



Utility Customer Service Management Ltd.

Key challenges that the industry faces in the short to medium term.

1. Customers continue to witness increasing costs of energy, increasing drives toward greater energy efficiency in a market which is confused. We believe Customer confusion is a barrier to Market forces.
2. Mistrust of the industry by Customers. Customers are unclear about where Ofgem sits on this aspect as poor performance appears to be generally accepted. UK Customer Satisfaction Index appears to support the fact that utilities perform poorly with a recent quote being "The treatment of customers by staff in the transport and utilities industries, especially, is still some way short of what is expected."
3. DNO's seemingly continue to enjoy monopoly powers and are able to deliver poor performance with high charges unrestricted.

How the Authority should respond to these challenges.

1. The authority should be taking steps to aid understanding in the market place. Whilst market forces increase Customer choice, the continue development of the industry into different directions cause Customers to become confused. These steps should include clear expectations on the industry in terms of Customer Service and **not** "overlooking" deviations from same which only leads to reduced confidence in the industry. An excellent example of this is the way different DNO's interpret Guaranteed standards.
2. Use "best practice" examples from the market place, not from Government Departments and regulators. If the industry was truly Customer focused, the industry would take "disappointed Customers" seriously. We believe Ofgem has a role to develop such an approach.
3. Whilst helping to tackle fuel poverty is admirable, we believe it should not represent a major part of Ofgem's work. We believe a major part of Ofgem's work should be to the benefit of the majority Customers i.e. Customer service improvements. By Ofgem targeting "Fuel Poverty" as a major part of its work it is directing its efforts towards a relatively small group of Customers (not with standing the general increase in fuel costs).

The order of priority we should give to our areas of work in response to those challenges.

1. Lift the profile of Customer Services within the industry as a whole.
2. Ensure actions taken by the industry (including Ofgem, Ombudsman etc.) support Customer Service improvements i.e. being Customer focused rather than industry focused.