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09 December 2005

## **Electricity Distribution Customer Service Reward Scheme**

Dear Angela

I am writing in response to Martin Crouch's open letter of 26<sup>th</sup> October 2005 on Ofgem's proposals for the discretionary reward scheme. I am pleased to provide comments on behalf of Central Networks.

### **1. Proposed split of the reward**

We are happy with the split of the reward across the categories proposed for the first year of the scheme.

### **2. Reward categories in future years**

The reward scheme needs to provide some stability over time in order to give DNOs a degree of confidence of return when they are considering investing in new initiatives. However, it will be important to review both the categories and the amount of reward allocated to them periodically to ensure that the scheme continues to provide appropriate incentives to DNOs.

We believe the panel should consult with the industry each year to determine appropriate categories and weightings for the reward in future years.

### **3. Minimum requirements and assessment of performance**

The minimum requirements as set out in the letter are rather vague and it could be difficult to measure DNOs against them, which is likely to make it difficult to compare companies in an open and objective way. However, the purpose of the reward scheme is to encourage good customer service, and

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the impact on the customer should be the primary consideration when evaluating initiatives, even if this is not always the easiest aspect to measure. Also, we believe that it is vital to recognise that customers who are not normally vulnerable can become so during a prolonged power cut, and we believe the scheme should be able to reward DNOs who are able to react dynamically and support different groups of customers as and when necessary.

In addition, there is an increasingly wide range of services offered by DNOs to help their vulnerable customers, and we do not believe that the requirements as they stand would be able to reward innovation sufficiently. It is important that the scheme is flexible enough to encourage and reward new initiatives, particularly those that combine good customer service with cost efficiency.

#### **4. Use of external stakeholder evidence**

We believe that it is very important to canvass the views of external stakeholders, including organisations such as energywatch, Age Concern and other regional customer support bodies and charities. These organisations know at first hand the difficulties vulnerable customer groups face, and the efforts DNOs are making to provide support. In addition, the customers themselves are best placed to comment on the impact of initiatives on them, and we would like Ofgem to consider including individual customers when gathering evidence.

Central Networks works with a number of external stakeholders, and we would be very happy to provide Ofgem with contact information for them.

#### **5. Format of the best practice register**

We believe the best practice register should be made available on Ofgem's website, with a small number of paper copies available on request. The primary audience for the document is likely to comprise the industry, the media, customer support organisations and charities, not individual customers, so a web-based register would be most suitable. However, if there is substantial interest from customers, Ofgem may want to consider making the document more widely available, perhaps in large print or in different languages as appropriate.

We think that there would be benefit to customers in Ofgem hosting an annual best practice conference after the awards have been made. This would enable DNOs to learn from each other, Ofgem and key external

stakeholders which initiatives were felt to deliver the best service to customers. This would speed the spread of best practice through the industry, and mean that customers would benefit sooner.

## **6. The panel**

We would like to see the panel made up of representatives from a variety of the external bodies likely to have worked with DNOs on various initiatives, as well as energywatch and Ofgem. It is important that the people chosen are knowledgeable but unbiased, and it would be good to see the regions represented.

## **7. General comments**

At Central Networks we are proud of the service that we offer to our customers, and are now offering the same high levels of customer service in both our licensed areas. We offer a wide range of flexible services, including the first Customer Support Vehicles in the country, that we can call on as required to give our customers the best support we can.

We would be happy to provide Ofgem with any more information that could help the development of the reward scheme, and would be very pleased to invite you or the panel members to visit our Pegasus Head Office to see our services in action. If you would like any more information, please do not hesitate to contact me.

Yours sincerely

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Policy and Compliance Manager