

Breakout session - Customers

Prior to the workshop, all attendees were given a list of questions to stimulate discussions. During the session, all attendees were also given a handout with key tables and information from the December policy document. Outlined below is brief summary of the views presented in response to the question areas.

1) A broad measure of customer satisfaction

- Most agreed that the survey should only cover customers with previous dealings with DNOs – including contact for both pre-arranged and unplanned interruptions along with connection requests.
- There was general agreement that the inclusion of connections in the broader customer satisfaction measure would provide the carrot in the required two-pronged approach to encouraging competition in connections.
- There was a general desire to separate customers in terms of Residential customers and Industrial & Commercial customers.
- There was strong support to ensure that customers were surveyed relatively soon after their contact with the DNO (within 1 month).
- There was general agreement that an independent research group would be best placed to carry out the surveys.
- There was a suggestion that technological improvements should facilitate improved customer service from the DNOs.

2) A regional, segmented approach to regulating connections using competition tests, the possible provision of margins, and greater protection for customers choosing the non-competitive route and for segments where competition is unlikely.

- All attendees were in general agreement that there is work to be done to improve the connections customer experience.
- Most stakeholders expressed a desire to ensure the margin only applies to the contestable elements of the connection, with no margin allowed on upstream connections where there is no competition for DNOs.
- There was overall support for Ofgem's two-pronged approach to encouraging competition in connections, with competition tests to determine which DNOs can set unregulated margins as well as the broader customer service measure to reward DNOs that actively allowed competition.
- One participant considered that disconnections should also be included in the measure.
- Customer awareness of competitive alternatives was raised as an issue and there was a general desire for more knowledge to be provided to customers about the choices available.

- Many suggested that there were other factors, other than price, that were primary barriers to competition. Some of the suggestions were
 - A lack of knowledge about alternative connection options
 - Uncertainty about the stability of ICPs during the current financial crisis
 - The flexibility of the DNO workforce compared to ICPs
 - Limited margins on smaller projects for ICPs
 - Examples were cited of DNOs delaying final connections on “petty” design grounds. One of the DNO representatives countered that withholding of supply is the only leverage the DNOs have over independent service providers.
 - The variety of civil standards across different DNO areas, even between licence areas under the same company.
- Most representatives agreed that ultimately customers just want to get the job finished and often see the DNO as the most hassle-free means to an ends. Essentially they would like tighter regulation on DNO behaviour as opposed to steps to encourage a level of competition that may not develop.
- All agreed that the competition tests needed to strike a balance between being simple to understand but not a movement back towards a “one-size fits all” approach and that DNO communication with customers needed to improve.
- Several members voiced an interest in seeing Ofgem take a role in independently reviewing DNO and contractor costs and DNO overheads.

3) Treatment of business customers under the regulatory framework

- There were calls for greater distinction between Residential customers and Industrial & Commercial customers in the incentive framework.
- There was a counter view that business customers should not be prioritised over domestic customers for outages.
- There was a discussion regarding the ability of DNOs to distinguish between business and domestic customers during outages. Ofgem has tasked the DNO representatives in the Quality of Service working group with providing information on HV performance levels. One customer representative volunteered to provide details of network performance at LV for business customers in their consultation response.
- The business customer representatives felt that current GS compensation for business customers was inadequate and sought incremental payments linked to the length of delay beyond a standard.

- One Business Customer representative raised the point that his business was not particularly looking for preferential treatment from DNOs with respect to other customers, but simply a central point of contact. It was also mentioned that some DNOs already provided Customer Managers for business customers as a central point of contact and he found that was useful.
- One DNO representative highlighted that communication between DNOs and large customers was raised as an issue in their own stakeholder engagement sessions. It was suggested that the broader customer measure could possibly help to encourage improvements in this area.

4) Improving service for worst served customers by agreeing an appropriate definition, providing a specific allowance, improving reporting arrangements and including this focus area in the customer service reward scheme

- General consensus was that the definition of a worst served customer was a difficult area and that there would always be boundary issues associated with any chosen definition.
- Many DNO representatives raised concerns over the allowed cost and required improvement.
- Some DNO representatives raised a concern that the broad range of customers under the proposed definition might result in schemes targeted at those customers experiencing 5 or 6 interruptions and not the “very worst” served.
- There was a general agreement that communication to the worst served customers needed improvement.
- One DNO representative suggested that given the cost/improvement restrictions, the money provided for network investment schemes under the policy would be better off spent on improving communication.
- There were suggestions to provide allowances on a similar basis as the Areas of Outstanding Natural Beauty (AONB) (On a use it-or-lose it basis; where DNOs decide on particular schemes to implement) or the Registered Power Zone (RPZ) mechanisms (where proposals are submitted to Ofgem for pre-approval).
- Another representative suggested that worst served customers could be given a reduction in their electricity bills that was reflective of their poor network performance. This suggestion was seen by most as similar to compensating through guaranteed standards.
- A representative from a research group suggested that according to their research, interruptions and duration were too volatile to be used as measures of network performance. Their research on network performance had indicated that there were other factors that could be used to define worst served customers, such as the local environment and network configuration.

- One representative felt that the worst served customers should be defined by both interruptions and duration.