



Your ref

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9 December 2005

Dear Angela

Open Letter on Ofgem's Electricity Distribution Customer Service Reward Scheme

CE Electric UK Funding Company (CE) is the UK parent company of Northern Electric Distribution Limited (NEDL) and Yorkshire Electricity Distribution plc (YEDL). This letter represents the views of CE, NEDL and YEDL on Ofgem's open letter on the proposed customer service reward scheme.

Our full response comprises this letter and an appendix containing answers to each of the detailed questions posed by Ofgem in the annex to the open letter. In summary, we:

- support the proposed reward scheme framework;
- support, in principle, the use of external parties to validate companies' submissions, so long as a level playing field can be maintained in this respect; and
- agree that sharing of best practice would be of benefit to all parties in improving the service provided to customers.

We look forward to being able to contribute to the development of the scheme in the future and would welcome an opportunity to discuss this subject with you in more detail.

Yours sincerely

Tony Sharp

T H Sharp
Regulation Manager

CE ELECTRIC UK FUNDING COMPANY

CE Electric UK

Appendix – Responses to specific questions posed in the annex (headed “proposed format for the discretionary reward scheme”) to Ofgem’s open letter on the electricity distribution customer service reward scheme

Question 1

We agree with the proposed split of the total reward across the three categories proposed.

Question 2

We believe that it will be especially pertinent after the first operation of the scheme for there to be a full review involving all parties. This should cover not just the scope of, and weighting across, each of the categories, but also the continuing appropriateness of the categories themselves. After that it may well be appropriate for the panel to consider and recommend to GEMA how the reward is weighted across those categories in future years.

Question 3

We believe that the primary criterion governing minimum requirements of best practice for each of the three categories should be that such requirements should be supplementary to anything that the panel might deem to be simply the kind of “business as usual” that would do no more than deliver minimum compliance with relevant statutory and licence obligations.

Question 4

Whilst we believe that the supporting of DNO reward submissions by relevant external stakeholder organisations may be a principle worth pursuing and shall be interested to learn in due course what the relevant organisations may think of this themselves, it might not be helpful if this could either restrict the potential membership of the panel or lead to members of the panel having to “declare an interest” and abstain when particular submissions came up for consideration.

Question 5

We believe that Ofgem’s announcement of the outcome of each year’s contest should be accompanied by sufficient detail of all successful initiatives as to:

- facilitate understanding of each initiative’s aims, set-up, operation and outputs;
- facilitate appropriate replication if desired; and
- explain the rationale for the panel’s decision

As we advance beyond the first year of the scheme it may well be appropriate for a database to be created within Ofgem’s website so that requisite details of all years’ initiatives can be accessed in one place.

Question 6

We believe that the panel should consist of relevant stakeholder groups with a national, rather than local, interface with, and interest in the customer-friendliness of, DNOs. Pertinent examples would be Age Concern and SAGA.