



Report on the Electricity Distribution Customer Service Reward Scheme 2006/07

Introduction

The electricity distribution customer service reward scheme ("the scheme") is designed to encourage better service for consumers in areas that cannot be easily measured or incentivised. We seek to achieve this by recognising leading performance and beacons of excellence within the industry and driving innovation and creativity through the promotion of best practice. The scheme is designed to reward the performance of those DNOs which exceed their licence requirements and demonstrate a holistic approach to promoting best practice embedded in broader business processes.

Each year DNOs are invited to submit entries to Ofgem detailing the initiatives and strategies they consider have best served the interests of customers across the chosen categories throughout the reward period. For the 2006/07 scheme (the second reward period since the scheme began) the chosen categories were 'priority customer care initiatives' and 'wider communication strategies'.

Six DNOs submitted entries for the scheme this year. Those companies were Central Networks, United Utilities, CE Electric, Western Power Distribution, EDF Energy and Scottish and Southern Energy. The entries were assessed by an independent panel of experts¹ appointed by Ofgem in a panel meeting which took place on 5 June 2007. The DNOs also had an opportunity to present their entries in person and answer any questions posed by the panel.

DNOs' entries were expected to meet the minimum requirements specified for each category. For the priority customer care category the minimum requirements specified, amongst other things, that DNOs should be proactive in ensuring the details of their priority customers are up to date and readily transferable between the DNO and the relevant suppliers. For wider communication strategies the minimum requirements specified, amongst other things, that DNOs must have a range of communication strategies which effectively reach their target audiences and are regularly monitored to meet customers' needs. Many companies also demonstrated that they had implemented best practice initiatives identified from last year's scheme. These initiatives included partnership work with the WRVS and parish councils, the use of customer support vehicles and winter packs, and media training for key staff.

Decision

The panel commended all DNOs that entered the scheme for the quality of their submissions and for the progress that had evidently been made since last year's scheme. The panel was particularly impressed with the way best practice identified in 2005/06 had been widely adopted amongst the companies this year and that a number of initiatives had stood out as being particularly creative and worthy of praise.

Priority customer care initiatives

A reward of £600,000 was available under this category. CE Electric and EDF Energy are each to receive £300,000 to reward their work exceeding their obligations to support vulnerable customers.

These companies were chosen in recognition of the progress they have made since last year's scheme and because they demonstrated a creative, proactive and holistic approach to supporting vulnerable customers, embedded in their broader business processes. Both

¹ The panel included representatives from energywatch, Age Concern, the Royal National Institute for the Deaf and the Royal National Institute for the Blind.

companies also received praise for being able to demonstrate the impact of their initiatives on customers and for recognising the need to serve customers that may be temporarily vulnerable. CE Electric was congratulated for its treatment of disabled customers and for senior management involvement in its priority customer care programme. EDF Energy was also congratulated for its talking newspapers and hospital radio initiatives. Both companies had demonstrated a wider business commitment to supporting vulnerable customers.

Wider communication strategies

A reward of £400,000 was available under this category. CE Electric is to receive this reward in whole for the breadth of its initiatives, particularly for its community work with Post Offices, MPs and the media. CE Electric also received praise for its efforts to obtain the RNID charter mark which is an organisation wide gold standard.

This year's submissions can be viewed on the Ofgem website. Other companies were also highly commended in both categories as is detailed in the case studies towards the end of this report.

Areas for improvement

The panel identified some key areas for improvement for next year's scheme:

- Entrants should aim to quantify the impact of their initiatives and strategies on customers and give more focus to the outcomes;
- Entrants should aim to build on their efforts from previous years and demonstrate a process of continuous improvement; and
- Entrants are encouraged to demonstrate a holistic approach in the assessed areas and show that their initiatives and strategies are embedded in wider company processes and decisions.

Comments specific to individual entries are being fed back to the relevant business directly.

The 2007/08 scheme

The 2007/08 scheme has a total annual reward of £1 million available across all DNO groups and will cover:

Corporate social responsibility	£700,000 reward
Wider communication strategies	£300,000 reward

For 2007/08, greater focus has been given to the 'corporate social responsibility' category as this has been identified as an area with many challenges and where much improvement can be made. As a number of best practice initiatives for the wider communication category were identified and rewarded as part of the 2006/07 scheme, Ofgem considers that it is important to focus on continuous improvement in this area.

Based on the views of 2006/07 panel members we intend that the 2007/08 scheme should be more focused within the categories and have less overlap between the categories. The following aspects of each category will be given particular consideration for the 2007/08 scheme:

Corporate social responsibility (CSR)

- environmental and social impact on the community in relation to electricity networks;
- issues such as working with community partners, public health and safety/education;
- evidence of embedding sustainability into wider company processes and decision making;

Wider communication strategies

- community partnership or outreach work focusing on promoting the priority services register;

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- seeking feedback or undertaking research to gain an understanding of vulnerable customers specific needs; and
- initiatives to promote access to company policies and services via appropriate and innovative mediums of communication including alternative formats.

A proportion of the panel will be changed for the 2007/08 scheme to allow for a diversity of views and organisations to be represented.

Next steps

Ofgem will issue guidance notes and entry forms for the 2007/08 scheme to the DNOs by August 2007.

Best practice case studies identified by the Panel

Central Networks– Wider communication strategies

Central Networks is the only DNO to have launched a live network information map on its website to enable customers to check estimated restoration times for power cuts and planned outages. Central Networks has also pioneered community partnership initiatives aimed at engaging with vulnerable and hard to reach customer groups, for example its work with parish councils and the use of customer support vehicles to distribute outage packs during interruptions.

United Utilities (UU) – Wider communication strategies

United Utilities has laid strong foundations for future communication strategies particularly with their staff training efforts. The consumer champion concept whereby employees were recognised as role models in the training process was a key contributor. UU is also seeking to roll out the use of SMS text messaging to improve communication with deaf customers.

CE Electric (CE) – priority customer care initiatives

CE's Community Care initiative has delivered a number of measurable benefits to vulnerable customers in their area. The initiative builds on best practice from last year's scheme and is proactive in working with community partners to expand the priority register and respond to the particular needs of those customers registered. Senior staff members from CE have been linked to their priority customer care work demonstrating an organisation-wide commitment to improving customer service

Western Power Distribution (WPD) – Priority customer care initiatives

WPD's partnership with Air Products was highlighted by the Panel as an initiative that should be widely adopted amongst DNOs. Air Products is the Department of Health's provider of home oxygen equipment in South Wales. WPD has used this partnership to raise awareness of the priority services register amongst oxygen dependent customers and co-ordinate emergency care. Air Products has agreed to promote WPD's priority services register amongst its customers and provide specialised assistance to oxygen dependent customers during power cuts.

EDF Energy (EDF) – Priority customer care initiatives

EDF emphasised the need to reach customers with learning difficulties in their partnership initiatives with Mencap. EDF worked with Mencap to ensure its staff are properly trained to help vulnerable customers. EDF has developed other initiatives to promote the priority services register, for example broadcasting details on hospital radio stations and through the use of talking newspapers.

Scottish and Southern Energy (SSE) – wider communication strategies

SSE has made an effort to reach vulnerable customers that may not wish to be registered, but still require additional support during power cuts. SSE was also recognised for its work to target ethnic minority groups through the medium of ethnic local radio. SSE has broadcast details of the priority services register to an audience of almost 30,000 listeners of a local Asian language radio station.