



Making a positive difference  
for energy consumers

Network operators, consumer groups, energy suppliers, Department of Energy and Climate Change, and any other interested parties.

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Dear Colleague

### **Stage two review of the Christmas 2013 storms - impact on electricity distribution customers**

In March 2014 we published our [stage one report](#) following the storms that affected almost a million customers over Christmas 2013. In the stage one report we set out the facts around the Distribution Network Operators (DNOs) performance during the storms. We indicated that given the differences between their performance we would continue to further investigate the events, in particular focussing on the southern DNOs of Scottish and Southern Electricity Power Distribution (SSE) and UK Power Networks (UKPN), whose performance was worse than that of other DNOs. We also said we would review the Guaranteed Standards of Performance<sup>1</sup> (Guaranteed Standards) payments that are made to customers following a severe weather event.

The subsequent [independent review](#) of the Christmas 2013 storms showed that the performance of the southern DNOs of SSE and UKPN could have been better. This was in both restoring customers' electricity supplies and in managing and communicating with those customers whilst their supplies were affected.

The industry as a whole has delivered significant improvements in performance with the number of power cuts reduced by 30% since 2002. This is due to DNOs focussing more on their network interventions and investing strategically in their networks, as well as developing their customer engagement processes to improve stakeholder engagement when things do go wrong on the network.

Whilst Great Britain experienced an unprecedented level of stormy weather between October 2013 and March 2014 we consider, based on relevant comparison of past performance and comparing between the DNOs, that performance could have been better. Our review showed that while SSE and UKPN's southern arms were particularly badly hit by the storms, there was more that they could have done to get customers reconnected faster and to keep them better updated on what was happening.

Both SSE and UKPN accept that their overall performance could have been better for affected customers. Under the Guaranteed Standards both SSE and UKPN have paid out £0.6m each and have made further goodwill payments of £1.7 million and £1.8million respectively to its affected customers in their southern DNOs. In addition to these payments the companies have agreed to make donations to some of the local charities who play an important role in helping communities during and following severe weather events:

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<sup>1</sup> [Statutory Instrument \(SI\) 2010 No.698 - The Electricity \(Standards of Performance\) Regulations 2010.](#)

- SSE has agreed to pay £2.3 million to charities and to establish a new community fund on top of the £2.3 million it has already paid to affected customers in the Southern area (of which £0.6 million was required to be paid under Guaranteed Standards).
- UKPN has agreed to pay £1 million to charities on top of the £2.4 million it has already paid in the Southern area (of which £0.6 million was required under Guaranteed Standards).

This represents a total payment of £8 million which is 1 per cent of their revenue and more than five times more than the minimum they would have been obliged to pay to customers under the Guaranteed Standards.

SSE and UKPN accept that they must improve for any future major interruption including their performance in communicating with customers and restoring supplies to customers that experience extended periods of loss of supply.

Today we have also published our [minded to decision](#) on improving the level of Guaranteed Standard of Performance payments customers are entitled to following interruption due to severe weather.

From April 2015, when the RII0-ED1 price control comes into effect, where customers are affected by storms for an extended period of time they will receive higher payments under the Guaranteed Standards. In particular we have focussed the change on customers who would be off supply for a long period of time given that extended periods without power are particularly inconvenient and to encourage DNOs to focus on this "tail". The proposed changes will increase the minimum payment from £27 to £70, up to a maximum of £700 (previously £216). Payments, where possible, will become automatic.

Looking ahead, all electricity distribution network companies have reviewed their processes following lessons learnt over the last winter and from the recommendations in the [Department of Energy and Climate Change \(DECC\) festive disruption review](#). As requested in our March report all companies have written to us setting out the additional steps they are taking and we expect these steps, along with the additional payments required under the Guaranteed Standards, to result in improved levels of performance across the DNOs in the event of any future major interruptions. If we don't see this, enforcement action could be taken in future cases.

## Background

Over Christmas 2013, GB was hit by a succession of severe storms. Strong winds and heavy rain caused extensive damage to the electricity distribution networks. In total over one million customers lost their power supply. Around 16,000 customers were without power for more than 48 hours, with some for over five days. This caused considerable distress and disruption to many consumers over an important holiday period.

In early January we launched a stage one review into the DNOs preparedness for, and response to, the December storms. We wanted to understand whether companies did everything that they should have to minimise the impact on customers. We wanted to use this incident to highlight best practice and assess whether changes are required to current arrangements.

When we published our stage one report in March 2014 we were concerned about a number of aspects of the performance of some DNOs during the storms. We said we would:

- Investigate SSE and UKPN performance to identify whether there were significant external factors affecting these DNOs compared with others. Specifically we wanted to understand why it took these DNOs longer to restore supply than others. We said

we would consider whether this was due to factors outside their control, or whether resourcing levels and/or company specific procedures impacted on response times. In addition we said we would review DNO communications as initial reports highlighted different levels of customer satisfaction across the DNOs;

- Review the levels of payments made to customers under the Guaranteed Standards. In particular we would consider whether we should increase payments to customers who are off-supply for an extended period of time; and
- Require the industry to review the processes that they use to manage and deal with severe weather events to improve the service provided to consumers.

## **Energypeople's report**

In March 2014 we appointed Energypeople to carry out an independent assessment to review the performance of the DNOs. We have published their [report](#) today, in it they identified the following:

- Key factors affecting performance over the Christmas period;
- Factors beyond the companies' control;
- Factors largely within the companies' control;
- Dealing with customers;
- Telephony data quality;
- Assessing performance – qualitative as well as quantitative; and
- Performance in responding to severe weather events in the future.

Their report highlights the following points and highlights the areas SSE and UKPN could have performed better over the Christmas 2013 storm period:

- The two southern networks of SSE and UKPN were affected more significantly than other companies' networks, each having almost 1100 incidents, affecting a quarter of a million customers on their networks. Between them they had almost 16,000 customers affected for more than 48 hours and, in the worst case, some were without supply for over five days;
- The customers affected by the supply interruptions are reported to have had difficulty in contacting these two companies by telephone to report the situation and to get updates about when they could expect their supply of electricity to be restored;
- During the Christmas 2013 event, SSE suffered due to its comparatively high level of dependence on contractors for overhead line work in the south and their lack of availability over the period. This was combined with the inability to move internal resources from the north of Scotland, which was also under a severe weather warning. SSE achieved availability in the south of 31 per cent of its combined direct and contract overhead line staff working over the emergency period, peaking at 40 per cent on Christmas Eve, dropping to 21 per cent on Christmas Day;
- Under most circumstances the NEWSAC<sup>2</sup> mutual aid consortium, to which all companies are a party, would provide additional resources from the less severely hit companies. On this occasion NEWSAC did not produce the additional resource when it was most needed. There are two factors which go some way to explaining this. Almost all companies were on severe weather alerts and, as a consequence, understandably wary about releasing their own staff in case they were needed. It was also the Christmas holiday period;
- The evidence is that over the critical Christmas period of 24 to 28 December when customers remained without supply, about half of the country's directly employed overhead line staff were used and 40 per cent of contractors;
- UKPN implemented its new telephony system, STORM, following the October severe weather events and had it in place in December. Using this system it was able to provide information to call takers across its company offices and to its service

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<sup>2</sup> North East West South Area Consortium

provider. Using a mix of its own staff and service provider UKPN was able to field a high number of call taking staff in its offices. Even with this number of staff, reported answer times become very high (over nine minutes) and abandoned call rates escalated to 60 per cent on Christmas Eve;

- SSE implemented STORM in its Portsmouth call centre prior to December but not in its Perth call centre, where it was implemented in February 2014. The evidence is that, possibly as a result of this, the two call centres did not work effectively as a single unit leaving the 20 agents in Portsmouth unable to cope and the ten in Perth unable to offer full support. On Christmas Eve the Portsmouth waiting time rose to almost 13 minutes with 80 per cent abandonment. SSE's normal back up service for call taking, its two supply business call centres, was unavailable to take calls over the holiday period;
- The worst served customers, such as the 16,000 who were off supply for more than 48 hours over Christmas 2013, could reasonably expect to see a significant improvement in two main respects, as companies (a) equip themselves to better manage the 'tail' of repairs to the network; and (b) improve their capability to inform and keep in touch with their customers; and
- There were concerns over the consistency in how companies reported their key measures for telephony performance, which we will address to ensure consistency going forward

### **Companies review of their processes**

As part of the Stage 1 report we also required the companies to review the processes that they use to manage and deal with severe weather events to improve the service provided to consumers. The key areas that the companies identified to improve future performance are summarised in Appendix 1.

### **Conclusion**

Moving forward we expect an improvement in the performance of SSE and UKPN in managing severe weather events to deliver better outcomes for customers. This will include reducing the number of customers without supply for extended periods and improving the management of dealing and keeping customers informed. The call answering times reported above are clearly unacceptable. To address this, companies should consider both their call centre resourcing and their use of automated messages and alternative channels, such as social media to provide information to customers. These improvements should be in place in readiness for the forthcoming autumn/winter.

We expect that all network companies should implement and share the lessons learnt from the exceptional weather conditions that hit GB over the 2013-14 winter period. We also expect the DNOs to implement the 24 action points<sup>3</sup> highlighted in [the DECC review](#) and review the 18 success factors highlighted in the Energypeople report and implement these where necessary.

Whilst we consider this as concluding our review of the Christmas 2013 storms we reserve the right to consider the performance of SSE and UKPN again if they were to not deliver the performance expected for any future severe interruption event. This may include enforcement action.

Ofgem will take forward the concerns over the reporting of key measures for telephony performance and will work with the companies to improve consistency, as necessary, of reporting as part of RIIO-ED1.<sup>4</sup>

We consider that the total payment of £8 million to customers and charities is appropriate redress for a situation where customers did not get the level of service they should expect.

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<sup>3</sup> The distribution network companies are due to respond to these to DECC by the end of September 2014.

<sup>4</sup> The price control that will commence from 1 April 2015.

SSE and UKPN have identified charities that may benefit from the £3.3 million and we consider these are appropriate. We would expect the two companies to be transparent and have in place the governance to ensure that these payments are made and used appropriately. The charities include the following:

- SSE
  - British Red Cross
  - Age UK
  - National Energy Action
  - Macmillan Cancer Support
  - Establishment of a new community fund
- UKPN
  - British Red cross
  - Royal Association for Deaf People
  - Carers trust
  - Citizen's advice

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Branston', is centered on the page. The signature is fluid and cursive, with a large loop at the end.

Paul Branston  
**Associate Partner, Costs and Outputs**

## Appendix 1 – Summary of key areas of improvement identified by the DNOs

- **Weather forecasting.** DNOs are sharing good practice and those companies that do not already do this are receiving bespoke, 10 day ahead forecasts for their licensed areas.
- **Mutual aid.** As part of the review of NEWSAC, DNOs are including the deployment of contractors when reviewing the allocation of resources during severe weather events. Consideration is being given to extending NEWSAC to include Independent DNOs (IDNOs).
- **Mobile generation.** Companies are reviewing the arrangements for mobile generation ('ownership', numbers and use) to ensure the efficient deployment of generating sets which have the potential to minimise the duration of outages.
- **Scouting.** Some DNOs are extending scouting roles to include pairing with an operational member of staff to enable 'immediate' first line safety operations, together with the extension of photographic reporting to the centre to improve information flows.
- **Hand held devices.** Some DNOs are using, some experimenting and extending the practice to improve information flows from field teams to the control centre
- **Engineering standards.** A review of Engineering Technical Recommendations (ETR) 132 will be undertaken (the Energy Network Association (ENA) is to draft the terms of reference) to ensure the lessons to be learned from the sequence of wind storms over the winter combined with exceptionally heavy rain are reflected in newly built and refurbished lines.
- **Technology resilience.** DNOs are performing additional stress tests on the various technology systems used during a storm response to ensure functionality can be maintained. Storm events are being replicated using historic data across all pertinent systems.
- **Contact centres and contact centre resources.** Those DNOs that do not already have a home working capability are either trialling or considering the introduction of home working to improve the resilience of their call taking capacity. Some are either strengthening or reviewing the use of third party providers to support their in house resource. All DNOs use support staff in an overflow capacity at times of stress; there has been an added emphasis on training and preparing staff for these roles.
- **Company websites.** Websites either do, or will shortly, provide real-time outage information and the facility to report dangerous occurrences and loss of supply. They also provide a platform for customers to access information about contact details, staying safe and welfare facilities. They have been tested for capacity and resilience.
- **Use of social media.** All DNOs have reviewed their social media strategy and are extending the use of SMS and twitter in particular to supplement more traditional media resources. A greater breadth of communications channels is being used - and updating them 24 hours a day - to ensure improved access to current and relevant information.
- **Stakeholder engagement.** DNOs are holding stakeholder engagement workshops which include discussion on how companies manage severe weather events, using feedback to inform system and process improvements.