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Dear Ayesha

Gas Distribution Price Control Review (GDPCR): Initial Licence Drafting Consultation

energywatch welcomes the opportunity to respond to the issues raised by this consultation. This response is non-confidential and we are happy for it to be published on the Ofgem website. We have the following comments:

- in relation to Special Condition E7, existing parties ought to have the ability to raise income adjusting event claims since these could relate to falls in costs as well as to increases. We would expect a party raising a claim to provide full supporting evidence, to be tested transparently through consultation, to determine whether, for instance, additional costs have been incurred efficiently. Adjusted costs are paid for by consumers who expect the delivery of network operations in an efficient and economic manner. Appropriate and specific criteria must apply to ensure that additional costs claimed in relation to recent traffic management legislation reflect efficient and economic operation. Price control re-openers ought to apply very exceptionally and the circumstances for applying a re-opener should be defined clearly in the drafting of the licence condition;
- we would expect Ofgem to retain relevant licence conditions (for example, new Special Condition E11) until the proposed cost reporting process is shown to work effectively. It would be an error to remove a licence condition prematurely as it may result in further work later to fill the gap if cost reporting is not providing adequate data. Ofgem should proceed cautiously in this regard;
- while we note that revenue reporting information will be required under RIGs rather than directly by licence conditions under these proposals, Ofgem should ensure that the RIGs are applied effectively to obtain relevant information for effective regulation. Gas distribution networks (DNs) must provide appropriate levels of data;
- energywatch is keen to work with the companies and Ofgem to ensure that the quality of service measures are both achievable at the outset and achieved in due course, and that monitoring arrangements, such as the customer satisfaction

survey, target a wide range of consumers, genuinely seek consumers' views and that any deficiencies discovered are rectified so that consumers are not disadvantaged.

- SSC D10 - we note the concerns of DNs about the absolute obligation placed on them through the revised licence to attend gas emergencies and the risk of them failing to meet the standard during a major incident. We believe that the licence condition sets an effective standard and should be observed. The DNs would need to provide strong evidence of circumstances prevailing at the time which prevent any of them from meeting the standard during particular incidents;
- SSCs D9 (7) and D10 (7) – we would be interested to know whether these two provisions combined only allow the DNs to undertake their own internal audits of systems, processes, etc. in terms of quality of service obligations or also allow for some external scrutiny. The reference to an examiner in D9 (7) suggests some external scrutiny is allowed and we believe that this may be appropriate;
- in the proposed changes to the Gas Standards of Performance in Appendix 10, there is no definition of complaint, although there are a number of instances outlined of circumstances where failure to meet set standards of performance will result in payments to consumers. We would appreciate clarity on whether there will be linkage of these standards of performance to any complaint handling standards that Ofgem develops;
- also in Appendix 10, the definition of 'relevant gas transporter' seems somewhat clumsily worded and should be refined without excessive cross-references;
- we believe that SSCs A19, A20 and A21 should reflect that the statements and procedures prepared by the licensee in accordance with those conditions also appear in a **format** which is accessible to specific groups of domestic consumers highlighted in the relevant conditions, for example, Braille for blind consumers. Otherwise any benefit arising from the use of plain and intelligible language will be lost. For example, we suggest that SSC A19 paragraph 4 could include an additional sub-paragraph as follows:-

“(d) when asked to do so by a domestic customer who is blind, partially sighted, deaf, or hearing-impaired, provide the statements in a manner or a format that is suitable for that customer’s special communication needs; and”.

Current sub-paragraph (d) would become sub-paragraph (e). We believe that similar wording should be accommodated as appropriate in SSCs A20 and A21.

- SSC A22 – we believe that DNs should recognise the value that consumers who ask for them place on the provision, and use, of passwords. The DNs should ensure that this value is accommodated appropriately in the service they provide to consumers;
- we agree with Ofgem’s intention to include revised licence conditions which increase and improve the reporting requirements on gas DNs’ performance

regarding customer service and ensure that quality of service standards are licensed activities and therefore subject to direct regulatory enforcement.

We consider that the other changes (excepting those on which we have commented above) appear to be fit for the purpose for which they have been proposed.

Going forward, we will continue to keep these issues under review, taking into account further changes which may arise as the price controls and associated amended licence conditions are finalised, always considering the possible impact on consumers.

We would appreciate being kept informed of the progress of the consultation and any related issues to enable us to comment as the need arises.

If you do wish to discuss our response further please do not hesitate to contact me on 0191 2212072.

Yours sincerely

Carole Pitkeathley
Head of Regulatory Affairs