



Our Customer Promises

- Putting safety first.
- Respecting you, your time and your property.
- Doing a really good job.
- Being there when you need us.
- Caring for our local environment.



Wider Communications

Ofgem Customer Service Reward Scheme 2010

Stakeholder engagement strategies

Helping people with micro-generation



We are proactively looking for ways to encourage customers to adopt low-carbon and energy-saving initiatives. Customers tell us that one of the biggest obstacles facing them is the lack of impartial, definitive advice about the issues they need to consider. We believe that we are ideally placed to respond to these customer issues - we do not sell this equipment, or the energy produced by it, but we are experts in the energy networks market.

Consequently, we now offer a range of useful advice on our website, in leaflets and presentations and through one-to-one involvement of our staff. We believe we are the only DNO to have published its own micro-generation guide for customers. This guide is also in the generation section of our website, alongside links to complementary guides produced by the government, the Energy Networks Association and the Electricity Safety Council.

Our guide:

- provides an overview of micro-generation;
- sets out the different types of micro-generation and how they work;
- highlights the issues people should consider before they buy;
- explains what they need to do to connect their installation to the electricity network; and
- gives advice on electrical safety when installing or connecting a micro-generator.

The guide draws on material from the Energy Saving Trust, RenewableUK (formerly the British Wind Energy Association) and other bodies. Although aimed primarily at homeowners, it also has a section for landowners considering buying larger-scale generating equipment governed by a different set of standards.

Raising awareness

Whilst this guide might assist those already interested in finding out more about micro-generation, we have also been proactively working to open the eyes of those who might understand little or nothing about the subject or the issues involved.

During 2009 we embarked on a programme to identify suitable events at which we could spread the word and have now given presentations at four forums organised by renewable energy groups about getting small-scale micro-generation projects connected to our

network. This programme is continuing in 2010. Meanwhile, our established team of 96 customer service ambassadors continues to provide invaluable advice to customers, increasingly on the subject of generating energy from environmentally friendly, natural sources.

We have, for example, been providing technical guidance to the organisation behind a scheme in the Esk Valley, near Whitby, which has been set up to produce hydro-electricity that the local community can sell to finance similar schemes elsewhere in the valley. We have given technical information to the scheme's promoters about how it can be best designed, incorporating an Archimedes Screw fish ladder, and connected to our network.

We also gave the group advice about how to apply for European funding, which eventually paid for two full-time officers on the scheme. It has also attracted financial support from the Environment Agency, which sees it as a test-bed for similar schemes elsewhere. Construction will begin later this year.

Underpinning this work is research to explore the potential for spreading consumer demand for energy to reduce the strain on our network, to address some of the constraints posed by micro-generation, and to assist with its cost-effective integration into our network. In January, we commissioned a ground-breaking three-year research project at Durham University into this critical issue.

Letting customers influence our long-term plans

We believe it is important to seek customers' and other stakeholders' views, reflect on what they say, review our plans and modify our future communications accordingly. We have chosen four different projects to highlight our performance in this area.

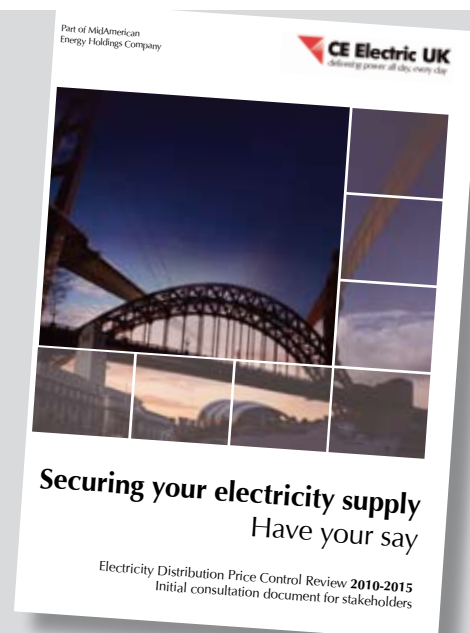
Inviting stakeholders to comment on our future plans

The recent distribution price control review determined the prices we charge for our services for the five-year period starting on 1 April 2010. Enhanced communication with customers, representative groups and suppliers was a key feature of this price control review and has continued since.

In our consultation programme, we set out to understand what elements of

our planned investment for the next five years our customers valued most. In order to assess our customers' willingness to pay, we held face-to-face interviews with approximately 1,000 domestic customers and issued an online questionnaire to 10,000 business customers. Supported by our 28-page stakeholder consultation document, *Have Your Say*, we also held six regional workshops to invite views from other industry organisations and representative groups. Finally, we held individual feedback sessions with our key regional stakeholder organisations such as the regional development agencies. Feedback from our consultation exercise reinforced the need for us to target investment to maintain the

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existing service levels at minimum cost. Overall, customers were satisfied with the current performance of our network and demonstrated a clear unwillingness to pay for investment options aimed at improving this level of performance.

The next communications phase began in autumn 2009, when future charges for customers could be determined with more certainty. This involved tailoring a communications strategy for each of 14 discrete stakeholder groups including electricity suppliers, major energy users, independent connections providers, distributed generation developers, political leaders, staff, unions and the media.

A combination of workshops, conference calls and letters was used to inform each group of the changes that would apply from 1 April 2010. The case study on communicating with major users and suppliers on the supplementary support page gives an example of the positive feedback we received from our stakeholder groups. This has led to an enduring routine feedback and communication process that continues today and has helped to set the standard for the industry.

Industry-leading telephony system

Our 24/7 customer relations centre uses feedback from focus groups and other research in a holistic approach to raising its quality of service. Since September 2009, it has provided a new, industry-leading, interactive voice recognition (IVR) system. Agents are still available at all times but customers happy to engage with IVR can access the automated voice of a 'virtual agent', which they find invaluable. A customer reporting a power cut that we are not aware of can have all the details

taken by the IVR system and can choose to receive a call-back to update them on progress. If it is a known fault, the customer is told that we are aware of the problem, what we are doing about it and when we expect the power to be restored. Last autumn we commissioned researchers to ask 300 people, who had called to report a fault, what they thought about the system. The results set out on the supplementary support page confirm that 84 per cent of those who heard the virtual agent's message about the fault were happy to end the call at that point. Two enhancements to the system will be completed later this spring. We will offer new options of text or voice messaging for updates on fault restoration progress. Also, the system will recognise the numbers of our 26,000 electricity-dependent households and always put them straight through to a human, not virtual, agent, an example of our fourth customer promise – to be there when you need us.

Championing a new approach to complaints

In October 2008 we established our three-level complaints procedure and enhanced our resolution process, in the light of customer feedback that we sought, before we set up our scheme. Since then, we have been championing a new approach to logging and resolving complaints. Although others may disagree, we consider any expression of dissatisfaction as a complaint and we do not treat them as resolved until we have carried out our promised remedial action.

In 2009 we resolved 97 per cent of complaints at the first stage and nearly all the rest at higher levels of management. There are rare occasions when, despite making what we think is more than a

fair offer, we cannot meet our customers' requests and these are referred to the Energy Ombudsman. Of the 13 referrals made in 2009, the Ombudsman agreed with our judgment in 12 cases and has yet to rule on the other case. The success of our scheme is due in part to the way we have enhanced the skills of our agents at our customer relations centre to respond to complaints effectively.

Complaints champions assist their colleagues and share best practice across the business. We help our contractors to resolve complaints quickly and to continuously improve their customer service. We have annual awards for our contractors within the fields of best customer service record and the most improved customer service. We held customer service workshops with contractors, out of which came several ideas, including always putting our customer relations centre number on their signage. Contractors and staff also work with us to identify the root causes of complaints and reduce their numbers through improvement programmes.

New strategy for stakeholder engagement

We are conducting a comprehensive review of our relationships with key stakeholders to feed into an overall strategy of engagement. In addition to reviews within our customer relations centre and connection enquiry centre, we are also working with the City of York Council to explore levels of engagement that local authorities require for information to assist with their own planning processes. Teesside University MBA students have also contributed to this review by providing a summary of best practice within our industry and some of the technologies that could be used.

Proactively engaging with suppliers to meet customers' requests



The responsibility we have to look after our most vulnerable customers is significant and it is vitally important to us to build up our Priority Services Register (PSR). We have had great success in doing so, with the number of households on the register standing at 224,000 compared with 174,000 a year ago and 92,000 two years ago. This has been achieved with proactive campaigns with partners to encourage vulnerable customers to join.

Key to our success here is engaging effectively with suppliers, who notify us electronically when they take on a new customer who qualifies for inclusion on

their PSR. This information is automatically transferred to our database and, if the customer is not already on our PSR, they are added to it immediately. Earlier this year, we held discussions with suppliers about how we could share information with them about customers joining our PSR and the format in which they wished to receive it.

Our extensive PSR list is now shared with the six major energy suppliers in our distributing services areas – British Gas, Powergen, E.ON, EDF, Scottish Power and npower. Feedback from these suppliers indicates this two-way flow of information is working very effectively.

Case study: effective communication with major energy users and suppliers

We held a core consultation workshop in November 2009 attended by 48 delegates representing 15 extra-high-voltage (EHV) customers, seven electricity suppliers and seven consultants.

The aim was to update them about the impact that the price control review would have on their use of system charges and to brief them about how a new national common methodology for calculating use of system charges would apply to high-voltage (HV) and low-voltage (LV) customers from April 2010. In particular, we explained that generators would receive credits rather than charges, so encouraging distributed generation.

Informing our customers

We also briefed delegates about a new methodology being developed for EHV customers, applicable from April 2011. We believe that we were the first DNO to hold such a workshop and that other DNOs have since followed suit. Comprehensive information, handed to delegates, is

also available on our website. Reaction to the workshop from delegates, who said the information was clear and concise, was very positive.

The feedback sheets about our overview of the price review showed that 97 per cent thought it was very good or good. One delegate, Jacqui Reed, Utilities Manager for Growhow, an EHV customer that manufactures chemicals and fertilisers, said:

“It was a steep learning curve for some of us but it is good that they are now communicating with their customers in this way. They should definitely do more events like this.”

A follow-up workshop for EHV customers and electricity suppliers to give them more details about the changes planned from April 2011 is due to be held this summer.

Following the workshop's success, Square One Utilities asked us to attend a seminar hosted by the regional development agency, One North East. A range of industrial and commercial customers from across the North East attended. We arranged

separate sessions for the Yorkshire Purchasing Organisation on the impact on street lighting authorities and also for Northumbrian Water. Mark Local of Northumbrian Water wrote afterwards: “I am much more comfortable that I understand how the charging will apply and can budget correctly for 2010-2011.”

Leading the way

We believe we are the first DNO to actively engage with electricity suppliers to explain the rationale behind our tariff information tables relating to the price review and to give them the opportunity to ask about the underlying assumptions we used.

Our conference call prompted British Gas to ask if other DNOs could do the same thing as they had found the communication very helpful.

As a result of this, it was subsequently implemented as an industry standard in December 2009 to ensure all DNOs had such discussions with electricity suppliers and that appropriate feedback loops were in place.

Case study: talking to customers

Industry-leading telephony system

We have made a significant investment in our IVR system, in order to help us communicate better with our customers. However, we didn't stop there – we wanted to find out what our customers thought of our system, so we could find ways to improve and refine it even further.

The research was carried out by independent researchers who spoke to 300 customers who had used the system to report an electricity fault. The results were encouraging and showed that:

- 92 per cent said the system was already aware there was a fault in their area.
- The recorded message about the fault was rated at 4.1 (out of 5) for accuracy and usefulness.
- 68 per cent said power was restored within 30 minutes of the initial estimated time of restoration given.



- 84 per cent of those who heard the message about the fault ended the call at that point.
- 93 per cent of those who

- wanted to speak to an agent got through straight away.
- Agents were rated at 4.8 for politeness (out of 5).