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Dear Chris,

**Open Letter on Ofgem's Proposals to Implement Revised Standards of Performance Arrangements for Electricity Distributors**

**General support for the proposals**

energywatch is generally supportive of the proposed changes to the Standards of Performance arrangements for electricity distributors. We welcome any set of proposals that makes life simpler for consumers if they suffer the inconvenience of loss of supply as a result of either the dysfunctional operation of the network under normal or severe weather conditions. Our specific comments are shown below.

**Cap on size of events**

energywatch is unsure about the basis for calculating the cap on 2% of revenue exposure and not 1% or 3% for example. This is important as if there is a close call between categories mentioned in table 3 of the document as it could have a substantial impact on the numbers of customers liable for compensation.

**Overall standards of performance**

We agree with the removal of overall standards of performance in favour of the incentive framework reporting of quality of standard under the Regulatory Instruction and Guidance (RIG) which incentivises good customer practice through the price control mechanism. energywatch will of course continue to

monitor complaints against electricity distributors and compare them with published the RIGs and we are happy to share our analysis with Ofgem. We note that Ofgem maintains the right to re- introduce overall standards if necessary.

### **Compensation for consumers connected to IDNs**

energywatch believes in equal treatment for consumers whatever network they happen to be connected to. energywatch has consistently supported the practice of customer compensation payments upfront. Any potential dispute between DN and IDN should be resolved behind the scenes. This we believe is consistent with Ofgem's policies on water ingress causing gas supply interruptions. It is essential, however, that the resolution process ensure that consumers remain the main priority.

### **Information given to consumers about severe weather**

In the event of the storms in 2002 consumers' complaints during this events were primarily information related. We believe that a standard must be introduced requiring companies to communicate timely, relevant and up to date information to consumers during a severe weather event. Consumers accepted that the lights could go off as a result of a storm but what they do not (and should not) tolerate is not having sufficient up to date information on restoration times, etc. We believe that the standard could be measured effectively by consumer satisfaction surveys which are currently undertaken as part of IIP. However, it is not in itself a guarantee of equal treatment of consumers by DN's. This would mean that the standard would be applied at the same level across all DNs. Information should also be made available to consumers on an ongoing basis as part of an education programme (and this should be reflected in the standard as well) when it is known that a storm is likely to break (before any potential incident) not just during and after the severe weather.

### **Practice and Procedure**

energywatch welcomes the opportunity to review both individual and consolidated disputes procedures. In the absence of any proposals in this letter we look forward to working with Ofgem on the development of robust dispute resolution procedures.

If you would like to discuss these comments do not hesitate to call me or Sebastian Eyre on 020 7799 8368.

Yours sincerely

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energywatch