

***By email***

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Dear Angela,

**Open Letter on Ofgem's Electricity Distribution Customer Service Reward Scheme – A Response by British Gas Trading.**

Whilst British Gas welcomes any initiatives to improve the levels of service provided to customers by Electricity Distribution Businesses (or Distribution Network Operators - DNOs), we have some concerns over the scheme set out in your letter both in principle and the specifics. We have set out these concerns below. We are happy for a copy of this response to be placed in the Ofgem library and to be published on the Ofgem website.

Whilst the DNOs should be encouraged to have their own social initiatives, as any large organisation should have as part of their Corporate Responsibility, we do not consider it appropriate to offer a specific prize with a financial reward for an area that all companies, including suppliers are required to address. There are already more widely acknowledged reward schemes for work in this area such as the BITC award.

We are concerned that any schemes set up by DNOs without industry consultation could conflict with initiatives from Supply Businesses and cause customer confusion. Furthermore, there is the risk of Suppliers and DNOs targeting the same person, therefore leading to an ineffective use of money and yet again, customer confusion. Suppliers have an obligation under the Social Action Plan (SAP) to provide the same

kind of initiatives, for which there is no financial prize to be won. Surely this would be a more appropriate regime under which to place social initiatives on DNOs.

As part of the PSR review in 2004 the industry agreed the process of recording PSR customers. There are complex data protection issues around the DNO or any agent of the supplier capturing this information and it then being passed to a third party via the Supplier. A consensus was achieved through several industry workshops facilitated by Ofgem where serious Data Protection issues were discussed and expert advice was sought. The current process is that the Supplier has to be told by the customer that they wish to be on the PSR and the Supplier then passes it to all relevant parties including the DNOs. It was also agreed that if a customer contacted the DNO directly that they would advise them that they should contact their Supplier to ensure inclusion on the PSR. The industry has agreed this and any changes to this would potentially require costly IT systems changes. If the customer is to be contacted by the DNO, only for the DNO to tell the customer they must also register with their Supplier (because of the Data Protection issues), this will lead to confusion and increase possibly unnecessary customer contacts.

In most cases the DNOs are not necessarily customer facing. We are concerned, that encouraging DNOs to contact the end user customers will both confuse the customer and potentially damage the Supplier's relationship with the customer.

With the blurring of relationships between DNOs and their supply companies, there is a risk of misleading the customer as to whom they are receiving the service from e.g EDF's Distribution business and Supply Business are both named 'EDF' with the same branding. If the customer was approached by EDF (Distribution Business) it is quite possible they would think they are receiving the service from EDF Supply Business rather than their Distribution Business. We consider that this will lead to confusion in the customers mind as to who they are supplied by.

In summary we consider that this scheme will cause major customer confusion, quite possibly require costly IT system changes on the part of Suppliers (and possibly DNOs) and that there are potentially more appropriate methods of implementing such a requirement on DNOs. Whilst the DNOs should be encouraged to be innovative, this should be implemented through existing industry regimes and should include some requirement to tackle fuel poverty and promote the energy efficiency message in order to fit in with the overall government target of eradicating fuel poverty by 2010.

I hope these comments have been helpful, please do not hesitate to contact me (07979 567717) if you require any further information or clarification on any of the points made within the response.

Alison Beard  
Regulatory Issues Manager  
Centrica