

## Customer and Social issues working group

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Executive summary for the customer and social issues working group meeting the 12<sup>th</sup> of November held at Ofgem.

From santisl  
To CSIWG  
cc  
Date 25 November 2010

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### 1. Introductions

1.1. James Veaney and Scott Flavell representing Ofgem welcomed attendees of the working group meeting which included the following representatives: Robert Instrall (SGN), Margaret Hunter (SGN), Nigel Winnan (WWU), Tracy Hine (NGG), Stephen Parker (NGN), Clare Cantle-Jones (ENA), Rebecca Langford (Ofgem), Lia Santis (Ofgem) and Karron Baker (Ofgem)

### 2. Actions from last Meeting Minutes (25/10/10)

#### 2.1. Customer Satisfaction Actions

- GDNs will speak to market research companies for advice on increasing sample sizes and the cost associated to an increased survey.

GDNs decided on a course of action – see ENA document

- Ofgem will provide detailed specifications for the anonymity trial including timing since it would probably require a temporary derogation of licence conditions under RIGS.

Ofgem is in the process of preparing advice

- GDNs to provide additional data about those customers who didn't accept quotes and why those quotes were not accepted.

GDNs cited as main reasons: price too expensive, accepted another option – see ENA document

- Ofgem will collate a summary document of actions for Customer Satisfaction Survey

This point will be undertaken for next CSIWG together with papers on complaint metric and stakeholder engagement

- GDN will agree on a draft version of questions 5, 6 and redraft question 7 of the Customer Satisfaction Survey at the next meeting.

SGN agreed to finalise the drafting for these questions

#### 2.2. Broad Measure Actions

- GDNs to create a consensus view on processes and any variations, as well as the applicability of the electricity regulations.

Discussed during ENA meeting and further work needed to refine targets and incentives in this area

- GDNs to provide information on complaint handling and Ofgem to distribute this information.

To be provided at the meeting by GDNs and Ofgem will collate

- Ofgem to circulate material received from the GDNs regarding complaint management.

Ofgem to circulate all materials submitted by the GDNs to kick start discussion

- ENA to coordinate meeting and collate information on complaint management.

Point is linked to previous points. The meeting took place and ENA circulated presentation on November 10th

### **2.3. Stakeholder Engagement Actions**

- Ofgem to circulate the link to the documents on stakeholder engagement mentioned during the meeting.

Publications circulated after meeting by Ofgem and as Appendix with the minutes from October 25<sup>th</sup>.

- GDNs to discuss and report back on the potential impact of Stakeholder Engagement and whether the electricity blueprint would be appropriate for gas.

GDNs require clarification regarding remit and suggest it works alongside DRS – see ENA document

### **2.4. GSOS Action**

- GDNs to review the GSOS and make a counter-proposal including suggestions as to how to tackle the inconsistencies in the document.

GDNs believe this will need more time and propose to defer until 2011. They will provide collated information regarding GSOS improvement in due course.

### **2.5. Connections Actions**

- Ofgem will provide an analysis based on historical data to see whether there is merit in uncapping penalty payments and aligning electricity and gas standards.

Rebecca presented data during this meeting

- Ofgem requires some data from the GDNs regarding duration of work, split by CIR standards.

Rebecca sent an email requesting information from the GDNs to be received by Nov 24<sup>th</sup>

- GDNs will come back with specific responses to the questions posed in the presentation found in Appendix 5.

GDNs submitted information via ENA presentation

- Ofgem will come back on specific responses to the various issues based on responses submitted by the GDNs.

Rebecca will address these issues during presentation

## **2.6. Network Extension Actions**

- Ofgem required comments on availability of data on vulnerable customers and any further contributions on Network Extensions to be forthcoming.

No responses from GDNs regarding this point

## **3. Discussion on Broad Measures for Customer Satisfaction**

### ***Customer Satisfaction Survey***

3.1. WWU leads presentation on behalf of the GDNs regarding the Customer Satisfaction Survey (CSS). GDNs were concerned about how we measure the targets and how it gets benchmarked.

3.2. Ofgem suggested an advocacy question in order to determine GDNs position on the league table. We would follow electricity in calculating an average and standard deviations that would yield performance.

3.3. SGN noted that customers might be surprised and confused by the advocacy question since the service they are evaluating is often a one-off and the GDNs are the only service providers in the customer's area. NGN believes the totality of the CSS is a better indicator than a single question since each question is designed to evaluate an aspect of service. They are also concerned that any changes in the survey and methodology would be a "leap into the unknown" when they believe they already have something that works for them.

3.4. Regarding changes in the methodology, GDNs are in agreement that they would prefer to keep the current methodology rather than selecting one question and relying solely on that data as a measure of overall customer service.

3.5. Ofgem stated that the December document will set out our current thinking regarding the different options available. We will examine various options including averaging questions, leaving a "killer" question as the benchmark or a mixture of options. Our preference is flexibility in the methodology moving forward but we are aware of the variations and marginal differences in GDN's performance given the methodology of choice.

### ***Complaint Metric***

3.6. Regarding the complaints metric, GDNs are in agreement that the focus should be on complaints resolved rather than number of complaints dealt with. The main focus should be reducing the number of complaints across the business. SGN believes they are working with two standards which create confusion. It is important that they reconcile differences and reach a consistent approach before coming up with metrics.

3.7. There was agreement among the GDNs that the incentive should be on the CSS and not on the complaint metric since that creates an incentive not to record complaints. They believe the incentive should be based on an absolute measure of performance and not relative to other companies.

3.8. Ofgem noted that based on feedback received from consumer focus, for the complaint metric component of the Broad Measure we would look into how GDNs deal with complaints as well as the speed at which they deal with them. We are not concerned about the methodology at this stage but with the number of complaints and how GDNs are dealing with them.

## **Stakeholder Engagement**

3.9. Ofgem believes that Stakeholder Engagement element of the Broad Measure is wider than customer satisfaction. It is a stand-alone element of the Broad Measure that feeds into other customer satisfaction measures and other elements of the company's business plans.

3.10. Ofgem is reluctant to set an output measure but we are keen to see innovation in this element. We don't want to be mechanistic or prescriptive about the GDN's approach but we will set a strategy based on minimum requirements.

## **Actions**

Following a presentation from the GDNs, the following actions were agreed:

1. **Increasing the sample size** - GDNs will seek advice from market research companies on the potential to increase the sample size and the costs associated with this action. GDNs will report back on advice from market research companies at next CSIWG meeting.
2. **Quarterly/monthly trials** – It was agreed the option of quarterly trials would be investigated. Ofgem will examine the rules in the RIGs to ensure quarterly samples are based on an equal/proportionate sample size across each month. GDNs could retain the option of conducting a monthly survey.
3. **Anonymity trials** - . Ofgem agreed to prepare short paper for the next CSIWG on amendments to the RIGs required to amend survey papers to encourage more named surveys. Ofgem is in the process of preparing advice with the target of a paper at the next CSIWG.
4. **Quote acceptance** - GDNs to provide additional data about those customers who didn't accept quotes and why those quotes were not accepted. Data to be provided by the next CSIWG meeting (GDNs cited as main reasons: price too expensive, accepted another option – see ENA document).
5. **CSS survey** - SGN will draft version of questions 5 and 6 of the Customer Satisfaction Survey at the next meeting.
6. **Survey type:** all agreed to further examine providing a choice of survey types for GDNs to use (telephone, online, post). Ofgem and GDNs will develop a survey choice model in conjunction with a market research company and then undertake trial to determine the success (or not). Ofgem to develop ITT for market research consultancy.
7. Group agreed to undertake a detailed assessment of complaints management across companies to ensure complaints are handled, assessed and reported in a consistent manner.
8. Group needs to ensure the complaints metric compliments the existing Guaranteed Service Standard.
9. Need to examine complaints handling and the complaints metric in the electricity sector and determine its applicability to gas.
10. The complaints process should target the reduction in complaints together with the speed in which complaints are managed – how do we capture reducing the number of complaints.
11. GDNs to send information to Ofgem regarding stakeholder engagement processes in place at this time.
12. GDNs to send a list of stakeholder engagement events happening in the next months.

## 4. Process for December Document

4.1. Ofgem leads presentation on incentive calculation for the Broad Measure. We will need to finalise what the incentive is going to look like but the electricity incentive should provide a good idea of the upside and downside. We believe there will be a bigger reward/incentive linked to the stakeholder engagement component than that set out in electricity.

## 5. Connections

5.1. WWU leads presentation on the connections issues raised by Ofgem on the last meeting. ENA slide presentation is included as Appendix 1

5.2. On the issue of standard on commencement of work, all GDNs agreed that a complaint is logged every time the GDNs fail to show up on the day of connection or when there is a delay in the connection. If they fail to commence works on time they will fail to complete on time, so data should reflect commencement of works.

5.3. Regarding standards linked to environmental goals, GDNs believe it is early in the process to give a view on guaranteed standards. They note that bio methane has been discussed on the environmental group at length.

5.4. On the issue of GSOP penalty payment not being capped, GDNs believe their performance is good and there is no need to change current procedures. According to NGN, gas markets is on a different space that electricity since they a good track record on performance in this area.

5.5. GDNs welcome publication of results for performance comparison. All of them have audits in place for G10 standards, NGN believes internal audits will pick up any issues regarding G10, WWU have external auditors monitoring their G10 compliance.

5.6. On the point of offering alternative energy solutions, WWU believes there should be some communication from the customers/communities with the GDNs regarding what they need from them. GDNs do not believe there should be an obligation to offer information on alternative energy solutions. They believe a licence condition is not the right place for this but it should fall under stakeholder engagement.

5.7. NGN questioned if GDNs are the right point of contact to provide this information. They believe the supplier is better placed to supply information on alternative energy solutions.

## Actions

1. Ofgem to circulate a request for information to aid the process of reviewing the guaranteed standards of performance. The following information was requested:
  - data on the duration of GDN works, i.e. from commencement of works to completion
  - a copy of your latest D10 audit/ terms of reference for the audit
  - Do you carry out an internal audit of compliance with the guaranteed standards not covered by D10? If so what is the scope of that audit ?
  - Please provide details, by standard, of what your financial exposure would have been in 2008-09 and 2009-10 if there had been no caps on penalty payments.
  - For each occasion that a cap on penalty payments was reached in 2008-09 and 2009-10 please provide:
    - an explanation of why your service was delayed to the extent the cap was met
    - the number of days by which the service was delayed

- the number of days by which the service continued to be delayed after the cap was met

## 6. Network Extensions

6.1. Discussion led by Karron Baker from Ofgem regarding the necessity of quantifying the benefits and costs of the network extension scheme since we need to review the funding options.

6.2. We are keen on collecting cost data to develop options and make sure that the data we receive from the GDNs is robust. Ofgem would appreciate information regarding: costs of the schemes, methodology for the calculation of NPV for each scheme

6.3. NGN noted that the NPV calculation is done once and then applied to each community scheme. The decision is made at the point when the job is quoted and will only be calculated every half year. WWU expressed they are slightly cautious in their approach to their calculation.

6.4. Ofgem reiterated the importance of forecasting information in order to decide on the incentive for network extensions, whether it should be upfront allocations or other options. Since the number of fuel poor is not clear, it is difficult to set targets. We would like to establish the blockers for the GDNs to establish fuel poor number forecasting data.

6.5. WWU believes the data they are currently supplying is fine. They are happy to stay with the current option but they would welcome a more frequent reporting and not waiting until the end of the price control. The difficulty lies in establishing the number of potential properties they can supply.

6.6. Both NGN and NGG are keen on exploring possibilities with District CHP. NGG is exploring this possibility for London and would welcome a change in policy to include District CHP under the fuel poor network extension.

6.7. WWU believes the current allowance is not enough to target rural properties and they will have to be directed to other options.

6.8. Ofgem is keen on getting input from the GDNs regarding how the scheme can be extended to incorporate other arrangements pre price control, half way through it and after price control.

### Action

1. Ofgem to send an email to GDNs requesting information regarding extensions. Ofgem would appreciate information regarding: costs of the schemes, methodology for the calculation of NPV for each scheme.

## 7. Final Discussion

7.1. Ofgem noted that there is broad agreement regarding measures on Broad Measure but remaining differences regarding application.

7.2. We are working on a consultation document which will be out before the 20<sup>th</sup> of December which will include the issues discussed through this working group.

7.3. Ofgem to propose dates in the new year for follow up meetings. GDNs recommend setting dates for January, February and March but the preference is not on Mondays or Fridays.

## Appendix 1 – GDNs Presentation on Connections

# CSIWG – GDN Feedback



### **GDNs will speak to market research companies for advice on increasing sample sizes and the cost associated to increase the survey**

- Given the difficulty with achieving sample size for Connections, GDNs support maintaining the sample size for connections
- GDNs have taken advice from their service providers and propose that the sample size be increased for planned/emergency to 250 (recognising that this will incur increased costs, but also that it will increase accuracy of survey by approx 2%)
- GDNs propose that surveys be reported on a quarterly basis but GDNs have flexibility, within agreed guidelines, to undertake surveys on a rolling / monthly basis to suit individual requirements
- GDNs to continue to review options on survey methods i.e. online, telephone.
- GDNs support the incentive mechanism being based on individual targets
- Any incentive should be maximised based on individual targets

### **GDNs to provide additional data about those customers who didn't accept quotes and why those weren't accepted**

Key reasons for customers not accepting quotes are:

- Price too expensive (customer must consider whole project costs)
- Accepted another option
- Another party accepted the works (tenders, Shipper v customer direct)
- Work done by Third Party IGT or ICP
- Timescales for completion of works not acceptable

# CSIWG – GDN Feedback



### **GDNs to create a consensus view on processes and any variations, as well as the applicability of the electricity regulations (complaints)**

- GDNs discussed the potential for complaints to become discretionary, with rewards being determined through evidence of introducing customer satisfaction initiatives, however, GDNs also recognised the aspiration of having a broad measure of customer satisfaction, including a complaint metric
- GDNs recognised the existing GSOS standards for complaint handling, which serves as an incentive to handle / reduce complaints in a timely manner
- Further work was required in harmonising complaint categorisation / reporting, which was likely to continue in to next year
- GDNs recognised that it will be difficult to compare GDNs on any complaints measure, and again an absolute measure may prove beneficial, enabling GDNs to find their own benchmark. GDNs agreed that a metric which encouraged reducing and handling would be beneficial
- GDNs recommended a move to monitoring complaints by e.g. number of complaints received per 1000 supply points, or jobs undertaken
- Further work is needed to refine targets and incentives in this area



## CSIWG – GDN Feedback



### **GDNs to discuss and report back on the potential impact of Stakeholder Engagement and whether the electricity blueprint would be appropriate for gas**

- Clarification is needed from Ofgem on the remit of Stakeholder Engagement – does this just include customer satisfaction or wider stakeholder engagement
- Has it been suggested that this will be in place alongside DRS?
- GDNs would welcome a large incentive in this area
- GDNs recognised that additional feedback mechanisms would be required to enable evidence to be captured, which would require system/process improvements

### **GDNs to review the GSOS and make a counter-proposal including suggestions as to how tackle the inconsistencies in the document**

- GDNs recognised that this would need considerable time, and suggested that this needs to be deferred into 2011
- GDNs collating information regarding GSOS improvements which will be provided to Ofgem in due course as a consolidated GDN view.

### **Safety Initiatives**

- GDNs will be providing full information of their safety initiatives within their individual business plans

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## CSIWG – GDN Feedback



### Feedback from 25<sup>th</sup> October Presentation

#### **Gas Guaranteed Standards of Performance and Standard Special Licence Condition D10 (slide 3)**

- GDNs recognised that there is a trade off between cost and improved standards, and therefore felt that the Current Standards are appropriate
- Existing GSOS, Complaints Handling and Stakeholder Engagement will be in place, which will further drive focus into maintaining / enhancing the customer experience. With current levels of performance over 99%, GDNs felt that there was no compelling reason for change
- GDNs would encourage GSOS to be slightly less specific e.g. statutory instrument, voluntary etc

#### **In electricity GSOP penalty payments are not capped (slide 5)**

- Given the points above, GDNs do not support the removal of the cap on liabilities

## CSIWG – GDN Feedback



### **Are bio-methane / shale gas exporters wishing to connect to the network adequately protected by the standards? (slide 6)**

- Standards currently require Network Entry Agreements to be completed within 6 months
- There is currently too much uncertainty in this area to propose any firm arrangements. Suggest to review entry connection standards mid-review to consider output measures
- Connection of bio-methane also being considered in the Environment Working Group

### **Exemptions**

- Above 7 bar and distributed gas entrants should be exempt

### **Minimum Performance for Interruption Standards**

- This has been considered in the Safety & Reliability WG

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## CSIWG – GDN Feedback



### **Performance monitoring against Standards (slide 7)**

- D10 and internal audit already in place
- GDNs would welcome publication of results for performance comparison

### **System alterations and costs due to alteration of standards**

- System developments and process changes will be needed which will result in some additional costs
- Any implementation timescales would therefore need to allow for system and process changes to be carried out

### **Customer information on connections (slide 8)**

- All GDNs currently provide this information and a single document was not felt viable
- The information provided is constantly reviewed and updated from customer and stakeholder feedback
- In regards to alternative energy solutions, GDNs currently work with partners where appropriate

