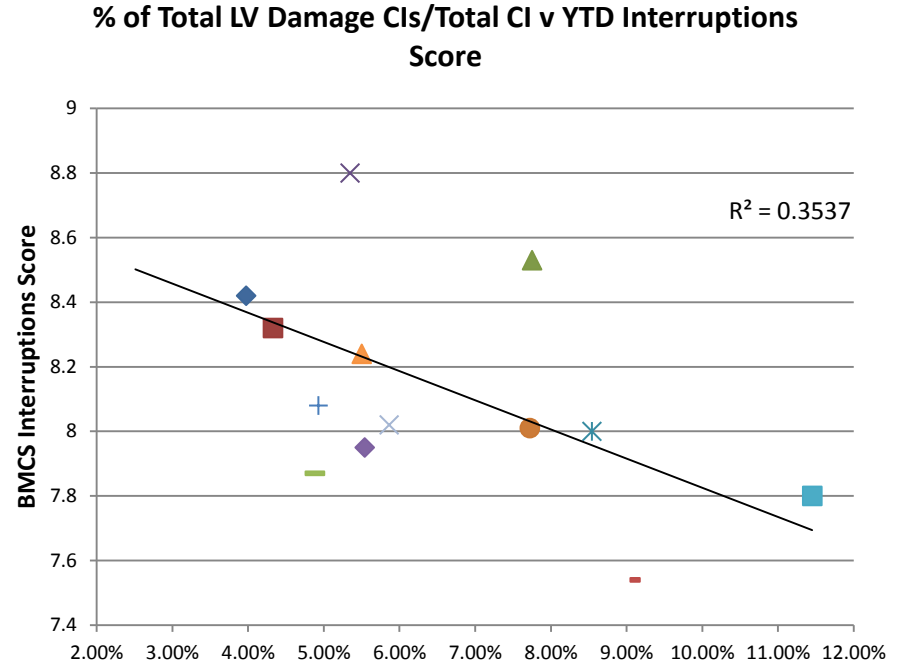
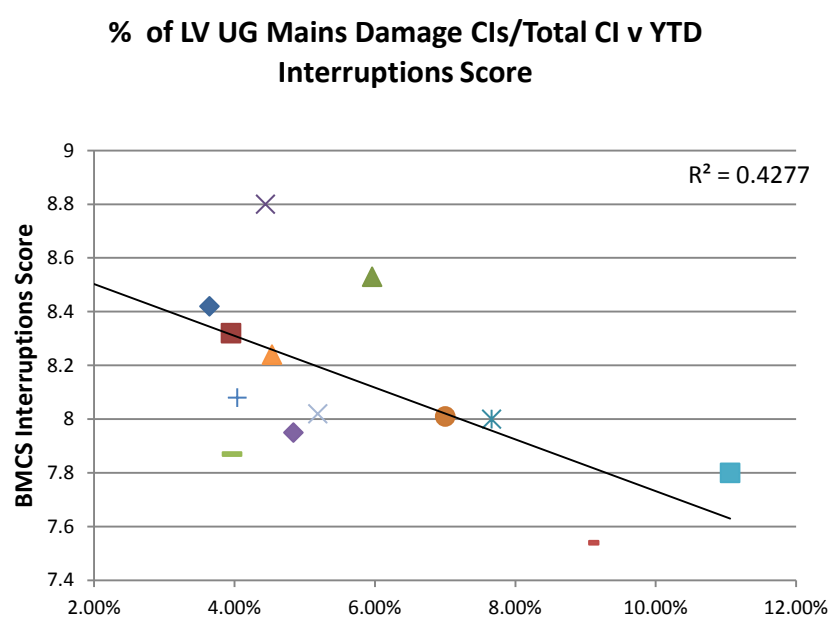
HV Average Length of Interruption



Note: SSEH's outlier performance is attributed to an abnormal storm incident

# Targets should be further adjusted based on network characteristics

## Interruptions: More LV results in lower customer satisfaction for interruptions



- ◆ EMID
- WMID
- ▲ SWEST
- × SWALES
- ✧ NEDL
- YEDL
- + EPN
- LPN
- SPN
- ◆ SSES
- ENWL
- ▲ SPMW
- × SPD



# Example BMoCS target adjustment mechanism

- There are two possible approaches that could be taken:
  - a single adjustment for London
    - we continue to observe a consistent 0.5 historic score differential between LPN and our two other networks despite a common customer service
  - adjust all DNO scores based upon the level of LV underground networks
    - To be consistent with other incentives we have adjusted the target score based on the regression of underground network to customer satisfaction.
    - The average DNO target is still equal to the base target

	EMID	WMID	SWEST	SWALES	NEDL	YEDL	EPN	LPN	SPN	SSES	SSEH	ENWL	SPMW	SPD
Percentage of LV UG Mains	3.64%	3.95%	5.96%	4.44%	7.66%	7.00%	4.04%	9.05%	3.96%	4.84%	1.74%	11.06%	4.53%	5.18%
Base Target	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Adjusted Broad Measure Target	8.34	8.31	8.12	8.27	7.96	8.02	8.31	7.82	8.31	8.23	8.53	7.63	8.26	8.20
Adjustment made	-0.14	-0.11	0.08	-0.07	0.24	0.18	-0.11	0.38	-0.11	-0.03	-0.33	0.57	-0.06	0.00

Percentage of LV UG mains required to get upper quartile target: 5.14%



# Key drivers of customer dissatisfaction for connections customers

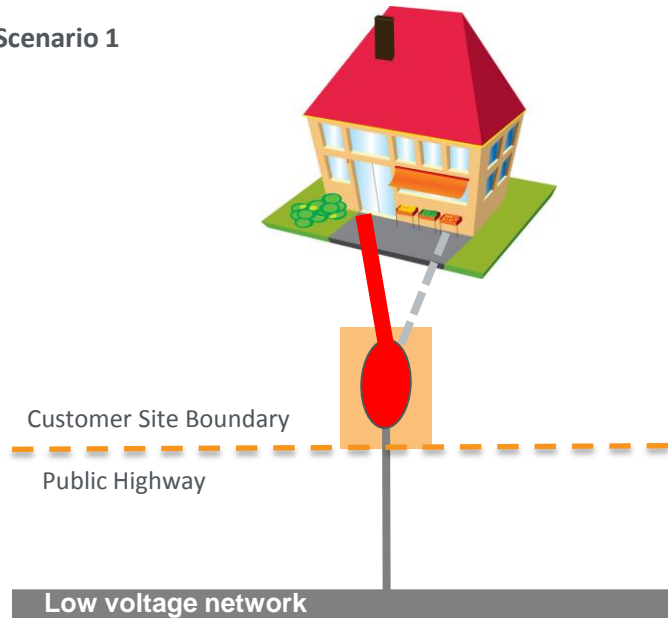
- There are two customer satisfaction survey stages for 'Domestic & Small Business'
- connections customers;
  - Customers who have received a quote from us
  - Customers who have had work completed by us
- Analysis has shown us 5 factors, in ranking order, that most frequently cause dissatisfaction are;
  - Value for money – a reflection of their view on our connection charge
  - Poor communications
  - The time between a quotation and work commencing – our delivery timescales
  - The quotation lead time
  - Poor explanation of costs
- Of these factors there are features typical to London that mean our Small Service customers;
  - Pay a higher connection charge in comparison to other areas
  - Face longer lead times for completion of works in comparison to other areas
- For these reasons we believe our London customers will always continue to score us lower than customers in other regions

# Factors that impact on the LPN Connection Charge

## *Service alterations impacting the public highway*

A significant proportion of works undertaken for Domestic or Small Business customers are service alterations (for example, to move a meter). In London these service alteration requests often result in a complete new service installation due to the lack of property frontage. This is because we are unable to divert the existing service to a new position within the property boundary.

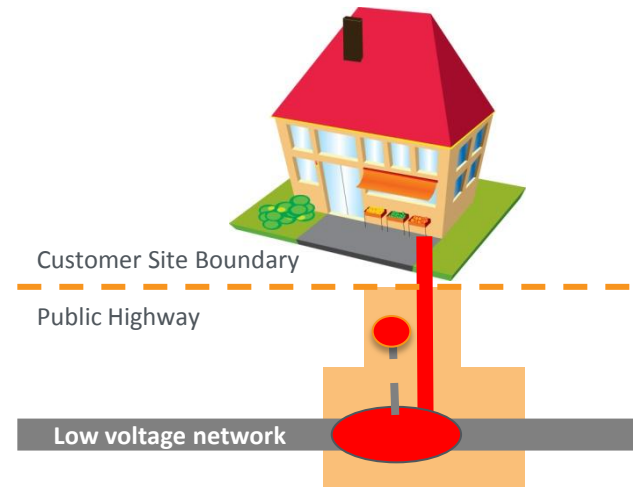
Scenario 1



An alteration of an existing service within the site boundary means all work, including excavation and reinstatement, is undertaken within the property boundary. The number of service alterations that meet this criteria are;

LPN – 1  
EPN – 1789  
SPN – 1121

Scenario 2



An alteration of an existing service with restricted property frontage means that all excavation and reinstatement is within the public highway. The number of service alterations that meet this criteria are;

LPN – 798  
EPN – 56  
SPN – 50

# Factors that impact on the LPN Connection Charge

## *Lane Rental and Suspensions*

There are 2 Lane Rental schemes currently in operation in the UK, both are in the UK Power Networks licence areas. The first scheme, operated by TfL, is in place across London and came into effect on 1st April 2012. Although only a small number of jobs are subject to Lane Rental in London a substantial additional connection charge is seen when it does apply and it has become a significant dissatisfier.

Service Type	Jobs completed in the last 12 months	Total Lane Rental charges	Average price per job
TfL Lane Rental - Segment Low Charge	19	£45,600.00	£2,400.00
TfL Lane Rental - Segment High Charge	4	£25,000.00	£6,520.00

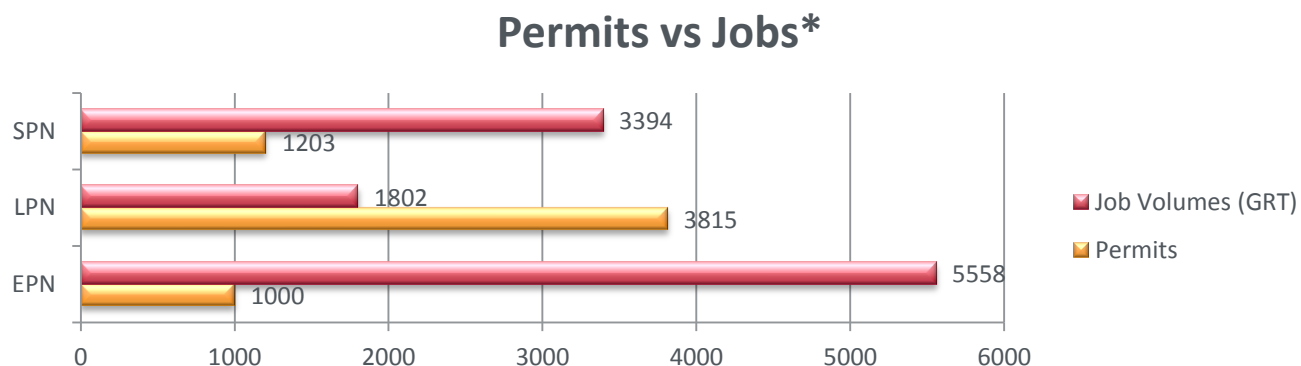
Work across London on the public highway often results in the safe working area required encroaching into parking bays and bus stops. As a result we experience a greater frequency of parking bay and bus stop suspensions with 8% of all London Small Service works requiring a suspension.

Service Type	DNO	Small Services completed in 12 month period	Number of jobs impacted by suspension	% of jobs impacted by suspension	Average additional cost per job impacted
Parking Bay & Bus Stop suspension	EPN	4877	23	0.48%	£340.54
	LPN	1581	127	8.05%	£551.10
	SPN	2972	45	1.51%	£128.57

# Factors that impact on the LPN Connection Charge

## *Permit schemes & traffic management costs*

The complexity associated with streetworks coordination and management across London is significant. Operating under a permit scheme means that UK Power Networks apply for a permit, rather than simply submit a notice, a Permit can be declined by the Highway Authority resulting in a further application. The graph below highlights the high Permits to Job ratio seen in London.



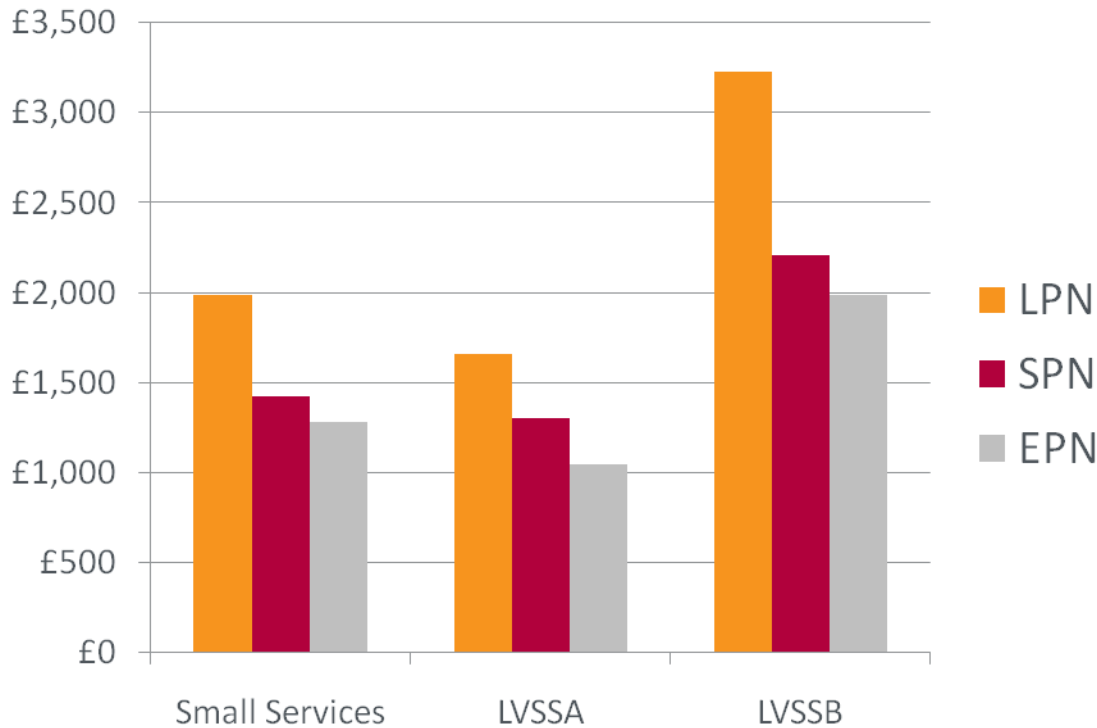
\*Based on UK Power Networks Streetworks Data submitted to Highway Authorities between January 2012 and March 2013

A further feature in London is the frequency and associated cost of establishing effective traffic management on Small Service works. There is a significant difference across our 3 DNOs.

Service Type	DNO	Number of Small Services completed in 2012	Number of works requiring traffic management	% works requiring traffic management	Average cost per job
Traffic Management (based on 2012 calendar year data)	EPN	4877	397	8.14%	£589
	LPN	1581	1262	79.82%	£1,013
	SPN	2972	690	23.22%	£601

# Typical connection charges for Small Service customers

External factors that add cost to the LPN connection charge



## Service alterations impacting the public highway

Adds between £500 and £600 to the average connection charge compared to typical costs in other regions

## Lane Rental

Add an average of either £2,400 or £6,500 to the connection charge when it applies

## Parking Bay & Bus Stop Suspensions

Add an average of £210 to the connection charge compared to typical costs in other regions

## Permit Schemes

Typical Permit costs range between £75 and £130 per job

## Traffic Management

Adds on average £400 to the connection charge compared to typical costs in other regions costs

The graph shows that the average connection charge for Small Service customers across our 3 DNOs. It is worth noting that the Small Services data is a weighted average of LVSSA and LVSSB elements and LPN Small Services work comprises 50% of the more complex LVSSB compared to 34% in EPN and 37% in SPN.

# Establishing fair targets for connections customer satisfaction in London

- Connections customers tell us about a number of things that drive dissatisfaction. Two of these are significantly influenced by external factors in London
  - Value for money – but our London connection customers face higher external charges in comparison to other areas
  - The time between a quotation and work commencing – but our customers face longer lead times for completion of their works due to externalities
- However, we recognise that it is not yet clear whether it is these exogenous factors or our current connections customer service model that drives the current level of satisfaction
- We are still looking into whether the number of sensitive roads could be the primary driver to increased costs and time for connections activity in the UK