

17 December 2007

Marcus Clements
Governance, Consumer & Social Affairs
Ofgem
9 Millbank
London
SW1P 3GE

Dear Marcus

Response to Consultation on Complaint Handling Standards (272/07)

Thank you for the opportunity to comment on the issues raised in this consultation.

As a gas distribution company NGN will be faced with regulatory requirements for complaint handling from four different sources if the current proposals are implemented:

- 1) Complaint handling standards set under the Consumers, Estate Agents and Redress (CEAR) Act;
- 2) Procedures for dealing with complaints under Condition A21 of the Gas Transporters Licence;
- 3) A guaranteed standard of performance for responding to complaints under the Gas (Standards of Performance) (Amendments) Regulations 2007; and
- 4) Membership of an approved redress scheme for resolving customer disputes under the CEAR Act.

We believe this framework imposes unnecessary and excessive regulatory requirements and is not consistent with “better regulation” principles. There is significant potential for inconsistency between these arrangements and for multiple enforcement action to be taken in relation to single incident. To simplify these arrangements any specific requirements Ofgem is seeking to impose via complaint handling standards under the CEAR Act could easily be incorporated into Condition A21. This would remove the need for network businesses to be included under the CEAR Act complaint handling standards.

An essential feature of the new arrangements is to ensure that the definition and understanding of a complaint is consistent across the CEAR Act, Gas Transporter Licence and the Gas (Standards of Performance) Regulations. It would be totally impractical for NGN or any other network business to record and respond to complaints using different definitions under the different regulatory requirements.

NGN supports the definition set out by the Energy Networks Association in their response to this consultation (i.e. "any clear expression of dissatisfaction that requires a response"). This should be accompanied by guidance notes or best practice guidelines which could provide clarity over what should and should not be included. Thus, for example, no-supply calls or calls related to routine operational problems would not be classified as complaints.

Our responses to the detailed questions raised in your consultation are included in the attached appendix. If you need any further information or wish to discuss any of the points raised in this letter or our previous response please do not hesitate to give me a call on 07883 099609.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Parker', with a stylized flourish at the end.

Stephen Parker
Regulation Manager

Appendix

Do you agree that there should be a common definition of a complaint? If so, is the definition of a complaint in BS ISO 10002:2004 the most appropriate or is there another definition which would be better?

It is essential that a common definition is applied across the CEAR Act, Gas Transporter Licence and the Gas (Standards of Performance) Regulations. NGN supports the definition set out by the Energy Networks Association in their response to this consultation (i.e. “any clear expression of dissatisfaction that requires a response”). This should be accompanied by guidance notes or best practice guidelines which could provide clarity over what should and should not be included. Thus, for example, no-supply calls or calls related to routine operational problems would not be classified as complaints. Consistent with the Gas Standards of Performance Regulations verbal complaints should be those received on a specific telephone number which has been advised to the customer for that purpose.

Do you agree that all complaints should be recorded upon receipt?

We agree that all customer complaints meeting the agreed definition should be recorded upon receipt.

Do you agree that consumers should be given information about the redress scheme at the point that the complaint is made or is there another point at which this information should be given?

We believe it would be good practice to advise the customer of the complaints procedure including independent redress when a response to the complaint is provided rather than at the point at which the complaint is made. This gives the customer the opportunity to pursue the matter if they are not satisfied with the initial response.

Do you agree that companies should have a dedicated point for referrals from the new NCC? Should they also make arrangements for referrals from Consumer Direct and other agencies?

We believe it would be good practice to provide a point of contact for the new NCC and make arrangements for referrals from Consumer Direct and other agencies. Given the nature of these new organisations, the volume of such referrals to gas transporters direct is likely to be very small. NGN will work with the new organisations to establish appropriate working relationships.

**Should information about the number of complaints received be collected?
Would information on complaints by category be useful for consumers? How might the difficulties of consistency be resolved?**

Gas transporters are obligated under the Gas (Standards of Performance) regulations to collect information on complaints. NGN has no issues with applying classifications to the types of complaints.

NGN would support the publication of data on the levels of complaints for both network and supply companies.

Should information on the speed of resolution of complaints be collected?

Gas transporters are obligated under the Gas (Standards of Performance) regulations to record information on the speed of response to complaints.

Is action required to verify data submitted by suppliers? If so, what?

This would only appear necessary if Ofgem is proposing to publish comparative data on companies.

Would a survey of consumer satisfaction be useful? If so, what should it comprise and who should do it?

Gas transporters are already measured on customer satisfaction through customer surveys which are being extended for the next price control period.

In a competitive market it should be in the interests of suppliers to undertake their own customer satisfaction surveys.

Are there any other requirements that we should consider including in the standards?

No.

Do you agree with the elements proposed for the standards for micro businesses?

We agree that elements 1-3 should apply to micro-businesses. In addition working arrangements between companies and NCC or Consumer Direct should not exclude micro-businesses.

Do you agree that a consumption threshold should be used to identify micro business consumers?

We believe the threshold should be set at 2,500 therms (73,200 kWh) for gas micro-business customers.

Do you agree with the elements proposed for the standards applying to network businesses?

We agree elements 1-3 should apply to the network businesses but these should be incorporated into the licence rather than complaint handling standards under CEAR Act.

Do you agree with our proposal to move the licence requirements on publishing a complaints procedure into the complaint handling regulations?

Our preferred approach is not to include network businesses in the complaint handling standards under CEAR Act but incorporate any requirements into the licence. Should Ofgem proceed with including network businesses into CEAR standards then the licence requirements should be removed.

Should micro business consumers be included in the requirement which currently only applies to domestic consumers, to inform consumers at least once a year of the existence of the complaints procedure and how to obtain it?

We would have no objection this proposal.