



## **Ofgem Consumer First Panel – 2009/2010**

**Findings from fourth workshops (held in June  
2010)**

**August 2010**



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## Executive summary

### Background

The Ofgem 'Consumer First' Panel is a diverse group of 100 domestic energy consumers. It was formed to be the 'voice of the consumer' and help Ofgem ensure policy developments are consumer focused. It meets 3 to 4 times per year to discuss topical issues. The Panel draws its members from 5 locations across Great Britain – Aberdeen, Aberystwyth, Bradford, Bristol and London. The Panellists are recruited to be broadly representative of domestic energy consumers.

This is the second year (2009/2010) such a Panel has convened.

This report is based on the fourth event for the 2009/10 Panel held between 21<sup>st</sup> June and 1<sup>st</sup> July 2010.

As with previous Panel meetings, the fourth event was set up as a three hour deliberative evening workshop in each of the locations. The workshops included presentations, plenary work, group discussions on tables, and collaborative group exercises. The full agenda and all content used at the workshops can be found in the appendices.

The discussions were based on gas and electricity network companies, including:

- Discussion of transmission and distribution in general: whether the process of transmitting and distributing gas and electricity to consumers ever crosses their mind, general awareness and understanding and views of this process.
- Discussion on the roles of network companies and the focus of the business
- Explanation and discussion on Price controls
- Prioritisation of different elements of service for both electricity and gas network companies

### Knowledge and awareness of network companies

#### *Perceptions of transmission and distribution process*

The process of gas and electricity reaching their homes was something Panellists generally took for granted and the majority were unaware of this unless these supplies were interrupted. The only other times this process may have crossed Panellists minds was when considering the safety involved in the movement of gas and electricity, particularly in terms of the risk of gas explosions. Panellists awareness of this was usually as a result of articles in the media, or when there are roadworks in place during repairs to infrastructure which causes them disruption.

However, interruptions to supply and accidents were seen as rare, if highly impactful. Roadworks on the other hand, while common, were an irritation rather than a severe problem, and negative perceptions from these tend to fall on utilities as a whole, rather than gas and electricity networks in particular. Hence the process of transmitting and distributing gas and electricity tended to be unnoticed by most Panellists on a day to day basis.

Knowledge of how the transmission and distribution networks fit into the gas and electricity supply chain tended to be poor, despite presentations on this in previous workshops. As with previous workshops, Panellists tended to be most interested in the monopoly nature of networks and the role of Ofgem in regulating them. In particular they wanted to know about the 'teeth' Ofgem have to make sure networks are run for the benefit of consumers.

### *Perceptions of network companies*

Panellists were also generally unaware of the companies that operate the gas and electricity networks. Most were unable to name any network companies, although some correctly named National Grid. However, when Panellists tried to guess the names of network companies they often named suppliers, which may be due to their awareness and contact with these on a regular basis.

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 well managed i.e. with good levels of communication beforehand with those whose supply is interrupted, and minimising the level of disruption caused by interruptions had a positive effect on impressions of network companies. The only genuine cause of negative impressions were roadworks, especially ones that were seen as being poorly managed i.e. where work was perceived to progress slowly.

### **Spontaneous priorities for network companies**

Panellists were initially asked to put themselves in the place of a network company and to develop a 'mission statement' of how they would want it to be run in terms of:

- Their priorities for its role of moving gas or electricity
- What they would want it to be like as a company

### *Overall priorities for moving gas and electricity*

Panellists' spontaneous overall priorities for network companies in the primary role of moving gas and electricity were (in order of most commonly mentioned):

- Safety
- Cost
- Reliability

- Environmental considerations (predominantly electricity)

Safety was identified as the most important factor for network companies to consider, particularly as Panellists viewed both gas and electricity as potentially dangerous. Gas was seen as having a greater impact i.e. capable of greater damage to property and injury to members of the public if it explodes, whereas in terms of electricity there was some worry around the health risks from pylons. Panellists wanted security to be prioritised through the maintenance of networks to a high standard and ensuring they are secure from members of the public and from the potential of terrorist attack.

‘Reliability’ was also a key concern and second in terms of importance for Panellists, although it was commonly voiced through surrogate terms such as ‘ensure supply’. This was seen as the core function of network companies and so was a high priority. However, it was also balanced against ‘costs’ to consumers. Panellists wanted network companies to keep costs to consumers as low as possible, while not sacrificing reliability.

Environmental concerns were a lower priority and were mostly focused on the impact of infrastructure to the environment, both visually and to wildlife.

### *Aims for network companies*

Panellists’ overwhelming concern was for networks to be ‘customer focused’. That is, 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.

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 emissions, and by minimising the visual impact of infrastructure.

### **Considered prioritisation of price control outputs**

Panellists were provided with a list of potential outputs 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 provided with a number of counters and asked to consider which of these outputs were most important to them as consumers and to allocate

counters to those 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** outputs received the highest number of counters across all groups. This was linked to high perceived dependency on 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 still had resonance with Panellists 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.

# Introduction

## Background and objectives of the Panel

The Office of Gas and Electricity Markets (Ofgem) is the economic regulator for the electricity and downstream natural gas markets in Great Britain. It has the key objective of protecting the interests of all current and future consumers. Ofgem's 'Consumer First' initiative is a programme that includes a range of primary market and social research to help the organisation ensure that policy development is consumer focused and that consultations are aligned with the abilities of consumers to respond effectively. As part of this programme, Ofgem has set up the 'Consumer First Panel', a diverse group of domestic energy consumers recruited to take part in a series of research events and surveys, to be 'the voice of the consumer' and a unique resource for Ofgem.

The Panel was designed to enable members to discuss issues from a consumer perspective with the advantage of a rounded view of how the industry works and knowledge of the business models involved. Participants will be called upon regularly to feed back their views and opinions on key energy topics and regulatory issues.

Research events can be used to explore topics in depth, and intermediate surveys are able to quickly and cost effectively get feedback on specific issues, for example, communications material.

The overall programme is comprised of a series of deliberative workshops, with the option for ad hoc research in-between. This report focuses on the results from the fourth and last meeting of this years Panel. The Panel will continue in the future, however this meeting was the last for this group of Panellists. The Panel is refreshed annually with a new set of Panellists to provide fresh insights from people who are not overly familiar with the topics. Often by the end of the last event, Panellists have become well informed on energy issues.

## Sample

In order to ensure a representative sample of consumers in Great Britain, and also to avoid many of the frequently researched population centres, Panellists are drawn from five locations to ensure everyday consumer views are captured. In the second year of the Consumer First Panel, Panellists were replaced with different customers in new locations to give a fresh perspective and reflect both rural and urban consumers.

Participants were recruited purposively – i.e. using door-to-door, on-street and ‘snowballing’ (developing contacts from those already recruited) approaches. They were all given information about the purpose of the Panel and of the commitment required at this stage; i.e. they would be taking part in 3-4 workshops over a year, with the potential of being asked to take part in other research in between. The groups were recruited using a specification based on National Statistic census data for Great Britain (2001) including the following criteria:

- Gender
- Age
- Ethnicity
- Socio Economic Groups
- Tenure
- Fuel poverty
- Rural vs. Urban
- Supplier
- Electricity only vs. Gas and electricity
- Payment type
- Employment status
- Family status

While the Panel was represented to be as nationally representative as possible, in each location certain demographics were raised or lowered according to the surrounding region. Demographics were up-weighted to ensure certain groups were sufficiently represented included BME groups, age 25 and under, and those from rural vs. urban households.

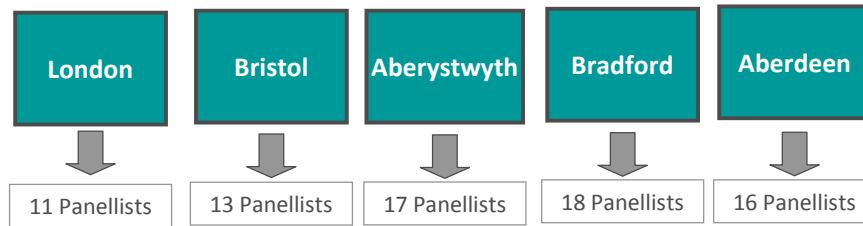
The Panel was over-recruited, which is common in research, to cover a potential drop out rate of 10%. Reasons for further shortfall in this round were unavoidable due to illness, holidays and work or family commitments.

When first recruited all participants received a letter welcoming them to the Panel and a ‘participant contract’, a non-legally enforceable contract that outlines:

- What the aims of the Panel are
- Who their contacts should be if they have any queries between events
- What they can expect of the Panel
- What the Panel expects of them
- How they would be incentivised for their time



The fourth meeting of the 2009/10 Consumer First Panel consisted of 75 energy consumers across 5 locations in Great Britain:



The table below shows the sample breakdown in greater detail, both in terms of total number of Panellists recruited and the specific turn-out for the fourth workshop:

Sample	Recruited	Achieved
<b>Gender</b>		
Male	55	37
Female	55	38
<i>Total</i>	<i>110</i>	<i>75</i>
<b>Age</b>		
16 – 24	20	6
25 - 44	41	27
45 – 64	32	27
65 +	17	15
<i>Total</i>	<i>110</i>	<i>75</i>
<b>Ethnicity</b>		
White British	95	57
White Other	1	1
Black or Minority Ethnic	24	17
<i>Total</i>	<i>110</i>	<i>75</i>
<b>SEG</b>		
AB	24	14
C1	35	25
C2	24	17
DE	27	19
<i>Total</i>	<i>110</i>	<i>75</i>
<b>Tenure</b>		
Owner occupied	63	45
Social rented	28	17
Private rented	19	13
<i>Total</i>	<i>110</i>	<i>75</i>
<b>Rural vs. urban</b>		

Sample	Recruited	Achieved
Rural	26	18
Urban	84	57
<i>Total</i>	<i>110</i>	<i>75</i>
<b>Fuel Poverty</b>		
Yes	20	16
No	90	59
<i>Total</i>	<i>110</i>	<i>75</i>

## Methodology and topics for discussion

As with previous Panel meetings, the fourth event was set up as a three hour deliberative evening workshop in each of the locations. The workshops included presentations, plenary work, group discussions on tables, and collaborative group exercises. The full agenda and all content used at the workshops can be found in the appendices.

The discussions were based on gas and electricity network companies, including:

- Discussion of transmission and distribution in general: whether the process of transmitting and distributing gas and electricity to consumers ever crosses their mind, general awareness and understanding and views of this process.
- Discussion on the roles of network companies and the focus of the business
- Explanation and discussion on Price controls<sup>1</sup>
- Prioritisation of different elements of service for both electricity and gas network companies

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<sup>1</sup> On 4 October 2010, the Gas and Electricity Markets Authority (GEMA) published its 'Decision' document to implement a new regulatory framework, known as the RIIO model (revenue = incentives+innovation+outputs). The RIIO model has been designed to promote smarter gas and electricity networks for a low carbon future. All future price controls will incorporate the RIIO brand as follows:

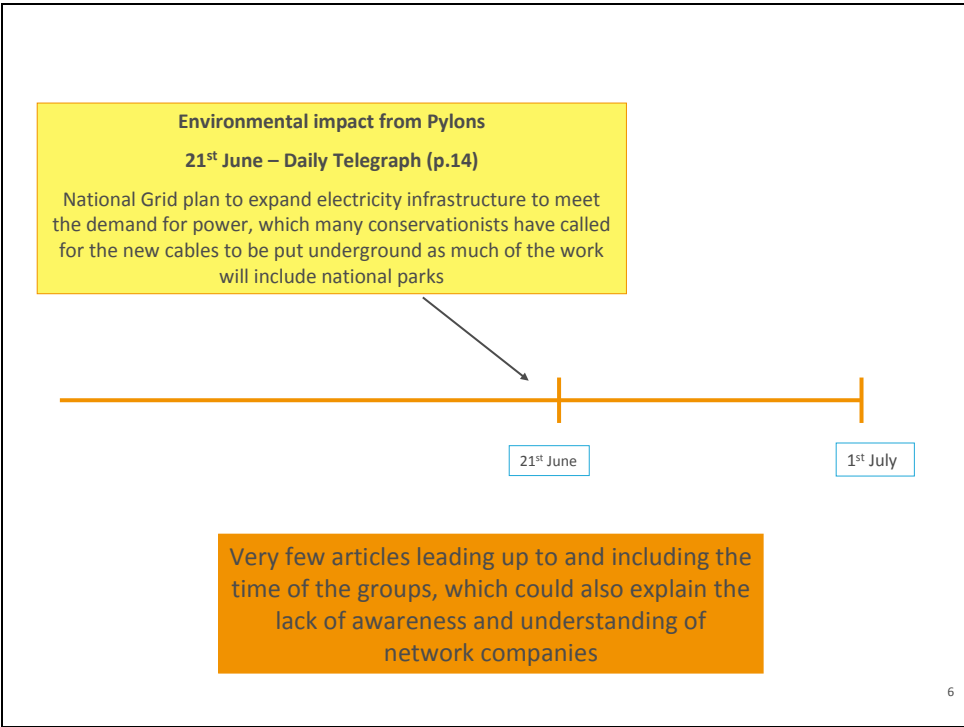
- The next full transmission price control review (formerly TPCR5) is now RIIO-T1
- The next gas distribution price control review (formerly GDPCR2) is now RIIO-GD1
- The next electricity price control review (formerly DPCR6) is now RIIO-ED1

## Context to workshops

The fourth workshops took place between 21<sup>st</sup> June and 1<sup>st</sup> July 2010. Below we highlight the media coverage of energy related issues in the period leading up to and during the workshops, in order to provide context and identify any potential influential stories.

It is worth noting that there was very little media coverage of both gas and electricity network companies at the time leading up to and during the groups, which is likely to have impacted on the awareness and understanding of these companies amongst Panellists. However awareness is also low in general amongst Panellists due to the low level of contact with these companies day to day.

Figure 1 – Timeline of contextual events



- **Environmental impact from Pylons** – it was identified by some newspapers that the National Grid’s plans to extend the infrastructure would result in a higher amount of pylons being installed, and that this would include areas of outstanding natural beauty such as national parks. Many conservationists are complaining that these should be installed underground to reduce the impact (Daily Telegraph, 21<sup>st</sup> June)
- **Awareness of leaks** – although not directly related to gas and electricity network companies, several Panellists identified the issue around leaks and the impact of these in relation to the BP oil spill. Panellists were aware of this occurring due to the widespread media coverage, and the huge damage this caused to the environment as a result.

## Initial views of networks and network companies

### Awareness of the transmission and distribution processes

Panellists were initially asked whether the process of 'moving' gas and electricity around (i.e. transmission and distribution) ever occurred to them and what they knew about the process.

Panellists were aware of this process i.e. that gas and electricity come to them through pipes and wires, but said they generally did not notice or think about this process and that they took this stage in the energy supply chain for granted. The perception of this process is therefore generally neutral as they are not thinking about it at all. This was because they perceive the networks to be generally operating well and they are receiving gas and electricity into their homes. Panellists said that the only times that they do notice the gas and electricity transmission or distribution process would be when something negative occurs to the networks which draws their attention to it.

*"You flick the switch and it just comes on. You don't think much further than the bulb"*

### *The impact of negative events*

There were several things which Panellists felt could 'go wrong' to make them notice the networks. In order of which had the greatest potential to draw negative attention to networks these were:

- An unplanned interruption to supply (i.e. a 'power cut' or their gas being 'cut off')
- An accident they hear about in the press (predominantly a gas explosion)
- Disruption caused by works to infrastructure (generally traffic jams caused by roadworks)
- A planned interruption to supply

The most prominent thing that could 'go wrong' to make them notice the networks was an interruption to their supply. This was because it was seen as failure of the primary role of network companies' i.e. getting gas and electricity supplies to customers, and is the thing which is likely to have a major impact on the consumer. However, whilst this was often mentioned as something which would draw negative attention towards networks, in reality this did not have a great effect on the way Panellists perceive them. This was because they tended to report a high level of continuity in their supplies of gas and electricity with few interruptions (see *views of performance* section below), and so the process of 'moving' gas and electricity was generally invisible to the Panellists. Issues relating to reliability of supplies remained top of mind for Panellists throughout the workshops.

Accidents were also seen as drawing negative attention towards gas and electricity networks for two primary reasons. They are highly visible because they are often widely reported and, the scale of their negative impacts can be very high (i.e. their potential costs in damage to infrastructure and property and in terms of injury or loss of life). When thinking about accidents, Panellists mostly considered gas explosions, but they also recognised that gas leaks and electricity could be potentially

dangerous. However, few Panellists provided examples of accidents which they could recall. In this respect accidents were seen as something which could attract attention towards networks rather than something which generally does. However, safety was a key concern at this stage of the workshop due to the 'dangerous' nature of gas and electricity, and remained so in subsequent, more detailed discussions on priorities for network companies.

Disruption caused by works to infrastructure tended, on reflection, to be a major cause of negative attention towards networks. However issues of reliability and safety were more prominent in Panellists' minds. This was because these other issues are more dramatic and high impact than disruption from works, and because the negative impact is somewhat diffused as Panellists tend to see roadworks as being associated with utility companies in general, rather than gas and electricity networks specifically. However, many Panellists were able to recount numerous experiences of roadworks for utility maintenance causing disruption to their lives. So while this may be a lower level impact than those caused by issues relating to reliability or safety, it tended to be more frequent. Disruption caused by works to infrastructure remained a key issue throughout the workshop. This was particularly an issue for some areas including Aberystwyth and Bristol where many of the roads around these towns are one way, and the disturbance was seen to be higher.

As with unplanned interruptions, few Panellists could recall any planned interruptions to their gas or electricity supply. While these were acknowledged to have potential negative impacts, they were felt to draw less negative attention than unplanned interruptions as customers are able to prepare for them. They also have the potential to improve perceptions of networks and network companies if the way they are communicated to customers, and the way workmen interact with customers during interruptions, are well managed (see Chapter 5 - *When replacing pipes, inform customers of when they will be cut off and reconnected and Minimise the level of disruption to customers caused by any work or loss of electricity*)

### ***Regional variations of profile***

As well as things 'going wrong' there are a few other things which Panellists picked up on relating to the impact of infrastructure. In particular some Panellists mentioned the presence of electricity distribution pylons and the impact of these on the landscape, and others commented on the lack of gas networks in some areas. Both of these aspects of infrastructure were more likely to be noticed by Panellists living in rural areas surrounding Aberystwyth and Aberdeen.

Many Panellists mentioned the visual impact of electricity Pylons in areas of natural beauty, and several mentioned their preference for undergrounding electricity transmission cables. However these concerns were felt more by Panellists in rural areas. This is because they live in areas of natural beauty and therefore the visual impact of Pylons is more prominent. There was also the related concern in these locations of the potential knock on impact on the rural tourist economy from Pylons as they detract from the landscape, particularly on areas such as Aberystwyth (see Chapter 5 - *Consider the impact on the environment and landscape when constructing networks*)

Panellists who were 'off gas' (i.e. living in properties without connections to the gas distribution network) were also more aware of networks through the absence of the energy source. Views on this absence varied from a feeling of being poorly served to one of feeling there were some potential benefits to using alternative forms of heating fuel (see Chapter 5 - *Ensure that it meets its social obligations e.g. Provide alternative heating/cooking if gas cut off, extended networks to bring gas to non gas areas so fuel poor can benefit*)

## Knowledge and perceptions of the transmission and distribution process

### *Spontaneous knowledge of transmission and distribution*

Transmission and distribution of gas and electricity have been covered in two of the previous three workshops of the 2009/2010 Panel. In the first workshop, Panellists took part in an exercise which explained the structure of the energy supply chain to them and showed them the role of gas and electricity networks within this. Panellists at this stage showed very little knowledge of how the energy supply chain operated and expressed surprise at the number of stages<sup>2</sup>. During the third workshop Panellists discussed the performance reporting process for Distribution Network Operators (DNOs). Panellists were this time given a presentation to show where DNOs sit in the electricity supply chain. During this event the low levels of awareness of the role of DNOs persisted despite the previous information from the first workshop, although some Panellists recalled they were involved in the delivery of electricity. Once their role was explained again Panellists felt that, while their role is important, it was not of great interest 'as long as the lights came on' (reflecting the sentiment expressed during the fourth workshop described above)<sup>3</sup>.

During this (fourth) session of the workshop Panellists were again asked spontaneously what they knew about gas and electricity transmission and distribution. Following the findings from the first and third workshops Panellists showed low levels of knowledge relating to the role of networks. Many were confused the role of networks with the roles of generators and/or suppliers, and tended to lump them together as 'supplying' gas and electricity. Some Panellists were more aware of the specific role of networks compared to these other roles, however, what awareness there was of this was generally acknowledged to have been gained during previous workshops.

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<sup>2</sup> Ofgem Consumer First Panel Research findings from first event - January 2009 – pg.17

<sup>3</sup> Ofgem Consumer First Panel – 2009/2010 Findings from third workshops (held in March 2010) May 2010 – p.g.34

### *Response to presentation on transmission and distribution*

Following this initial discussion of knowledge relating to transmission and distribution of gas and electricity, the Panellists were given a presentation (see appendix) by an Ofgem representative who provided them with information on:

- The role of transmission and distribution in the gas and electricity supply chain
- Maps of the gas and electricity transmission grids and the areas covered by gas and electricity Distribution Network Operators (GDNOs and DNOs)
- The overall length of pipes and wires in the networks
- The annual costs of running the networks and the proportion of consumer energy costs these accounted for
- The basic responsibilities of network companies i.e. managing networks in cost effective way, offering good service to consumers, investing appropriately and efficiently and ensuring long-term security of supply
- How they are regulated i.e. through Ofgem and the price control process

Panellists' overall response to this presentation was neutral. However some Panellists were reassured by the role of Ofgem in the price controls, and glad that there was an organisation looking after consumers interested. The basic information relating to the role, scale and locations of networks generated little interest, although some Panellists commented on the scale of the networks and the sums involved with running them. The only other area of comment was the perceived lack of transmission/distribution infrastructure in Scotland from some members of the Panel in Aberdeen, particularly when comparing the number of gas and electricity distribution companies, with fewer in Scotland than in the rest of the country. This could lead to a feeling that some areas of the country are prioritised over others. However, once it was explained that much of Scotland is covered by gas distribution networks rather than transmission, this feeling was diminished slightly.

Consistent with findings from the element of the third workshop focusing on DNO reporting, Panellists showed a greater interest in the way the networks are regulated than about the details of how they are operated. The effect of the presentation was to reinforce to the Panellists the monopoly nature of networks, and this made them particularly interested in the controls there are over how much they can charge consumers, and what assurances there are that the networks are operated in an efficient and effective way.

Panellists were provided with an opportunity to ask questions of the Ofgem representative following the presentation. These questions tended to centre around:

- The role of Ofgem in regulating prices and protecting consumers
- The level of power available to guarantee networks would be operated in the interest of consumers

Some Panellists asked why it was not possible to have any competition. However on explanation of the cost and difficulty in implementing of building new infrastructure Panellists were able to

understand the reasons for this monopoly, and many felt reassured that this is regulated to ensure customers would not be taken advantage of.

Panellists expressed concern relating to the potential power of companies once their monopoly nature was explained. They tended to feel that, as private companies, their main priority would be to maximise profit and that, if left unchecked, they could 'charge as much as they wanted'. They therefore felt reassured that there were controls over these companies and that 'someone' was observing them to make sure they kept prices to consumers down. However, they questioned the extent to which it is possible for Ofgem to compel network companies not to charge customers too much and to maintain the networks in order to ensure constant supplies to customers. They felt that, as these are large companies generating what they perceived to be significant profits, any fines imposed would not be large enough to be a deterrent, and may eventually be charged back to consumers.

Ofgem representatives went on to explain the range of potential penalties they could impose on network companies for breaching price controls or the term of their licence which included fines and the potential revocation of their licence. They also provided some examples of situations in which significant fines had been made on the profits of network companies.

Panellists said it is essential that, as there is no choice over these networks, they are strongly regulated in the interest of consumers to ensure that prices are kept as low as possible. At the end of this dialogue some Panellists expressed surprise at the 'teeth' that Ofgem has to regulate network companies. Generally Panellists felt more reassured that the gas and electricity networks are regulated and that these regulations were enforced. However, as expressed in the third workshop, the importance of this role did not translate into a desire to know more about it.

## **Perceptions of network companies**

Following the general discussion relating to gas and electricity transmission and distribution Panellists were asked what they knew about the companies that run the transmission and distribution networks, what they thought of their performance, and what, overall, these companies should be focusing on.

### ***Awareness of network companies***

On the whole Panellists were unable to accurately name gas or electricity transmission or distribution network companies. The only network company that any Panellists were able to name was National Grid, with a few companies naming it spontaneously. Other than this some mentioned incorrect names of network companies, such as Transco, or named their suppliers.

Panellists were given the names of the gas and electricity transmission companies, and showed the regions of the network which the various Distribution Network Operators cover. However, their



names prompted no recognition. There was little interest in these companies, although a few Panellists said that they thought the identity of local networks should be better communicated to consumers.

### *Views of performance*

Panellists generally perceived the performance of network companies to be good in that they were seen as consistently fulfilling their primary role i.e. the delivery of gas and electricity to their customers. Few Panellists, as previously mentioned, could recall any unplanned interruptions in recent years. The few that could tend to be those in more rural areas such as Aberdeen and Aberystwyth and these tended to be associated with poor weather conditions, such as the heavy snow at the beginning of 2010. However, on the whole, power cuts were seen as very rare, and were perceived to have become less prevalent over recent decades. Performance in terms of safety was generally perceived to be good, although some Panellists did recall occasional stories of explosions in the press.

There were, however, many complaints around the disruption caused by roadworks relating to repairs. These centred in one or two areas where Panellists perceived there had been a lot of roadworks in recent months, particularly Aberystwyth and Bristol. Roadworks were seen as irritating, and potentially being in place for longer than they needed to be, as often they were perceived as being often unmanned, or manned by workmen showing little activity. Gas and electricity networks were also seen as not coordinating their works with other utility companies that need to dig up the same roads for maintenance.

The experience of planned interruptions, on the other hand, was generally positive. These were seen as being generally well communicated and short in duration. There were also a couple of individual examples of particularly good experiences relating to interactions with workmen. One involved workmen delaying an interruption to a Panellist's electricity supply when, despite being sent a notification, they had forgotten it was planned and had failed to prepare for it. The other related to maintenance to electricity pylons which involved the removal of a tree on the Panellist's land which were then replaced by two new trees. Both of these examples left the Panellists with a positive impression of the network company.

Although there is some awareness of network companies this was in relation to being informed about planned works ahead of time, in cases of emergencies and when roads were being dug up to carry out works. However there was little connection between these instances and the network companies themselves, with most associating these to utility companies on the whole and not to the network companies.

### *Spontaneous priorities*

At the end of this section the Panel were asked what, in general, they thought network companies should be concentrating on in terms of their business aims and meeting the expectations of their customers. These overall priorities were (broadly in order of weight of feeling):

- Reliability – i.e. continuously gas and electricity supplies to customers' homes operating with few interruptions
- Cost – keeping costs of the work they are doing low so that these remain low to the consumers
- Safety – this generally involved accidents such as preventing gas explosions (including from terrorist attacks and the security risk associated with this) and keeping people away from electricity infrastructure to prevent any risk of death to consumers. However, several Panellists also expressed concerns relating to possible links between proximity to electricity pylons and increased rates of cancer
- Efficiency – investing in the network in as cost effective a way as possible
- Environmental – reducing the visual impact of infrastructure, particularly by undergrounding electricity cables

## Unprompted priorities for network companies

Following the initial discussion of gas and electricity network companies, and the presentation and Q&A (which provided Panellists with information about the networks and the roles of network companies and Ofgem), Panellists were asked about their priorities for network companies. They were asked to put themselves in the place of a network company, and to come up with a 'mission statement' stating what they would take into account if they were operating the company.

They were asked to think about two things:

1. What they thought their priorities should be for their networks that move gas and electricity around the country?
2. What sort of company should they be? What key areas should they be concentrating on, such as the environment, customers or supply

## Priorities for role of moving gas and electricity

Panellists wanted 'safety' to be the highest priority for network companies in their operations of gas and electricity networks. The word 'safety' was the one most frequently used when Panellists filled in this section of the self completion form, and other words like 'safe' and 'safely' were also used. There were several aspects to Panellists' safety considerations. The primary meaning was maintaining equipment so that it operates effectively e.g. does not leak gas, so that the chance of accidents is reduced and so the public is protected. However, it also includes ensuring that equipment is not accessible to the public, both for their own safety and also to protect equipment for security reasons. Finally, Panellists were also concerned for the safety of staff and some in particular mentioned adherence to health and safety legislation as a priority.

Figure 2 – Word cloud from network company mission statement self completion (What should their priorities be for their networks that move gas and electricity around the country?)<sup>4</sup>



Closely following 'safety', the second most commonly mentioned priority for the operation of networks was 'cost'. This was generally expressed as operating the network as 'cheaply' as possible for the consumer. However, they also expressed a desire for investments made by network companies to be as 'cost effective and 'efficient' as possible. They said it was important that these companies make the most of consumers' money that they invest in maintaining and extending the networks. It was seen as particularly important to minimise leakage of gas and electricity as this was perceived as 'wasting' diminishing natural resources and as making energy potentially more expensive for consumers.

The word 'reliable' was not frequently mentioned but was expressed as consistently delivering gas and electricity to consumers' homes with few interruptions. This was voiced through a number of terms including 'ensure supply', 'minimal disruption', 'continuous' and as already stated, maintaining

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<sup>4</sup> A word cloud is a graphic generated from a piece of text giving greater prominence to more frequently mentioned words (except for "stop words" such as and, the, at etc.) the word clouds in this document were created by inputting Panellist responses to the mission statement exercise captured on self completion forms

supplies to people's homes was seen as the core activity of network companies. In this respect, maintaining a reliable supply was something of a 'hygiene factor' and something which Panellists would expect from the company as a given i.e. something of importance, but not something differentiating or noteworthy.

Cost and reliability were often balanced against each other. Panellists recognised that maintaining networks to ensure reliability costs money, and that constant supply may have to be traded off for low costs. They therefore often tempered their desire by saying that they wanted as reliable a supply 'as possible' while maintaining reasonable costs to consumers, with some happy to accept minimal interruptions which were planned and well publicised, if this meant cost was as low as possible to consumers.

Of importance for Panellists, but to a somewhat lesser extent than safety, cost and reliability, was for network companies to take into account 'environmental' issues in the operation of their networks. These concerns were often voiced simply as being 'environmentally friendly'. However, on prompting, this included two types of issue. Mainly they were concerned with the impact of physical infrastructure on the landscape and natural habitats. This particularly related to electricity pylons, and Panellists expressed a desire for network companies to consider undergrounding lines where there would be a visual impact, or where it could affect wildlife. There was also some call for network companies to play a role in reducing carbon emissions by facilitating the connection of low carbon technologies, however this was of lesser importance to Panellists in comparison to the impact on the environment.



Panellists said they wanted network companies that ‘care’ about their customers, and are ‘ethical’ in the way they treat them. This was expressed as prioritising customer service (as defined below) above profits, and even to redistributing any excess profits to customers in cost savings. It also related to network companies being open with customers by posting detailed information on their websites e.g. similar information as was included in the presentation to Panellists such as the routes of the network. Panellists also felt it was important for companies to be ‘socially aware’, which meant paying special attention to the needs of vulnerable consumers. This was because vulnerable people were seen as particularly at risk from interruptions to supply. Being ‘ethical’ also extended to treating staff fairly in terms of pay and conditions. This was seen as important, not only in its own right but also because it was felt that staff that are treated well will provide better service to customers.

*“Sometimes you see workmen who dig a hole 6 inches and rest for half an hour. The more people waste time the longer it takes...and the traffic builds up and they could do it in half the time. It all stems to money. The way I see it, people who do work are contractors, they don’t take pride in their job... Years ago they did take pride”*

Good customer service also involves aspects of how network companies interact with customers. Panellists were primarily concerned that network companies are accessible and responsive. ‘Suitable access’ was expressed as a network company having a free-to-call telephone line which is answered quickly. Responsiveness meant both quick action if there is an interruption to supply or an emergency, and also responding quickly to complaints. During any contact with customers Panellists wanted network companies to be ‘professional’ i.e. courteous and helpful.

*“I want to be able to speak to someone as soon as possible, if you think there is a gas leak you don’t want to have to wait on hold for ages”*

Another issue which was mentioned while discussing their role of moving gas and electricity, but also relates to being ‘customer focused’ and ‘ethical’ as an organisation, was being ‘environmentally friendly’. As well as relating to not being wasteful in the movement of gas and electricity as described above, this concern also relates to the impact infrastructure has on customers. Particularly they are considering the ‘quality of life’ impact that large infrastructure can have on people through its visual intrusion into the landscape. However there was also the more nebulous issue of reducing the impact of climate change, which was felt to affect everyone. Network companies here were seen to have a role in minimising emissions of greenhouse gases through reducing leakage of gas and electricity from their pipes and wires (although as described this was seen as important mainly for reasons of efficiency).

## **Prompted prioritisation of price control outputs**

Following the initial spontaneous discussion on the goals the core business should aim at and the sort of companies these network companies should be, Panellists looked at price control outputs. Panellists were provided with a broad explanation of what a price control does including the setting of limits on the amount of money network companies can make. Through restricting companies' spending and motivating them to be more efficient, to be more innovative and importantly ensure customers receive a good quality of service. And Panellists were told that when Ofgem reviews the price controls periodically, it balances the need for a company to have suitable resources to run an economic and efficient network with the need to protect all consumers' interests.

Panellists were provided with a list of potential outputs which network companies could consider when developing their business plans and for assessment by Ofgem when setting price controls for both gas and electricity. A list of these can be seen in the appendix.

This was discussed as a group, and an Ofgem representative was present to provide any clarification needed. Following this Panellists split into smaller groups of 3 or 4 and were provided with a wheel diagram depicting these key outputs in segments of equal size (see appendix) and 10 counters. Two wheels were provided, one for gas network companies, which had 18 outputs, and one for electricity network companies, which had 22 areas. These areas were placed onto a wheel in random order to ensure Panellists were not led to associate particular areas with one another, or with any overarching theme or priority. However, Ofgem grouped these areas around the following themes (although it did not always follow that Panellists associated these outputs with the same themes by which Ofgem grouped them):

- Reliability and safety
- Environment
- Social obligations
- Connections
- Customer satisfaction

Panellists were asked to consider which of these outputs were most important to them as consumers and to allocate counters to those which they felt should be given the highest priority. Bradford were provided with 40, as this was the first group consulted and it was subsequently identified that a large number of counters meant Panellists found it hard to prioritise and often ranked outputs as equal, with the aim of the exercise being to prioritise those which were most important. The total number of counters was therefore reduced to 10 for the remaining groups. Despite this difference in the total amount counters this did not affect the overall results as these looked at the prioritisation given to each segment rather than the total number of counters.

It is important to note that although Panellists were told to consider the outputs in term of what they felt most important, and not what they felt the company 'should be doing', many often did not prioritise certain outputs as they felt this was the responsibility of the network company to already be doing these things. For example 'complying with health and safety conditions' was seen as imperative for gas network companies, but was often not included in the prioritisation because

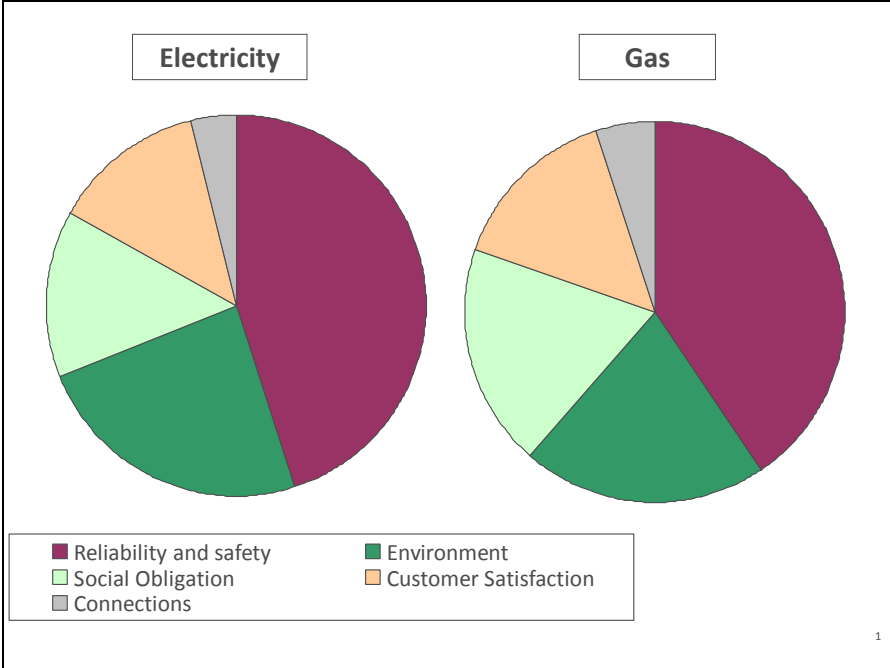


Panellists thought they would be 'doing this anyway' because they have to comply with the law to avoid prosecution. Whilst Panellists were told to not factor this into their decisions; often these types of considerations were the reason for certain outputs receiving fewer counters when this was discussed after the prioritisation exercise.

### Overall implied ranking of output categories

Across groups and regions, there was a consistent pattern in participants' allocation of counters for both gas and electricity network companies. This can be seen from the charts below which show a representation of the number of counters allocated to each output, shown by Ofgem's overall themes.

Figure 3: Prioritisation exercise results for gas and electricity network companies



#### Safety and reliability

Issues relating to safety and reliability were the top priorities for the majority of Panellists. These were seen as key areas for price controls to focus on and were mostly linked to the dependence on these energy sources for day to day life. The background perception from Panellists was that reliability was currently good, and few had experienced problems related to this, however it was felt to be vital that this good performance is built upon and continued in the future.

*“I think people have become very reliant on electricity and you just expect it to be there when you flick a switch. Network companies need to make sure that stays the same”*

*“I have never really thought about it but I am completely dependant on electricity, everything in my house runs on it and if it wasn't there I'm not sure how I would survive”*

*“There are a lot of businesses which rely on electricity to run, computers, phones, everything. Without it these wouldn't be able to run and they would lose a lot of money”*

Participants tended to see reliability as central to both electricity and gas, but more important in the former than the latter. In terms of electricity Panellists often linked the need for reliability with the fact that electricity is used for the majority of appliances both in the household and for businesses, whereas gas often only performed specific functions such as when a consumer chose a gas oven or a gas boiler to heat water.

In terms of safety this was linked to ensuring customers were not in danger from gas and electricity and making them feel safe in their own environment and home.

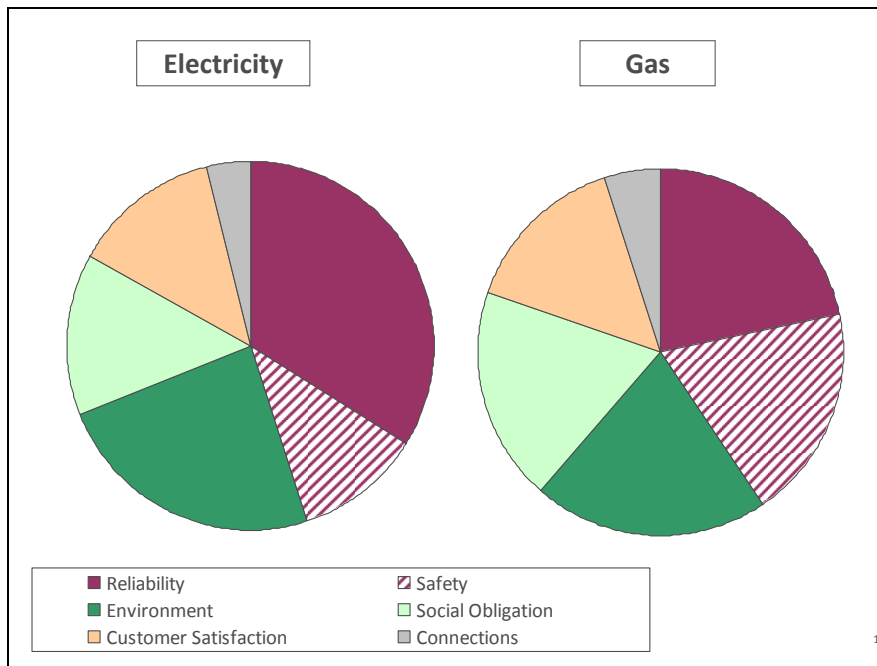
*“I often worry about gas explosions and the damage that could do, if a pipe was leaking then the damage could be huge and fatal”*

*“You see things on the news about explosion and they can take out a whole house in an instant, it scares me how at risk you could be”*

It is important to remember the workshops were held in mid-summer where the dependence on gas for aspects such as heating was less prevalent. If discussions had taken place in winter the views on the reliance on gas may have been very different.

When considering views of safety and reliability separately, safety was often seen as more important in terms of gas over electricity, as can be seen in Figure 4 below, with safety accounting for approximately half of the safety and reliability section for gas, whereas only approximately quarter for electricity. This was often linked to the view that gas was considered to be a high risk energy source when being transported and these risks included gas leaks, explosions and the risks from gas poisoning. Whereas safety in terms of electricity was more nebulous and was linked to cancer risks from pylons as much as electric shocks.

**Figure 4: Prioritisation exercise results for gas and electricity network companies including break down of safety and reliability**



*“I expect electricity is just as dangerous but I associate gas with much more fatal things like your house blowing up or a gas leak in your house”*

*“Gas can blow up so of course it’s more dangerous!”*

*“I worry that the risk from gas could be nothing to do with you, like a leak, and so I think the network company should have more responsibility to ensure safety and not putting us at risk”*

Panellists were often more worried about safety when thinking about gas throughout the workshop, and this was identified as one of the key differences between gas and electricity network companies.

In terms of ensuring safety for both gas and electricity, Panellists identified the key outputs to be responding quickly to leakages, faults and emergencies, and this was linked to maintaining a reliable network. However, this was considered somewhat less important than maintenance, as several Panellists felt that prevention was seen as better than cure. Many felt that network companies should be working to ensure that networks should be build for longevity, with some considering the current problems with leaks and replacement of pipes and wires being due to a lack of ‘planning for the future’ by network companies. This was important for reasons including safety, by preventing leaks occurring in the first place, reliability of supply and customer service.

*“Surely if you make sure the pipes... are maintained then leaks won’t be such a problem”*

*“They should be making sure problems don’t occur in the first place!”*

### **Environment**

Environmental impacts were often the second most important aspect to Panellists. These conversations about the environment often focused more on the landscape than climate change. Consequently they prioritised minimizing the impact of pipes and wires on landscapes and the environment over reducing the impact of these companies on climate change. The top of mind concerns were about electricity pylons in rural areas, and the visual impact of these. This was particularly salient when Panellists were from rural areas, such as Aberdeen and Aberystwyth, and so pylons were more visible to them on a day to day basis.

*“... there has been recent backlash about the recent wind farm being built at Cefn Croes and the impact that they will have on the natural environment. Conservationists have been protesting for ages about it. I imagine it would be the same if you started putting electricity pylons everywhere”*

*“I understand that they need to get electricity to everyone but I would hate to see the beautiful areas round here ruined by big pylons”*

Some were also worried about the potential high impact on areas which rely on tourism and the effect both electricity pylons and digging up the ground for pipes could have on areas of outstanding natural beauty. This would not only affect the landscape but the people who are reliant on tourists who come to visit.

*“There are a lot of people whose jobs rely on people coming to visit the area, if people didn’t visit the area then so many people would lose their jobs and probably have to leave”*

Potentially as a result of the impact of landscapes, there was considerable support amongst Panellists for the idea of running new infrastructure underground in all regions. The focus being on ensuring visual amenity but also reducing health risks from overhead pylons, and the increased reliability and safety through providing pipes and wires which are less susceptible to damage if underground.

*“If they can put things underground then they should, we don’t want there to be hundreds of pylons everywhere”*

This was also important when Panellists considered the future and the perceived potential increase in the amount of pylons which may be needed to meet the demand for electricity. Some Panellists worried that some areas would become ‘overcrowded’ with pylons and that this should be planned ahead and put underground to prevent this from occurring.

The carbon aspects of the environmental aims were less salient amongst Panellists, however these were still important. As discussed in previous Panel meetings, several customers have made changes to their behaviour and energy usage in recent years such as changing to energy saving light bulbs, and ensuring plugs are switched off at the mains. It was felt that many were making these changes and so were other companies and businesses in the country, and many felt network companies should be 'doing their part' for the environment as well. By making sure that these are taken into account by network companies in the day to day running of the company including using less energy in office buildings, using green vehicles and keeping the carbon footprint as low as possible.

*"We have talked so much in past groups about changes which we have made to be more energy efficient. Network companies should be making changes too"*

It was also highlighted that promoting energy efficiency measures to customers, in a similar way to the role suppliers are perceived to have, was also important.

*"Of course they should be trying to have as little impact on the environment as possible"*

As with many aspects of the price control considering the future was a key area, and it was also important that network companies started to plan for the future, including potential changes to energy supplies and the suitability of pipes and wires to deal with this. But overall, this was more a responsibility for government than companies, as many felt this was part of the 'bigger picture' in terms of the aims to meet government climate change targets.

### ***Social Obligations***

Although not as important as some other outputs, social obligations received a good proportion of counters in this exercise when Panellists considered the needs of other consumers and taking a citizens view. The main focus of this was when considering 'vulnerable people', especially the elderly who many felt were highly reliant on gas and electricity and worthy of special attention in the case of planned or unplanned interruptions. Although most consumers are reliant on energy for their day to day lives, the reliance for this group was seen to be much higher and in some cases a sense that sometimes this can be a life or death issue. For example, elderly people needing heating in winter for their health and well being or those whose medical equipment relies on electricity to work.

*"They should make sure they know who needs special attention and make sure they aren't left without any support"*

*"It would be annoying if your gas or electricity stopped working, but it would be a much greater problem for people who are sick or old"*

The challenge for many Panellists was in defining who counted as 'vulnerable', with many feeling this would include those who were elderly but not those who were from low income households, as a lack of energy for this group was not a high risk, particularly as this may not be such a 'life or death' situation for this group compared to those who are elderly. There was also some concern that any special help was open to being abused by some groups and making sure that there were fixed definitions of 'vulnerable groups' would prevent this abuse.

*"We may rely on energy, but it's not such a life or death issue for people who don't have money as it is for people who are old. If it was food then it might be different"*

Several Panellists felt the focus should be more on avoiding and fixing the causes of outages e.g. maintaining and replacing pipes and wires, than on providing targeted help in advance e.g. on energy efficiency. Again, emphasising the idea that network companies should be concentrating on prevention over cure, by preventing problems occurring rather than needing to fulfil social obligations to help those affected.

*"Making sure things don't go wrong in the first place should be most important, rather than thinking about what to do when things do go wrong"*

### **Customer Satisfaction**

The majority of aspects linked to customer satisfaction related to minimising disruption and interruptions to consumers, which was identified as a key cause of negative impressions of network companies in earlier discussions. However in comparison to other aspects Panellists rated this output as one of the lowest in terms of priority. Although customer service was seen as very important earlier in the discussion, this was less important in comparison to other factors at this point. This could be due to the lack of contact with network companies so far, with the minority who had contact receiving positive experiences, and other factors where regulation was more important to ensure these were carried out. Therefore disruption to day to day lives was the key factor when considering points around customer satisfaction. The biggest disruption to customers was identified as the effect of digging up roads when replacing cables and wires, including traffic congestion, and the effect on shops and other services by reducing access, and this was particularly prevalent in Aberystwyth and Bristol.

*"I feel like traffic clears up in one part of town because they have stopped digging, but then you just get held up by another set of works further down the road"*

Panellists were able to understand the need for these disturbances in replacing pipes and wires; however it was felt that the way in which this is done should be more efficient. Many felt that utilities companies should work together to ensure the level of disruption is kept low, for example when a section of road is dug up all companies who require access should do this at the same time.

Many also felt that companies do not aim to get work done as quickly as possible with many sites often unattended or work not being done.

*“I feel like one week the road is being dug up by one company, they finish their work and then the following week someone else is digging it up again. Why don’t they speak to each other and try and do the work all at the same time?”*

*“Half the time you drive past road works there isn’t even anyone there doing any work, or they are having a cup of tea! They don’t ever seem to be any rush to get the work done and clear the road”*

Although few Panellists had experience of interruptions to supply of both gas and electricity, there was awareness of the reliance on energy for both domestic and business use as identified earlier, and the impact this could have if interrupted in terms of inconvenience and also loss of money for businesses. It was highlighted that part of customer satisfaction should be to ensure that if an interruption to supply was necessary that customers were given plenty of notice and was as minimal as possible. Although this was important to Panellists, it was recognised that this is not currently a problem, but more an emphasis that this should continue to be upheld.

*“As long as they tell me that my supply is going to be interrupted and for how long I don’t mind, I just would like to know before I go to turn on the lights and they don’t work”*

### **Connections**

The least important output for Panellists related to connections for both gas and electricity. This was mainly due to most Panellists never having had any experience of this issue and in general they were connected to the grid and so any potential problems or issues with connections could not be related to. As with a lot of discussions Panellists related this to their personal needs, and rarely thought about those who were not connected to the grid and their needs.

The exception to this was in Aberdeen and Aberystwyth where several Panellists are not connected to the gas network. For this group, connection is an important issue when extending the grid although many could only see the benefit coming from being able to take advantage of cheaper deals on using dual fuel, which are currently not available to those off gas. Some worried that the cost of putting in infrastructure would be very high, and this cost would in turn be passed down to the consumer.

*“I don’t have gas and although it would be nice to have especially if I would get cheaper bills, but then the cost of putting in the pipes will have to come from somewhere so I doubt I will get much of a deal”*

*“I do sometimes worry that I rely on electricity in my house, and if something was to happen to that then I wouldn’t have the back up of gas which could be interesting trying to deal with and all my children”*

However, even with those not connected, the general feeling amongst Panellists was that people moving into a property are aware of its connection status, and this applies to both domestic and business customers. As a result of this, many do not have a particularly strong complaint if it lacks a connection, as this was known before moving and was a decision made by the individual. This issue was seen as most salient when considering businesses and the reliance some may have on energy sources to operate the business in terms of electricity for the use of phone and computers. In turn this impacts on businesses running smoothly, especially new businesses needing a connection to start up and operate.

*“It’s just as important for businesses to be connected as without gas or electricity most wouldn’t be able to function, they shouldn’t be forgotten”*

*“If you were to start up say a café round here and it didn’t have gas, you would need to get connected as soon as possible so you can start trading”*

Despite some priority being given to areas around environment and ‘planning for the future’, Panellists felt there was little importance in connections specifically relating to low carbon sources, and connecting these to the network. Although important to Panellists this was given lower priority compared to other areas, particularly as this was viewed as part of a larger initiative to make changes for the future and reducing climate change.

## **Ranking of individual outputs**

Below is a table of each of the segments for both gas and electricity in order of high to low priority. The majority of reasons for sections receiving or not receiving counters have been given in previous sections but this table gives some more detailed reasons for Panellists decisions,.



## Gas

**Figure 4: Collated responses to individual outputs for gas network companies in order of overall number of counters allocated**

Prioritisation output	Reason(s)
Respond to emergencies as quickly as possible	<ul style="list-style-type: none"> <li>- Gas seen as high risk and dangerous to customers both from explosions and gas poisoning</li> <li>- Responsibility of network companies to ensure these emergencies are dealt with as quickly as possible to reduce this risk</li> </ul>
When replacing pipes, inform customers of when they will be cut off and reconnected	<ul style="list-style-type: none"> <li>- Some customers may be reliant on gas for cooking and heating, and this could cause problems for consumers</li> </ul>
Replace pipes and equipment which have worn out or need changing to ensure they remain reliable and efficient	<ul style="list-style-type: none"> <li>- Linked to safety and ensuring that leaks are kept to a minimum</li> <li>- Preference for 'prevention over cure' and dealing with pipes which are worn out and need replacing before they break or leak</li> </ul>
Carry out routine maintenance of their pipes and machinery to make sure they are working properly and reduce leakage	<ul style="list-style-type: none"> <li>- Another link to safety and ensuring leaks are dealt with either before they happen or as quickly as possible</li> <li>- Also making sure that supply is not interrupted and cause an inconvenience to consumers</li> </ul>
Comply with health and safety laws and rules to ensure safety at all times	<ul style="list-style-type: none"> <li>- Main point around ensuring safety for consumers, but also thinking about the safety of employees working with a high risk energy</li> </ul>
Plan ahead to avoid future problems on the network	<ul style="list-style-type: none"> <li>- Emphasise on 'planning for the future' and ensuring leaks are prevented</li> <li>- 'Prevention better than cure' the key focus for a lot of Panellists</li> </ul>
Consider the impact on the environment and landscape when constructing networks, e.g. re-routing the pipes to ensure that areas of outstanding natural beauty or scientific interest are avoided	<ul style="list-style-type: none"> <li>- Ensuring that if ground is dug up to put in pipes that this has minimal effect on the landscape and communities who live close by, and ensuring it does not affect businesses such as tourism</li> </ul>
Make sure that networks are ready for low carbon sources of gas (in the future this maybe gas made naturally from organic matter)	<ul style="list-style-type: none"> <li>- Although planning for the future was important, this related more to ensuring leaks were dealt with in the future rather than making sure networks were ready for low carbon gas</li> </ul>

Prioritisation output	Reason(s)
Make sure customers are aware of energy efficiency measures	- Seen as important for network companies to emphasise importance to consumers, however many have made changes already
Ensure that it meets its social obligations e.g. Provide alternative heating/cooking if gas cut off, extended networks to bring gas to non gas areas so fuel poor can benefit	- <i>See Social obligations section above</i>
Engage with customers, especially the elderly and vulnerable customers, to understand where the company can provide services beyond what might normally be expected e.g. Provide education on carbon monoxide to consumers	- Vulnerable customers are important to Panellists but not as important when related to gas over electricity
Minimise the time it takes to do work (e.g. Maintenance/pipe replacement)	- Related mostly to the disturbance associated with road works and the digging up of roads, rather than the anything related to the household.
Provide customers with advanced warning of work being done so customers can make arrangements to reduce the impact.	- <i>See Customer satisfaction section above</i>
Minimise the level of disruption to customers caused by any work or loss of gas	- <i>See Customer satisfaction section above</i>
Aim to reduce overall 'carbon footprint' of the company, e.g. by investing in green vehicles/buildings	- Seen to be a responsibility to ensure this happens but not a key output

Prioritisation output	Reason(s)
Engage with customers requesting connections and others who may be affected e.g. Other customers, interested environmental parties	- <i>See Connections section above</i>
Connecting low carbon sources of gas e.g. From organic matter in a timely manner	- <i>See Connections section above</i>
Minimise time between a domestic or business customer or generator asking for a connection to the network and the company completing the actual connection	<ul style="list-style-type: none"> <li>- Not seen as important for customers as those who are not on gas made that conscious decision to own property without it</li> <li>- Gas is also not seen as such a key requirement for business as other energy sources such as electricity</li> </ul>

## Electricity

**Figure 5: Collated responses to individual outputs for electricity network companies in order of overall number of counters allocated**

Prioritisation output	Reason(s)
Act quickly after a power cut so that customers get their electricity back	<ul style="list-style-type: none"> <li>- Heavy reliability on electricity meant Panellists felt the key thing was ensuring supply was not cut off for long periods of time</li> <li>- Worry around people being able to survive without electricity, both domestic and business consumers</li> </ul>
Minimise power cuts by ensuring adequate infrastructure	<ul style="list-style-type: none"> <li>- Related to ensuring supply and reducing disruption to customers</li> </ul>
Consider the impact on the environment and landscape when constructing networks, eg re-routing the wires to ensure that areas of outstanding natural beauty or scientific interest are avoided	<ul style="list-style-type: none"> <li>- Ensuring the impact from pylons is minimal, with particular emphasis on areas of outstanding natural beauty and the knock on effect these could have on people and their jobs</li> </ul>
Plan ahead to avoid future problems on the network	<ul style="list-style-type: none"> <li>- Emphasis on 'planning for the future' and making sure that the few problems experienced by Panellists continues for future generations</li> </ul>
Ensure that it meets its social obligations e.g. It must keep a record of customers who require special advice and extra help during a power cut, for example customers that require electricity to run medical equipment in their homes. Improve performance for customers experiencing a large number of power cuts in specific areas (typically rural).	<ul style="list-style-type: none"> <li>- Seen to be very important especially those who are elderly or in need of electricity supplies for their health and well being</li> <li>- Many had been well informed about potential power cuts and felt this was particularly important for these groups of consumers</li> </ul>
Minimise the level of disruption to customers caused by any work or loss of electricity	<ul style="list-style-type: none"> <li>- <i>See Customer satisfaction section above</i></li> </ul>
Replace and update wires and equipment to ensure they remain reliable and efficient	<ul style="list-style-type: none"> <li>- Maintaining the reliable service which is received now, both for current customers and for future generations</li> </ul>

Prioritisation output	Reason(s)
Engage with customers and other parties that may be affected by the connection (e.g. Other customers, interested environmental parties)	- Connections are less important to consumers than other factors, as to an extent there is low awareness or experience of this and difficult for customers to relate to and give a level of importance to
Install connection technology to allow low carbon generation (e.g. Wind or wave) to be connected to the networks	
Ensure harmful emissions are minimised and reduced	- Worry around Health and Safety aspect, however not ranked as highly as safety for gas as little awareness of the potential dangers from electricity emissions
Engage with customers, especially the elderly and vulnerable to understand where the company can provide services beyond what might normally be expected e.g. working with communities where the first language is not English to produce valuable information (what to do in a power cut, who to contact etc.)	- <i>See Social obligations section above</i>
Minimise the time it takes to do work (e.g. Maintenance/cable replacement)	- <i>See Customer satisfaction section above</i>
Ensure that less electricity is lost as it is transported through the network	- <i>See safety section above</i>
Provide customers with advanced warning of work being done so customers can make arrangements to reduce the impact.	- <i>See social obligations section above</i>

Prioritisation output	Reason(s)
Aim to reduce overall 'carbon footprint' of the company, e.g. by investing in green vehicles/buildings	- An aspect which although important for the company to take into consideration, is not as important as the visual impact in terms of the environment and ensuring reliability of supply
Connecting low carbon generation as quickly as is possible to help meet climate change targets	- <i>See environment section above</i>
Minimise time between a domestic or business customer or generator asking for a connection to the network and the company completing the actual connection	- <i>See connections section above</i>
Respond to faults as quickly as reasonably possible	- <i>See Safety section above</i>
Make sure customers are aware of energy efficiency measures	- <i>See environment section above</i>

## Appendix

### Appendix 1 - Agenda



## Ofgem Panel 2009/2010

### Workshop 4 – outline agenda

Timing	Content	Handout
5.30 – 6.00	<b>Arrival and registration</b>	
6.00 – 6.10	<p><b>Plenary welcome and introduction</b></p> <ul style="list-style-type: none"> <li>• Feedback from previous meeting           <ul style="list-style-type: none"> <li>– <b>Supplier Standards of Conduct</b> - Information provided insight into the way suppliers are dealing with customers. Your experiences and opinions will form part of a larger report, monitoring the way suppliers interact with customers</li> <li>– <b>Prompt Pay Discounts</b> - Your feedback is part of major piece of continuing work for Ofgem. A report covering this and other important issues is due to be published shortly. Suppliers will be written to in the near future to let them know how we expect them to deal with Prompt Pay discounts in a way that is more fair for all customers</li> </ul> </li> <li>• Purpose of workshop           <ul style="list-style-type: none"> <li>– what is important to consumers in process of transmitting and distributing gas and electricity ("<b>pipes and wires</b>")</li> <li>– what they expect these companies to do for them</li> </ul> </li> </ul>	
6.10 – 6.25	<p><b>Discussion of transmission and distribution in general</b></p> <ul style="list-style-type: none"> <li>• Whether the process of transmitting and distributing gas and electricity to consumers ever crosses their mind – when?</li> <li>• Views of this process           <ul style="list-style-type: none"> <li>– How important, why?</li> <li>– What are their concerns?</li> </ul> </li> <li>• Awareness and views of companies           <ul style="list-style-type: none"> <li>– Views of performance of network companies</li> </ul> </li> </ul>	

Timing	Content	Handout
	<ul style="list-style-type: none"> <li>- What they would want them to do i.e. priorities in transporting gas/electricity, wider role as a company</li> </ul>	
6.25 – 6.55	<p><b>Spontaneous informed views of gas network companies and electricity network companies</b></p> <ul style="list-style-type: none"> <li>• Presentation of roles of network companies <ul style="list-style-type: none"> <li>- What they do, their responsibilities to customers, Ofgem’s role (price control)</li> </ul> </li> <li>• Q&amp;A with Ofgem representation</li> <li>• Feedback on presentation – what surprised/interested them, what they thought was most important about their roles, what they think about Ofgem’s role in regulating them etc</li> <li>• With informed views about companies <ul style="list-style-type: none"> <li>- As a table - what they think they should be focusing on as a business</li> <li>- In pairs develop ideal ‘mission statement’ for network company</li> </ul> </li> <li>• Feedback session between the tables on the presentation and the key areas the table thinks network companies should focus on</li> </ul>	<b>Handout 1: Mission statement boxes</b>
6.55 – 7.05	<b>Break</b>	
	<b>NOTE TO ROTATE OF ELECTRICITY AND GAS PRIORITISATION BETWEEN LOCATIONS</b>	
7.05 – 8.00  10 minutes	<p><b>Prioritising of different elements of service – Electricity network companies</b></p> <ul style="list-style-type: none"> <li>• <i>Broad explanation of what a price control does i.e. sets income and spending limits and places financial incentives on companies to operate in particular ways</i></li> <li>• <i>Price controls set <b>limits on the amount of money</b> network companies can make. They also <b>restrict</b> companies’ spending and <b>motivate</b> them to be more efficient, to be more innovative and importantly ensure customers receive a good quality of service. When Ofgem reviews the price controls periodically, it needs to balance:</i> <ul style="list-style-type: none"> <li>- <i>The need for a company to have suitable resources to run an economic and efficient network</i></li> <li>- <i>The need to protect all consumers’ interests.</i></li> </ul> </li> </ul>	



Timing	Content	Handout
15 minutes	<ul style="list-style-type: none"> <li>• What they think this price control should concentrate on? <ul style="list-style-type: none"> <li>– For example keeping prices to consumers down, keeping levels of service up, incentivising particular types of behaviour</li> </ul> </li> </ul> <p>Table discussion:</p> <ul style="list-style-type: none"> <li>• Are there things which are more important with regards to gas rather than electricity?</li> <li>• And are there things which are more important with regards to electric than gas?</li> <li>• Why is this?</li> </ul> <ul style="list-style-type: none"> <li>• HANDOUT PRIORITISATION LIST – read through as a table with Ofgem representative providing additional details and examples. Opportunity to ask Ofgem if anything unclear. Discussion around the list: <ul style="list-style-type: none"> <li>– Check Panellists understand</li> <li>– Opportunity to ask Ofgem questions if further clarity needed</li> </ul> </li> </ul>	<p><b>Handout 2: Electricity Prioritisation list</b></p>
10 minutes to discuss in groups, 15 minutes to discuss as table	<p><i>Facilitator note – need to emphasise that all of these are important / are required to an extent, but need to think about which have the highest importance for them. They can imagine that all segments already have one counter to show it does have importance.</i></p> <ul style="list-style-type: none"> <li>• HANDOUT PRIORITISATION WHEEL split table in 2 and work as a group.</li> <li>• Each group given 10 counters and ask to allocate to the segments they think are most important. <ul style="list-style-type: none"> <li>– Feed back to the other half of the table – where counters have been put</li> <li>– Which particular things? Why is this?</li> <li>– <b>For the segments which have no counters or fewer why is this?</b></li> <li>– <b>Which were easy not to put a counter on? Why?</b></li> </ul> </li> <li>• <i>During wheel exercise if counters put on points on customer service prompt on: what makes for good customer service?</i> <ul style="list-style-type: none"> <li>– Including – notice periods for interruption, length of unplanned/planned interruptions prior to compensation etc.</li> </ul> </li> </ul>	<p><b>Handout 3: Electricity prioritisation wheel</b></p> <p><b>Moderator material – tally sheet of counters for exercise</b></p>
2 minutes		

Timing	Content	Handout
	<ul style="list-style-type: none"> <li>Opportunity to ask Ofgem for clarity or questions, then change prioritisation if needed</li> </ul>	
8.00 – 8.10	<b>Break</b>	
8.10 – 8.50	<p><b>Prioritising of different elements of service – Gas transmission and distribution</b></p> <ul style="list-style-type: none"> <li>HANDOUT PRIORITISATION LIST – read through as a table with Ofgem representative providing additional details and examples. Opportunity to ask Ofgem if anything unclear. Discussion around the list: <ul style="list-style-type: none"> <li>Check Panellists understand</li> <li>Opportunity to ask Ofgem questions if further clarity needed</li> </ul> <p><i>Facilitator note – need to emphasise that all of these are important / are required to an extent, but need to think about which have the highest importance for them. They can imagine that all segments already have one counter to show it does have importance.</i></p> </li> <li>HANDOUT PRIORITISATION WHEEL split table in 2 and work as a group.</li> <li>Each group given 10 counters and ask to allocate to the segments they think are most important. <ul style="list-style-type: none"> <li>Feed back to the other half of the table – where counters have been put</li> <li>Which particular things? Why is this?</li> <li><b>For the segments which have no counters or fewer why is this?</b></li> <li><b>Which were easy not to put a counter on? Why?</b></li> </ul> </li> <li><i>During wheel exercise if counters put on points on customer service prompt on: what makes for good customer service?</i> <ul style="list-style-type: none"> <li>Including – notice periods for interruption, length of unplanned/planned interruptions prior to compensation etc.</li> </ul> </li> <li><i>Opportunity to ask Ofgem for clarity or questions, then change prioritisation if needed</i></li> </ul>	<p><b>Handout 4: Gas Prioritisation list</b></p> <p><b>Handout 5: Gas prioritisation wheel</b></p> <p><b>Moderator material – tally sheet of counters for exercise</b></p>
8.50 – 8.55	<p>Discussion as a table:</p> <ul style="list-style-type: none"> <li>Are there things which are more important with regards to gas</li> </ul>	

Timing	Content	Handout
	<p>rather than electricity?</p> <ul style="list-style-type: none"> <li>• And are there things which are more important with regards to electricity than gas?</li> <li>• Why is this?</li> </ul> <p><b>Feedback session to other table:</b></p> <ul style="list-style-type: none"> <li>• Which elements have most counters and why?</li> <li>• Which elements have least counters and why?</li> <li>• Any differences between gas and electricity?</li> </ul>	<b>Flipchart feedback</b>
8.55 – 9.00	<p><b>Thank you for being part of the panel and close</b></p> <ul style="list-style-type: none"> <li>• Thank you from Ofgem and OL</li> <li>• Summary report to be send out once report is finished</li> <li>• Session to check names, addresses and number of sessions attended for final payment</li> </ul>	

## Appendix 2 – Presentation slides

ofgem Promoting choice and value  
for all gas and electricity customers

# Network Company Price Controls

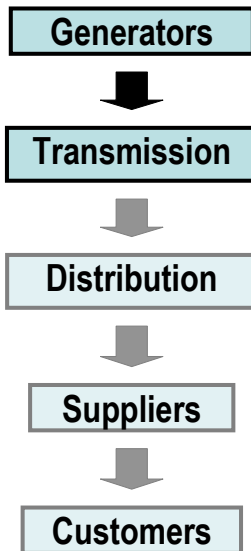
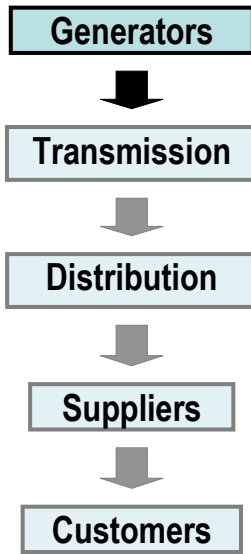
Consumer First Panel

ofgem Promoting choice and value  
for all gas and electricity customers

### A quick recap! What is Ofgem?

- The **Office of Gas and Electricity Markets** exists to....
- ✓ Protect the interests of gas and electricity customers, both existing and future
- ✓ Promote competition (and monitors anti-competitive behaviour)
- ✓ Licence and monitor gas and electricity companies
- ✓ Ensure sufficient investment in the energy networks
- ✓ Help companies make environmental improvements
- ✓ Ensure companies take into account the needs of vulnerable customers

2



The companies responsible for the maintenance and operations for the pipes and wires which send gas and electricity over long distances.



Generators



Transmission



Distribution



Suppliers



Customers



There are other distribution companies for your local area, these companies are responsible for the distribution of gas and electricity the transmission network to your home via a local pipes or wires network



Generators



Transmission



Distribution



Suppliers



Customers



### Facts and figures

- How much do they cost consumers each year?
  - Transmission costs – £1.8bn
  - Gas distribution costs - £2.6bn
  - Electricity distribution costs – 3.6bn
- How far do the pipes and cables stretch?
  - Electricity transmission wires – 24,000km
  - Electricity distribution wires – 789,000km
  - Gas transmission pipes – 7,600km
  - Gas distribution pipes – 275,000km (the circumference of the earth is 40,075km at the equator)

### Where do these networks run? electricity



Electricity transmission

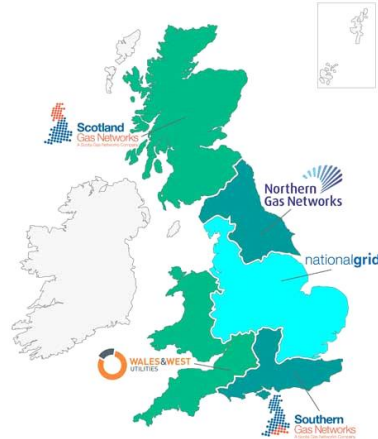


Electricity distribution

## Where do these networks run? - Gas



Gas transmission



Gas distribution

## Company responsibilities

- In addition to price controls there are also a series of responsibilities on the network companies, including:
  - to manage and operate their networks in a cost-effective, efficient and co-ordinated way;
  - offer good quality of service to all customers;
  - have an suitable and efficient approach to the way they invest in their networks; and
  - ensure that long-term security of supply is maintained.



## Price Controls on network companies

- Due to the costs of putting the network structure in place, energy network companies are natural monopolies and there is no realistic means of introducing competition.
- The companies have a lot of power as monopoly companies. We need to ensure that they do not abuse their position by charging too high prices and or providing low quality.
  - So, Ofgem protects customers' interests by deciding how much money these companies should receive, through price controls which limit the amount of income network companies can make through their charges.



Appendix 3 - Mission statement handout

# Mission statements

What should their priorities be for their networks that move gas and electricity around the country?

What sort of company should they be?

# Electricity networks

- **Replace and update wires and equipment** to ensure they remain reliable and efficient
- **Minimise power cuts by ensuring adequate infrastructure**
- **Act quickly after a power cut** so that customers get their electricity back.
- **Plan ahead to avoid future problems on the network**
- **Respond to faults as quickly as reasonably possible**

- **Maintain their cables and wires regularly** to ensure reasonable levels of reliability
- **Comply with health and safety laws and rules** to ensure safety at all times
- **Respond to emergencies as soon as reasonably possible**

- **Ensure that less electricity is lost** as it is transported through the network
- **Ensure harmful emissions are minimised and reduced**
- **Consider the impact on the environment and landscape** when constructing networks, eg re-routing the wires to ensure that areas of outstanding natural beauty or scientific interest are avoided
- **Aim to reduce overall 'carbon footprint' of the company**, eg by investing in green vehicles/buildings
- **Install connection technology to allow low carbon generation** (e.g. Wind or wave) to be connected to the networks

# Electricity networks

- **Minimise the time it takes to do work** (e.g. Maintenance/cable replacement)
- **Provide customers with advanced warning of work being done** so customers can make arrangements to reduce the impact.
- **Minimise the level of disruption to customers caused by any work or loss of electricity**

- **Engage with customers, especially the elderly and vulnerable** to understand where the company can provide services beyond what might normally be expected e.g. working with communities where the first language is not English to produce valuable information (what to do in a power cut, who to contact etc.)
- **Ensure that it meets its social obligations** e.g. It must keep a record of customers who require special advice and extra help during a power cut, for example customers that require electricity to run medical equipment in their homes. Improve performance for customers experiencing a large number of power cuts in specific areas (typically rural).
- **Make sure customers are aware of energy efficiency measures**

- **Connecting low carbon generation** as quickly as is possible to help meet climate change targets
- **Engage with customers and other parties that may be affected by the connection** (e.g. Other customers, interested environmental parties)
- **Minimise time** between a domestic or business customer or generator asking for a connection to the network and the company completing the actual connection

# Gas network

- **Carry out routine maintenance of their pipes and machinery** to make sure they are working properly and reduce leakage
- **Replace pipes and equipment which have worn out** or need changing to ensure they remain reliable and efficient
- **Comply with health and safety laws and rules** to ensure safety at all times
- **Respond to emergencies as quickly as possible**
- **Plan ahead to avoid future problems on the network**

- **Ensure that it meets its social obligations** e.g. Provide alternative heating/cooking if gas cut off, extended networks to bring gas to non gas areas so fuel poor can benefit
- **Engage with customers, especially the elderly and vulnerable customers,** to understand where the company can provide services beyond what might normally be expected e.g. Provide education on carbon monoxide to consumers
- **When replacing pipes, inform customers of when they will be cut off and reconnected**

# Gas network

- **Consider the impact on the environment and landscape** when constructing networks, e.g. re-routing the pipes to ensure that areas of outstanding natural beauty or scientific interest are avoided
- **Aim to reduce overall 'carbon footprint' of the company**, e.g. by investing in green vehicles/buildings
- **Make sure customers are aware of energy efficiency measures**
- **Make sure that networks are ready for low carbon sources of gas** (in the future this maybe gas made naturally from organic matter)

- **Minimise time between a domestic or business customer or generator asking for a connection to the network and the company completing the actual connection**
- **Engage with customers requesting connections and others who may be affected** e.g. Other customers, interested environmental parties
- **Connecting low carbon sources of gas** e.g. From organic matter in a timely manner

- **Minimise the time it takes to do work** (e.g. Maintenance/pipe replacement)
- **Provide customers with advanced warning of work being done** so customers can make arrangements to reduce the impact.
- **Minimise the level of disruption to customers caused by any work or loss of gas**

## Appendix 5 - Prioritisation wheels

