



**STANDARDS OF PERFORMANCE FOR
PUBLIC ELECTRICITY SUPPLIERS**

PROPOSALS

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FOREWORD

This document sets out my final proposals for improvements to the Standards of Performance which are set for the **14** public electricity suppliers (PESs). I have drawn up these proposals after giving full consideration to the responses to the consultation paper, setting out initial proposals, which I issued in October 1997.

The present document explains the reasoning behind these proposals and deals with the main points raised by the companies and other respondents to the October consultation paper. I have published their comments by placing them in the OFFER library.

The improvements in the Standards will provide immediate, useful protection for customers. In addition to this, the programme of reviews of PESs over the next two years, which I have recently announced, will examine Standards and compensation payments on quality and restoration of supply in the light of the costs and capital expenditure involved.

PROFESSOR S C LITTLECHILD
Director General of Electricity Supply

March 1998

RESPONSE TO OCTOBER 1997 CONSULTATION PAPER

1. In October 1997, the Director General of Electricity Supply issued a consultation paper proposing improvements to the Standards of Performance for Public Electricity Suppliers (PESs). The Standards, which are of two types, Guaranteed and Overall, cover a wide range of services relating to supply, distribution and metering services. The Director General indicated that, although the present Standards of Performance had worked well in protecting the interests of customers, there was scope for further improvement, not least to ensure greater consistency in the Standards set for the 14 PESs and to improve the reliability of supply for customers. Standards would need to be consistent with the introduction of competition in supply during **1998**. Replies to the consultation paper were received from the bodies listed in the Annex. This paper summarises those replies and sets out the next steps.

OVERVIEW OF RESPONSES

PES' General Reaction

- 2 PESs raised a number of general concerns about the proposals:
 - a) many - though not all - were concerned that there was no demonstrable need for a number of the changes proposed. Some suggested that MORI's research had failed to establish a basis for changes to the Standards;
 - b) most raised general concerns about the costs of the changes, arguing that the appropriate time to consider changes was as part of the forthcoming distribution price control review and having full regard for the costs and benefits. (However, PESs gave few estimates for the specific costs of making particular changes);
 - c) the majority said that for the most part changes should be delayed until **1999** at the earliest, in order not to distract from the development of systems needed for the introduction of competition; and so that the changes that were eventually made could reflect the actual operation of the competitive market (for example, by taking account of the demands which second tier suppliers placed on PESs);
 - d) many stated that the introduction of second tier suppliers could have a significant effect on the way in which the Standards operated. In many service areas, PESs would lose direct contact with consumers: it was important to recognise that PES' ability to deliver services to Standard levels and timing would depend on the actions of second tier suppliers in informing them of the services required by their customers:

- 4 a few companies were concerned that setting 100 per cent targets for Overall Standards (ie zero failures) was inconsistent with Section 24 of the Competition and Service (Utilities) Act 1992, which requires PESs to conduct their businesses in such a way as can be reasonably be expected to achieve the Overall Standards;
- f) of the companies who commented on the issue of common Standards for all PESs, one favoured common Standards, whilst another argued that it was not sensible to have uniform Standards on supply restoration matters. A number of companies asked that local factors be taken into account in relation to specific changes to the Standards.

Committees and Other Respondents

3. Among other respondents, there was in general strong support for the proposals. Many argued that, in many areas, the proposals did not go far enough. (One Committee said that it would be better for customers to tighten targets under the Overall Standards rather than raise performance to 100 per cent). Few saw any reason for delaying implementation of changes in Guaranteed Standards until 1999. There was near unanimous support for common targets for all PESs, though one Committee opposed a general levelling of the Standards (except where companies agreed). A number of respondents suggested, as did some of the PESs, that consideration should be given to converting Overall Standards to Guaranteed Standards rather than raising the Overall Standards to 100 per cent.

TIGHTENING PRESENT STANDARDS

4. The October consultation paper made proposals for raising the level of company performance and for tightening targets under a number of the present Overall and Guaranteed Standards. It suggested that in the case of Overall Standards (OS) these should take effect from 1 April 1998.

Overall Standards

- 4 **OS2 (Voltage Faults)**
5. The performance required of companies in correcting voltage faults within six months ranges between 95 per cent and 100 per cent. In 1996/97, five companies achieved 100 per cent and the rest fell within a range of 96.7 per cent to 99.7 per cent. It was proposed that all companies should achieve 100 per cent.

6 Two-thirds of the companies said they would accept a target of 100 per cent; and a further two, targets of 99 per cent and 98 per cent. There was broad support from other respondents for raising the Standard to 100 per cent, although one Committee would be content for a target of 99 per cent.

7 A number of the PESs emphasised that achieving such a target could depend on their ability to obtain in time additional wayleaves necessary to effect repairs; without those, there could be delays. This is not, however, a relevant issue since the Standard is not failed if the PES uses all reasonable endeavours to obtain any necessary wayleaves.

8. OFFER intends to raise the Standard to 100 per cent for all companies with effect from 1 April 1998.

b) OS3 (Connecting Supplies)

9 The performance required of companies in connecting domestic supplies within 30 working days ranges between 98 per cent and 100 per cent. In 1996/97, all achieved 100 per cent. The Standard for connecting non-domestic supplies within 40 working days is either 99 per cent or 100 per cent, In 1996/97, thirteen companies achieved 100 per cent, and one 99.9 per cent. It was proposed that the Standard for all companies should be 100 per cent for connecting domestic supplies within 30 working days, and non-domestic within 40 working days.

10. There was substantial agreement from PESs to this proposal, and full support by Committees and other respondents. OFFER therefore intends to raise the Standard to 100 per cent for all companies from 1 April 1998.

4 OS4 (Reconnection)

11. Companies are required to achieve either 99 per cent or 100 per cent in reconnecting, within one working day, customers who have been disconnected for debt. In 1996/97, thirteen companies achieved 100 per cent, and one 99.9 per cent. It was proposed that all companies should be required to achieve 100 per cent.

12. There was substantial agreement by PESs to this proposal, and full support from Committees and other respondents. OFFER intends to raise the Standard for all companies to 100 per cent from 1 April 1998.

4 OS5 (Re-siting Meters)

13. The performance required of companies in re-siting meters within 15 working days ranges between 98 per cent and 100 per cent. In 1996/97, twelve companies achieved 100 per cent, one company 99.8 per cent and the other 99.4 per cent. It was proposed that all should be required to achieve 100 per cent.
14. There was substantial support for this proposal. OFFER therefore intends to raise the Standard to 100 per cent for all companies with effect from 1 April 1998.

e) OS6 (Changing Meters)

15. The performance required of companies in changing meters within 10 working days ranges between 95 per cent and 100 per cent. In 1996/97, ten companies achieved 100 per cent, and the performance of the others ranged between 97.9 per cent and 99.9 per cent. It was proposed that all should be required to achieve 100 per cent.
16. Half the companies agreed with the proposed increase. A number of the remainder, however, were concerned that - in the competitive market - their ability to meet the Standard could be affected by the requirements put on them by second tier suppliers. Two proposed that any change should be made only in the light of experience in the new market. Other respondents supported the change, although one Committee proposed a reduction in the number of days allowed to change meters.
17. This Standard covers cases when it is necessary for the PES to change the customer's meter because of a change of tariff. At present, around 650,000 meter changes per annum are covered by the Standard. Some PESs suggested that the number of services under this Standard may increase as a result of supply competition; and that the involvement of second tier suppliers may make it more difficult for PESs to identify cases where the service is required and to arrange any necessary appointments.
18. There are inevitably uncertainties about the level of service which will be required under this Standard. However, in view of company performance to date, and the need to ensure that this continues to the maximum extent possible in the competitive market, OFFER intends to raise the Standard to 100 per cent for all companies with effect from 1 April 1998.
19. Some respondents suggested that, in view of the companies' success in meeting Overall Standards OS2-OS5, the periods allowed for providing services under them should be tightened. This proposal has, however, further implications for costs, and as such falls to be considered with other possible changes as part of the next

price review. Similarly, the suggestion that Overall Standards having 100 per cent targets should be converted to Guaranteed Standards can be considered to the same timescale

Guaranteed Standards

20. The consultation paper suggested that tightening the present Guaranteed Standards (GS) should take effect from 1 April 1999 at the latest, although they could be introduced from 1 April 1998 if feasible without undue disruption to companies' new arrangements. PESs were invited to comment on the possibility of this earlier introduction.
21. PES' comments were nearly all in general terms only, suggesting that changes should be delayed until 1999. Few, however, gave specific reasons why the earlier date was not possible. Further, a small number of PESs already provide services to the level of the new targets proposed; and in a number of cases PESs suggested that earlier implementation of a proposed change was possible for them. There was strong support from Committees and others for earlier introduction.
22. In the light of this, OFFER believes that it should be possible to introduce changes earlier than April 1999, and in time before the start of competition in September 1998. It therefore intends that the changes set out below should be implemented as soon as possible; and proposes that they should take effect not later than 1 July 1998, subject to obtaining the consent of the Secretary of State as required under Section 39 of the Electricity Act 1989 and to Parliamentary approval of the necessary Statutory Instrument.
 - a) GS 1 (Supplier's Fuse)
23. Under this Standard, companies are required to visit the customer's premises when it is reported that the main fuse has blown. Most companies have four hours to respond, but two have only three hours. The hours within which the Standard operates vary between companies: the minimum is 8.30 am - 4.30 pm on working days.
24. It was proposed that all companies should be required to respond within three hours during (at least) 6 am - 8 pm on weekdays and 8 am - 6 pm at weekends. (It should be noted that this proposed extension in hours does not in itself mean that companies' working days for other services would thereby be extended to the weekends: the hours specified for GSI are those where, following a contact from a customer, the PES needs to attend on site within the specified response time for GS 1 purposes only).

25. There was a varied range of replies from PESs. Two agreed with the full proposals (one of them for implementation in 1998). Amongst the remainder, there was greater support for reducing the response time to three hours than for extending the period over which the Standard applies. A number agreed to three hours, but only on the basis of the current hours. Two were willing to change the hours but not the response time. Four PESs (Northern, SWALEC, South Western, Hydro-Electric) argued that the geography of the areas they served was such that a reduction below four hours was not practical, although one agreed to extend its hours as proposed. Companies were generally concerned about the costs of implementing the proposed change (but none said how much).
26. All but one of the Committees, and other respondents, supported the proposed changes; the remaining Committee took the view that response times did not have to be common for all PESs, that there was no need to impose standard working hours, and that the present performance level was acceptable.
27. The proposed response times for GSI are the same as those proposed for the new Guaranteed Standard on prepayment meters (see paragraphs 76-81). In considering the points raised by respondents on GSI, OFFER has therefore also taken account of those on the new Standard.
28. GSI covers (as does the proposed new Standard) an important area of customer service, in circumstances where supply is lost through no fault of the customer. It is important that this service is carried out quickly and effectively. In commenting on the proposals, PESs generally emphasised that meeting both the lower response time of three hours and the extended hours within which GSI (and the new Standard) would apply, would cause them problems. However, experience to date with GSI suggests that PESs would not appear to have had difficulty in meeting the present levels of service: there were only 17 failures in 1996/97. The companies who have a three hour target (one of them on a voluntary basis) accounted for a total of only three failures, suggesting that a tightening to three hours is practicable. The Director General recognises nonetheless that the proposed change together with the introduction of the new Standard, will increase the number of services covered by Standards, whilst at the same time reducing the response time and extending the hours when the two Standards would apply. He therefore believes that it would be appropriate to require companies to respond to failures of the supplier's fuse within three hours on weekdays and four hours at weekends.
29. The Director General further considered whether the response time should be left at four hours during the week for those four PESs who argued that the geography of their areas meant that a shorter time would cause serious difficulties. He has noted that, on the one hand, the findings of MORI's market research indicated that overall just over 50 per cent of customers felt that varying targets for Standards by PESs because of local circumstances was reasonable. On the other, only one of the relevant Consumers' Committees has supported (and then only in part) its PES's

argument. Further, GSI is being met by the companies concerned with very few failures. On balance, he is not convinced - particularly since four hours would apply at weekends - that the different circumstances between those four and the other PESs are such that different targets are justified for weekdays.

30. The Director General has also considered PES' comments on extending the hours during which GSI (and the new Standard) would apply. He believes generally that extension, particularly to weekends, is an important addition to what is effectively an emergency service for customers. There seems no reason not to extend cover over weekends, especially now that so many customer services in retail and other sectors are available at such times. He notes that the hours of cover currently provided by PESs vary widely, and often voluntarily beyond the Standards, between the companies. Having regard for respondents' comments, he believes it appropriate to require all PESs to respond to failures under GSI between 7 am and 7 pm on weekdays, and between 9 am and 5 pm at weekends. It will, of course, be open to all PESs to provide longer periods should they feel that appropriate.

31. OFFER intends therefore as soon as possible, subject to Parliamentary approval, to require all PESs to respond under GSI within three hours on weekdays between (at least) 7 am to 7 pm, and within four hours at weekends between (at least) 9 am to 5 pm.

b) GS3 (Providing a Supply)

32. Under this Standard, most companies are required to install a meter for domestic customers within three working days and for non-domestic customers within five working days. It was proposed that the periods should be reduced respectively to two and four working days.

33. PES' comments were mixed. Broadly, half said that they could agree to the proposal (or did not disagree). Two already have a two working day Standard for domestic customers. The remainder opposed the proposal, maintaining that there was no demonstrated need for the changes; and that changed circumstances in the market from 1998 meant that change was inappropriate.

34. Committees and other respondents broadly supported the proposed changes.

35. Three PESs specifically expressed concerns about the impact of competition on the delivery of this service (which, under the new market, will be covered by the Meter Operating Agreement). They were concerned that the involvement of second tier suppliers (including occasions when the second tier supplier requests the service of the PES on behalf of the customer) could make it more difficult for PESs to arrange an appointment within the deadline, since the start time for the Standard could begin before the PES had been able to make contact with the customer to arrange the appointment.

36. Such practical problems are matters, however, to be resolved between PES and supplier. They should not stand in the way of the tighter Standard which OFFER intends, subject to Parliamentary approval, to implement as soon as possible.

c) GS4 (Estimate of Charges)

37. Under this Standard, companies are required to provide an estimate for connecting a new supply or moving a meter, in most cases within 10 working days if no significant work is needed, or 20 working days if significant work is required. It was proposed that all companies should be allowed five and 15 working days respectively.

38. PES comments were mixed. Two already work to the proposed new Standard. Of the remainder, half broadly agreed the proposed change. Others considered that there would be practical difficulties in meeting a shorter timescale which could result in less accurate estimates. All but one of the Committees who commented supported the proposal. The remaining Committee said that there was no evidence to suggest that the current Standard is unacceptable to customers.

39. There is a balance to be struck in setting targets for providing estimates of charges, and the proposed changes do not appear unreasonable. OFFER intends, subject to Parliamentary approval, to implement them as soon as possible.

d) GS5 (Notice of Supply Interruption)

40. Under this Standard, companies are required to give a minimum period of prior notice to customers whose supply is to be interrupted for planned repair or maintenance to the distribution system. Most companies must give at least two days' notice, but one must give at least three days' notice, and three at least five days' notice. It was proposed that all companies should give at least five days' notice.

41. There was substantial agreement from PESs to this proposal, with some companies willing to implement the proposal from April 1998. There was strong support from Committees and other respondents.

42. Several companies, however, raised concerns that providing five days' notice might require them to delay carrying out or completing permanent repairs, delays which would not necessarily be in the interest of customers. However, the Standard does not apply to emergency work, and in practice has not caused problems of the kind raised. It is not clear why requiring all PESs to give at least five days' notice should create new problems. Some companies also expressed concerns that there might be a conflict between installing meters within two working days under GS3

and giving five days' notice under GS5. Similarly, however, this has not caused difficulties for those companies already working to the longer period.

43. OFFER intends to implement the proposed change as soon as possible, subject to Parliamentary approval.

4 GS6 (Voltage Complaints)

44. The Standard requires companies to arrange an appointment to investigate voltage complaints or to provide an explanation in writing of the problem. At present, one company is required to arrange appointments in response to voltage complaints within seven working days; the rest are allowed 10 working days. Two companies must provide a written reply within five working days, one company within seven working days, and 11 companies within 10 working days. At least one company guarantees to respond within five working days though it is not required to under the Standard. It is proposed that all companies should offer appointments within seven working days and provide written replies within five working days.

45. Most companies agreed the proposal, three specifically offering to implement the change from 1 April 1998, whilst others were silent on timing. There was general support for the proposal from Committees and other respondents.

46. OFFER intends, subject to Parliamentary approval, to implement the proposed change as soon as possible.

f) GS7 (Meter Disputes)

47. The Standard requires PESs to respond to reported meter errors either by arranging an appointment to investigate or by providing an explanation in writing. At present, written explanations in response to metering errors reported by customers must be sent by all companies within five working days. Visits to investigate must be within 10 working days for 13 companies, and within seven working days for the remaining company. At least one company guarantees to visit within five working days, though it is not required to do so under the Standards. It was proposed that all companies should have five working days to provide a written explanation, and seven working days to make a visit.

48. As with GS6, most companies agreed the proposal, with three specifically offering to implement from 1 April 1998, whilst others were silent on timing. There was general support for the proposal from Committees and other respondents. OFFER therefore intends, subject to Parliamentary approval, to implement the change as soon as possible.

g> GS 10 (Payments)

49. Companies are required to notify customers whenever they are due a Guaranteed Standards payment, in the case of most companies within 10 working days. It was proposed that all companies should have 10 working days to notify ~~4~~ to make Guaranteed Standards payments.
50. Nearly all companies agreed this proposal, three agreeing to implementation in April 1998. There was general endorsement of the proposal from Committees and other respondents.
51. OFFER intends, subject to Parliamentary approval, to implement the change as soon as possible.
52. As noted in paragraph (2d), PESs expressed concern about the feasibility of applying the Standards to customers of second tier suppliers in view of the fact that PESs would not always have direct contact with those customers. OFFER recognises that it is important to have practical arrangements in place through the PES/Second Tier Supplier Agreements to ensure that customers of second tier suppliers are fully protected. The present Guaranteed Standards provide that the Standards can be triggered by “any person having apparent authority to represent the customer”, which would cover a second tier supplier acting on behalf of a customer. On this basis, the Standards would be triggered, provided other criteria are met, as soon as the second tier supplier requests a service from a PES on behalf of the customer, or as soon as the PES is otherwise aware that the customer requires a PES service.

INTERRUPTION AND RESTORATION OF SUPPLY

53. The October consultation paper re-emphasised the high priority which customers place on receiving a reliable electricity supply. It proposed:
 - a) a levelling up of the Overall Standard covering restoration of supply (OSI) with effect from 1 April 1998;
 - b) that consideration be given to the feasibility of automatic payments under Guaranteed Standard (GS2) covering supply interruptions;
 - c) that further changes be considered during the forthcoming price review as follows:
 - i) a Guaranteed Standard covering supply restoration within less than 24 hours;

- ii) reducing the scope of the severe weather exemption;
- iii) a new Guaranteed Standard dealing with frequent supply interruptions.

OS1 (Restoration of Supply)

- 54. Under Overall Standard OS1 A, PESs are required to restore a minimum percentage of lost supplies within three hours. The level of the present Standard varies between PESs, from 80 per cent to 95 per cent. OS 1B covers the minimum percentage to be restored within 24 hours; at present, the performance required is 100 per cent for four companies and 99 per cent for 10.
- 55. The consultation paper proposed that, for OS1 A, the seven PESs now on 80 per cent should be required to achieve 85 per cent; and that those between 85 per cent and 88 per cent be raised to 90 per cent. The required performance for the two companies already on a Standard higher than 90 per cent would be unchanged. The proposal for OS1B was to require all companies to achieve 100 per cent. These changes would take effect from 1 April 1998.
- 56. PESs generally did not disagree with 100 per cent for OS 1 B: four already have the target, and 11 achieved 100 per cent in 1996/97. Four companies expressed concern about the costs and practical problems of ensuring that a 100 per cent target was met.
- 57. Half the PESs agreed with the proposed increases in their targets for OS1A. SEEBOARD proposed an increase to 90 per cent, rather than the 85 per cent suggested. The remainder, however, either disagreed with the proposed change and / or said that the Standard was increasingly inappropriate and difficult to meet - the use of automatic switchgear meant that an increasing proportion of interruptions lasted less than one minute and were therefore not counted, resulting in a greater chance of failing the Standard. One said that it would be unacceptable for it to be required to achieve 85 per cent before the year 2000.
- 58. Committees and other respondents fully supported raising targets under this Standard, some suggesting that the increases should have been even higher. Some commented that any additional costs should be met from underspend on PES' capital expenditure.
- 59. Standard OS1 measures important aspects of quality of supply. It is important that the incentive to improve supply is maintained. Notwithstanding the general concerns expressed by PESs, half the companies achieved 90 per cent and over for OS 1 A in 1996/97 and all companies except one exceeded their target. OFFER will therefore implement the changes proposed for both OS1A and OS 1 B with effect from 1 April 1998. except that SEEBOARD's OS1A target will be raised to

90 per cent as from that date. OFFER will want to explore the scope for further improvements as part of the distribution price review.

Automatic Payments Under GS2

60. Under the present Standard, customers are required to apply for payment if their supply has been interrupted for more than **24** hours. The proposal was to require companies to implement at an appropriate time arrangements for making such payments automatically to customers who meet the criteria for receiving payments.
61. Nearly all the PESs commented that such an arrangement was not possible with their present systems. Development of the necessary systems would be costly (one PES estimated £2 million) and should be a matter for discussion as part of the price control. One company, however, commented that it was close to being able to identify customers off supply; and another that a system enabling this could be in place from 1999. Committees and other consultees strongly supported the proposed change.
62. It is important that it should be as easy as possible for customers who are eligible to receive a Standards payment as a result of being without supply for more than 24 hours. Systems which at least some of the companies are developing for other reasons should enable PESs to identify such customers. OFFER will want to discuss the development of such systems with all companies in the price review.

Further Possible Changes

63. A small number of PESs said that it would be possible to make gradual reductions in the 24 hour time limit for restoring supplies under Guaranteed Standard 2, perhaps towards 18 hours; but all emphasised that in view of the costs involved it was a matter for the price review. Committees and other respondents broadly supported a reduction. Some agreed that more work was needed to estimate costs and benefits, and at least one Committee supported continuing with 24 hours.
64. PESs were not sympathetic to the idea of reducing the scope of the severe weather exemption for making payments under the Standard. Committees and other respondents were generally concerned that companies had been too ready to invoke the exemption. They generally accepted, however, that some form of exemption was needed, though only in the most exceptional of circumstances. All respondents said there was a need for clearer definition.
65. PESs were concerned that a new Guaranteed Standard dealing with frequent supply interruptions should not act as a disincentive to the installation of automatic switchgear for achieving prompt restoration of supplies. This would arise if such a Standard were to cover transient faults (ie those lasting less than one minute). In

designing a new Standard, it would be important to consider the possible impact on the installation of automatic switching equipment and to ensure that it did not increase the risks of customers suffering longer interruptions to supply. PESs also emphasised the problems of monitoring a Standard on frequent interruptions in terms of recording when and for how long customers were off supply and tracking the continuity of supply to individual customers over time. All PESs agreed that a new Standard was a matter for the price review.

66. Committees and other respondents supported the proposed new Standard; one Committee expressed strong disappointment that a decision was not to be made before the price review.
67. In view of the prospective cost implications, the scope for improvements in these areas will properly fall for consideration in the forthcoming distribution price control review. Recent supply interruptions over Christmas and the New Year affecting a number of PES areas have highlighted concerns over quality of supply. OFFER has asked the companies affected for detailed reports on all aspects of the interruptions, and the findings will need to be taken into account in the review.

METERING SERVICES

OS7 (Meter Reading)

68. The present Overall Standard on reading meters (OS7) requires companies to obtain a firm reading of a specified percentage of their meters during a set 12 month period. Customers' own readings and PES' readings both count for this purpose. At present, five companies have to obtain a firm reading every year for 99 per cent of customers, eight for 98 per cent, and one for 97 per cent. In 1996/97, the performance of companies fell within the range 98 per cent to 99.9 per cent: five companies were between 98.0 and 98.5 per cent, and a further seven between 98.9 and 99.3 per cent.
69. In view of earlier comments and market research by MORI, the consultation paper proposed that the Standard should be increased to 100 per cent for all companies. This would reinforce companies' commitment to obtain firm readings and tend to require at least a number of PESs to increase the frequency of meter reading for all customers.
70. Nearly all PESs objected to a target of 100 per cent. They were concerned in particular that there would always be an irreducible number of customers to whom they could not obtain access without significantly greater use of warrants and higher costs. They also argued that the effects of supply competition were uncertain, notably that there could be difficulties in obtaining readings for customers of second tier suppliers.

71. There was a wide measure of support from Committees and other respondents for the proposed increase to 100 per cent. Many said that the Standard should cover only meter readings taken by the company. Two Committees, however, said that - in view of the practical difficulties of obtaining 100 per cent without warrants - the target could be somewhat less than 100 per cent.
72. It is for companies themselves to decide how they can best meet the target set under this Standard. Their performance in 1997/98 varied from 98 to 99.9 per cent. It is not clear, however, how far that variation reflects differences in company practice in the use of warrants rather than other arrangements for dealing with customers where access is difficult. The limited data so far available suggests that there is no necessary correlation between level of performance and the use of warrants.
73. With respect to the impact of supply competition, responsibility for meter reading will rest with PESs under the Data Collection Agreement. That Agreement provides that, if a PES fails to gain access for a meter reading, it should leave a card indicating that the customer can give his own reading to the host PES. Customers of second tier suppliers may also give their own readings to their supplier. Under the agreed procedures, second tier suppliers should pass customer own reads on to the PES. PESs have expressed concern that these arrangements may not suffice to obtain firm readings for every customer of a second tier supplier, and that it might therefore be necessary for them to take further measures to meet a 100 per cent target, for example by telephoning customers of second tier suppliers to ask for a reading (a practice which, they argue, might cause concern on the part of second tier suppliers).
74. One PES suggested that, in view of the potential practical difficulties of obtaining a meter reading for every customer of all second tier supplies, it might be appropriate to apply a 100 per cent Standard for OS7 to PES-supplied customers only. However, such an approach could result in customers of second tier suppliers receiving a lower level of service than PES-supplied customers, which would be contrary to a key principle underlying the customer protection arrangements for the competitive market. Movement of customers between PESs and second tier suppliers during the period over which PES OS7 performance is measured would also complicate matters.
75. As the consultation paper emphasises, regular meter reading is an important customer service. Failure by a PES to read a meter or to accept a customer's own reading at least once a year is not conducive to good customer relations and is liable to cause problems later. (Disputes relating to bills continue to contribute a significant proportion of customer complaints to OFFER). Although many Committees suggest that only company reads should count towards meeting the Standard, there is evidently a range of customer preferences amongst customers, many of whom prefer to provide their own meter readings. The OS7 figures for 1996/97 show that, including such readings, performance in excess of 99 per cent is achievable. In view of this, and the continuing allowance for customers'

readings, it is reasonable to require PESs to take all reasonable steps to obtain a firm reading for each customer's meter at least once a year. OFFER therefore intends to raise OS7 to 100 per cent for all companies from 1 April 1998.

GUARANTEED STANDARD ON PREPAYMENT METERS

76. The consultation paper proposed a new Guaranteed Standard from 1 April 1998 requiring PESs to repair prepayment meter faults within three hours of being notified by the customer during (at least) 6 am - 8 pm on weekdays and 8 am - 6 pm at weekends.
77. Two-thirds of PESs broadly agreed with the principle of a new Standard in this area. Few however were willing to agree fully with the targets proposed, most arguing that the response time should be four hours and / or within existing working hours. Many were concerned about the likely cost of meeting the Standard. There was a widely held view that the Standard should be to "attend" within the specified time, rather than repair (which could depend on the nature of the fault); and should allow for exemptions when visits were found not to be necessary (for example, where the meter had run out of credit).
78. Committees and other respondents strongly favoured the introduction of the new Standard. Some suggested that the time to respond should be no more than two hours, although one Committee thought that four hours would be appropriate at weekends. Many argued that Standards should be extended to cover other aspects of services for prepayment meter customers, such as failures in recharging points.
79. OFFER has considered the points raised by respondents about the proposed new Standard, and about the proposed response times for this Standard and for GSI covering failures in the supplier's fuse (see paragraphs 23-3 1).
80. As noted in the consultation paper, prepayment meters are being used by an increasing proportion of customers. There is a broad and strong measure of support for a Standard in this area, and OFFER will be proceeding - subject to Parliamentary approval - to implement the Standard as soon as possible. In doing so, it accepts that the Standard should not necessarily require PESs to complete prepayment meter repairs within three hours, so long as they attend within that period equipped for the purpose of carrying out the full range of normal repairs. It would also be appropriate that cases where the meter is found not to be faulty do not count as breaches of the Standard. These provisions would be in line with those which already apply to GS 1.
81. The proposed new Standard covers an important area of customer service which should be carried out quickly and effectively. For the reasons set out in paragraphs 28-30, the Director General believes that - as with GSI - it would be appropriate to

require all PESs to respond to prepayment meter failures within three hours on weekdays between (at least) the hours of 7 am and 7 pm; and within four hours at weekends between (at least) 9 am and 5 pm.

82. Other aspects of the services provided for prepayment meter customers are also important. As indicated in the October consultation paper, OFFER has asked PESs to include in their Codes of Practice on payment methods from 1 April 1998 targets for access to charging points and to meter outlets, and for the prompt repair of faulty charge points and the replacement of faulty keys (or equivalent targets for PESs who do not use key-based systems). The scope for further Standards covering keys and charge-points will be considered in the light of experience of PES' performance against the Code of Practice targets, and taking account of the operation of competition after 1998, particularly with respect to services provided to prepayment meter customers by PESs and second tier suppliers.

GUARANTEED STANDARDS PAYMENTS

GS2 Payments

83. The consultation paper proposed that it would be appropriate to raise from £40 to £50 the payment to domestic customers due under Guaranteed Standard 2 for restoring supplies within 24 hours.
84. PESs, with one exception, agreed with the proposal. Committees and other respondents fully supported the proposed increase, with a number arguing that Standard payments generally should be increased.
85. Accordingly, OFFER intends, subject to Parliamentary approval, that GS2 payments for domestic customers be increased to £50 for the first 24 hours loss of supply (and to £25 for each succeeding 12 hours) as soon as possible.

REPORTING OF PERFORMANCE AGAINST OVERALL STANDARDS

86. The consultation paper sought views on the possibility of requiring PESs to report separately on their performance under the Overall Standards between distribution services provided to their own supply customers and those provided to customers of other suppliers.
87. Several PESs expressed doubts over the value of separate reporting, and the majority indicated that their present systems for reporting OS performance in relation to distribution services could not identify the customer's supplier. New systems would need to be put in place and would be costly. PESs did not,

however, provide estimates of the cost of separate reporting, though one company said that the requirement would not be unduly onerous except for OSIA and OS7. Some companies expressed the view that knowledge of the supplier's identity would not necessarily help to ensure non-discrimination in the provision of distribution services by PESs. Against this, Committees and other consultees generally favoured the introduction of separate reporting, and one second tier supplier considered it essential.

- 88 It is important that PESs are able to demonstrate that, in providing distribution services, they have not discriminated against customers of second tier suppliers. In the case of those Overall Standards for which it is proposed to raise the required level of performance to 100 per cent, the scope for discrimination in the level of service given to different groups of customers will in any case be reduced. However, even here, there would be merit in separate reporting to ensure transparency. OFFER therefore expects companies to develop and implement the necessary systems as soon as possible, and not later than 1 April 1999.
- 89 It will be important that information is available, in the meantime, on the quality of services provided for second tier customers. Under the reporting arrangements provided for in the PES/Second Tier Supplier Agreements, each second tier supplier will receive quarterly statistical reports on the PES's performance in providing a number of services (some of which are covered by Overall Standards) for customers of that supplier. These reports will be copied to OFFER. Second tier suppliers will also receive quarterly reports from each PES, in whose area they supply, on the PES's performance against the Overall Standards. These arrangements should go some way towards monitoring PES performance until full separate reporting is implemented.

PRESUMPTIONS AND EVIDENCE

90. Under the present Guaranteed Standards Regulations (Regulation 16), there is a presumption that the PES received information from the customer, or made a visit, at the time and on the date shown by the PES's records of the event. In effect, it means that, if a customer is in dispute with a PES, the onus is on the customer to prove that the PES's records are inaccurate. It was proposed to exclude any presumption in favour of records or information held by companies.
91. Only half the PESs responded, and opinion was divided between removal and retention of the present provision. Two companies said that, where companies had fully accredited systems in place, in the event of a dispute with a customer due weight should be afforded the evidence thereby provided. Removal of the presumption in favour of PESs was widely supported by Committees and other respondents.

92. The change would mean that there would not be any automatic presumption in favour of a PES if it held a “record” or “certified information” as defined in the Regulation. Due weight would be given to evidence “on the balance of probabilities”, and that would need to take account of the extent to which each party was able to produce clear and soundly based evidence.
93. OFFER intends, subject to Parliamentary approval, to implement the change as soon as possible.

SUMMARY

94. This document sets out a series of improvements to the Guaranteed and Overall Standards aimed at ensuring a higher level of service for customers.

95. OFFER intends to implement the following improvements with effect from 1 April 1998:

the Overall Standards relating to voltage faults, connecting supplies, reconnections, re-siting meters, changing meters, and meter reading to be raised to 100 percent for all companies;

the Overall Standard for the restoration of supplies within 24 hours to be raised to 100 per cent for all companies;

the Overall Standard for restoration of supplies within three hours to be raised to a range of 85 to 95 per cent.

96. OFFER intends to implement the following improvements in existing Guaranteed Standards for all PESs as soon as possible, subject to Parliamentary approval:

respond to failures of the supplier’s fuse within three hours on weekdays between (at least) 7 am to 7 pm, and within four hours at weekends between (at least) 9 am to 5 pm;

install a meter for domestic customers within two working days, and for non-domestic customers within four working days;

provide an estimate for connecting a new supply or moving a meter within five working days if no significant work is required and 15 working days if significant work is required;

give a minimum period of at least five days’ notice to customers whose supply is to be interrupted for planned repair or maintenance to the distribution system;

arrange an appointment to investigate voltage complaints within seven working days or to provide an explanation within five working days;

respond to reported meter errors either by arranging an appointment to investigate within seven working days or providing an explanation in writing within five working days;

notify customers whenever they are due a Standards payment and to make payment within 10 working days;

payments under Guaranteed Standard 2 to domestic customers who suffer a loss of supply exceeding 24 hours to be increased to £50;

a change to the Guaranteed Standards Regulations concerning evidence so as to exclude any presumption in favour of records or information held by companies.

97. OFFER intends, subject to Parliamentary approval, to implement as soon as possible a new Guaranteed Standard requiring all PESs to repair prepayment meter faults within three hours on weekdays between (at least) 7 am to 7 pm and within four hours at weekends between (at least) 9 am to 5 pm.
98. OFFER expects companies to develop and implement systems to enable separate reporting of performance against the Overall Standards for both PES and non-PES customers not later than 1 April 1999
99. The following possible changes for implementation in April 2000 are for discussion during the forthcoming distribution price control:

the development of appropriate systems to enable automatic payments under Guaranteed Standard 2 on the restoration of supply;

a Guaranteed Standard covering supply restoration within less than 24 hours;

reducing the scope of the severe weather exemption;

a new Guaranteed Standard dealing with frequent supply interruptions.

ANNEX - RESPONSES TO OCTOBER CONSULTATION DOCUMENT

1. Public Electricity Suppliers

Eastern Electricity plc
East Midlands Electricity plc
London Electricity plc
Manweb plc
Midlands Electricity plc
Northern Electric plc
United Utilities plc
SEEBOARD plc
Southern Electric plc
South Wales Electricity plc
South Western Electricity plc
Yorkshire Electricity plc
Scottish Hydro-Electric plc
ScottishPower plc

2. Electricity Consumers' Committees

East Midlands
London
Merseyside and North Wales
Midlands
North East
North West
Southern
South East
South West
South Wales
Yorkshire
Chairmen's Group

3. Other Respondents

Age Concern
British Gas Trading
Connect South West
Consumers' Association
Mr J E Harris
Mr B O Martin
NEA
PUAF
Right to Fuel
RNIB