

Consumer First

- Transmission and Gas Distribution Price Controls: Consumer Priorities

Ofgem's Consumer Panel – outcomes from the fourth event

Ofgem's Consumer First programme is an initiative to help our understanding of what really matters to consumers and to increase direct consumer contributions to Ofgem's deliberations over policy matters impacting on customers. Part of this programme is Ofgem's Consumer Panel. This is a summary of the fourth and final event for this year's Panellists. A refreshed Panel in new locations across Great Britain is being convened in November 2010.

The current Panel is made up of 100 everyday customers recruited from locations across Great Britain: Bristol, Aberystwyth, London, Aberdeen and Bradford. The Panel is a unique resource that we can call on regularly to provide feedback on key energy topics and regulatory issues and act as the genuine 'voice of the consumer'.

The Panel gave us their views on Transmission and Gas Distribution Price Controls, in particular what they saw as key priorities for the network companies to deliver to all customers.

Perceptions of transmission and distribution process

The process of gas and electricity reaching their homes was generally taken for granted and the majority of Panellists were unaware of this unless supplies were interrupted. The only other times this process may have crossed their minds was when considering safety involved in the movement of gas and electricity, particularly in terms of the risk of gas explosions.

Panellists' awareness of this was a result of articles in the media. Interruptions to supply and accidents were seen as rare, if highly impactful. Roadworks on the other hand are common and an irritation rather than a severe problem, and negative perceptions from these tend to fall on utilities as a whole, rather than just gas and electricity networks.



Perceptions of network companies

Panellists were generally unaware of the companies that operate the gas and electricity networks. Despite this, perceptions of network companies were positive. Panellists said they thought they were generally doing a good job, as interruptions to supply were seen as extremely infrequent.

Most could not recall an unplanned interruption, and only a few could recall a planned one. Planned interruptions were generally well managed i.e. with good levels of communication beforehand with those whose supply is interrupted. Minimising the level of disruption caused by interruptions had a positive effect on the overall impression of network companies.





Aims for network companies

The Panel's overwhelming concern was for networks to be 'customer focused' and to put the customer at the heart of everything they do, for example being easily contactable in an emergency and providing help and support when needed. Again reliability was a key consideration, as an interruption to supply was the thing most likely to impact on the customer.

What sort of company should they be?



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Panellists also called for network companies to be 'ethical' in their approach. To Panellists this involved redistributing excess profits to customers by cutting costs, 'caring' for customers' wellbeing in their approach, particularly by accounting for the needs of vulnerable customers, and by being accessible to customers through a free and well staffed call centre.

Environmental considerations also emerged here and included broad concerns to be 'environmentally friendly' by playing their role in minimising carbon emissions, and by minimising the visual impact of infrastructure on the environment.



What do consumers want delivered through Price Controls?

Panellists were provided with a list which network companies could consider when developing their business plans, and for assessment by Ofgem when setting price controls for both gas and electricity. Panellists were then asked to consider

which of these outputs were most important to them as consumers and to decide which they felt should be given the highest priority. There were slightly different outputs for gas and electricity.

However, there were common themes across both types of Network Company, with the most important identified as below:

- **Safety and reliability** was top priority across all the groups. This was linked to the high dependency of energy day to day both for domestic customers and businesses. In terms of electricity the emphasis on reliability related to the high number of household appliances which customers rely on and the need for the supply to remain constant. In terms of gas, the emphasis was more on safety, particularly concerns around gas leaks, linked to both the risk of explosions and from gas poisoning.
- **Environment** was the second most important aspect to Panellists. However, this often was linked to the visual impact on the landscapes from pylons rather than the carbon footprint of the network companies. Panellists also identified the potential increase in demand and population in the future, and that there will have to be an increase in pylons and pipes to meet this demand. Many felt this additional infrastructure should therefore be put underground to reduce the impact on the environment.
- **Social Obligations**, although not as important as other factors, this was still important to the Panel particularly when thinking about other customers and their needs. This related to ensuring vulnerable customers such as the elderly received support, especially considering this groups dependency on energy, particularly in terms of their health and well being compared to other consumers.

What will we do with this research?

Consumer research is a key component of our enhanced stakeholder engagement arrangements for the next electricity and gas transmission price controls (TPCR5) and the next gas distribution price controls (GDPCR2). We intend to use these findings to inform our thinking.

The network companies will also be expected to undertake significant stakeholder engagement as part of the price control processes. In order to assess the business plans put forward by the network companies, we will compare the messages we gain from all our stakeholders with those set out by the companies in justifying the content of their own business plans.

If you would like to know more about Consumer First, please contact consumer.first@ofgem.gov.uk