

30 September 2010

Rachel Fletcher  
The Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Dear Rachel,

**Ofgem open letter consultation on Gas Distribution Price Control Review 2 (GDPCR2) – the way forward**

Consumer Focus is the independent champion for consumers across England, Wales, Scotland, and for postal consumers in Northern Ireland. We operate across the whole of the economy, persuading businesses and public services to put consumers at the heart of what they do.

Consumer Focus welcomes the opportunity to respond to Ofgem's open letter on the GDPCR2 price control process. Please find our comments on the primary output categories and Price Control Review Forum below.

**Comments on Annex A (potential primary outputs)**

We believe that this represents a sensible first step in identifying the primary outputs end users need from gas distributors. However, we would suggest the development of a complaint metric should be subject to regular independent audit to ensure consistency of complaint recording practices and compliance with complaint handling standards. Furthermore, Ofgem, in addition to understanding what stakeholders want from their network companies, should ensure that complaint metric incentives reflect the value that users place on different services and quality i.e. greater penalties for more important complaint indicators.

**Comments on Price Control Review Forum (PCRF)**

**Questions for the PCRF**

*What are the priority issues we should address for the gas distribution and transmission price controls?*

The same issues to those contained in the open letter.

*What outputs (outcomes) are you looking for from the GDNs/ TOs?*

The same issues to the primary outputs outlined in Annex A of the open letter.

*Should we have separate meetings for gas distribution and transmission?*

We would appreciate separate meetings as we have a greater interest in gas distribution in comparison with energy transmission. This is because:

- a) Gas distributors have a closer commercial relationship with end users relative to transmission owners
- b) Gas distribution accounts for a greater proportion of the end customers' bill (15%)
- c) We are subject to internal resource constraints

*What would you like to see on future agendas?*

We would like to see topics similar to the proposals made in the RPI-X@20 recommendations consultation. These could include discussion of:

- a) Outputs/effective engagement
- b) Proportionate assessment
- c) Incentives
- d) Third party involvement and innovation
- e) Financeability

## **Nominations**

Consumer Focus would like to nominate Richard Hall for the Price Control Review Forum.

*Who they represent;*

We are the statutory consumer body with a special duty to represent the interests of consumers.

*What their interest in the price control review is;*

Gas distribution accounts for approximately 15% of the end customers' gas bill.

*Whether they have experience of undertaking a similar role before; and*

Richard is a consumer member of the BSC, UNC and CUSC panels and has worked in the energy industry for a number of years.

*What they can bring to the group.*

- a) Give input to the price control process from an end user perspective on the GDNs' (and to a lesser extent TOs') business plans and customer research (as well as any research produced by Ofgem).

- b) Contribute to creating a balanced discussion between networks, network users, end users, environmental groups etc. This will help Ofgem balance their different regulatory objectives.
- c) Allow us the opportunity to input our contributions made at the CSIWG to a wider audience.
- d) Provide us with feedback on how the networks and Ofgem are taking account of our suggestions/concerns in their business plans/proposals.
- e) Help keep us informed on significant developments. This will help improve the quality of stakeholder engagement we can give.

I hope these comments are helpful. If you would like to discuss these comments further I would be happy to follow them up with you either in person or via telephone/email ([cem.suleyman@consumerfocus.org.uk](mailto:cem.suleyman@consumerfocus.org.uk), 0207 799 7932).

Yours Sincerely,



**Cem Suleyman**  
**Senior Policy Advocate**