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*Our ref*

*Your ref*

*Date*

01 December 2005

Dear Angela

Customer Service Reward Scheme

I am responding to your letter of 26 October regarding the structure and format of the Customer Service Reward Scheme.

In general we support the proposed format of the scheme in rewarding best practice, innovation and creativity, particularly where this is embedded in broader business processes, rather than 'flagship' projects or one-off initiatives.

To ensure a level playing field, it is important that submissions should relate wholly to the activities of the licensed DNO and not to a Corporate Group level. Similarly only one application should be allowed per DNO group not per distribution licence holder.

In response to the issues raised in the letter, we have the following comments.

**Proposed split of the total reward across the three categories.**

We support the proposed split of the total reward across the three categories of £600,000 for Priority Services and £200,000 corporate social responsibility and communication strategies.

**Should the Panel decide the scope of the categories and how the reward is weighted across those categories in future years?**

The future scope of the categories and how the reward weighting for future years should be determined by Ofgem following advice from the Panel and the results of public consultation.



**Proposed minimum requirements of best practice outlined for each category**

At this early stage, the minimum requirements should be guideline only to incentivise best practice. In particular as the minimum requirements for Priority Services are beyond the DNO Licence Requirements, the Panel should be flexible in their assessment.

**Additional information that could be used to assess DNO performance in each of these areas**

The minimum requirements are comprehensive as they would underpin any specific initiative.

It would be helpful to Ofgem to standardise the space available for the reward submissions format so that DNOs are easily comparable. Supporting evidence can then be cross referenced back to the main submission.

**Is it appropriate that DNOs have their reward submissions supported by relevant external stakeholder organisations? What would be the most effective way to do this?**

External Stakeholder support should be optional. A DNO may be meeting the minimum standards without the involvement of many different external stakeholder organisations. The Panel should be flexible and take each submission on its merits.

**Format of the Best Practice Register;**

An online Best Practice Register linked to the Ofgem website would be an accessible and flexible format.

**Possible members for the Panel.**

Panel members could be drawn from customer support/caring agencies and the voluntary sector with experience in one or more of the three categories.

I hope that these comments are helpful. If you would like to discuss anything further please do not hesitate to call me on 0117 9332175.

Yours sincerely



ALISON SLEIGHTHOLM  
Regulatory & Government Affairs Manager