

Proposal 4 - Business Plan Incentive Early Proposal: Enhancing Customer Satisfaction Measurement

Section	Submission
<i>Licensee name</i>	UK Power Networks Ltd. including three distribution license holding companies: Eastern Power Networks plc (EPN), London Power Networks plc (LPN), and South Eastern Power Networks plc (SPN).
<i>Proposal name</i>	Enhancing Customer Satisfaction Measurement
<i>Type of proposal</i>	New or enhanced service Stretching commitment Delivery accountability mechanism
<i>Proposal summary (max 200 words)</i>	<p>Situation The RIIO-ED2 approach to customer satisfaction (CSAT) within the Consumer Vulnerability Incentive (CVI) relies on telephone surveys conducted after support has been provided.</p> <p>Complication Evidence indicates that this approach can limit participation and exclude certain customers. Response rates are low, many customers struggle to recall the interaction, and some are unwilling or unable to answer calls from unknown numbers. Additional accessibility barriers exist for customers with disabilities, mental health conditions, language needs or cognitive challenges. As a result, the existing process does not consistently capture a representative view of customer experiences.</p> <p>Question How can we capture customer satisfaction in a way that is more inclusive, accessible and representative, while improving participation and data quality across the sector?</p> <p>Solution We propose developing a new, inclusive, multi-channel CSAT approach that enables all customers, regardless of their circumstances, to provide meaningful feedback. The programme will include a discovery phase to identify current limitations, followed by a co-creation phase involving customers, DNOs and delivery partners to design a more accessible methodology. This will ensure customers can share their views in ways that feel comfortable, familiar and reflective of their experiences, ultimately creating a robust methodology for inclusion within the ED3 CVI.</p>
<i>Which ED3 outcomes does the proposal support?</i>	Investing for the energy transition Responsible and sustainable business Smarter networks Resilient networks
<i>Which Consumer Interest Pillars does the proposal support?</i>	Low cost transition Fair prices Quality and standards Resilience
<i>Summary of key reason(s)/driver(s) for the proposal (Max 200 words)</i>	<p>The proposal is driven by a set of clear issues with the current RIIO-ED2 CVI CSAT methodology. The key drivers are:</p> <ol style="list-style-type: none"> Low and declining response rates Across the current process, participation drops significantly, reducing the reliability and representativeness of the final scores (as low as 2 out of every 100 customers is surveyed). Telephone-only surveys exclude many customers Some customers distrust unknown phone numbers, forget the interaction after

	<p>several weeks, or find telephone communication difficult due to disability, mental health, language or cognitive barriers.</p> <ol style="list-style-type: none"> Barriers disproportionately affect vulnerable customers Those most in need of support are often least able or willing to engage through the current method, risking a skewed understanding of service quality. Current methodology does not fully capture experience or impact The question set and timing of the survey can limit customers' ability to express their views or reflect on longer-term outcomes. CVI incentives require accurate and inclusive measurement As the CVI forms part of Ofgem's financial incentive framework, it is vital that the measurement approach is robust, fair and reflective of diverse customer needs. <p>These drivers collectively demonstrate the need for a revised customer-centred approach.</p>
<p><i>Summary of supporting evidence</i></p> <p><i>(Examples could include references to sector specific intelligence, innovation projects, ISG engagement, wider consumer research, endorsement from third parties)</i></p> <p><i>(Max 200 words)</i></p>	<p>Engagement with our delivery partners and frontline charities indicates that many customers do not respond to the current telephone-only CSAT calls. Common reasons include reluctance to answer calls from unknown numbers, low confidence using the phone, and the additional anxiety this creates for people in financial hardship or debt. The Money and Mental Health Policy Institute reports that over half of people with mental health problems experience serious difficulties using the phone for essential tasks, highlighting the need for accessible, multi-channel communication options.</p> <p>Age UK and Which? have also found that around a fifth of over-50s are fearful of answering the phone due to scam risks, further reducing participation in telephone-based surveys.</p> <p>From a disability perspective, national inclusion charities show that phone conversations are not always possible for people with certain disabilities, including hearing loss, speech or cognitive difficulties, meaning the existing CSAT approach does not adequately represent these groups.</p> <p>Building on our experience and broader intelligence from the sector and beyond, we launched a UKPN-led research project to develop a more inclusive CSAT framework and invited other DNOs to participate. We will share relevant learnings with Ofgem to help inform the development of the ED3 CVI CSAT methodology.</p>
<p><i>Summary of potential benefits</i></p> <p><i>(Max 200 words)</i></p>	<p>Developing a more inclusive, multi-channel approach to measuring CSAT offers a range of benefits for customers, DNOs and the wider regulatory framework. First and foremost, it will aim to ensure that all customers, including those with disabilities, mental health conditions, limited digital confidence or language barriers, are able to provide feedback in ways that suit their needs. This will improve participation rates and ensure that the voices of customers in vulnerable circumstances are properly represented.</p> <p>A more accessible method will also yield richer, more accurate insights into customer experience and the real impact of the support provided. By allowing customers to respond at a time and through a channel that suits them, the new approach will reduce recall bias, encourage more considered responses, and generate feedback that better reflects longer-term outcomes. This will help DNOs refine and strengthen the services they deliver to customers who need them most.</p>

	<p>For the sector, the project supports consistency, comparability and fairness in how CSAT is measured across DNOs. It will also ensure that CVI scores are based on robust, representative data.</p> <p>Ultimately, the proposal strengthens consumer confidence, supports improved service quality, and delivers a more reliable measure of performance across the industry.</p>
<p><i>Where the proposal relates to a new or enhanced service or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)</i></p>	<p>The CSAT measure in its current form was introduced for the first time in RIIO-ED2. As a result, robust performance data, response behaviour and customer experience insights were not available during the RIIO-ED2 business planning process. The issues we have now identified such as low response rates and customer discomfort with telephone-only surveys, have only emerged through operational experience since the start of the price control.</p> <p>In addition, new programmes of customer engagement take time to establish. Over the first two years of RIIO-ED2, we have focused on understanding how the current metric performs in practice, gathering customer and partner feedback, and assessing whether the existing methodology provides an accurate reflection of customer sentiment. This period of evidence-gathering has highlighted limitations in the current approach that could not have been foreseen during RIIO-ED2 planning.</p> <p>Only now, with sufficient insight and customer feedback, are we in a position to commission a programme of work to understand the challenges and develop a well-informed proposal for an improved, multi-channel method of measuring customer satisfaction. For these reasons, this work could not have been included as BAU activity or incorporated into existing RIIO-ED2 or ED3 incentives.</p>
<p><i>Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)</i></p>	<p>UKPN is uniquely placed to undertake this activity because they we are directly responsible for ensuring the delivery of the services being evaluated and for ensuring that customer feedback, particularly from vulnerable customers, is accurately captured and acted upon. We have already initiated a programme of work to understand stakeholder and customer views and assess the limitations of the current telephone-only CSAT methodology. This includes developing and testing a more accessible, multi-channel approach that reflects how customers prefer to engage.</p> <p>We intend to share the findings from this work with other DNOs and the regulator to support the development of a methodology that can be adopted consistently across the sector, ensuring that the voices of all customers are properly reflected in the future satisfaction measure for the ED3 CVI.</p>