

Note on 12th Quality of Service Working Group Meeting

Action Points

- 1) Those DNOs that make use of compensation claim forms were asked to send an example to Ofgem by 15 February, 2008.
- 2) The DNOs were asked to consult internally on possible alternative questions to ask in the telephony survey and to report these back to Ofgem by 15 February, 2008.
- 3) In relation to text messaging, the DNOs were asked to review current and possible future ways of contacting customers and to report these to Ofgem by 15 February, 2008.
- 4) Ofgem will look at the revised definition of vulnerable customers.
- 5) The DNOs were asked to come up with methods of how to work out the level of planned interruptions they may require for DPCR5 and to report these to Ofgem by 15 February, 2008.
- 6) Ofgem will send a step-by-step guide to the CI and CML target setting spreadsheet to the DNOs by December 2007.
- 7) A revised stage data template will be sent to the DNOs by December 2007.
- 8) A proposed audit timetable will be circulated in December 2007.
- 9) Ofgem will modify the audit workbook to allow for separate trial calculations of 132/EHV and HV accuracy.

Points Discussed

1. Consumer Research Qualitative Results

Several issues were discussed in relation to compensation claims. Consumers had expressed a reluctance to file for compensation due to what they perceive as extensive procedures. Currently, some DNOs send out claim forms, whereas others do not use this method. There may further be a need for a standard form. Those DNOs that make use of claim forms were asked to send an example to Ofgem.

One DNO expressed a concern about the fact that research questions related to compensation amounts must not raise customer expectations that the DNOs cannot fulfil. Based on personal experience, one DNO pointed out that some business customers were not interested in compensation at all. It was also brought to attention that the relationship the DNOs have with larger firms is different from the relationship they have with smaller businesses.

It was pointed out that research questions should account for the differing amounts that consumers are charged in different license areas. Though such issues are difficult to incorporate in qualitative research, the quantitative study could include such aspects.

An additional concern was the fact that the views of respondents are based on the present and may not take the future plans that DNOs already have into account. However,

consumers that took part in the qualitative surveys did express an awareness of the fact that DNOs do have existing plans for the future.

One DNO suggested that questions related to willingness to pay should be phrased in a format where customers are asked e.g. 'If you paid x amount would you spend it on a, b or c?' rather than 'How much would you be willing to pay for x?' The structure of the quantitative questionnaire is being discussed and Ofgem will listen to DNOs' views as well as take on board Accent's market research expertise on this matter.

As for the low consumer awareness of their DNO and of the Guaranteed Standards, it was pointed out that customers may not necessarily feel the need for this type of awareness. As monopolies, the DNOs do not need to promote themselves for the same reasons as firms in competitive markets and consumers may not be willing to pay for DNO self-promotion.

Also in relation to the low DNO awareness, it was pointed out that it is also of importance that consumers are aware of the fact that DNOs are not acting in isolation, but are regulated by Ofgem. It was clarified that the fact that the industry is regulated had been discussed with the research participants.

2. Telephony

The DNOs were asked whether the telephony ranking should account for the number of unanswered calls. Some DNOs pointed out that differences in the amount of calls answered could be due to various reasons, including differences in the telephone systems. Ofgem could possibly look into whether the percentage of unsuccessful calls should be related to the telephony score from the assessed measures.

The order of the questions and the attributes included were further discussed. It is widely felt that the 'Accuracy' and 'Usefulness' attributes overlap. There was a general agreement that changing the five attributes to three would be sensible.

It was suggested that possible alternative questions could include satisfaction with quality of supply in general. This would give insight into how general satisfaction interacts with telephony satisfaction. The DNOs were asked to consult internally on possible alternative questions to ask in the telephony survey.

Additionally, a concern was raised over the fact that the length of the conversation Accent has with the customer could influence the response the customer gives.

As the qualitative consumer research had indicated a desire for contact via text messaging by some consumers, text messaging and related technological aspects will be discussed next Working Group meeting. The DNOs were asked to review current and possible future ways of contacting customers.

Separate telephone lines for vulnerable customers and the number of customers included in the vulnerable group was also covered. Vulnerable customers may spread the telephone number to friends and family, thus increasing the amount of customers using these lines. Ofgem will look at the revised definition of vulnerable customers and discuss the topic during the next Working Group meeting.

In relation to the monthly scores to date, it was pointed out that, because customer service is integrated for LPN and SPN, EDF could find no apparent reason for LPN's lower score.

3. Target Setting for DPCR5

As for the proposed LV split into LV Overhead, LV Underground and LV Switchgear, it was pointed out that this would have implications in cost reporting. Concerns were also raised over benchmarking and inter-DNO comparisons, as the proposed split might put certain

license areas at a disadvantage. Ofgem circulated an analysis of benchmarking LV at a total level compared to a Mains and Services split. This analysis showed that the largest positive difference was +0.3 and the largest negative difference was -0.5.

The method of calculating CML targets for DNOs with CIs below the target was also discussed. The CML targets are calculated based on target CIs either above or below the benchmark. If a DNO's actual performance is below their CI benchmark, the calculated CML will be less. It was suggested that if a DNO reaches a CI below the benchmark, the benchmark CI, rather than the actual CI, should be used in the CML target calculation.

Some DNOs expressed a desire for the 0.5% benchmark improvement factor to be lowered. Easy improvements, in terms of automation, have already been made and accordingly a lower improvement factor would be appropriate. Ofgem took the view that future technological improvements plus actual historic figures meant that 0.5% was still a realistic factor.

As for the number of years used for the 2015 HV target calculation, the most recent data should be used as this would reflect the impact of recent investments. Others stated that the selection of the number of years from which to take the average from was somewhat arbitrary.

Concerns were raised over potential adverse effects of adding short interruptions to DPCR5 targets. If short interruption targets exist alongside the other interruption targets, DNOs may choose to fix shorter interruptions in over or under 3 minutes as to reach those targets. More general points included the need to consider whether this would be in line with what customers want.

Regarding the prearranged interruption incentives, it was pointed out that reducing planned interruptions may drive up CAPX. There is further a need for certain work to be carried out. With this in mind, it is difficult to benchmark planned interruptions. It was suggested that targets could be based on past planned interruptions but with an adjustment for required work. At the same time, work programs may not vary that much over five years, which suggests that basing targets on past interruptions is a valid method. The DNOs were asked to come up with methods of how to work out the level of planned interruptions they may require for DPCR5.

One DNO questioned whether it is appropriate to have a CI as well as a CML target for planned interruptions, rather than having just a CI target.

Lastly, it was added that incentives that aim to reduce planned interruptions may not promote safety.

There was a desire from the DNOs to have a guide to the target setting spreadsheet. A step-by-step guide to target setting will be circulated by the end of 2007.

Additionally, some broader issues about target setting were raised. The appropriateness measuring interruptions by the number of customers, as opposed to, for instance, the number of kWh lost, was questioned, as the former gives an incentive to invest mainly in highly populated areas. One DNO raised a concern about the actual effects of target setting in general, in terms of whether the DNOs were in fact moving towards their targets and whether there were actual CI reducing activities taking place.

One DNO raised a concern over why the CI and CML in the National Grid are included in the incentive scheme, as these interruptions are outside of the DNOs' control. However, the rest of the DNOs were fine with the 10% weight placed on this as well as with the current weights applied to distributed generators and other connected systems.

In addition to this, Ofgem confirmed that DNOs can take an average price per kilometre for undergrounding schemes in areas of natural beauty.

4. 2008 Reporting and Auditing Timetable

A revised stage data template will be sent to the DNOs by the end of 2007. A 'reason' column will be added to the template for planned interruptions.

The 2007/2008 audits will take place during April, May and June 2008. A proposed audit timetable will be circulated in December 2007.

5. Accuracy Thresholds

It was proposed that audit accuracy for 132 & EHV should be measured separately from HV and with a higher threshold. In response to this, it was pointed out that disaggregating the audit sample may result in less statistical accuracy. Consequently, DNOs may fail to reach the accuracy threshold due to an insufficient sample size. Additionally, there should be a possibility of reverting back to the original way of measuring audit accuracy.

Ofgem proposed to modify the audit workbook for 2007/08 so that separate calculations for 132/EHV and HV as well as the current DPCR4 methodology calculations could be carried out. Audit accuracy will still be determined using DPCR4 methodology.