

## Customer and Social issues working group – 16 August 2010

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This document provides a summary of the discussions between GDNs and Ofgem at the first customer and social issues working group (CSIWG) meeting on 16 August 2010

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### 1. Attendees

Stephen Parker	NGN
Mark Oliver	WWU
Tracy Hine	NGG
Katye O'Neill	NGG
Steve Sherwood	SGN
Fraser Aird	SGN
James Veaney	Ofgem
Ayesha Uvais	Ofgem
Lia Santis	Ofgem

### 2. Background

- 2.1. The customer and social issues working group (CSIWG) has been set up to develop Ofgem's outputs and incentives for GDPCR2 in relation to improving the customers' experience with the GDNs across a range of services and activities, reviewing our proposals for providing fuel poor and vulnerable customers with affordable access to fuel and minimising carbon monoxide (CO) poisoning risks.
- 2.2. As part of the recent electricity price control review we implemented the broad measure of customer satisfaction which was intended to measure customer satisfaction with the DNOs' services and activities. The broad measure includes three elements:
  - A customer satisfaction survey – to measure how satisfied customers were with the DNOs services;
  - A complaints metric – which penalised DNOs if, for example, they take too long to respond to a customer's complaint; and
  - Stakeholder engagement – which rewards DNOs if they actively engage with customers and deliver the services they require.
- 2.3. Part of the work that the CSIWG will be undertaking is to review whether the broad measure of customer satisfaction is appropriate for gas distribution and if so how to implement it.
- 2.4. GDNs also have guaranteed standards of performance (GSOP) obligations. Under the GSOPs GDNs are required to pay their customers if they do not meet the performance standards. Ofgem only plans to amend the standards if stakeholders raise concerns about the standard of service provided by the GDNs that is not already captured by the guaranteed standards.
- 2.5. At GDPCR 1 we introduced the network extensions scheme to facilitate gas connections for fuel poor households and communities to help reduce heating costs. We are still committed to the scheme's primary objective – providing fuel poor and

vulnerable customers with affordable access to fuel – however, we wish to consider whether this is still the best way of achieving these objectives.

- 2.6. At GDPCR1 it was identified that GDNs were in a position to help address some of the risks associated with Carbon Monoxide (CO) poisoning. At this time it was envisaged that their involvement would encompass increased consumer awareness or by reviewing operating practices and protocols.
- 2.7. Since GDPCR1, some progress has been made and various trials/initiatives have been identified. The opportunity now however is to address how to mitigate the risks associated with these issues on a more structured basis through the price control.

### **3. Timescale and Deliverables**

- 3.1. The group discussed the timescales for developing the customer and social issues incentives and outputs. Ofgem gave a presentation setting out the key short term milestones for the project. In particular it was noted that for companies to be in a position to put forward a proposal for fast tracking in their July 2011 business plan submission the incentives would need to be developed by the December 2010 initial strategy document.
- 3.2. Ofgem also noted that the group would need to make a decision on whether the broad measure of customer satisfaction is the appropriate incentive to meet gas distribution customer needs by mid September in order to present a proposed mechanism for the first price control review forum in October.

### **4. Stakeholder engagement**

- 4.1. The GDNs outlined their plans for their own stakeholder engagement which was still at the early stages. Companies noted that the initial phase of engagement would need to be complete by July 2011 when they would be required to submit their business plans.
- 4.2. WWU are currently tendering for consultants to support their stakeholder engagement work. NGN are planning to establish an internal working group to review stakeholder engagement and the group's decisions would be published by the end of the year. SGN has established an internal working group and will be publishing their decisions in early September. NGG has published a consultation on their stakeholder engagement process.

### **5. Willingness to pay surveys**

- 5.1. In the past Ofgem has undertaken willingness to pay surveys to understand customer priorities for the forthcoming price control and whether they were willing to pay for improvements in the network companies' services. These surveys assisted in the development of Ofgem's incentives and outputs for the price control.
- 5.2. There was a discussion about whether GDNs should undertake their own willingness to pay surveys to inform their business plan submissions in July 2011. GDNs noted that they would be willing to undertake the surveys themselves but raised concerns that the questions could be manipulated to get the answers they wanted and that customers may be subject to multiple surveys from each of the GDNs which may not be constructive. GDNs also raised concerns that customers may suffer from "stakeholder fatigue" if there was an overlap between Ofgem led and GDN led stakeholder engagement. It was agreed that more thought should be given to the willingness to pay surveys and whether Ofgem involvement was required to ensure

consistency of questions. Ofgem and the GDNs will need to co-ordinate work on stakeholder engagement.

## **6. Customer surveys**

- 6.1. GDNs are currently required to undertake customer surveys and the outcome of these surveys are published by Ofgem. There is however no financial incentive for them to improve performance on the surveys.
- 6.2. The electricity distribution customer survey will focus on planned interruptions, unplanned interruptions, connections and the emergency telephone line. GDNs suggested that for the gas survey reinstatement of gas supply and site tidiness should be included as these issues tend to be the main areas of customer complaints. GDNs noted that whereas competition in connections is a big issue in electricity, it is more developed in gas, so the focus of the gas survey should be less on connections. Currently GDNs undertake postal surveys but they suggested that future surveys could include telephone surveys and online surveys. The survey should also probe the reasons for any customer dissatisfaction.
- 6.3. Ofgem circulated the electricity distribution straw man proposal for the customer survey and noted that the survey was still being developed. Ofgem noted that there should be consistency between the gas and electricity distribution surveys where possible, this could mean changing the electricity survey to be consistent with the gas survey as well as vice versa, but noted that there may be good reasons why the two surveys should be different. GDNs agreed to review the electricity survey and provide feedback.
- 6.4. In a previous cost and outputs meeting Ofgem had circulated a list of questions to the GDNs on how successful they considered the survey to be and on how they treat customer complaints. NGN suggested that this list should be circulated to the CSIWG members for GDNs to complete before the next meeting. GDNs agreed to provide Ofgem with information on their experience of the customer survey.

## **7. Complaints metric**

- 7.1. GDNs agreed to provide Ofgem with information about the complaints management process including the complaints categories, volumes and data regarding any expression of customer dissatisfaction as well as how they monitor and capture the information.
- 7.2. Some GDNs suggested that the emphasis of the incentive should be on reducing the number of complaints rather than the speed of their response. Ofgem agreed that there should be a balance within the incentive on capturing minimising complaints as well as responding quickly to complaints.
- 7.3. GDNs also raised the issue of whether complaints handling needed to be addressed through the incentive since it is already included in the GSOP obligations.

## **8. Stakeholder engagement**

- 8.1. In electricity distribution DNOs will be able to apply annually for a reward if they demonstrate that they have undertaken effective stakeholder engagement which has influenced the service that DNOs provide their customers. It was agreed that this could be developed for gas distribution companies too. GDNs are currently able to apply for a reward annually through the discretionary reward scheme (DRS). The DRS rewards GDNs for work they have done for the environment, safety and for the fuel poor. GDNs agreed to share their thoughts on the success of the DRS.

## **9. Guaranteed standards of performance**

- 9.1. GDNs asked Ofgem to consider whether it was appropriate to include connections standards in the guaranteed standards of performance since they considered that competition in gas connections was significant and customers can simply switch service providers if they are unhappy with the GDNs service. Ofgem agreed to review this through stakeholder engagement and GDNs agreed to provide their view on the competitive and non competitive elements of connection activity in relation to the GSOP and the potential to remove standards where competition had been established.

## **10. Network extensions**

- 10.1. Ofgem outlined the initial information it required to help form a view on the effectiveness of the current arrangements. GDNs were therefore asked to provide Ofgem by 3<sup>rd</sup> September with the following information.

- Number of connections made since introduction of scheme
- Issues/Feedback on how the scheme is progressing
- Number of fuel poor/vulnerable off the gas network
- Number of fuel poor/vulnerable off the gas network whose properties are unlikely to ever be connected to the network
  - (to the extent that 3 and 4 may be unknown how these might be estimated)
- Suggestions for alternate approaches to meeting primary objective (and associated issues)

## **11. CO Poisoning**

- 11.1. In the first instance, GDNs requested Ofgem to circulate the summary of different proposals that had been identified in the working group previously established by Steve Brown. These would provide a basis for discussion at the next meeting but would not preclude consideration of alternate approaches.

## **12. Actions**

- 12.1. Actions to be completed by 3 September:

- I. Ofgem to circulate the GDPCR1 willingness to pay survey to the GDNs;
- II. Ofgem to circulate the list of questions on the customer survey and complaints;
- III. GDNs complete the list of questions on the customer survey and complaints;
- IV. GDNs to provide Ofgem with complaint handling data including their complaints categories, volumes and should include data on any expression of customer dissatisfaction. GDNs to also provide information on how they monitor complaints;
- V. GDNs to provide a view on competitive/ non competitive elements of connections activity in relation to GSOP and the potential to remove standards where competition has been established;
- VI. GDNs to provide a briefing note on their individual concerns with the quality of service RIGs;
- VII. GDNs to provide feedback on the electricity customer survey straw man;

- VIII. Ofgem to circulate the powerpoint presentation;
- IX. GDNs to provide data on network extensions;
- X. Ofgem to circulate the CO initiative document to the GDNs; and
- XI. Ofgem to circulate a summary of the meeting.

### **13. Next meeting**

13.1. The working group agreed to meet at 10am on 7<sup>th</sup> September. The CSIWG agenda will include:

- A review of the GDPCR1 willingness to pay survey and a discussion on how to take the survey forward for GDPCR2;
- A review of GDN views on the customer survey and how to ensure that the gas and electricity surveys are consistent where possible;
- A review of GDN feedback on complaints;
- A review of GDN feedback on network extensions; and
- discussion CO initiatives.