

The background of the slide is a blue-tinted photograph of electrical components, including a power outlet and a circuit breaker, with a soft glow effect.

# GDPCR Quality of Service

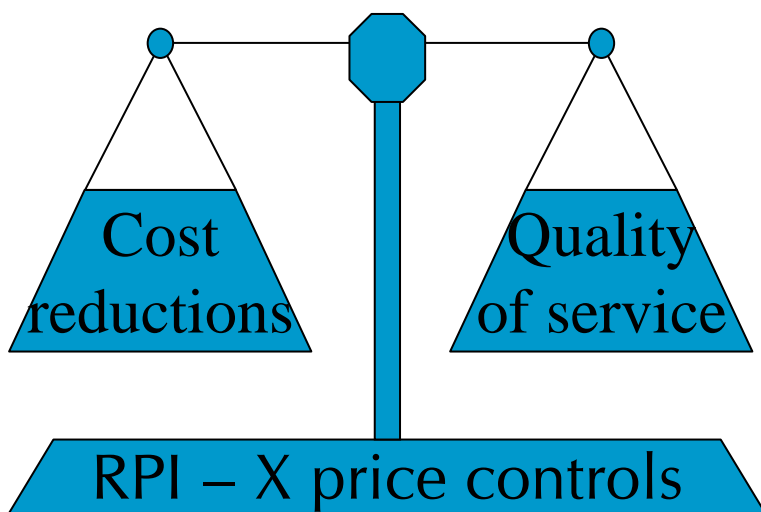
Industry seminar, 23 January 2007

# Summary of presentation

- Context and background
- Research programme
- Key findings
- Areas for improvement
- Ofgem's current thinking
- Next steps

# Context and background

- Historical performance across the quality of service areas and complaint levels for GDNs have generally been good.  
However:



- Quality of service measures provide important protection to consumers
- Key balance to price control incentives to reduce costs
- Still difficult to identify how overall performance is changing/best performers

# Context and background

- New GDN owners and systems present opportunities:
  - to resolve historical issues with data reliability and measurement
  - carry out performance comparisons
  - understand how performance has developed since GDN sales
- Under the Gas Act, Ofgem is required to undertake customer research before making changes to the standards of performance

# Consumer research programme

1. A initial qualitative stage:
    - Focus groups with domestic and priority consumers;
    - Telephone interviews with small and large business consumers, building contractors and energy consultants.
  2. A subsequent quantitative stage:
    - Large scale telephone survey
- The research fieldwork was undertaken during October – December 2006. A report summarising the research programme and its findings is being finalised and will be published shortly.

## Key findings - general

- Low awareness of GDNs and existing standards of service
- Consumers want to be better informed of these 'rights'
- High levels of satisfaction in many areas covered by the standards
- All standards rated as important or very important by most
- Those with experience of a recent gas event, were satisfied with overall measures of GDNs performance, such as:
  - Communication and information during the works;
  - Professionalism of the engineers; and
  - Overall service provided.

## Key findings – corporate social responsibility

- Most thought GDNs have suitable social responsibilities and made a positive contribution to the environment
- Those who thought GDNs did not make a positive contribution suggested GDNs could provide more information on environmental issues and less disruption to roads and paths etc.

*“I would like to know more about what they are doing about the environment”*

# Areas for improvement

## COMPLAINTS

- 55% of domestic consumers and 40% of businesses were fairly or very dissatisfied with the response to their complaint
  - Shorter timeframe for response suggested (2 working days)

## REINSTATEMENT

- A quarter of businesses found this standard unacceptable
  - Shorter timeframe suggested (within 2 working days)

*“[It was] well over a week with a great big hole at the top of my garden...I had to ring them three times”*

# Areas for improvement

## UPDATES DURING UNPLANNED INTERRUPTIONS

- 25% of businesses found this standard unacceptable
  - Shorter timeframe to provide updates suggested (2-8 hours)

*“It is essential that the gas distributor keeps everyone informed and can be easily contacted”*

# Areas for improvement

## COMPENSATION LEVELS

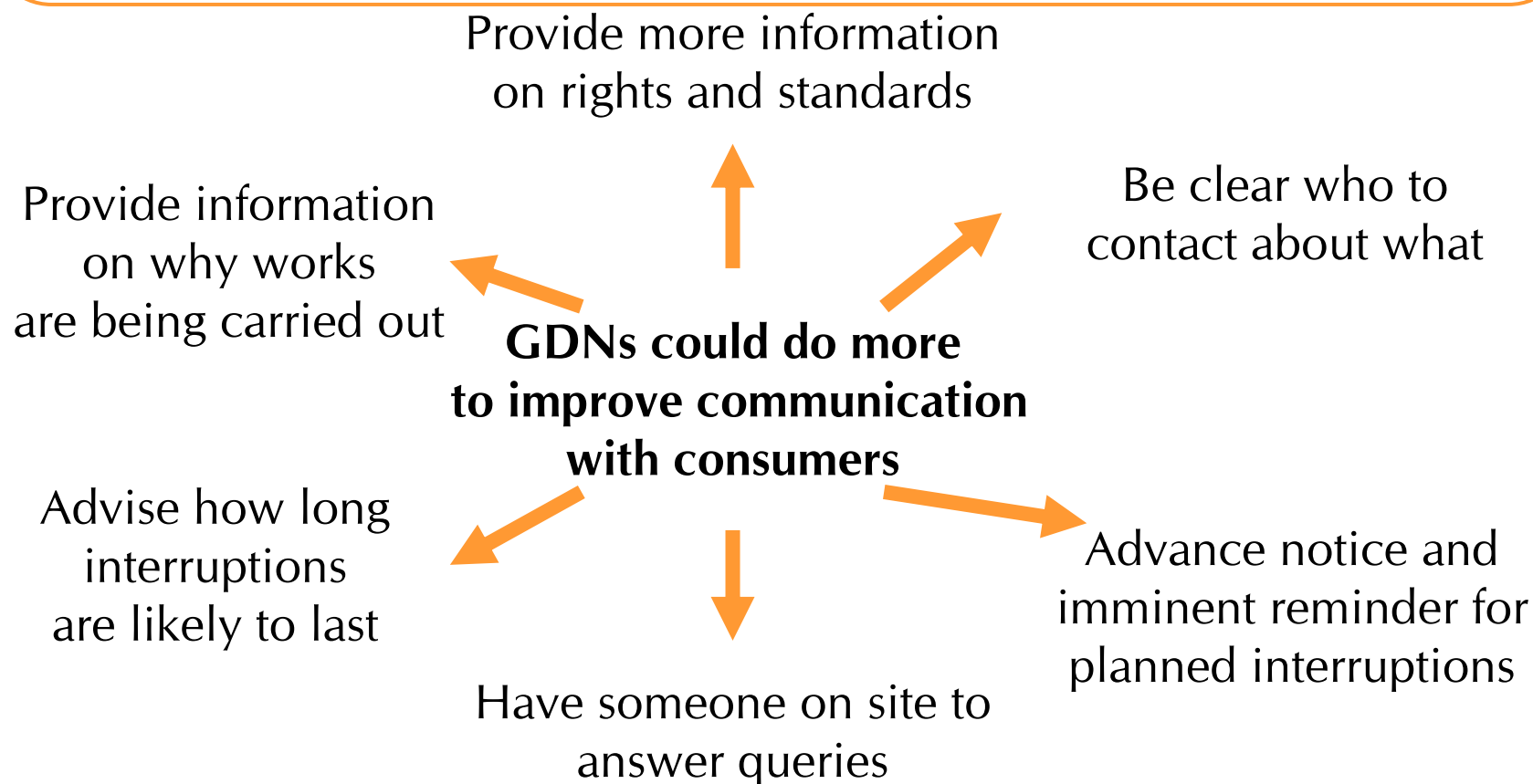
- At least seven in ten domestic consumers were satisfied with the existing levels of compensation
- Businesses were less satisfied than domestic consumers
- Main areas customers are seeking higher payments:
  - Restoring customers supplies within 24 hrs after an unplanned interruption
  - planned interruption standard
  - reinstatement standard
  - alternative heating and cooking standard
- Business consumers are looking for amounts that cover their financial loss rather than compensation for inconvenience

# Research conclusions

- Overall, the results indicate the current standards are mostly acceptable and cover areas important to consumers.
- Areas identified for improvement were:

Existing standard:	Improvement suggested:
Completion of reinstatement works	Shorter timeframe & higher compensation amounts
Responding to complaints	Shorter timeframe
Providing updates during unplanned interruptions	Shorter timeframe
Providing alternative heating and cooking facilities	Higher compensation amounts
Restoring supply within 24 hours	Higher compensation amounts
Advance notice of unplanned interruptions	Higher compensation amounts

# Research conclusions



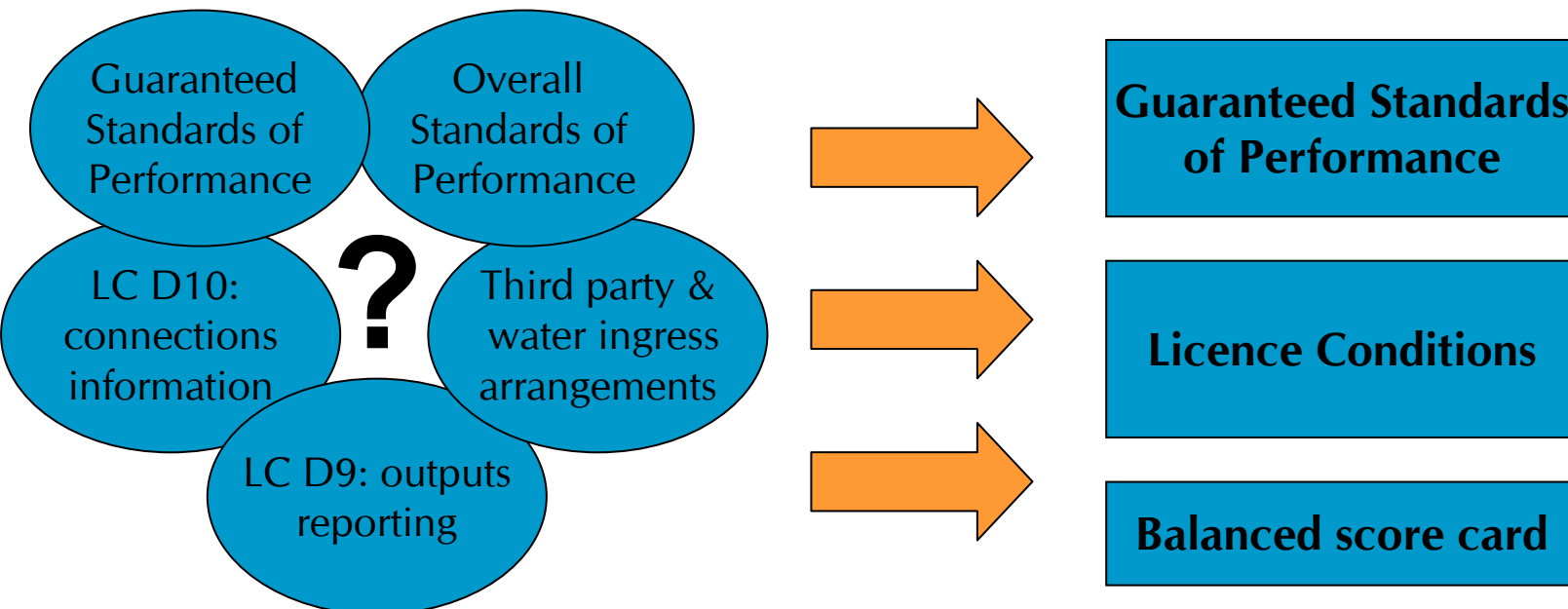
## Ofgem's current thinking

- The findings of this research will be used to inform Ofgem's proposed changes to the quality of service arrangements.
- The proposed changes in the November consultation aim to better protect the interests of consumers by:
  - Improving the accuracy and reliability of GDNs' data;
  - Encouraging further comparative competition between GDNs; and
  - Rationalising and simplifying the quality of service arrangements.

# Ofgem's current thinking

## Current arrangements

## Proposed arrangements



# Ofgem's preferred option

- Migrate existing obligations under the Overall Standards of Performance.

Existing Overall Standard of Performance	Preferred option
1. Answering telephone calls	Licence Condition
2. Advance notice of planned interruptions	Guaranteed Standard of Performance
3. Provide updates during unplanned interruptions	Expand consumer satisfaction survey
4. Responding to complaints	Guaranteed Standard of Performance
5. Attending reported gas escapes	Licence Condition

# Ofgem's preferred option

- Some changes to the Guaranteed Standards of Performance.

Existing Guaranteed Standard of Performance	Preferred option
1. Supply restoration within 24 hours	Include third party damage and water ingress Review compensation level
2. Reinstatement of consumers' premises	Review timescale and compensation level
3. Provide alternative heating & cooking facilities	Licence Condition
4-6. Provision of connection quotations	Incorporate into one standard
9-10. Offering dates for connections works	Incorporate into one standard
New – Advanced notice of interruptions	Review timescale and compensation level
New – Responding to complaints	Review timescale and compensation level

## Ofgem's preferred option

Other proposed changes include:

- Improving the accuracy and reliability of GDNs data, particularly for interruptions reporting;
- Expanding the existing quarterly consumer satisfaction survey to include GDNs performance in connections, emergencies and providing information during unplanned interruptions;
- Introducing an incentive scheme to encourage GDNs to maintain accurate pipeline records; and
- Developing a balanced score card to better compare GDNs performance across a number of key areas.

## GDPCR next steps...

- Review the responses to the third consultation document and cost forecast information provided by the GDNs
- Provide the detail of any changes to the quality of service arrangements having considered the consumer research and responses to our preferred option
- Complete a cost-benefit analysis of the changes as part of the draft Impact Assessment
- Publish initial proposals for consultation in May 2007

A large, central version of the ofgem logo is positioned in the middle of the slide. It features the word "ofgem" in white lowercase letters on a rounded orange background. The background of the slide is a light blue gradient with a faint image of a power outlet and a person sitting at a desk.

Promoting choice and value for all  
gas and electricity customers