Expectations of DNOs & Willingness to Pay for Improvements in Service

Stage One: Qualitative Report

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Executive Summary

- Overall, domestic respondents show low awareness of and involvement with their DNO (Distribution Network Operator) and electricity service. Business respondents generally displayed greater engagement with their electricity service but also have low awareness of their DNO. In the absence of power cuts or power problems, business and domestic respondents focussed their discussion on the price of electricity, with domestic respondents referring to many recent price increases and businesses speaking about the expense of their energy bill.

- Very few domestic or business respondents were aware of their DNO. Many believed that their energy supplier was responsible for distribution since it is the supplier they would contact in the event of an outage. Large businesses hold somewhat greater awareness of their DNO, but do not have much knowledge about the DNO in terms of their ongoing service activities.

- Both domestic and business respondents are largely negative toward the price they pay for electricity, believing they are presently paying high costs. Most have seen increasing costs over the past few years with little explanation and are generally unwilling to pay more for electricity unless justification for the price increase can be thoroughly provided.

- Some of the price negativity results from press given to large profit reports and high salaries for corporate officers. There is a strong sense among business and domestic customers that 'fat cats' are directly benefiting from the higher electricity prices. This sentiment is directed across most corporate entities and is not confined to the energy industry.

- Business and domestic respondents also questioned the transparency in electricity pricing. Many were unsure how pricing was set or how the costs were allocated. (The stimulus showing how costs were allocated within the energy supply chain helped their understanding in some respect.) However, a number of business and domestic customers suggested that costs be reallocated if DNOs required extra funding for improvements to the system; that is, taking 'money' from the generators or suppliers to fund system improvements.

- The presentation of the energy supply chain usually began negative discussions about deregulation among most business and domestic consumers. The consensus is that deregulation in most industries has resulted in higher costs and poorer customer service, although directed more toward the electricity supplier rather than the distributor. Many business and domestic consumers felt that deregulation has also created confusion on which entity is responsible for various electricity service components.

- Aside from the cost, most respondents have few issues with their electricity supply and their distributor. There were very few recent incidents of power cuts or voltage issues cited. Most domestic and business respondents felt that their power reliability and supply is currently far superior compared to what they had experienced ten years ago. In fact, there was a strong sense that power delivery has been stable and smooth over the past ten years.

- Voltage issues were rarely seen in any of the discussions and appear to be more of a business issue rather than a domestic one. Many domestic respondents do not see the difference between a power cut and a surge, dip or fluctuation.

- According to business and domestic respondents, one of the most important aspects of DNO service is providing reliable power. Coupled with that is the quick restoration of power in the event of a power cut. To a far lesser extent, some businesses mentioned that DNO service should include supplying power at a constant voltage.

- Awareness of the guaranteed standards of performance (GSPs) was minimal. A few business and domestic respondents thought there were some standards in place but had no specific knowledge of them. The concept of having DNO standards was welcomed, but when presented with the GSPs, many offered suggestions to improve the standards, for example, lowering the time to restore service during normal weather from 18 hours to 6 or 12, standardising the compensation claim period or making compensation automatic.

- In addition to their comments on the GSPs presented to them, business and domestic respondents displayed support for incentives and standards for network modernisation and investment, environmental responsibility and detailed disaster plans in the event of severe weather. [Existing standards and incentives in these areas were not discussed in the groups.]

- The discussion on GSP compensation generated the most lively discussion among all respondents with nearly all feeling the monetary amounts were insufficient, even if they were designed to compensate for inconvenience rather than lost products or services. Businesses in particular were very critical about the amounts being offered.

- Given the overriding sense that present electricity bills are high, service is considered good and public service officials receive high salaries and bonuses, there was little willingness to pay more for service or quality improvements. Rather, service and quality improvements are considered part of the DNOs remit.

- 'Green' issues are important to consumers and most felt they are doing what they can in terms of recycling and conserving energy. Most have no idea what DNOs (or others in the energy supply chain) are doing in this area. Many would like to learn what those in the energy supply chain are doing to safeguard the environment and plan for the future, given the overriding sense that global warming is creating unstable weather conditions.

- Business and domestic respondents hold similar views on many aspects of electricity service. However, there were some differences. Business respondents view power cuts in terms of loss of business, while domestic respondents view them as an inconvenience. Business respondents also desire a relationship with their electricity provider. If given the hypothetical choice of the frequency and duration of power cuts, domestic respondents would prefer shorter and more frequent ones while businesses would prefer longer and less frequent ones. Both mentioned the ability to plan better as a primary reason.

- Small business and domestic respondents also hold similar views. However, the differences cited above between business and domestic respondents also apply to small business respondents compared to domestic ones.

- Regarding location of the respondents, urban respondents had little experience with outages compared to rural respondents. However, for many rural respondents, power cut experience was generally limited to one or two in the past year. Overall, continuous electricity service is taken for granted by both groups.

- The degree of dependency on electricity separates business customer opinion more than the size of the business. Hospitals, manufacturers and schools hold a greater degree of dependency and are more likely to have back up generators and multi-sites than services businesses. They are also more likely to have had some contact with their DNO.

- There was no difference in opinion between vulnerable and non-vulnerable consumers. Nearly all felt that electricity prices were high. Vulnerable consumers did not express any different opinions with respect to DNOs when compared to non-vulnerable consumers and awareness levels of DNOs are the same in both groups. The few vulnerable consumers that had health problems reliant on electricity had a back-up plan in place, perhaps explaining why there was no greater reliance on good DNO performance.

1. INTRODUCTION

1.1 Background

The Office of Gas and Electricity Markets (Ofgem)

Ofgem is the regulator for the gas and electricity industries in England, Scotland and Wales. Ofgem was formed in 1999 by the merger of Ofgas (the former gas regulator) and OFFER (the former electricity regulator).

Protecting consumers is Ofgem's first priority. This is done by:

- promoting competition, wherever appropriate, and
- regulating the monopoly companies which run the gas and electricity networks.

Distribution Price Control Review 5 ("DPCR5")

Ofgem, as the industry regulator, administers a price control regime which ensures DNOs can, through efficient operation, earn a fair return after capital and operating costs while limiting costs passed onto consumers.

The current price control period (DPCR4) commenced in 2005 and runs until 2010. Ofgem undertook research prior to the current price control period and this was used as input into their proposed package of measures aimed at protecting "*the interests of consumers whilst providing sufficient revenue to allow distribution businesses to finance their activities and comply with all of their obligations"*[1].

Ofgem's final proposals, as a result of this review, allowed for investment of £5.7billion over the years 2005-2010 to deliver improved performance, with individual DNOs allowed increases in expenditure ranging from 22% (for CE – NEDL) to 74% (EDF – LPN). The exception to this was WPD – South Wales where a drop of 3% was proposed. In turn, this resulted in proposed price changes (POs) ranging from –9.2% (CE – YEDL) to 11.9% (SP Distribution), although actual price changes on consumers' final bills would have been significantly less due to distribution charges accounting for 20-25% of the customer bill.

The next price control period (DPCR5) is expected to run from 2010 until 2015. As part of DPCR5 it is again necessary to review the existing quality of service arrangements to ensure that DNOs continue to be provided with appropriate incentives to deliver a good level of service to consumers.

Ofgem recognises that consumers' expectations and their willingness to pay for improvements are integral to the formulation of quality of service incentives and that consumer research is consequently an essential phase of the price control cycle. The DPCR4 study conducted by Accent demonstrated that although awareness of the existing standards was very low, both domestic and business consumers have high expectations in terms of quality of service, businesses having particularly high expectations.

[1] Electricity Distribution Price Control Review: Final Proposals, November 2004

It also identified willingness to pay in a number of areas, particularly for improving supply restoration times. It will be important to assess whether this remains the case, whether priorities and willingness to pay differ and whether customers have new expectations as a result of the increased impact of, for example, environmental concerns.

1.2 Objectives

There are two phases to the Ofgem research, qualitative and quantitative. The overall aims of the qualitative research are to:

- understand consumers' expectations regarding DNO service
- explore current experiences and satisfaction with quality of service in relation to:
  - power cuts
  - voltage issues
  - communication with DNOs
- understand key priorities and areas that consumers value
  - ascertain reasons for and factors driving areas of importance
  - understand willingness to pay for improvements eg undergrounding, cross subsidisation
- explore GSPs (guaranteed standards of performance)
  - awareness
  - understanding of the GSPs
  - review detail
- provide context and direction for the quantitative study.

The qualitative results should be viewed as providing direction and context to the issues under study. Opinions voiced in qualitative research should not necessarily be viewed as representative of the population as a whole. Findings from the qualitative research will be used to generate the areas to be covered, and attributes and levels to be tested, in the questionnaire for the quantitative phase of the research. The overall goals of the quantitative research are to provide measurement of consumer opinions, quantify consumer service priorities and provide data on willingness to pay for service improvements.

2. METHODOLOGY

2.1 Introduction

In this section we provide details of our approach adopted in recruiting and undertaking the eight deliberative groups with residential customers, eight mini-groups with business customers, eight depth interviews with large businesses and eight depth interviews with vulnerable customers (those that are pensioners, low income receiving benefits and long-term sick or disabled.)

This is the first phase of the project. A quantitative phase will be conducted at the beginning of 2008. The quantitative phase will focus on key outputs identified in the qualitative stage. The primary objective of the quantitative stage is to gain a more detailed understanding of business and domestic customers' willingness to pay for improvements or additional service aspects.

2.2 Target Respondents

Domestic respondents for the deliberative groups were targeted according to location (urban and rural), age (20-40 or 41-60), and SEG (ABC1 or C2DE). Additionally, one or two domestic customers that had experienced a power outage in the previous twelve months were recruited for the groups. The C2DE groups also included one or two people who received some form of benefits. Domestic respondents for the vulnerable interviews were also targeted by location as well as age (60+), whether they received state benefits, or whether they were long-term sick or disabled. They were interviewed at their home.

Business respondents for the deliberative groups were also targeted according to location (urban and rural) and annual electricity cost (small = less than £15,000 per annum and medium = £15,000 to £159,000). Large businesses (annual electric bills greater than £159,000) were interviewed one-on-one. In all cases, the business respondent was the person responsible for paying their organisation's electric bill.

To ensure appropriate respondent selection Accent wrote a recruitment questionnaire which was submitted to Ofgem for approval prior to recruitment. The recruitment questionnaire was used to ensure that quotas were met, to screen out anyone who had taken part in a focus group within the last six months and to ensure that at least two-thirds had never been to a group discussion previously.

Both domestic and business respondents were recruited either by phone or on-street. For the residential deliberative groups, 10 people were recruited with the aim of six to eight attending. For the business deliberative groups, six were recruited to ensure 4 to 5 attended.

Once they had agreed to attend the groups, all participants were sent (by post and/or e-mail) a confirmation letter detailing the date, time and venue of their group, along with a pre-task consisting of two questions designed to gain their views on electricity service.

The groups were 90 minutes long and two groups were held each evening, one for domestic customers and one for business. (The depth interviews averaged 45 minutes

in length.) Additionally, one vulnerable depth interview was conducted in each location.

In total, eight locations were utilised, as indicated in the table below. Group and depths respondents were offered incentives to thank them for their time.

The groups were held between 18 September and 17 October, 2007.
The groups and depths were moderated by Nancy Curzon, Ruth Clarke and Rick Ginter.

The composition of the domestic groups is shown below.

DOMESTIC GROUP	SEG	AGE	LOCATION	DATE	ATTENDEES
1 - Manchester	C2DE	41-60	Urban	18 Sept	9
2 - London	ABC1	20-40	Urban	27 Sept	9
3 - Edenbridge	ABC1	20-40	Rural	27 Sept	9
4 - Cardiff	C2DE	20-40	Urban	2 Oct	7
5 - Romsey	ABC1	41-60	Rural	4 Oct	7
6 - Glasgow	ABC1	41-60	Urban	4 Oct	8
7 - Tong	C2DE	20-40	Rural	8 Oct	8
8 - Gloucester	C2DE	41-60	Rural	17 Oct	6

As noted, one vulnerable depth was conducted in each of these locations at the respondent's home on the same day the groups were held.

The composition of the business groups is shown below.

BUSINESS GROUP	TYPE	LOCATION	DATE	ATTENDEES
1 - Manchester	Medium	Urban	18 Sept	5
2 - London	Medium	Urban	27 Sept	5
3 - Edenbridge	Small	Rural	27 Sept	4
4 - Cardiff	Small	Urban	2 Oct	6
5 - Romsey	Small	Rural	4 Oct	5
6 - Glasgow	Small	Urban	4 Oct	5
7 - Tong	Medium	Rural	8 Oct	5
8 - Gloucester	Medium	Rural	17 Oct	6

Additionally, eight depth interviews were conducted among Large Businesses: 4 in London, 2 in Birmingham, 1 in Edinburgh and 1 in Romsey.

2.3 Qualitative Topic Guides

Ofgem and Accent developed the topic guides in partnership; the Ofgem-led consumer research working group also participated. The main focus of the groups and depths was to gauge customers' understanding of their DNO in relation to their electricity service, as well as gain input on the guaranteed standard of performance:

The topic guide comprised the following:

- introduction and background
- perceptions of electricity service
- review of the DNO's position in the energy supply chain

- discussion on power cuts and voltage issues
- awareness and review of guaranteed standards of performance (GSP)
- thoughts on customer contact
- impact of severe weather and environmental issues.

Respondents were 'educated' during the session on the role of the DNO, the workings of the GSPs and the role of Ofgem among others. For example, a short presentation was given near the beginning of each of the discussion groups to provide an overview of the energy supply chain and explain the DNO's role and associated responsibilities.

3. ROLE OF ELECTRICITY AND SERVICE EXPERIENCES

3.1 Electricity Issues Overall

Overall Message

Both domestic and business respondents are largely negative toward the price they pay for electricity, believing they are presently paying high prices. Most have seen increasing costs over the past few years with little explanation and are generally unwilling to pay more for electricity unless justification for the price increase can be thoroughly provided.

Some of the price negativity results from press given to large profit reports and high salaries for corporate officers. There is a strong sense that 'fat cats' are directly benefiting from the higher electricity prices. This sentiment is directed across most corporate entities and is not confined to the energy industry.

Detailed Findings

During the warm-up of the discussion groups and depths, respondents were asked about their 'top of mind' issues about their electricity service. For many, electricity service is a simple proposition: you switch the light on and it works, and it is generally in continuous supply. Overall, this continuous supply of power is a hygiene factor; that is, it is the remit of electricity service providers to provide a continuous supply.

In discussing electricity service in general, respondents acknowledged the reliability of their electricity service.

> *"I've never had any power cuts. My service is reliable. It's good. It's totally reliable. Even with the storms and whatever…."*
> [Small Business, Cardiff]

> *"It delivers. What more can I say?"*
> [Domestic, Glasgow]

The one overriding issue at this stage of the discussion was the inability to have answers on the nature and duration of the power cut.

> *"As long as it works it doesn't matter. Our main concern is when we do have a problem and our main problems are billing or outages. As long as we get communication and we're told what's happening and we can speak to somebody, not speaking to a machine or something."*
> [Medium Business, Gloucester]

> *"We do have direct lines to some of the control centres so the network operator does provide that. Do we get the right answers? Not always, we don't always get honest answers and we need that to make our life easier."*
> [Large Business, Birmingham]

There were a minority of domestic and business customers who had specific issues across the sample and therefore had more to say, mostly dealing with the supplier side of service in terms of billing and customer services.

> *"I think so many people apart from myself, there's been so many elderly people get so stressed out with this extra billing and they're suicidal half of them, you know what I mean, they just can't cope with it. I can't."*
> [Domestic, Gloucester]

> *"Customer services, I have been mucked about on the phone. I have called before and asked to be put through to somebody else, which they are supposed to do, but then the line went dead"*
> [Domestic, London]

> *"I have just switched and there were various incentives that haven't materialised and they have sent me a bill, although they have taken the direct debit but won't be reading the bill for 6 months"*
> [Domestic, Manchester]

A minority talked about additional incentives offered by their suppliers who are attempting to create stronger relationships.

> *"They are just accommodating and I get Nectar points when I pay my bill."*
> [Domestic, London]

However, the price of electricity was universally cited as a negative of electricity service, and was referred to often during the discussion.

> *"So the bad bit is that I've noticed the price has gone up considerably over the last few years. It's affecting my small business."*
> [Small Business, Cardiff]

> *"In pricing terms, they have become uncompetitive. They are all expensive."*
> [Domestic, Romsey]

3.2 DNO Awareness, Responsibilities and Performance

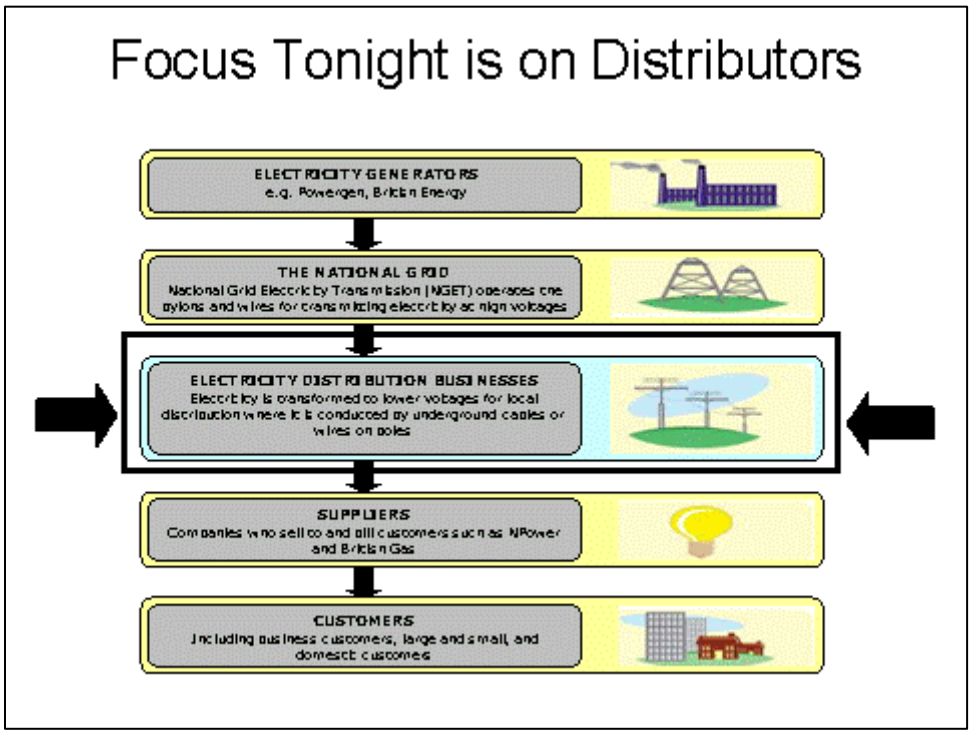
Overall Message

Very few domestic or business respondents were aware of their DNO. Many believed that their energy supplier was responsible for distribution since it is the supplier they would contact in the event of an outage. Large businesses hold somewhat greater awareness of their DNO, but do not have much knowledge about the DNO in terms of their ongoing service activities.

Detailed Findings

Awareness

Respondents were shown a presentation of the energy supply chain with a focus on the distributor's role. A sample slide is shown below; the full presentation can be found in Appendix B.



Due to deregulation, the electricity market is seen as complex, leaving many unsure which entity is responsible for various parts of the energy supply chain. The energy supplier is the face of electricity service, with little thought given to generation or distribution. For the majority of respondents, awareness of the DNO's name, role and responsibilities is low. Most have no idea.

> *"I have no idea. Unless I probably did a bit of research on my own, because there's no indication on any bills who your distributor is."*
> [Medium Business, Gloucester]

> *"Surely if you have a problem with your supply, your first port of call would be to go to the person who sent you the bill rather than the distributor. I wouldn't know who that is."*
> [Domestic, Edenbridge]

Some respondents were able to provide the name of their DNO. A few businesses had some direct dealings with their DNO and some domestic respondents recalled seeing DNO branded vans in their area.

"From working on building sites and knowing that they are the guys that come and install the cables and that is the only reason that I knew."
[Domestic, Manchester]

"Just in the newspapers, I think I've seen Western Power vans going around and I don't know much about them really."
[Domestic, Cardiff]

"Yeah. I've seen their vans."
[Domestic, Gloucester]

Once prompted, there was some recollection of the name.

"I think they do need to let people know that they are there, and what they do. And they do need to tell us that they are not necessarily linked to the suppliers….." [Medium Business, London]

"If you would have asked me who it is, I would have named them, but I wouldn't have been certain. They are the only big name I know."
[Medium Business, Manchester]

A minority of businesses had had contact with their DNO, having to deal with sub station or transformer issues; the contact had largely been very good.

"I've had a lot of dealings with them. As a school we have a high voltage supply that comes into our school, our own sub station, our own transformer which I had installed 4 years ago and as part of that process. I had quite a lot of dealings with Eon Networks as it was then."
[Medium Business, Gloucester]

"From the dealings that I've had with them I've found them extremely efficient and extremely helpful."
[Medium Business, Gloucester]

"The reactive side has been excellent I must admit. There was one occasion when there was a landslide that cut through the cables and the whole hospital went black. The emergency generators kicked in but they only keep emergency equipment running and YEDL were excellent, they worked day and night to get it fixed. It's more the planning ahead that is a problem."
[Medium Business, Tong]

In a few cases, there was a desire to have a stronger relationship with more technical advice.

"It's technical assistance. At the end of the day I'm a printer not an electrician, I want technical help. I want to understand that I'm not going to overload something, or I'm going to be underpowered for something. I want somebody at the end of the phone. I had an incident a few years ago that got extremely heated from United Utilities, and I

couldn't believe what the guy was telling me. He was threatening to shut the factory down, just because I was asking a question."
[Medium Business, Manchester]

For many, their supplier would be the first point of contact for all aspects of their electricity service, rather than their distributor. Respondents would either look at their bill or consult the Yellow Pages.

"I would contact my supplier and hope that they contact the distributor on my behalf because the supplier is who I have got the relationship with."
[Domestic, London]

"I'd ask my supplier."
[Small Business, Glasgow]

"On the bill, it's highlighted on the bill in case of emergency or loss of power."
[Medium Business, London]

"If your power got cut off I would go to the Yellow Pages and look for an emergency number, I wouldn't go to my bill to look for the number."
[Domestic, Manchester]

Responsibilities

Both business and domestic respondents held similar thoughts on DNO responsibilities, focussing primarily on power supply and restoration. For example, in thinking about the DNO's responsibilities, some cited supply continuity, particularly in light of housing expansion.

"I think with all the housing that's going up, more and more, the population is getting bigger, there's more houses using more electricity, they need to be thinking 'have they got enough electricity'."
[Small Business, Edenbridge]

Power restoration was also viewed as a DNO responsibility, coupled with contact and information on the nature of the problem.

"Turn us back on and fix it quickly, keep us informed, understand the problem, these things happen, as long as you are informed quickly and correctly and you know the time scale of the fix. If it happens it happens, at the end of the day just fix it as quickly as you can."
[Large Business, London]

"It's the contact. As a critical industry we need to know that somebody is there listening to our needs and we need to be able to contact them so that we can ring to find out how long we are going to be down" [Large Business, Birmingham]

Environmental issues were also listed as an area of responsibility for DNOs and were viewed as a responsibility shared by everyone.

> *"Everybody is expected to make a contribution towards the environment and it would be nice to see what part they're playing in it."*
> [Domestic, Cardiff]

> *"Yes because they try and knock it onto us so that we start to think about our carbon footprint but they need to think about it themselves."*
> [Medium Business, Manchester]

In some cases, respondents showed more thought toward future DNO responsibilities. Some hoped/expected that DNOs are continually upgrading the system.

> *"Modernising them, because the electricity pylons have been there for years so replacing them."*
> [Domestic, London]

> *"Maintain the equipment that is out there, and invest in the infrastructure to supply businesses, in a proper and efficient manner. There's always new technology coming on board, they should be putting some of that 25% back in to make that equipment more efficient."*
> [Medium Business, Manchester]

> *"I would hope that a long time before we had this conversation… they were already thinking about this green issue. Forward thinking. They are far more aware than we are, I'd hope that they would be on top of everything."*
> [Medium Business, London]

Others point to concerns regarding global warming and its impact on weather.

> *"With the weather changing, they are aware of that, they must be forward planning, that's what they should continue to do."*
> [Medium Business, London]

> *"I would hope that there would be some form of strategic review going on at the power stations themselves. What sort of flood precautions have they got? Is it a couple of sand bags? I've heard stories that you have to have a couple of sand bags and that's your strategic defences."*
> [Medium Business Gloucester]

Performance

DNO performance received largely positive comments due to satisfaction with power reliability and restoration as well as the overall lack of problems. Both business and domestic respondents were largely satisfied to the same degree given the low occurrence of power cuts.

> *"One thing I would say in their defence is that they have been upgrading the network and a lot of it goes into domestic areas."*

[Medium Business, Tong]

"Western Power have done an outstanding job for all of us in this room. So chances are that they may not have been fined because they have kept to 99.9% of the things that they've been told to do in that day."
[Small Business, Cardiff]

"They must be doing something right because of all the high winds that we had last winter, and we still had power."
[Medium Business, Manchester]

Response to the summer flooding was also singled out for praise.

"With the floods, they did a great job keeping the sub stations going and getting electricity to the places that were flooded. They must have suddenly realised to themselves that the ecology of the land is changing, we have got to change as well."
[Medium Business, London]

"When we had the flooding at the beginning of this year, they did an absolutely marvellous job of keeping the water away from the sub station."
[Domestic, Gloucester]

Negative comments among businesses regarding DNO performance focussed on supply and customer contact issues:

"We need more supply, just like you we put a new generator in, we needed more energy and I was loathed to go back to United Utilities, so we investigated. So we are installing 'power factor correction equipment' to make that supply more efficient. We found that out, they didn't tell us about it."
[Medium Business, Manchester]

"We are currently building a brand new building on one of the hospital sites and we have to upgrade the whole electricity distribution network within the site. YEDL are a nightmare to deal with, with regards to the leading time and whatever project plan or timelines they have given they haven't delivered."
[Medium Business, Tong]

"When we lost the power …we had to go hunting and find out what the problem was. The person on the phone couldn't actually tell you what was going on until they got in touch with the person who was at the site. The person who was at the site couldn't tell you until the guy digging the hole had found the fault. They could certainly improve on that sort of thing. Get the information faster."
[Medium Business, Gloucester]

"I think the response from the local network operator has got worse and I think it is down to privatisation and the lack of investment. You only

have to look at the number of outages we get now compared to then to realise that things have got worse."
[Large Business, Birmingham]

3.3 Power Cuts

Overall Message

Aside from the cost, most respondents have few issues with their electricity supply. There were very few recent incidents of power cuts or voltage issues cited. Most domestic and business respondents felt that their power reliability and supply is currently far superior compared to what they had experienced ten years ago. In fact, there was a strong sense that power delivery has been stable and smooth over the past three to five years, compared to ten years ago, a time which many cited as a period of more frequent power cuts.

Detailed Findings

Experience with power cuts was low overall among both domestic and business customers. The majority of respondents said they haven't experienced any over the past three to five years or have experienced them only occasionally. One has to look further in the past to sense any power cut frequency.

"There were quite a few of them about 20 years ago."
[Medium Business, Gloucester]

"There are a lot less now than there used to be when I was a small boy. But I can't remember the last we had here. We haven't had one at work."
[Medium Business, Manchester]

"I remember as a kid we had them all the time and we had candles. Now we don't need to have the candles."
[Domestic, Tong]

"I think quite a few years ago round about Christmas time because I know a lot of people couldn't cook their Christmas dinner...and that was due to weather."
[Domestic, Cardiff]

Despite the generally low incidence of power cuts, many do have some form of contingency in place in the event of one.

"One of the things that we do, it was actually a conscious decision when we bought the house, was when we redid the kitchen was to make sure we had a gas hob. Before everything in the house was all electric."
[Domestic, Edenbridge]

"In the event of it happening even more here during that flooding, to move out of area and rent. As long as we could put PCs in a place like

this, as long as we had a VPN. As long as we had a broadband connection then we could carry on."
[Small Business, Gloucester]

"Keep a generator in the cupboard."
[Small Business, Cardiff]

"A business continuity plan. We've got an office base in Reading…For power cuts the main thing is to know that the servers are running, and not lose any data. We've got a system where they can start backing-up in Oxford."
[Medium Business, London]

"Those wind-up torches you can get, we've got one of those. I know exactly where it is so in the event that it actually does go out I can find it, then I can go looking for the candles."
[Domestic, Cardiff]

Domestic customers and some small businesses generally viewed power cuts as inconvenient given their infrequency (once a year at most) and short duration (usually less than an hour).

"It is just an inconvenience and as long as it wasn't for too long then it wouldn't be a problem but if it was for 8 or 9 hours then it would be."
[Domestic, Manchester]

"We've had minor ones but it will be minutes rather than anything really."
[Domestic, Kent]

"Only for two hours one day (during the floods). They got it back on pretty sharpish."
[Domestic, Gloucester]

"We had some road works outside and they had to lay new pipes and we had to close for a period. They came in and arranged it with us. We had to go in early in the morning and they promised we would have it back by 12 o'clock. And then just one wee power cut but they managed to get that back and working before opening up time so it was OK."
[Small Business, Glasgow]

However, many business respondents find power cuts are more than an inconvenience, citing lost work time as a major problem.

"Got computers, all the cameras are digital. So it would be catastrophic."
[Small Business, Cardiff]

"We've had it, it hasn't been frequent luckily but we have had it in the area. You get your yellow pages out, phone the supplier up and ask what's going on? They say it's down the engineers are working on it, or

whatever the excuse is, you give it 10 or 15 minutes, 20 minutes, half an hour, I suppose after an hour or 2 hours you think what can I do? You can't use your phones, you can't use your computers, you can't work in darkness at the end of the day it's going home time".
[Medium Business, London]

"In the last 12 months we had a power cut and we found it most frustrating. That made us think but if it happened again we would need to be more prepared. There was no compensation or anything like that."
[Large Business, London]

Most respondents didn't necessarily blame their DNOs for all the power cuts that have occurred. Many have seen power cuts caused by weather-related problems, and state that these are beyond the DNO's control:

"…act of God you can throw as much money as you want at it. It's not going to stop the wind blowing a tree over."
[Domestic, Edenbridge]

"The climate seems to be changing and the storms are more severe in nature. One would hope they would be prepared but it's difficult to know what to expect. There was that tornado last year in London which was very rare."
[Domestic, Glasgow]

There was a strong suggestion that the infrequency of power cuts created a higher tolerance level. However, the growing frequency of severe weather events and climate of high energy prices may lower tolerance levels in the future:

"The amount of money that they make and you know they're making a lot of money, they're all huge, huge companies, I don't think there's any excuses whatsoever."
[Small Business, Edenbridge]

"We pay a fortune for electricity, why should there be...they must have backup systems; they must be able to re-route all their power from the group, sort it out. They should be able to sort it out with today's technology."
[Large Business, London]

Respondents were offered hypothetical choices during the groups to test their power cut tolerance levels. They were offered a choice of frequent, shorter power cuts or infrequent but longer power cuts. Domestic customers generally preferred the frequent, shorter power cuts, feeling that they could plan for them better.

"If they did I would prefer the 4 hour cuts because then nothing major is going to happen. A whole day would be a nightmare."
[Domestic, Edenbridge]

"It could happen at night and you wouldn't know about it, but a 24 hour one you are going to notice it because you will get up for work and it will affect your day."
[Domestic, London]

"I'd say one for four hours. I think 24 hours is a bit too long to be without electric."
[Domestic, Gloucester]

Business customers would prefer to have longer, infrequent cuts, believing there would be pre-notification, enabling them to plan and organise staff:

"It's just one situation to deal with. If you know there's going to be one power cut for a day we can shut our institution for a day and all stay at home, compared to if we're going to have regular power cuts of an hour or indeterminate. We can't operate without power."
[Medium Business Gloucester]

"For most small businesses, if there's going to be a power cut it's not worth getting the production line going if you know at 11 o'clock the power's going to go off. Whether it's for an hour or all day really it's almost immaterial. It's that day wasted. If they're going to have the power off, it might as well be off for a day."
[Small Business, Glasgow]

"Personally if it was once every 5 years knowing that it was only a day then we could cope with that. I mean we cope with a leap year every 4 years so why can't we cope with a power cut."
[Small Business, Romsey]

"One big one, because if it's just once you can plan better, we can shut down for a day or two. Whereas if it was coming infrequently 2 hours here, 2 hours there, you'd have to lay the staff off."
[Medium Business, Manchester]

Even where no notification was given the general preference amongst businesses was for longer, infrequent cuts rather than for shorter, but more frequent cuts.

Streetlights

In some groups streetlights were discussed to determine if this was an issue among respondents. Generally it was not. If there was a problem with streetlights, both business and domestic respondents said they would call their council.

"When there was a problem with one, I called the council and they asked for the number on the streetlight. They eventually came to fix it."
[Domestic, Gloucester]

"Is the distributor responsible, I thought it was the local council? I have phoned our council. You've got to tell them whatever the lamp post

number is, they've actually got numbers on them and they'll come out and they'll fix it."
[Domestic, Cardiff]

3.4 Voltage Issues

Overall Message

Voltage issues were rarely seen in any of the discussions and appear to be more of a business issue rather than a domestic one. Many domestic respondents do not see the difference between a power cut and a surge, dip or fluctuation.

Detailed Findings

Voltage issues appeared to be more of a business customer than a domestic customer issue. Business customers were more likely to have equipment in place to deal with surges or dips and seemed to know the difference between a power cut and voltage problem. Domestic customers had difficulty in separating voltage issues from power cuts, generally believing that any type of power interruption or spike is a power cut:

"My dad had a power cut a few months ago and although it was a short one it blew two friends' tellies but they won't admit that it was them and we know it was because the clocks stopped?"
[Domestic, Manchester]

"There have been times when the light in the room will get a little bit lighter and then darker again..."
[Domestic, London]

"You just look at your lights and then you look back down at the TV. It's not disruptive."
[Domestic, Edenbridge]

"It's round about 6 o'clock as they're cooking their tea and the telly's on, the kids have got their computers going and their games."
[Domestic, Gloucester]

"Sometimes at 9 o'clock at night you get a big power slump don't know what it is. At our place every single night at 9 o'clock, the light dims.' I don't know why it is." [Domestic, Glasgow]

For a few small business customers, power surges or dips had more impact on their organisation than power cuts.

"Sometimes during the day, because we're right on the limit of what we require. And like I said, you've got inverters now to boost the power to 400 volts and you notice...they do when the voltage drops just slightly and so the electric is going to drop by about 5 volts. It does happen certain times during the day."

[Small Business, Cardiff]

"Not as regular as the power cuts, as many as 6 times in a week which is very destructive. We had it investigated and it hasn't happened since, but it's really destructive, when you're handling patients it cuts you're machine out. So you get distressed patients."
[Small Business, Glasgow]

"Because we have a lot of back up generation, any power cuts that we have have less affect than the spikes."
[Small Business, Romsey]

Most businesses generally have equipment to monitor surges or dips such as surge protectors or UPS to prevent problems from occurring.

"Because there was a lot of new development I think we had a lot of power outages then, especially when big presses and stuff like that were kicking in, you could tell because the power was going down. And every piece of equipment we had we had to have surge protection on and UPS's, whereas here we don't seem to have that problem because it's not so much of an industrial area."
[Medium Business, Tong]

"We've got those protectors on everything so it could be that we've had it but we're protected by it, and never noticed it."
[Medium Business, London]

"Yes from time to time we have seen power surges but we have monitoring equipment to ensure that the power supply is clean and in the past we have had to invest to ensure that the supply is clean. We have put equipment in place to ensure that the supply is constant and clean especially to things like computer equipment which is most sustainable to power surges. Things like motors wouldn't see such a problem with surges or dips."
[Large Business, Birmingham]

4. SERVICE ATTRIBUTES

4.1 Review of Existing Guaranteed Standards of Performance (GSPs)

Overall Message

Awareness of GSPs was minimal. A few business and domestic respondents thought there were some standards in place but had no specific knowledge of them. The concept of having DNO standards was welcomed, but when presented with the GSPs, many offered suggestions to improve the standards, for example, lowering the time to restore service during normal weather from 18 hours to 6 or 12, standardising the compensation claim period or making compensation automatic.

Detailed Findings

There was low awareness of the guaranteed standards of performance (GSPs) overall among business and domestic customers. A few business and domestic customers assumed that there would be some form of standard or measurement in place but were unaware of any details.

> *"Well they all have them don't they, Oftel and, they all have them. We wouldn't necessarily see them. The only reason that we would see them is if we had a problem and wanted somebody like Ofgem to find out what our rights are basically, or what they're supposed to be doing to serve us."*
> [Small Business, Cardiff]

> *"I've heard of it, I don't know. Obviously it explains itself doesn't it? They guarantee a certain standard and if it falls below that you should contact them. I'd imagine that's what it was."*
> [Domestic, Glasgow]

A few customers experiencing power cuts recalled receiving paperwork for some form of compensation, but never completed them.

> *"We got a form. Although we lost power early in the morning and we didn't really technically lose business, they gave us a form anyway. However, they wanted the year before figures for that month to prove that we'd lost earnings through the power cut. And I just thought even if we had lost money, it still was quite a lot to go through with the paperwork. You know for £200, it wasn't worth the hassle."*
> [Small Business, Glasgow]

When the issue of compensation for not meeting service standards was discussed, some feared it would raise their bills.

> *"Well I think when we had these floods in September I know that the electricity was an inch from being cut off and the whole of Gloucester being evacuated, I mean that is a big, big thing. So if they're going to*

compensate everybody in Gloucester and they're going to be losing electric and they would compensate us, where will they get their money from? I mean what's going to go up in the end?"
[Domestic, Gloucester]

"They're going to put bills up. They're going to charge us more so they can compensate. That's what they're going to do. They're just going to sneakily do it. It's not going to come out of their pockets is it? It's coming out of all our pockets so we'll have to be charged more."
[Domestic, Edenbridge]

"I could say up to 20% of what your monthly bill would be, would be adequate compensation for the number of times you're out. But at the end of the day if it's lost revenue for the generator or for the distributor, he's got to maximise his profits, so at the end of the day whatever compensation he's doing, unless he's got …some form of indemnity fund which he's got to pay for, then the cost will be borne by the customer eventually. Because he'll have to increase his prices. And so really it's a bit artificial."
[Medium Business, Gloucester]

Others felt that the paperwork would be burdensome and not worth the effort of applying for compensation.

"Is that an automatic payment or do you have to fill in 101 forms and wait for an answer?"
[Domestic, Gloucester]

Five GSPs were discussed with respondents. (The sixth, GSP 5, on the investigation of voltage complaints, was generally not discussed due to the limited amount of problems in this area.) The order of the GSPs was rotated during the groups.

GSP2: Restoration of Supply (Normal Weather)

Supply Restoration During Normal Weather

If your electricity supply fails during normal weather conditions because of a problem on our distribution system we will restore it within 18 hours of first becoming aware of the problem

Consensus from business and residential respondents was that this was one of the more important aspects on which to provide standards for DNOs. However, there was strong rejection of the standard allowing 18 hours to restore power, particularly among businesses. Most thought that power restoration within 6 to 12 hours was more reasonable:

"18 hours is an awful long time in general and that would seriously affect our business and that is why we have the generation backup systems in place and a policy that says all strategic sites have to have a generation backup."

[Large Business, Birmingham]

"Modern technology says if there is a problem they will know where it is. I think if you don't know within 2 minutes where the problem system is and go and fix it, why wait up to 18 hours. 6 hours, I understand no one can be there at the drop of a hat, apart from the fact that there shouldn't be any of this, why 18 hours a day and a half, on a normal summer, in the middle of the day, your power goes off; all the air conditioning goes off, why wait 18 hours?"
[Large Business, London]

"I would have thought 12 hours would be more reasonable."
[Domestic, Glasgow]

"If ... normal, you know, if there's no weather conditions, I think that's a bit long."
[Domestic, Cardiff]

"18 hours is a long time actually just to repair a wire or something."
[Medium Business, Gloucester]

"Well no I would think even less. I have critical equipment. I've got a 4 hour call out. And in that 4 hours if they can't fix it, they give me some alternative. Because if I've got critical equipment then that's the type of level of service I want."
[Medium Business, Gloucester]

"12 hours, I'm lenient when it's to do with weather, because I would expect it to be an enormous task, but in normal weather, that's more than enough – 12 hours."
[Large Business, London]

"I think it's an outrage to expect customers to be without power for 18 hours. If that is the rule that is an appalling one to work to."
[Domestic, Romsey]

"I'd like to see it 12 hours, 18 hours to me could affect 2 days. If it happens at the end of one business day it could affect the next day."
[Medium Business, London]

"The weather is irrelevant, because my shop will operate whether the weather is fine of poor, 18 hours could cover 2 days business."
[Medium Business, Manchester]

In addition to desiring a reduced standard for power restoration time, most respondents, particularly business customers, felt that the compensation offered was insulting.

"I don't understand what the hell £25 is going to make a difference to X amount of time without electricity. Would it not be better then to say we'll give you something back off your bill or we'll give you a percentage off your bill at the end of the year?"
[Domestic, Edenbridge]

"Pathetic. Not enough. What about everything you've lost in your freezer?"
[Domestic, Tong]

"That £200 is not going to cover a percentage of what I have to turn in a day. Any per cent."
[Medium Business Gloucester]

"I think £25 would be a slap in the face really."
[Medium Business, London]

"If United Utilities offered me £100 I'd tell them where to put it! That's just pure insult."
[Medium Business, Manchester]

When business and domestic respondents were told that the compensation was designed for inconvenience rather than for lost products or services, most still held to the opinion that the monetary amounts were insufficient and the effort needed to secure it was not worth their time.

Some also feel that the payments should be automatic.

"By the time you've got through to somebody to get it back, I wouldn't bother…trying to get hold of them and trying to get this particular form off them. It would be a nightmare just to get a claim form."
[Small Business, Glasgow]

*"**You** have got to contact them. **You** have to make a valid claim. They know that so then they should just do it automatically. Either just take it off your bill or send it to you."*
[Domestic, Gloucester]

Very few domestic customers stated that the compensation could be considered reasonable.

"I think £50 is reasonable but it depends on how much inconvenience it causes you if you have kids or need to work from home."
[Domestic, London]

GSP11: Restoration of Supply (Severe Weather)

Supply Restoration During Severe Weather
If your electricity supply fails during severe weather because of a problem on our distribution system we will restore it within a given period dependent upon the scale of the event:-

Severe Weather Definition
Category One – (Show Picture: lightning) – supplies will be restored within 24 hours

Category Two - (Show Picture: large events) – supplies will be restored within 48 hours

Restoration of the power supply during severe weather was also considered a very important aspect for service standards. Two categories of severe weather were discussed with respondents. Some felt that the restoration times for either category might be ambitious, suggesting that power should be restored as soon as humanly possible.

> *"I think there is not a lot you can do and there are circumstances where you have to rally around the supplier and say there isn't a lot they can do."*
> [Large Business, Birmingham]

> *"The flood, rain and snow you can argue just physically getting in there to do it could take a while."*
> [Domestic, Edenbridge]

> *"I don't think it's fair because you don't know the extent of the damage. You've got to wait for the snow and the water to subside haven't you?"*
> [Small Business, Romsey]

> *"Think they're quite tight those targets. If you get severe lightning or a landslide…back within 24 hours is asking a lot. I think that's quite a hard target to meet."*
> [Domestic, Glasgow]

> *"We look at these and look at the logistics of a large event, I think 48 hours to me would be fine for that large event, I mean there's so much going on everywhere you know, not actually being able to get to a certain point because of the roads, it's not just actually driving down the road and working on something, it's the floods and everything, the knock-on effects, so I think 48 hours for a large event, yeah."*
> [Domestic, Gloucester]

> *"Pylons that were blowing over, you know the pylon cable. You can't do that in 48 hours. Things like that, people realise that."*
> [Domestic, Gloucester]

As previously mentioned, some thought that DNOs should have contingency plans in place, given the increasingly unpredictable nature of severe weather events.

> *"And what contingencies can they put in. Can they bring in emergency generators? Can they provide emergency stations where people can at least get hot food or something? If it's in the middle of winter. There's different scenarios. We were lucky enough this happened in July and it was relatively mild weather, apart from the wet. It was relatively mild weather. Now if that happened in the winter I think it would have been a lot bigger issue because there would have been bigger problems. So again Category 1, Category 2 what, I mean it has to be more specific than that."*
> [Medium Business, Manchester]

> *"You're going to know at some time in the future or whatever there may be a catastrophe, they should be prepared for it. They should have a*

standby for emergencies, you know, be prepared, have generators put around, you know what I mean, so people can see generators or have kettles you know but when the electricity goes there's nothing for us. They should be prepared for emergencies, they know it happens."
[Domestic, Gloucester]

Similar to the reaction to normal weather compensation, many business and domestic respondents also believed that the compensation offered for not meeting the severe weather standards was inadequate.

"It doesn't take into account business size or anything. You are covered by insurance but that is an insult to offer that."
[Medium Business, Manchester]

"No, it is not compensation because no business can say they would be happy with £100 compensation so they should say it is an apology."
[Large Business, Birmingham]

"We're not talking about companies that earn £10,000 a year are we; we're talking about companies that are earning billions. So what they are offering is a complete joke. I know they supply the entire country, but it's never the entire country that goes black, it's always a section."
[Small Business, Romsey]

"This is pathetic, not enough. It should be double that."
[Domestic, Romsey]

GSP2A: Multiple Interruptions

Multiple Interruptions

If your electricity supply fails because of a problem on our distribution system and you are without power for three hours or more, on four or more different occasions in any single year (12-month period) beginning on 1 April

Standards for multiple interruptions were also deemed important, since they would provide cover against frequent power cuts. However, many were alarmed that the standard would allow this number of outages to occur for this length of time.

"It shouldn't get to the point of multiple interruptions and if it does then it is down to poor performance and maintenance."
[Domestic, London]

"It needs to be capped, you could still word it to this one but then say from 3 hours to 5 hours or something."
[Domestic, Edenbridge]

"It is a good standard to have, but 4 times a year is too lax."
[Medium Business, Manchester]

Some questioned the 12-month period (April to April) for the multiple interruptions to occur, believing that it should be any 12-month period. Others felt that the amount of compensation didn't adequately cover the problem, because here we were talking about **multiple** interruptions rather than single interruptions to supply.

> *"It should be in any 12 month period. That would be fairer."*
> [Domestic, Glasgow]

> *"That doesn't seem right. What happens if you have 3 power cuts in the 12-month period and then in May you have a fourth?"*
> [Small Business, Romsey]

> *"Multiple interruptions are far more annoying and disruptive to your small business than these little one off's or once a year, or a big one 24 hours every 5 years. That would drive me nuts. And so the compensation there should be much more for multiple interruptions because it's more of a nuisance value isn't it?"*
> [Small Business, Cardiff]

> *"That doesn't seem right. Wasn't it the same amount for one outage? They should offer more compensation if you have a number of outages in a year."*
> [Domestic, Gloucester]

GSP4A: Notice of Planned Interruption

Notice of Planned Interruption to Supply

If we need to switch off your power to work on our network we will give you at least 2 days' notice

Most respondents felt that it was important to provide a standard regarding notice of planned interruptions, but felt that this wasn't as important as setting standards. Most business customers felt that 2 days' notice was not enough and would prefer to see at least 5 working days notice. Domestic respondents were generally more comfortable with the 2-day notice timeframe.

> *"Try 5 minutes, 5 working days!! Pick up the phone and tell me, pick up the phone, be a proper service. Absolute nonsense. Then offer to send someone to investigate, they should be running down the street to tell you what the problem is."*
> [Large Business, London]

> *"If they know they've got to do the repairs they can give you at least a week anyway can't they."*
> [Domestic, Cardiff]

"I like to have time to make arrangements. To make arrangements … I think most small businesses a week."
[Small Business, Glasgow]

"Yeah because there isn't a lot we can do in 2 days if we need to get in additional equipment or need to locate somewhere it doesn't give you a lot of time to do anything."
[Medium Business, Gloucester]

"7 days, perhaps 5 working days. If I was to get a letter to tell me that they plan to do this, I would be unpleased that they are going to do it in 2 days time."
[Medium Business, London]

"A two day notice is enough for me personally."
[Domestic, Gloucester]

Again, nearly all respondents found the incentive amount lacking.

"Absolutely no point in doing compensation. If they switch it off on the wrong day that is absolutely dreadful, there should be minimum £200 there. Very, very disruptive for a business."
[Medium Business, London]

"I don't think £20 is sufficient for that kind of thing. To me they should be hammered a bit heavier if they switch it off a different day."
[Domestic, Glasgow]

GSP8: Making and Keeping Appointments

Making and Keeping Appointments

Should we need to visit you, or should you request a visit from us for any reason, you will be offered an appointment during the morning or afternoon or within a two-hour time band

As with the other GSPs, most appreciate that there is a standard of performance regarding making and keeping appointments but felt this is somewhat secondary to ensuring that power is reliably supplied. Most respondents would prefer the two-hour timeframe to morning or afternoon appointments.

"I prefer the two-hour time band because an awful lot of people don't do what they say that day between 9 to 5."
[Domestic, Romsey]

"Yes 2 hour time band is fine. You don't waste a whole morning or afternoon waiting for someone to turn up and they don't turn up. Even for a business, I've got appointments all day, if I'm out of the office, I

know that they can't make it exact but I can live with a 2 hour slot."
[Medium Business, London]

Some businesses believed that a specific appointment time should be set, similar to other suppliers they work with.

"If you were coming to visit me and I'm a big user of electricity, you are going to be there at 1 o'clock, not some time in the afternoon between 1 and 4, and then you get a call saying 'I'm really sorry about not making the appointment, but we will be there before 6'. And then they say we didn't make it for 6 so we'll give you £10 as compensation."
[Large Business, London]

"My perception is they don't think as a business person. We all have to keep our customers happy. They think of it as a monopoly. They should set appointments and keep them."
[Small Business, Glasgow]

And, again, compensation amounts were considered small or unnecessary.

"I think it should be more because I would need to take time off work and that would be more than £20."
[Domestic, Glasgow]

"What they're saying there is it's easier for us to give you £20 than keep an appointment. That's what it means to me is that it's saying I can't keep the appointment, it doesn't matter I'll give them £20."
[Medium Business, Gloucester]

4.2 Compensation Generally

Overall Message

The discussion on compensation generated the most lively discussion among all respondents, with nearly all feeling the monetary amounts were insufficient, even if they were designed to compensate for inconvenience rather than lost products or services. Businesses in particular were very critical.

Detailed Findings

The issue of compensation was controversial in all the discussions. Most business and domestic participants felt that the means of getting the payment as well as the amounts were misguided. For example, many would prefer that compensation be framed as a penalty, **automatically** provided to those affected rather than something one must apply for.

"It should be a penalty payment if they don't perform we shouldn't have to claim compensation they should just send the money out. The way that is worded they can get away with not paying half the people because they wouldn't be bothered."
[Large Business, London]

"Why do you have to make a claim, why don't they just reduce your bill by that amount?"
[Domestic, Romsey]

"That's OFGEM's way of making them give you the money really because then it's not going to lie in their pockets is it, so they might as well give it to you and keep everybody happy really because if it's going to get taken off them on the other hand, why not actually give the payments out."
[Domestic, Gloucester]

"But then if it's taken away anyway, why don't they just give it to the customers?"
[Domestic, Cardiff]

"You see this should all be automatic I think. You shouldn't have to apply. It should be automatic."
[Domestic, Glasgow]

"It's all the more reason to make the compensation an automatic payment if the distributor is going to have to pay it anyway."
[Medium Business, Gloucester]

Participants were generally not impressed with the amounts being offered, even with the knowledge that the payments were designed for the inconvenience caused by power cuts or missed appointments rather than for products or services lost.

"£25 wouldn't even pay for a meal out."
[Domestic, London]

"I'd say that price for all the work you've got to do would turn people off not wanting to do it … that you would think if I've got this paperwork and it's like 10 pages long and each page there's about 20 questions you're going to think oh it's only £25 forget it."
[Domestic, Glasgow]

"I think it should be proportional to your billing."
[Medium Business, Gloucester]

"That is a joke. I'd rather them not put compensation in especially if my power's off for 24 hours. For most small businesses, if you're off, they're talking about max…get £200. Well I mean that's days isn't it. It's days off."
[Small Business, Cardiff]

"You need electricity so much, you'd be much inconvenienced. You'd be so 'peeved' if it was more than 48 hours - £25 is nothing. You should be talking £200 minimum going up to £1000. Especially for commercial and it should be different for domestic."
[Large Business, London]

"My time is worth more than £25 to go through and claim it. If there is disruption they know how long the disruption has been for. They know in what areas it's been. It should just be given automatically. There shouldn't have to be a claim culture. They know where their fault is. They're at fault. Why should you have to claim. They make it difficult so that you can't get your claim then that's it."
[Medium Business, Gloucester]

"It's a joke. To me, if I didn't do any business for 24 hours and somebody gave me £200 I would tell them to go down the pub and sort themselves out. It would cost us more than £200."
[Large Business, London]

Some also suggested that the circumstances to receive the compensation may not be straightforward.

"Often they will tell you what the problem is, but sometimes they say they are still investigating, and it always comes back as a mysterious problem which affects the compensation. It is very difficult to get into the compensation scenario."
[Medium Business, Manchester]

Another area that caused confusion was the varying compensation claim periods. Some suggested that these should be uniform.

"Why should the customer have to keep track of all these deadlines? One says you have to make the claim in one month, another says three months. Make them consistent."
[Domestic, Gloucester]

"Wait a minute. This one says you have to claim in three months and the other says one month. Why do they have all these different times? I would like to see a minimum of three months, and even that may not be enough time if there's a lot of paperwork."
[Small Business, Glasgow]

4.3 Key Issues

Overall Message

Business and domestic respondents displayed support for incentives and standards for network modernisation and investment, environmental responsibility and detailed disaster plans in the event of severe weather. [Existing standards and incentives in these areas were not discussed in the groups.]

Detailed Findings

A cross-check of the GSPs in their present form against the discussion of DNO responsibilities highlights the importance of modernising and investing in the network, environmental issues and development of disaster plans for severe weather.

"Modernising them because the electricity pylons have been there for years so replacing them."
[Domestic, London]

"I think with all the housing that's going up, more and more, the population is getting bigger, there's more houses using more electricity so yes I think in that aspect yeah they need to be thinking have they got enough electricity. I don't know ..."
[Small Business, Edenbridge]

"No they're not but everybody is expected to make a contribution towards the environment and it would be nice to see what part they're playing in it."
[Domestic, Cardiff]

"With the weather changing, they are aware of that, they must be forward planning, that's what they should continue to do."
[Medium Business, London]

"Yes because they try and knock it onto us so that we start to think about our carbon footprint but they need to think about it themselves."
[Medium Business, Manchester]

4.4 Environmental and Social Issues

Overall Message

'Green' issues are important to consumers and most felt they are doing what they can in terms of recycling and conserving energy. Most have no idea what DNOs (or others in the energy supply chain) are doing in this area. Many would like to learn what those in the energy supply chain are doing to safeguard the environment and plan for the future, given the overriding sense that global warming is creating unstable weather conditions.

Detailed Findings

Green Issues

Environmental or 'green' issues were touched upon throughout the discussion. The majority of business and domestic customers claimed they are environmentally conscious and act accordingly by changing machinery, investing in standby equipment, turning lights off or turning the 'standby' off and recycling.

"Within our industry we are tasked with reducing carbon by 2% per annum to meet the government target of 26% by 2020 so we have a duty and therefore everybody within the power industry has a duty to reduce carbon footprint."
[Large Business, Birmingham]

"We're looking at changing some of our machinery, although it's a very expensive process, to what we would call greener machinery. In fact, it does the same job but uses less power to do so. And as far as that goes,

that's going to take a really long time because machinery is so expensive and you can only replace one at a time and then you have to pay for it and then replace something else. We have I think 11 machines in the factory.." [Medium Business, Gloucester]

"You try to do what you can, recycling, turning lights out when you're not in the room. It would be nice to know what they're doing as well as to know what their efforts are doing to help the environment."
[Domestic, Romsey]

Undergrounding

There was also broad consensus that overhead lines should be replaced with underground cables. In fact, many participants work or live in areas where this exists. Some see benefits from placing cables underground in the form of perceived reduced risk of cancer, as well as removing pylons from the landscape, particularly in national parks.

"My Aunty lives right under a pylon, in the middle of the country, in the Yorkshire Dales, you can hear the electricity, the crackling. I don't want to live anywhere near one of those."
[Medium Business, Manchester]

"Would that cause our bills to go up? If it would then no I don't – I can live with that eyesore if it means electricity stays cheap."
[Domestic, Cardiff]

"Someone said it might cause cancer or something. It might be just a theory but if they done something that it wouldn't even be a theory do you know what I mean so I would say to them yeah, if it helps yeah pay the 20p a year."
[Domestic, Romsey]

"If it was limited to national parks and not being done all over, I'd consider paying the 20p."
[Domestic, Edenbridge]

However, some questioned whether undergrounding cables would make them more difficult to maintain.

"The problem is, if it's underground maintenance is harder. To maintain above ground is easier. You can see it, but if a line breaks underground – nightmare."
[Medium Business, London]

"Yeah because to be honest with you if it's underground how the hell are they going to fix it if it breaks."
[Domestic, Cardiff]

There was a presumption that placing cables underground would be costly.

"Putting them underground would be nice but I suppose it would cost more money."
[Domestic, London]

"It would be nice in an ideal world but the time and cost involved would make it not worth it."
[Domestic, Manchester]

Some might be willing to pay more to place cables underground, at 20p for each 1% of existing cable placed underground. However, it was hard for them to conceptualise how much 1% of cables was and some contextualisation would be needed to help them visualise the impact of a 1% change.

"It depends. That may well be a very small proportion for me."
[Domestic, Edenbridge]

"I don't know what the 1% is but I like the fact that they're helping the environment. I might pay extra if I knew how much."
[Domestic, Cardiff]

Cross Subsidisation

Few urban customers were willing to pay more to ensure that rural customers receive a power supply as reliable as theirs.

"We don't care if the railway system in Scotland is down as long as the London transport system is running and if we have to pay more for that then I want it to go on to London transport."
[Domestic, London]

"Selfishly I wouldn't give a damn. I don't think I would enjoy paying for other peoples pleasures in rural areas."
[Large Business, London]

"No I wouldn't because I don't think that's the problem. I think there's less people in the rural area and so therefore there's an outcry if there's a power cut. Like the city we've got a lot of hospitals and whatever that need to be maintained. But I think the service should be provided equally throughout the country and it's not the customers which should necessarily pay the cost of that fair distribution."
[Domestic, Glasgow]

5. WILLINGNESS TO PAY FOR SERVICE IMPROVEMENTS

5.1 Overall View on WTP

Overall Message

Given the overriding sense that present electricity bills are high, service is considered good and public/private sector officials receive high salaries and bonuses, there was little willingness to pay more for service or quality improvements.

Detailed Findings

There was greater resistance to pay anything more for electricity service compared to the previous research. Many felt that the providers of electricity are making enough money.

> *"They are making a lot of money and I don't want to have to pay a penny more otherwise they will be milking me and they already make millions and millions."*
> [Domestic, London]

> *"You pay your money for a certain service. If they're not doing it, they should improve it. You shouldn't pay them more money to provide the same service."*
> [Domestic, Edenbridge]

> *"No because we would have to pass the costs onto our customers and I think the level is acceptable at the moment. Most of our customers don't suffer as a result and it just causes an inconvenience so no."*
> [Large Business, Birmingham]

> *"It's very hard for me to comment on that because I haven't really experienced it. So therefore why do I want to pay out more?"*
> [Medium Business, London]

> *"Why should you pay more money if something's not wrong."*
> [Small Business, Glasgow]

> *"And obviously if they've got the means to stop power cuts now, I'm sure they've got enough money to bloody enforce it rather than wait for us to pay for it."*
> [Domestic, Edenbridge]

Some do not trust their electricity providers to use the money honestly or openly.

> *"You would assume that because you are paying extra they would do extra maintenance but they might not do it."*
> [Domestic, Manchester]

"And once you start paying for that, then the generators come along and say 'we want to cut the CO2, will you pay extra for another wind farm or a tidal thing?"
Domestic, Manchester

"It's trust. I think we don't trust any of them and if they ask for an extra £1 a week I don't think we'd trust the companies to put it actually where they say they're going to put it. I think it's a trust thing that we've all seen."
[Domestic, Gloucester]

"Yeah I think the majority of us are quite unhappy with our billing. They seem to be taking so much off us that we'd begrudge to give them any extra in good faith to help anybody else."
[Domestic, Gloucester]

"No not acceptable because we don't have enough power cuts. I don't accept that."
[Domestic, Gloucester]

"If you were talking 15 or 20 years ago then maybe but we have moved on and things should have been updated so it doesn't happen as often."
[Small Business, Tong]

There were some that would be willing to pay something extra but would need information on where and how the money would be spent.

"Yeah I think we should pay like £1 extra but like you said they should look into their own earnings and donate quite a nice amount from their earnings."
[Domestic, Cardiff]

"It depends if they need to do something major to the service to upgrade it otherwise we will experience more power cuts in 10 years then yes if that means that there are going to be implications."
[Domestic, London]

"We have just had from our supplier a huge cut so we are saving money that we are used to paying so if it would increase the reliability then I would. We have 5,000 clients and everything from them is stored on the database."
[Medium Business, Manchester]

"I might be willing to pay 2% more, if that's based on the percentage of what the distributor takes from the bill. However, I'm satisfied now with the power and don't see the need at present to pay any more than what I'm paying."
[Large Business, London]

"If you're losing more than 4% in production because of your power cuts then you won't mind spending a little more."

[Medium Business, Gloucester]

There were others that might grudgingly pay extra for improved service. They would also like to know how the money will be spent.

> *"If we turned round and said 'yes we would be happy to give the money' we would have to know that it was going to them."*
> [Medium Business, London]

> *"It's difficult because you are saying would I pay to avoid the power cut. Obviously I wouldn't be very happy about it, but I would prefer to do that than have a power cut."*
> [Large Business, London]

> *"…if there was increased discontinuity in supply and we weren't notified about it and it started to affect both our production but also our shipping to customers then I can see that to get better certainty, one might depending what the trade-off is and if it became an issue with customers. If it didn't, I guess there's also the workforce efficiency, maybe. I think we'd resist it because we feel we're paying too much anyway but yes."*
> [Large Business, London]

> *"I don't mind paying more as long as that money is used for the efficiency for the maintaining this, that and the other."*
> [Medium Business, Manchester]

However, many would prefer to see the money come from the DNOs or others in the energy supply chain before asking customers to pay more.

> *"Why don't they pay less to their shareholders and put into improvements."*
> [Domestic, Edenbridge]

> *"If they think the only way to do it is to raise prices fair enough, but if they're going to say 'oh well, we're going to keep the same amount of profits we're making, so we're going to jack up your prices anyway' then to hell with that."*
> [Domestic, Cardiff]

> *"No, they make so much money at the moment; they've just got to improve their service."*
> [Small Business, Romsey]

> *"It would be quite nice to see electricity bills go down because the people at the very top are going home with such massive bonuses at the end of the year. They make masses of money and the top guys do go home with an extra million so an extra penny coming off here and there would be quite nice to see."*
> [Large Business, London]

Where there was a willingness to pay for improvements, businesses typically stated that anything from 2% to 4% of their annual bill would be acceptable. The domestic customers gave ranges from 50p to £5, although the general consensus was that an additional £1 per month would be acceptable and an absolute maximum of £3 per month. However, the above should be treated with caution at this qualitative stage, as they cannot be said to be robust or representative of customers as a whole. The quantitative research will explore willingness to pay robustly, using the above as a guide to the sort of price increases that can be tested.

6. CONCLUSIONS AND RECOMMENDATIONS

- In general, the incidence of power cuts and/or voltage issues is infrequent across the UK and service is considered very good. While there were minimal differences between urban and rural satisfaction, there does appear to be higher dependency and engagement among businesses, particularly larger ones. Some of this dependency may be seen in the greater reliance on computers and computerized equipment than seen in the previous study.

- Awareness of DNOs is limited. The few who were aware had seen DNO company vans in the area. However, this awareness did not translate into any firm knowledge on DNO activities or service obligations. Many confuse their electricity supplier with their distributor and wonder why they should know who their distributor is. In the event of a power cut or service issue they would contact their supplier rather than their distributor (or at least who they perceive to be their supplier, taking the relevant number from their bill). This low level of awareness provides the potential for DNOs to heighten awareness of the DNO brand as well as offer a concrete description of DNO activities.

- The low awareness of DNOs and DNO activities raised questions among respondents on the level of network investment currently in place, the level of green investment and the level of investment toward safeguarding against future severe weather events. With so much unknown about DNO activity, it became difficult for respondents to consider paying more for any type of service improvement (especially when nearly all felt they were paying high electricity bills.)

- In relation to the low awareness of DNOs, most respondents were unaware, or unfamiliar, with the GSPs. Most agreed with the principle of having standards but there is scope to amend their details. For example:

  - GS2: there is a need for a clear definition of normal weather when testing this for the quantitative stage. There is also scope to test reduced lengths of restoration time and frame any compensation within the context of a gesture payment for inconvenience

  - GS11: the divisions between the categories should be made clearer. Pictures of various types of severe weather with explanations should be shown. There is also the possibility to test longer restoration times to create differentiation between normal and severe

  - GS2A: more explanation would be helpful, or perhaps consider rewording to make it clearer. The number of outages and the timeframe seemed excessive to some. There is also scope to test compensation issues (eg amount, period of collection)

  - GS4: test new timeframe, particularly among businesses. Higher compensation levels could be tested as well as none since some said an apology or quick phone call is all that is needed

  - GS8: test alternative timings for business customers, such as specific appointment times. There is scope to clarify why one would set an appointment with their DNO. There is also scope to test higher compensation levels.

- Many respondents felt that the standards should be consistent in terms of the time allowed to make a claim as well as whether the compensation was automatic or not.

- There was support for incentives/standards on future investment in infrastructure, environmental targets and communication guidelines.

- Compensation creates negativity, particularly amongst business customers so there is a need to review the compensation and penalty system. There is also scope to provide information on what happens to the unclaimed DNO compensation funds as some thought this would end up in Ofgem's pockets.

- There were stronger qualitative barriers to WTP than found in the previous study. Business and domestic customers were skeptical about the efficiency in spending money that's already being paid for electricity service. Most also questioned the need to pay more for a service they currently find efficient. Some of the questioning caused concerns in some groups about energy rationing; they wondered if this is a strategy for the management and control of dwindling energy resources.

- Overall, there were no differences in opinion between vulnerable and non-vulnerable respondents, and few differences between domestic customers and small businesses; differences that did exits between small businesses and domestic customers related primarily to financial loss incurred by businesses as a result of a loss of power, whereas for domestic customers the issue was primarily one of inconvenience. Differences in opinion among business respondents centered on their usage of electricity rather than their size.

APPENDIX A

Discussion Guides

Explain independent and exploratory nature of research – Research is on behalf of OFGEM – these are the people that promote competition in the energy market and regulate network monopoly businesses to ensure prices remain fair for consumers and businesses

No right or wrong answers, only your opinion we are interested in. Explain some people may not agree with each other – that's fine the purpose of the group is to have a discussion about different topics rather than reach a consensus

Disclosures – all research findings will only be used by the team involved

Explain about tape recorder/viewing facility – only for our purposes, reassure anonymity, etc.

Warm-Up and Spontaneous Service Issues 10 mins

PAIRED INTRODUCTIONS
Name, title, years in position, type of business, location of business.
Describe usage of electricity.

We asked you to write up some thoughts about your electric service before coming to the session tonight. Thinking overall about your existing electricity service:

What's good about it? **[LIST ONE FROM EACH]**
What could be improved? **[LIST ONE FROM EACH]**
CAPTURE ON FLIPCHART

[Purpose of this is to understand spontaneous priority service issues that fall under Distributors responsibility]

Explanation of Energy Supply Chain 10 mins

Explain that in order to get electricity to their businesses, there is a number of different organisations that are involved – an energy supply chain. Before we go forward and talk more about the issues that are important to you and get your views on some different areas, we want to show you a short presentation about the 'Energy Supply Chain'.

Show Presentation – Energy Supply Chain, explanation of Distributors, role and responsibilities, % of bill, focus on Distributors

To explain difference between Transmission and Distribution: we can use the national road network as an example. Transmission networks can be likened to the Motorways and Distribution Networks to the A roads, B roads and smaller roads to your house.

To explain Distribution portion of the bill: The portion that goes to the Distributor remains constant, even if your electricity bill goes up due to increases in the cost of

energy. [NOTE: Remind participants that Ofgem regulates network monopoly businesses to ensure that prices remain fair.]

Tell respondents that we're going to leave the 'Energy Supply Chain' slide up on the wall as a reminder that we're talking about the Distributor's quality of service for the rest of the discussion

Ask them to get out their bills that they should have brought along with them – demonstrate that about 15% of their bill is Distributor costs

Explain that whilst billing or other service issues raised earlier are interesting/important, and we will note and pass them on, they are not the focus of tonight's discussion

Spontaneous Issues relating to Distributors and Performance15 mins

So let's focus on your Electricity Distributor (refer to chart) who is responsible for the reliability of your supply, for maintaining the overhead lines, dealing with power cuts, etc.

Do you know who yours is?
Who?
How do you know this information?
Where would you look for information about your Distributor?
Prompt – would you look in the Phone Book/web? Under what listing/how would you search?

NOTE – If no-one is aware of who their Distributor is tell them the name

Expectations
What do you expect the Distributor to do? **[FLIPCHART EXERCISE]**
What aspects of their service are important to you/your organisation?

How do you see your organisation's needs and requirements from your Distributor changing in the future?
Think about 5 year's time (2012)
What would you want your Distributor to be doing at this stage for you?
Any different from now?
Reasons why this has changed?

Performance
How would you describe the current level of service/performance **(EXPLORE FOR EACH AREA MENTIONED ON THE FLIPCHART)?**
What's good?
What's not so good?
Why?
Which areas need improving?
How could this service be improved?
BACKGROUND IF NEEDED: Distributors make continuous investments that result in a given level of service and network reliability. We're interested in learning if your

Distributor is spending money in the right places and providing value for money for their customers.

Power Cuts 20 mins

We're now going to focus specifically on Power cuts for the next part of the discussion

Why do you think they happen?
When do they typically happen?
How do you feel about them?
What impact does it/do they have on your organisation?
What sort of preparation or contingencies do you have in place in case of a power cut?
IF PREPARATION/CONTINGENCIES: PROBE: for back-up supply, insurance for consequential losses. Ask if risk analysis performed
Some feel that businesses are more tolerant of power cuts these days: do you agree?
IF YES: why do you think that is?
What's the most important thing to you when there is a power cut?

- rapid reconnection
- accurate and timely information
- human v automated response
- compensation
- you get an apology
- that it doesn't happen again

Do you feel they happen more frequently or less frequently when compared to 3 years ago? **[NOTE: if no different from now, compare to 10 years ago]**

How do you feel your Distributor performs?
Reasons for response
What do they do well?
What do they do badly?

How many outages has your organisation experienced in the last year?
Length of outages experienced (less or more than 3 mins)
What were the reasons for these?
Did you contact anyone at the time?
Who?
What happened?
What did they say - how did they deal with your enquiry?
Were you notified of the power cut beforehand - was it planned?
How does your organisation deal with them?

NOTE: On average, 4 power cuts occur every 5 years, and the average duration is 90 minutes.

I just want to ask you about power cuts to get an idea of how you feel about the length and frequency – so I want you to make some hypothetical choices:
Would your organisation rather have more shorter power cuts every year or just one big one a year?

Would your organisation rather have a 24-hour cut once every 5 years or a 4 hour cut once a year. Why say that, what would cause most problems?

Willingness To Pay
Are 'Power cuts' an area you would want to see improved?
How important is it to your organisation that power cuts are improved?

So if we focus on the number and length of power cuts. If improvements are made in this area they would have to be funded.

How much would your organisation be willing to pay for improvements in this area **(REMIND RESPONDENTS THAT THE DISTRIBUTORS COSTS ARE ABOUT 15% OF THEIR BILL)**

- an additional 4% on your average annual bill?
- an additional 3% on your average annual bill?
- an additional 2% on your average annual bill?

What do you expect this money to be spent on?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would your organisation still be happy to pay now for improvements later

In other research we have undertaken businesses have said that they'd be willing to pay about 4% extra per annum for reducing the number of unplanned power cuts per year by 1. What do you think of this?
Too high
Too low
Why?

The other research also showed that businesses were willing to pay an additional 3% per annum for every 20 minute reduction in the length of power cuts.
What do you think of this?
Too high
Too low
Why?

NOTE: IF POWER CUTS NOT AN ISSUE: Are street lights an issue in your area? Are they generally working or out of service? Would you be willing to pay extra to improve service in this area? Why/why not?

For Urban Groups – how would you feel if your bills increased slightly to ensure that improvements could be made to rural areas where networks may be less resilient than in urban areas? Would you be prepared to pay as much as you have just indicated if you knew that the investment was going to rural rather than urban areas?

Voltage Issues (Low or High) 5 mins

We're now going to look briefly at Voltage Issues. Electricity is supplied at a constant voltage in order for your equipment to work efficiently and effectively, but sometimes you might experience power surges or dips.

Has your organisation ever experienced power surges or dips?
How many has your organisation experienced in the last year?
Describe the sort of problems.
How do you feel about these voltage issues?
What impact does it/they have on your organisation?
Did you contact anyone at the time?
Who?
What happened?
What did they say - how did they deal with your enquiry?

WTP (Only ask if problems experienced)
Is this an area your organisation would want to see improved?
How important is it to your organisation that voltage quality is improved? How much would your organisation be willing to pay for improvements in this area **(REMIND RESPONDENTS THAT THE DISTRIBUTOR'S COSTS ARE ABOUT 15% OF THEIR BILL)**

- an additional 4% on your average annual bill?
- an additional 3% on your average annual bill?
- an additional 2% on your average annual bill?

What do you think that sort of investment would achieve?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would your organisation still be happy to pay now for improvements later?

Awareness of Guaranteed Standards of Performance (GSPs) 5 mins

Now still thinking about Electricity Distribution
Does anyone know about the Guaranteed Standards of Performance that are currently in place?

If aware, how do they know about them?

SHOWCARD – GSP EXPLANATION
What do you think of the idea of GSPs – good/bad, why?
What should happen if they're not met?
Did you know your organisation could get compensation if service/performance levels are not met; has anyone ever claimed?
What should this cover? (Tell them that compensation is designed to compensate for the inconvenience rather than for any resultant costs to them and see how they feel about that).

Exploration of Guaranteed Standards of Performance (GSPs) 15 mins

Explain that we are going to look at 5 or 6 of those Guaranteed Standards of Performance to get their thoughts on whether they are still relevant and whether the detail is right. Again reinforce there are no right or wrong answers and we are just interested in their individual opinions

ROTATE ACROSS GROUPS - EXPLORE – GSP2, GSP2A, GSP4, GSP5, GSP8, GSP11A/B. NOTE: IF VOLTAGE NOT AN ISSUE, DO NOT DISCUSS GSP5. WHEN ROTATING, DISCUSS GSP11A/B BEFORE GSP2. [NOTE: FOR SEVERE WEATHER, PROBE SAFETY ISSUES IF NOT INITIALLY MENTIONED]

FOR EACH GSP SHOW SERVICE AND PERFORMANCE LEVEL (THEN REVEAL PENALTY PAYMENT) [NOTE: REMIND PARTICIPANTS THAT OFGEM SETS THE PARAMETERS]

– FOR GSP11A SHOW PICTURES OF SEVERE WEATHER EXAMPLES:
Initial Response
+/-
Is it covering the right service area?
What do you think about the performance level – right time period?
What is missing from this?
What should be included?

If they are not met, what sort of compensation would your organisation expect?

EXPLAIN: when standards aren't met, sometimes compensation payments are automatic and sometimes customers are required to claim. If the Distributor fails a standard and the customer doesn't make a claim, the money gets taken from the Distributor at the end of the financial year.

SHOW COMPENSATION PAYMENT
First of all is this the right level of payment – too much, too little, why.
Would you apply for compensation? Why/why not?

Overall do you think the standards cover the right areas – yes/no, why/why not.
How would you go about claiming compensation? By phone or writing?

Are there any other standards that you think are missing? Think back to flipchart exercise – is everything covered.

Quality of Customer Contact 10 mins

Now thinking about quality of customer contact and overall communications e.g. telephone service if you need to contact the Distributor

First, does anybody have contact experience with the Distributor? [Note: Distributor could contact customer to tend to a fault in a cable on their property or to investigate

due to other faults in the area] **[Note: If no one has had contact, ensure any general discussion focuses on potential distributor contact rather than general contact discussion.]**

How did you make contact?
How do you feel your Distributor performed in this area?
Reasons for response
What did they do well?
What did they do badly?
What could be improved?

How do you want to communicate with your Distributor – website, text, telephone, letter?
Explore reasons
How important is the quality of their customer service compared with, say, reducing the number or duration of power cuts?
Where would you put your money if you were the one making improvements – customer service or power cuts?

And thinking about quality of customer service, what sort of things should be measured?
Distributors are currently measured on their performance in the following areas:
SHOWCARD

- the politeness of the members of staff;
- their willingness to help;
- the accuracy of the information given;
- the usefulness of the information given;
- the speed of telephone response.

Initial response
Are these the right areas?
Is anything unnecessary?
What areas are missing?
Is the detail right – number of rings, etc

Severe Weather and Environmental Issues 10 mins

Finally I want you to think about Severe Weather (ie flooding, storms) or other examples where unforeseen acts might cause problems with your power supply

Has anything like this ever impacted on your service?
Explore issues
How well do you think your Distributor has dealt with any electricity faults that have resulted from these conditions? (Refer back to discussion on GSP11A/B)
What should the Distributors be doing right now to ensure your organisation's supply/the network/equipment is protected? Short term
What should they be doing to ensure they reduce the impact of these severe weather/environmental risks in the future and ensure that the network is more resilient (only prompt if necessary with e.g. tree trimming, undergrounding, coating wires etc).

These things will cost money and therefore there would be a resulting increase in your bill as discussed with other areas.
How do you feel about this?
Is it important enough to your organisation for there to be an increase in your bill?

What do you think about overhead lines – good, bad, why?
The alternative is for the cables to be laid underground: how do you feel about this?
What is the impact on the environment?
How do you feel about the inconvenience & disruption that undergrounding could cause?
What about the overall look/impact of them in urban/rural areas or areas of natural beauty?

And thinking a bit more about environmental issues
What environmental concerns do you have related to the distribution of electricity?
Imagine that your organisation has a power cut, would you rather be put back on immediately via a generator which is less environmentally friendly OR would you be happy to be out of power for longer and not use this type of generator

Why is this? Probe importance of green issues

What should the Distributors be doing in this area?
How can they reduce their own Carbon Footprint – what should they be doing?

How much would your organisation be willing to pay for improvements to the Distribution network to ensure environmental plans are put in place?

Wrap	**5 mins**

What is the most important area for improvement – choose one issue (if anything at all)

Thank and Close

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Warm-Up and Spontaneous Service Issues 3 mins

Name, title, years in position, type of business, location of business.
Describe usage of electricity.

We asked you to write up some thoughts about your electric service. Thinking overall about your existing electricity service:
What is the one good thing about it?
What one aspect could be improved?

[Purpose of this is to understand spontaneous priority service issues that fall under Distributors responsibility]

Explanation of Energy Supply Chain 3 mins

Explain that in order to get electricity to their businesses, there is a number of different organisations that are involved – an energy supply chain. Before we go forward and talk more about the issues that are important to you and get your views on some different areas, we want to show you a short presentation about the 'Energy Supply Chain'.

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To explain Distribution portion of the bill: The portion that goes to the Distributor remains constant, even if your electricity bill goes up due to increases in the cost of energy. [NOTE: Remind participant that Ofgem regulates network monopoly businesses to ensure that prices remain fair.]

Tell respondent that we're going to leave the 'Energy Supply Chain' slide out as a reminder that we're talking about the Distributor's quality of service for the rest of the discussion

Ask respondent to get out their bills– demonstrate that about 15% of their bill is Distributor costs

Explain that whilst billing or other service issues raised earlier are interesting/important, and we will note and pass them on, they are not the focus of tonight's discussion

Spontaneous Issues relating to Distributors and Performance 5 mins

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Who?
How do you know this information?
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Prompt – would you look in the Phone Book/web? Under what listing/how would you search?

NOTE – If not aware of who their Distributor is tell them the name

Expectations
What do you expect the Distributor to do?
What aspects of their service are important to you/your organisation?

How do you see your organisation's needs and requirements from your Distributor changing in the future?
Think about 5 year's time (2012)
What would you want your Distributor to be doing at this stage for you?
Any different from now?
Reasons why this has changed?

Performance
How would you describe the current level of service/performance **(EXPLORE FOR EACH AREA MENTIONED)?**
What's good?
What's not so good?
Why?
Which areas need improving?
How could this service be improved?

BACKGROUND IF NEEDED: Distributors make continuous investments that result in a given level of service and network reliability. We're interested in learning if your Distributor is spending money in the right places and providing value for money for their customers.

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What sort of preparation or contingencies do you have in place in case of a power cut?
IF PREPARATION/CONTINGENCIES: PROBE: for back-up supply, insurance for consequential losses. Ask if risk analysis performed
Some feel that businesses are more tolerant of power cuts these days: do you agree?
IF YES: why do you think that is?
What's the most important thing to you when there is a power cut?

- rapid reconnection
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- human v automated response
- compensation
- you get an apology
- that it doesn't happen again

Do you feel they happen more frequently or less frequently when compared to 3 years ago? **[NOTE: if no different from now, compare to 10 years ago]**
How do you feel your Distributor performs?
Reasons for response
What do they do well?
What do they do badly?

How many outages has your organisation experienced in the last year?
Length of outages experienced (less or more than 3 mins)
What were the reasons for these?
Did you contact anyone at the time?
Who?
What happened?
What did they say - how did they deal with your enquiry?
Were you notified of the power cut beforehand - was it planned?
How does your organisation deal with them?

NOTE: On average, 4 power cuts occur every 5 years, and the average duration is 90 minutes.

I just want to ask you about power cuts to get an idea of how you feel about the length and frequency – so I want you to make some hypothetical choices:
Would your organisation rather have more shorter power cuts every year or just one big one a year?
Would your organisation rather have a 24-hour cut once every 5 years or a 4 hour cut once a year. Why say that, what would cause most problems?

Willingness To Pay
Are 'Power cuts' an area you would want to see improved?
How important is it to your organisation that power cuts are improved?

So if we focus on the number and length of power cuts. If improvements are made in this area they would have to be funded.

How much would your organisation be willing to pay for improvements in this area **(REMIND RESPONDENT THAT THE DISTRIBUTOR'S COSTS ARE ABOUT 15% OF THEIR BILL)**

What if it was:
- an additional 4% on your average annual bill?
- an additional 3% on your average annual bill?
- an additional 2% on your average annual bill?

What do you expect this money to be spent on?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would your organisation still be happy to pay now for improvements later

In other research we have undertaken businesses have said that they'd be willing to pay about 4% extra per annum for reducing the number of unplanned power cuts per year by 1. What do you think of this?
Too high
Too low
Why?

The other research also showed that businesses were willing to pay an additional 3% per annum for every 20 minute reduction in the length of power cuts.
What do you think of this?
Too high
Too low
Why?

NOTE: IF POWER CUTS NOT AN ISSUE: Are street lights an issue in your area? Are they generally working or out of service? Would you be willing to pay extra to improve service in this area? Why/why not?

For Urban respondents – how would you feel if your bills increased slightly to ensure that improvements could be made to rural areas where networks may be less resilient than in urban areas? Would you be prepared to pay as much as you have just indicated if you knew that the investment was going to rural rather than urban areas?

Voltage Issues (Low or High) 3 mins

We're now going to look briefly at Voltage Issues. Electricity is supplied at a constant voltage in order for your equipment to work efficiently and effectively, but sometimes you might experience power surges or dips.

Has your organisation ever experienced power surges or dips?
How many has your organisation experienced in the last year?
Describe the sort of problems.
How do you feel about these voltage issues?
What impact does it/they have on your organisation?
Did you contact anyone at the time?
Who?
What happened?
What did they say - how did they deal with your enquiry?

WTP (Only ask if problems experienced)
Is this an area your organisation would want to see improved?
How important is it to your organisation that voltage quality is improved? How much would your organisation be willing to pay for improvements in this area **(REMIND RESPONDENT THAT THE DISTRIBUTOR'S COSTS ARE ABOUT 15% OF THEIR BILL)**

- an additional 4% on your average annual bill?
- an additional 3% on your average annual bill?
- an additional 2% on your average annual bill?

What do you think that sort of investment would achieve?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would your organisation still be happy to pay now for improvements later?

Awareness of Guaranteed Standards of Performance (GSPs) 5 mins

Now still thinking about Electricity Distribution
Do you know about the Guaranteed Standards of Performance that are currently in place?

If aware, how do you know about them?

SHOWCARD – GSP EXPLANATION
What do you think of the idea of GSPs – good/bad, why?
What should happen if they're not met?
Did you know your organisation could get compensation if service/performance levels are not met; has anyone ever claimed?
What should this cover? (Tell them that compensation is designed to compensate for the inconvenience rather than for any resultant costs to them and see how they feel about that).

Exploration of Guaranteed Standards of Performance (GSPs) 5 mins

Explain that we are going to look at 5 or 6 of those Guaranteed Standards of Performance to get their thoughts on whether they are still relevant and whether the detail is right. Again reinforce there are no right or wrong answers and we are just interested in their individual opinions

ROTATE ACROSS GROUPS - EXPLORE – GSP2, GSP2A, GSP4, GSP5, GSP8, GSP11A/B. NOTE: IF VOLTAGE NOT AN ISSUE, DO NOT DISCUSS GSP5. WHEN ROTATING, DISCUSS GSP11A/B BEFORE GSP2. [NOTE: FOR SEVERE WEATHER, PROBE SAFETY ISSUES IF NOT INITIALLY MENTIONED]

FOR EACH GSP SHOW SERVICE AND PERFORMANCE LEVEL (THEN REVEAL PENALTY PAYMENT). [NOTE: REMIND PARTICIPANT THAT OFGEM SETS THE PARAMETERS]

– FOR GSP11A SHOW PICTURES OF SEVERE WEATHER EXAMPLES:
Initial Response
+/-
Is it covering the right service area?
What do you think about the performance level – right time period?
What is missing from this?
What should be included?

If they are not met, what sort of compensation would your organisation expect?

EXPLAIN: when standards aren't met, sometimes compensation payments are automatic and sometimes customers are required to claim. If the Distributor fails a standard and the customer doesn't make a claim, the money gets taken from the Distributor at the end of the financial year.

SHOW COMPENSATION PAYMENT
First of all is this the right level of payment – too much, too little, why.
Would you apply for compensation? Why/why not?

Overall do you think the standards cover the right areas – yes/no, why/why not.
How would you go about claiming compensation? By phone or writing?

Are there any other standards that you think are missing? Think back to flipchart exercise – is everything covered.

Quality of Customer Contact 5 mins

Now thinking about quality of customer contact and overall communications e.g. telephone service if you need to contact the Distributor. **[Note: If no contact, ensure any general discussion focuses on potential distributor contact rather than general contact discussion.]**

First, has your organisation had any contact experience with the Distributor?
How did you make contact?
How do you feel your Distributor performed in this area?
Reasons for response
What did they do well?
What did they do badly?
What could be improved?

How do you want to communicate with your Distributor – website, text, telephone, letter?

Explore reasons
How important is the quality of their customer service compared with, say, reducing the number or duration of power cuts?
Where would you put your money if you were the one making improvements – customer service or power cuts?

And thinking about quality of customer service, what sort of things should be measured?
Distributors are currently measured on their performance in the following areas:
SHOWCARD

- the politeness of the members of staff;
- their willingness to help;
- the accuracy of the information given;
- the usefulness of the information given;
- the speed of telephone response.

Initial response
Are these the right areas?
Is anything unnecessary?
What areas are missing?
Is the detail right – number of rings, etc

Severe Weather and Environmental Issues 5 mins

Finally I want you to think about Severe Weather (ie flooding, storms) or other examples where unforeseen acts might cause problems with your power supply

Has anything like this ever impacted on your service?
Explore issues
How well do you think your Distributor has dealt with any electricity faults that have resulted from these conditions? (Refer back to discussion on GS11A/B)
What should the Distributors be doing right now to ensure your organisation's supply/the network/equipment is protected? Short term
What should they be doing to ensure they reduce the impact of these severe weather/environmental risks in the future and ensure that the network is more resilient (only prompt if necessary with e.g. tree trimming, undergrounding, coating wires etc).

These things will cost money and therefore there would be a resulting increase in your bill as discussed with other areas.
How do you feel about this?
Is it important enough to your organisation for there to be an increase in your bill?

What do you think about overhead lines – good, bad, why?
The alternative is for the cables to be laid underground: how do you feel about this?
What is the impact on the environment?
How do you feel about the inconvenience & disruption that undergrounding could cause?
What about the overall look/impact of them in urban/rural areas or areas of natural beauty?

And thinking a bit more about environmental issues

What environmental concerns do you have related to the distribution of electricity?
Imagine that your organisation has a power cut, would you rather be put back on immediately via a generator which is less environmentally friendly OR would you be happy to be out of power for longer and not use this type of generator

Why is this? Probe importance of green issues

What should the Distributors be doing in this area?
How can they reduce their own Carbon Footprint – what should they be doing?

How much would your organisation be willing to pay for improvements to the Distribution network to ensure environmental plans are put in place?

Wrap	**1 mins**

What is the most important area for improvement – choose one issue (if anything at all)

Thank and Close

Explain independent and exploratory nature of research – Research is on behalf of OFGEM – these are the people that promote competition in the energy market and regulate network monopoly businesses to ensure prices remain fair for consumers and businesses

No right or wrong answers, only your opinion we are interested in. Explain some people may not agree with each other – that's fine the purpose of the group is to have a discussion about different topics rather than reach a consensus

Disclosures – all research findings will only be used by the team involved

Explain about tape recorder/viewing facility – only for our purposes, reassure anonymity, etc.

Warm-Up and Spontaneous Service Issues 10 mins

PAIRED INTRODUCTIONS
Name, Age, Working Status, Describe where you're living, What do you think of your electricity service

We asked you to write up some thoughts about your electric service before coming to the session tonight. Thinking overall about your existing electricity service:

What's good about it? **[LIST ONE FROM EACH]**
What could be improved? **[LIST ONE FROM EACH]**
CAPTURE ON FLIPCHART

[Purpose of this is to understand spontaneous priority service issues that fall under Distributors responsibility]

Explanation of Energy Supply Chain 10 mins

Explain that in order to get electricity into their homes, there is a number of different organisations that are involved – an energy supply chain. Before we go forward and talk more about the issues that are important to you and get your views on some different areas, we want to show you a short presentation about the 'Energy Supply Chain'.

Show Presentation – Energy Supply Chain, explanation of Distributors, role and responsibilities, % of bill, focus on Distributors

To explain difference between Transmission and Distribution: we can use the national road network as an example. Transmission networks can be likened to the Motorways and Distribution Networks to the A roads, B roads and smaller roads to your house.

To explain Distribution portion of the bill: The portion that goes to the Distributor remains constant, even if your electricity bill goes up due to increases in the cost of

energy. [NOTE: Remind participants that Ofgem regulates network monopoly businesses to ensure that prices remain fair.]

Tell respondents that we're going to leave the 'Energy Supply Chain' slide up on the wall as a reminder that we're talking about the Distributor's quality of service for the rest of the discussion

Ask them to get out their bills that they should have brought along with them – demonstrate that about 15% of their bill is Distributor costs

Explain that whilst billing or other service issues raised earlier are interesting/important, and we will note and pass them on, they are not the focus of tonight's discussion

Spontaneous Issues relating to Distributors and Performance15 mins

So let's focus on your Electricity Distributor (refer to chart) who is responsible for the reliability of your supply, for maintaining the overhead lines, dealing with power cuts, etc.

Do you know who yours is?
Who?
How do you know this information?
Where would you look for information about your Distributor?
Prompt – would you look in the Phone Book/web? Under what listing/how would you search?

NOTE – If no-one is aware of who their Distributor is tell them the name

Expectations
What do you expect the Distributor to do? **[FLIPCHART EXERCISE]**
What aspects of their service are important to you?

How do you see your needs and requirements from your Distributor changing in the future?
Think about 5 year's time (2012)
What would you want your Distributor to be doing at this stage for you?
Any different from now?
Reasons why this has changed?

Performance
How would you describe the current level of service/performance **(EXPLORE FOR EACH AREA MENTIONED ON THE FLIPCHART)?**
What's good?
What's not so good?
Why?
Which areas need improving?
How could this service be improved?

BACKGROUND IF NEEDED: Distributors make continuous investments that result in a given level of service and network reliability. We're interested in learning if your Distributor is spending money in the right places and providing value for money for their customers.

Power Cuts 20 mins

We're now going to focus specifically on Power cuts for the next part of the discussion

Why do you think they happen?
When do they typically happen?
How do you feel about them?
What impact does it/they have on you?
What sort of preparation or contingencies do you have in place in case of a power cut?
Some feel that people are more tolerant of power cuts these days: do you agree?
IF YES: why do you think that is?
What's the most important thing to you when there is a power cut?

- rapid reconnection
- accurate and timely information
- human v automated response
- compensation
- you get an apology
- that it doesn't happen again

Do you feel they happen more frequently or less frequently when compared to 3 years ago? **[NOTE: if no different from now, compare to 10 years ago]**
How do you feel your Distributor performs?
Reasons for response
What do they do well?
What do they do badly?

How many outages have you experienced in the last year?
Length of outages experienced (less or more than 3 mins)
What were the reasons for these?
Did you contact anyone at the time?
Who?
What happened?
What did they say - how did they deal with your enquiry?
Were you notified of the power cut beforehand - was it planned?
How do you deal with them?

NOTE: On average, 4 power cuts occur every 5 years, and the average duration is 90 minutes.

I just want to ask you about power cuts to get an idea of how you feel about the length and frequency – so I want you to make some hypothetical choices:
Would you rather have more shorter power cuts every year or just one big one a year?
Would you rather have a 24-hour cut once every 5 years or a 4 hour cut once a year.
Why say that, what would cause most problems?

Willingness To Pay
Are 'Power cuts' an area you would want to see improved?
How important is it to you that power cuts are improved?

So if we focus on the number and length of power cuts. If improvements are made in this area they would have to be funded.

How much would you be willing to pay for improvements in this area **(REMIND RESPONDENTS THAT THE DISTRIBUTORS COSTS ARE ABOUT 15% OF THEIR BILL)**
What if it was £2 a month?
What if it was £1 a month?
What if it was £0.50 on your monthly bill?
What do you expect this money to be spent on?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would you still be happy to pay now for improvements later

In other research we have undertaken people have said that they'd be willing to pay about £1.70 extra per month for reducing the number of unplanned power cuts per year by 1. What do you think of this?
Too high
Too low
Why?

The other research also showed that people were willing to pay a similar amount per month (ie about £1.80) for every 20 minute reduction in the length of power cuts.
What do you think of this?
Too high
Too low
Why?

NOTE: IF POWER CUTS NOT AN ISSUE: Are street lights an issue in your area? Are they generally working or out of service? Would you be willing to pay extra to improve service in this area? Why/why not?

For Urban Groups – In many rural areas, the quality of the network is not as good when compared to urban areas. How would you feel if your bills increased slightly, along with rural customers, to ensure that improvements could be made to rural areas where networks may be less resilient than in urban areas?

Voltage Issues (Low or High) 5 mins

We're now going to look briefly at Voltage Issues. Electricity is supplied at a constant voltage in order for your appliances to work efficiently and effectively, but sometimes you might experience power surges or dips.

Have you ever experienced power surges or dips?
How many have you experienced in the last year?

Describe the sort of problems.
How do you feel about these voltage issues?
What impact does it/they have on you?
Did you contact anyone at the time?
Who?
What happened?
What did they say - how did they deal with your enquiry?

WTP (Only ask if problems experienced)
Is this an area you would want to see improved?
How important is it to you that voltage quality is improved? How much would you be willing to pay for improvements in this area **(REMIND RESPONDENTS THAT THE DISTRIBUTOR'S COSTS ARE ABOUT 15% OF THEIR BILL)**
What if it was £2 a month?
What if it was £1 a month?
What if it was £0.50 on your monthly bill?
What do you think that sort of investment would achieve?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would you still be happy to pay now for improvements later?

Awareness of Guaranteed Standards of Performance (GSPs) 5 mins

Now still thinking about Electricity Distribution
Does anyone know about the Guaranteed Standards of Performance that are currently in place?

If aware, how do they know about them?

SHOWCARD – GSP EXPLANATION
What do you think of the idea of GSPs – good/bad, why?
What should happen if they're not met?
Did you know you could get compensation if service/performance levels are not met; has anyone ever claimed?
What should this cover? (Tell them that compensation is designed to compensate for the inconvenience rather than for any resultant costs to them and see how they feel about that).

Exploration of Guaranteed Standards of Performance (GSPs) 15 mins

Explain that we are going to look at 5 or 6 of those Guaranteed Standards of Performance to get their thoughts on whether they are still relevant and whether the detail is right. Again reinforce there are no right or wrong answers and we are just interested in their individual opinions

ROTATE ACROSS GROUPS - EXPLORE – GSP2, GSP2A, GSP4, GSP5, GSP8, GSP11A/B. NOTE: IF VOLTAGE NOT AN ISSUE, DO NOT DISCUSS GSP5. WHEN

ROTATING, DISCUSS GSP11A/B BEFORE GSP2. [NOTE: FOR SEVERE WEATHER, PROBE SAFETY ISSUES IF NOT INITIALLY MENTIONED]

FOR EACH GSP SHOW SERVICE AND PERFORMANCE LEVEL (THEN REVEAL PENALTY PAYMENT) [NOTE: REMIND PARTICIPANTS THAT OFGEM SETS THE PARAMETERS]

– FOR GSP11A SHOW PICTURES OF SEVERE WEATHER EXAMPLES:
Initial Response
+/-
Is it covering the right service area?
What do you think about the performance level – right time period?
What is missing from this?
What should be included?

If they are not met, what sort of compensation would you expect

EXPLAIN: when standards aren't met, sometimes compensation payments are automatic and sometimes customers are required to claim. If the Distributor fails a standard and the customer doesn't make a claim, the money gets taken from the Distributor at the end of the financial year.

SHOW COMPENSATION PAYMENT
First of all is this the right level of payment – too much, too little, why.
Would you apply for compensation? Why/why not?

Overall do you think the standards cover the right areas – yes/no, why/why not.
How would you go about claiming compensation? By phone or writing?

Are there any other standards that you think are missing? Think back to flipchart exercise – is everything covered.

Quality of Customer Contact 10 mins

Now thinking about quality of customer contact and overall communications e.g. telephone service if you need to contact the Distributor

First, does anybody have contact experience with the Distributor? [Note: Distributor could contact customer to tend to a fault in a cable on their property or to investigate due to other faults in the area] **[Note: If no one has had contact, ensure any general discussion focuses on potential distributor contact rather than general contact discussion.]**

How did you make contact?
How do you feel your Distributor performed in this area?
Reasons for response
What did they do well?
What did they do badly?
What could be improved?

How do you want to communicate with your Distributor – website, text, telephone, letter?
Explore reasons
How important is the quality of their customer service compared with, say, reducing the number or duration of power cuts?
Where would you put your money if you were the one making improvements – customer service or power cuts?

And thinking about quality of customer service, what sort of things should be measured?
Distributors are currently measured on their performance in the following areas:
SHOWCARD

- the politeness of the members of staff;
- their willingness to help;
- the accuracy of the information given;
- the usefulness of the information given;
- the speed of telephone response.

Initial response
Are these the right areas?
Is anything unnecessary?
What areas are missing?
Is the detail right – number of rings, etc

Severe Weather and Environmental Issues 10 mins

Finally I want you to think about Severe Weather (ie flooding, storms) or other examples where unforeseen acts might cause problems with your power supply

Has anything like this ever impacted on your service?
Explore issues
How well do you think your Distributor has dealt with any electricity faults that have resulted from these conditions? (Refer back to discussion on GSP11A/B)
What should the Distributors be doing right now to ensure your supply/the network/equipment is protected? Short term
What should they be doing to ensure they reduce the impact of these severe weather/environmental risks in the future and ensure that the network is more resilient (only prompt if necessary with e.g. tree trimming, undergrounding, coating wires etc).

These things will cost money and therefore there would be a resulting increase in your bill as discussed with other areas.
How do you feel about this?
Is it important enough to you for there to be an increase in your bill?

What do you think about overhead lines – good, bad, why?
The alternative is for the cables to be laid underground: how do you feel about this?
What is the impact on the environment?
How do you feel about the inconvenience & disruption that undergrounding could cause?

What about the overall look/impact of them in urban/rural areas or areas of natural beauty?

In previous research people told us that they would be willing to pay an additional 20p per annum for every 1% of existing overhead cable that was put underground in national parks and other places of outstanding natural beauty.

How do you feel about that?
Is it about right?
Too high/low?
What would you be willing to pay?

And thinking a bit more about environmental issues
What environmental concerns do you have related to the distribution of electricity?
Imagine that you have a power cut, would you rather be put back on immediately via a generator which is less environmentally friendly OR would you be happy to be out of power for longer and not use this type of generator

Why is this? Probe importance of green issues

What should the Distributors be doing in this area?
How can they reduce their own Carbon Footprint – what should they be doing?

How much would you be willing to pay for improvements to the Distribution network to ensure environmental plans are put in place

Wrap	**5 mins**

What is the most important area for improvement – choose one issue (if anything at all)

Thank and Close

Explain independent and exploratory nature of research – Research is on behalf of OFGEM – these are the people that promote competition in the energy market and regulate network monopoly businesses to ensure prices remain fair for consumers and businesses

No right or wrong answers, only your opinion we are interested in.
Disclosures – all research findings will only be used by the team involved

Explain about tape recorder – only for our purposes, reassure anonymity, etc.

Warm-Up and Spontaneous Service Issues 3 mins

Name, Age, Working Status, Describe where you're living, What do you think of your electricity service

We asked you to write up some thoughts about your electric service. Thinking overall about your existing electricity service:
What is the one good thing about it?
What one aspect could be improved?

[Purpose of this is to understand spontaneous priority service issues that fall under Distributors responsibility]

Explanation of Energy Supply Chain 3 mins

Explain that in order to get electricity into their homes, there is a number of different organisations that are involved – an energy supply chain. Before we go forward and talk more about the issues that are important to you and get your views on some different areas, we want to show you a short presentation about the 'Energy Supply Chain'.

Show Presentation – Energy Supply Chain, explanation of Distributors, role and responsibilities, % of bill, focus on Distributors

To explain difference between Transmission and Distribution: we can use the national road network as an example. Transmission networks can be likened to the Motorways and Distribution Networks to the A roads, B roads and smaller roads to your house.

To explain Distribution portion of the bill: The portion that goes to the Distributor remains constant, even if your electricity bill goes up due to increases in the cost of energy. [NOTE: Remind respondent that Ofgem regulates network monopoly businesses to ensure that prices remain fair.]

Tell respondent that we're going to leave the 'Energy Supply Chain' out as a reminder that we're talking about the Distributor's quality of service for the rest of the discussion

Ask them to get out their bill – demonstrate that about 15% of their bill is Distributor costs

Explain that whilst billing or other service issues raised earlier are interesting/important, and we will note and pass them on, they are not the focus of the discussion

Spontaneous Issues relating to Distributors and Performance 5 mins

So let's focus on your Electricity Distributor (refer to chart) who is responsible for the reliability of your supply, for maintaining the overhead lines, dealing with power cuts, etc.

Do you know who yours is?
Who?
How do you know this information?
Where would you look for information about your Distributor?
Prompt – would you look in the Phone Book/web? Under what listing/how would you search?

NOTE – If not aware of who their Distributor is tell them the name

Expectations
What do you expect the Distributor to do?
What aspects of their service are important to you?

How do you see your needs and requirements from your Distributor changing in the future?
Think about 5 year's time (2012)
What would you want your Distributor to be doing at this stage for you?
Any different from now?
Reasons why this has changed?

Performance
How would you describe the current level of service/performance **(EXPLORE FOR EACH AREA MENTIONED)?**
What's good?
What's not so good?
Why?
Which areas need improving?
How could this service be improved?

BACKGROUND IF NEEDED: Distributors make continuous investments that result in a given level of service and network reliability. We're interested in learning if your Distributor is spending money in the right places and providing value for money for their customers.

Power Cuts 10 mins

We're now going to focus specifically on Power cuts for the next part of the discussion

Why do you think they happen?
When do they typically happen?
How do you feel about them?
What impact does it/they have on you?
What sort of preparation or contingencies do you have in place in case of a power cut?
Some feel that people are more tolerant of power cuts these days: do you agree?
IF YES: why do you think that is?
What's the most important thing to you when there is a power cut?

- rapid reconnection
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Do you feel they happen more frequently or less frequently when compared to 3 years ago? **[NOTE: if no different from now, compare to 10 years ago]**
How do you feel your Distributor performs?
Reasons for response
What do they do well?
What do they do badly?

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Length of outages experienced (less or more than 3 mins)
What were the reasons for these?
Did you contact anyone at the time?
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Why say that, what would cause most problems?

Willingness To Pay
Are 'Power cuts' an area you would want to see improved?
How important is it to you that power cuts are improved?

So if we focus on the number and length of power cuts. If improvements are made in this area they would have to be funded.

How much would you be willing to pay for improvements in this area **(REMIND RESPONDENT THAT THE DISTRIBUTOR'S COSTS ARE ABOUT 15% OF THEIR BILL)**
What if it was £2 a month?
What if it was £1 a month?
What if it was £0.50 on your monthly bill?
What do you expect this money to be spent on?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would you still be happy to pay now for improvements later

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Why?

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Have you ever experienced power surges or dips?
How many have you experienced in the last year?
Describe the sort of problems.
How do you feel about these voltage issues?
What impact does it/they have on you?
Did you contact anyone at the time?
Who?

What happened?
What did they say - how did they deal with your enquiry?

WTP (Only ask if problems experienced)
Is this an area you would want to see improved?
How important is it to you that voltage quality is improved? How much would you be willing to pay for improvements in this area **(REMIND RESPONDENT THAT THE DISTRIBUTOR'S COSTS ARE ABOUT 15% OF THEIR BILL)**
What if it was £2 a month?
What if it was £1 a month?
What if it was £0.50 on your monthly bill?
What do you think that sort of investment would achieve?
What if you learnt that these additional payments might be needed for ten to twenty years before the additional works required could be completed – would you still be happy to pay now for improvements later?

Awareness of Guaranteed Standards of Performance (GSPs) 5 mins

Now still thinking about Electricity Distribution
Do you know about the Guaranteed Standards of Performance that are currently in place?

If aware, how do you know about them?

SHOWCARD – GSP EXPLANATION
What do you think of the idea of GSPs – good/bad, why?
What should happen if they're not met?
Did you know you could get compensation if service/performance levels are not met; has anyone ever claimed?
What should this cover? (Tell them that compensation is designed to compensate for the inconvenience rather than for any resultant costs to them and see how they feel about that).

Exploration of Guaranteed Standards of Performance (GSPs) 5 mins

Explain that we are going to look at 5 or 6 of those Guaranteed Standards of Performance to get their thoughts on whether they are still relevant and whether the detail is right. Again reinforce there are no right or wrong answers and we are just interested in their individual opinions

ROTATE ACROSS GROUPS - EXPLORE – GSP2, GSP2A, GSP4, GSP5, GSP8, GSP11A/B. NOTE: IF VOLTAGE NOT AN ISSUE, DO NOT DISCUSS GSP5. WHEN ROTATING, DISCUSS GSP11A/B BEFORE GSP2. [NOTE: FOR SEVERE WEATHER, PROBE SAFETY ISSUES IF NOT INITIALLY MENTIONED]

FOR EACH GSP SHOW SERVICE AND PERFORMANCE LEVEL (THEN REVEAL PENALTY PAYMENT) [NOTE: REMIND RESPONDENT THAT OFGEM SETS THE PARAMETERS]

– FOR GSP11A SHOW PICTURES OF SEVERE WEATHER EXAMPLES:
Initial Response
+/-
Is it covering the right service area?
What do you think about the performance level – right time period?
What is missing from this?
What should be included?

If they are not met, what sort of compensation would you expect

EXPLAIN: when standards aren't met, sometimes compensation payments are automatic and sometimes customers are required to claim. If the Distributor fails a standard and the customer doesn't make a claim, the money gets taken from the Distributor at the end of the financial year.

SHOW COMPENSATION PAYMENT
First of all is this the right level of payment – too much, too little, why.
Would you apply for compensation? Why/why not?

Overall do you think the standards cover the right areas – yes/no, why/why not.
How would you go about claiming compensation? By phone or writing?

Are there any other standards that you think are missing? Think back to flipchart exercise – is everything covered.

Quality of Customer Contact 5 mins

Now thinking about quality of customer contact and overall communications e.g. telephone service if you need to contact the Distributor

First, have you had contact experience with the Distributor? [Note: Distributor could contact customer to tend to a fault in a cable on their property or to investigate due to other faults in the area] **[Note: If no contact, ensure any general discussion focuses on potential distributor contact rather than general contact discussion.]**

How did you make contact?
How do you feel your Distributor performed in this area?
Reasons for response
What did they do well?
What did they do badly?
What could be improved?

How do you want to communicate with your Distributor – website, text, telephone, letter?
Explore reasons
How important is the quality of their customer service compared with, say, reducing the number or duration of power cuts?

Where would you put your money if you were the one making improvements – customer service or power cuts?

And thinking about quality of customer service, what sort of things should be measured?
Distributors are currently measured on their performance in the following areas:
SHOWCARD

- the politeness of the members of staff;
- their willingness to help;
- the accuracy of the information given;
- the usefulness of the information given;
- the speed of telephone response.

Initial response
Are these the right areas?
Is anything unnecessary?
What areas are missing?
Is the detail right – number of rings, etc

Severe Weather and Environmental Issues 5 mins

Finally I want you to think about Severe Weather (ie flooding, storms) or other examples where unforeseen acts might cause problems with your power supply

Has anything like this ever impacted on your service?
Explore issues
How well do you think your Distributor has dealt with any electricity faults that have resulted from these conditions? (Refer back to discussion on GSP11A/B)
What should the Distributors be doing right now to ensure your supply/the network/equipment is protected? Short term
What should they be doing to ensure they reduce the impact of these severe weather/environmental risks in the future and ensure that the network is more resilient (only prompt if necessary with e.g. tree trimming, undergrounding, coating wires etc).

These things will cost money and therefore there would be a resulting increase in your bill as discussed with other areas.
How do you feel about this?
Is it important enough to you for there to be an increase in your bill?

What do you think about overhead lines – good, bad, why?
The alternative is for the cables to be laid underground: how do you feel about this?
What is the impact on the environment?
How do you feel about the inconvenience & disruption that undergrounding could cause?
What about the overall look/impact of them in urban/rural areas or areas of natural beauty?

In previous research people told us that they would be willing to pay an additional 20p per annum for every 1% of existing overhead cable that was put underground in national parks and other places of outstanding natural beauty.

How do you feel about that?
Is it about right?
Too high/low?
What would you be willing to pay?

And thinking a bit more about environmental issues
What environmental concerns do you have related to the distribution of electricity?
Imagine that you have a power cut, would you rather be put back on immediately via a generator which is less environmentally friendly OR would you be happy to be out of power for longer and not use this type of generator

Why is this? Probe importance of green issues

What should the Distributors be doing in this area?
How can they reduce their own Carbon Footprint – what should they be doing?

How much would you be willing to pay for improvements to the Distribution network to ensure environmental plans are put in place

Wrap	**1 min**

What is the most important area for improvement – choose one issue (if anything at all)

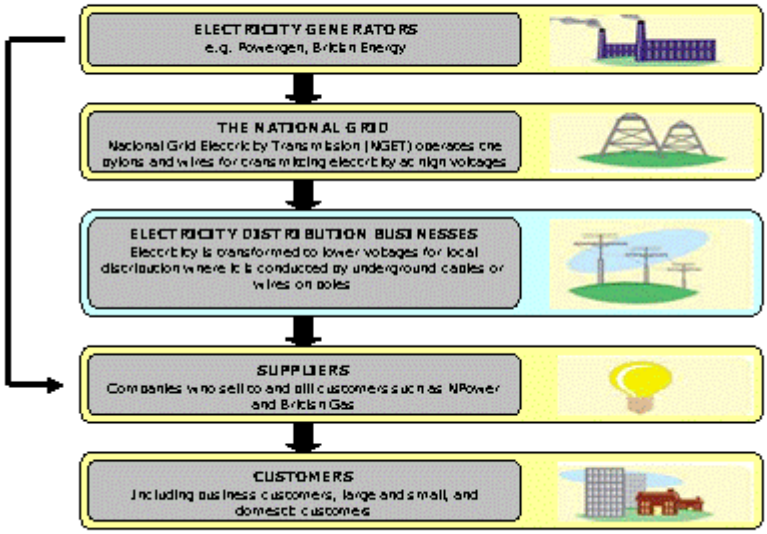
Thank and Close

APPENDIX B

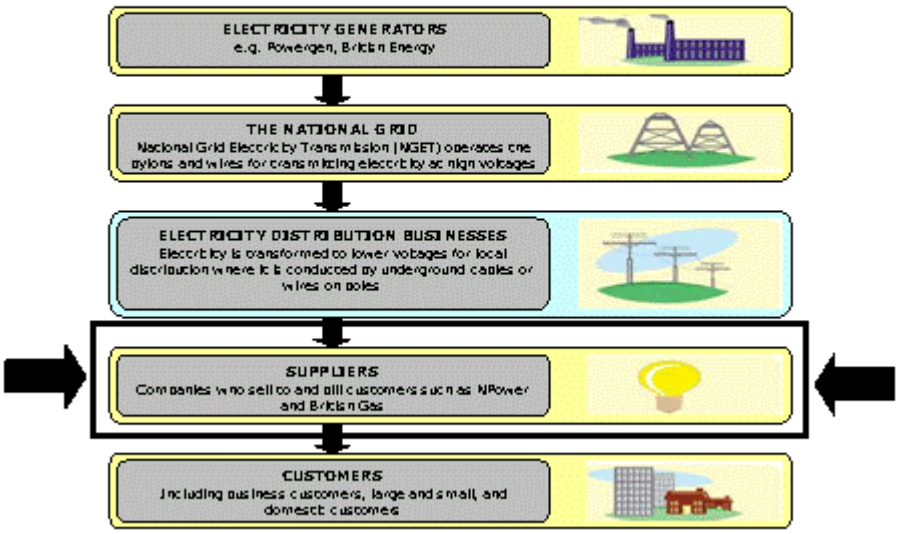
Stimulus

Explanation of Distributors

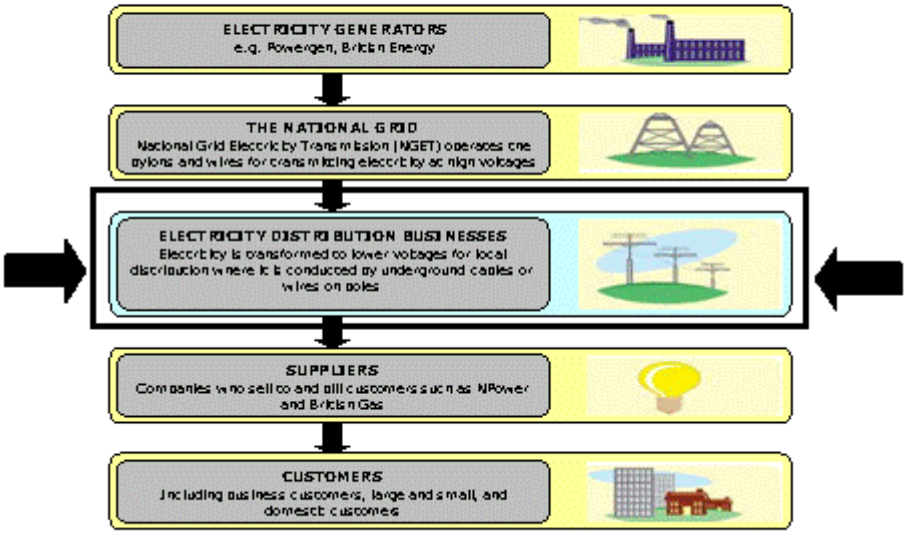
Overview of the Energy Supply Chain



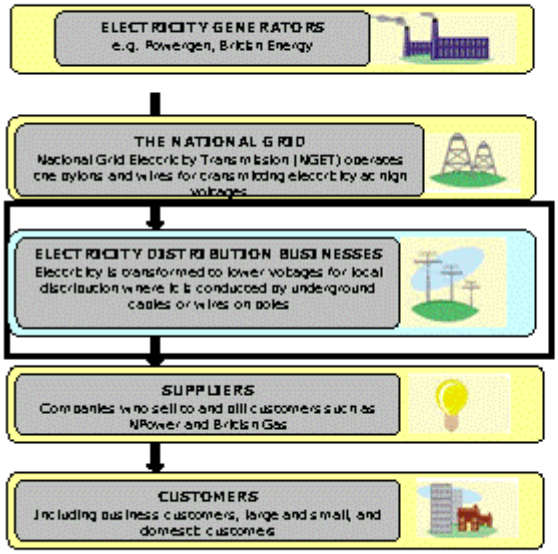
Supplier is Main Customer-Facing Part of the Chain – Bills, Meter Reading



Focus Tonight is on Distributors



Who are Distributors - What do They do?

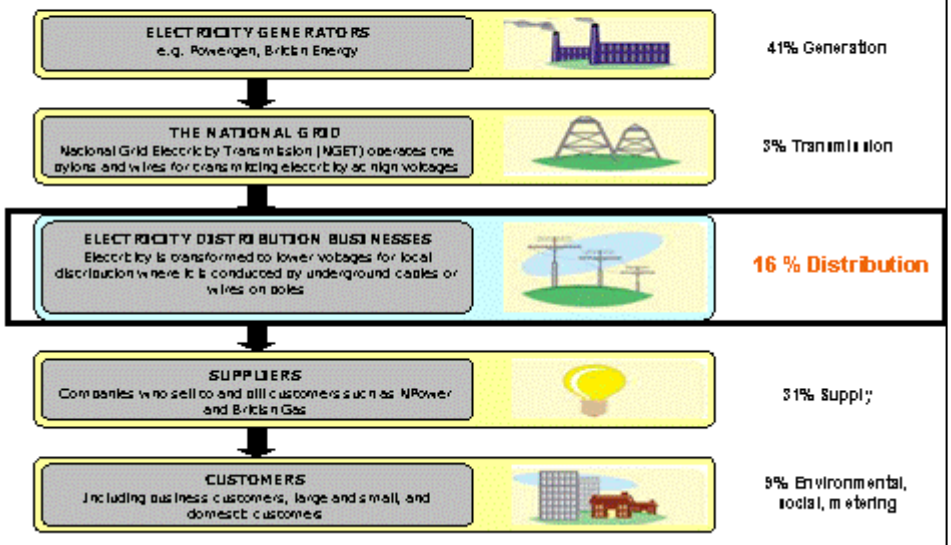


Own the wires and cables

Duty to connect any customer requiring electricity within their area and maintain the connection

Must maintain an efficient cost-effective and coordinated system to distribute electricity e.g. the overhead cables, etc

Approximately What Proportion of the Bill Goes to Distributors?



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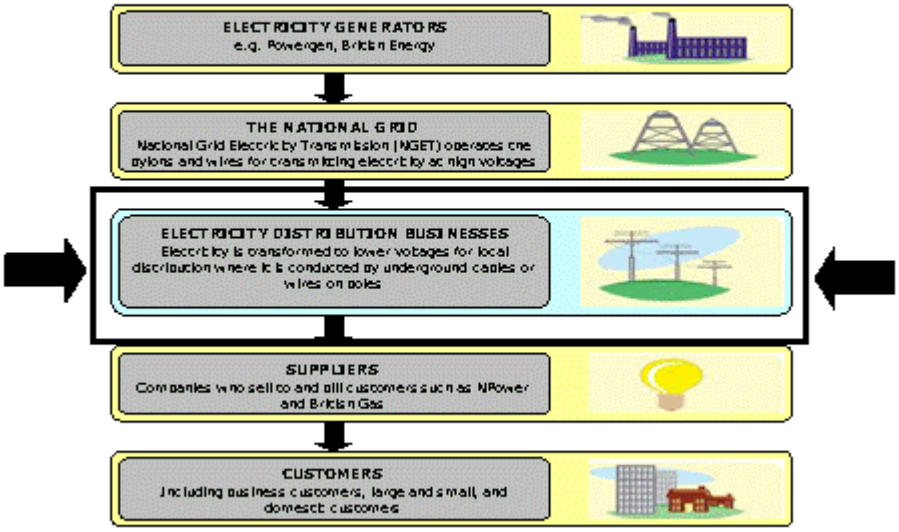

Guaranteed Standards of Performance

Explanation of Guaranteed Standards of Performance

- Ofgem, the industry regulator, sets a number of Guaranteed Standards of Performance (GSPs) for domestic and business customers
- The GSPs prescribe certain minimum standards for Distributors to meet
- Tonight we want to understand whether these are still relevant or if there are any that are missing

GSP2 – Overall Explanation

Supply Restoration During Normal Weather

If your electricity supply fails during normal weather conditions because of a problem on our distribution system we will restore it within 18 hours of first becoming aware of the problem

GSP2 – Compensation

Supply Restoration During Normal Weather

If we fail and you make a valid claim within three months of the date the supply is restored, we will arrange for you to receive £50 if you are a domestic consumer and £100 if you are a business consumer

You will also receive a further £25 for each additional 12 hours you are without supply

GSP11A/B – Overall Explanation

Supply Restoration During Severe Weather
If your electricity supply fails during severe weather because of a problem on our distribution system we will restore it within a given period dependent upon the scale of the event:-

Severe Weather Definition
Category One – (Show Picture: lightning) – supplies will be restored within 24 hours

Category Two - (Show Picture: large events) – supplies will be restored within 48 hours

GSP11A/B – Compensation

Supply Restoration During Severe Weather

If we fail and you make a valid claim within three months of the date the supply is restored, we will arrange for you to receive £25 (for both domestic and business consumers)

You will also receive a further £25 for each additional 12 hours you are without supply

The maximum payment you can receive totals £200

These payments will be made as soon as reasonably practicable

GSP2A – Explanation

Multiple Interruptions

If your electricity supply fails because of a problem on our distribution system and you are without power for three hours or more, on four or more different occasions in any single year (12-month period) beginning on 1 April

GSP2A – Compensation

Multiple Interruptions

You are entitled to a £50 payment
You must make a valid claim for this payment within three months of the end of the year to which the claim applies

GSP4 – Explanation

Notice of Planned Interruption to Supply

If we need to switch off your power to work on our network we will give you at least 2 days' notice

GSP4 – Compensation

Notice of Planned Interruption to Supply

If we fail to give 2 days' notice or we switch your electricity off on a different day, then you can claim (within 1 month of the failure) £20 if you are a domestic consumer and £40 if you are a business consumer

GSP5 – Explanation

Investigation of Voltage Complaints

If you report a problem with the voltage of the electricity to your premises we will send you an explanation within 5 working days or offer to visit you to investigate within 7 working days

GSP5 – Compensation

Investigation of Voltage Complaints

If we fail to write to you or to make an appointment within the specified time or if we fail then to keep an appointment once made, we will arrange for you to receive a £20 payment

GSP8 – Explanation

Making and Keeping Appointments

Should we need to visit you, or should you request a visit from us for any reason, you will be offered an appointment during the morning or afternoon or within a two-hour time band

GSP8 – Compensation

Making and Keeping Appointments

If we fail to make or keep an appointment we will arrange for you to receive a £20 payment