

Minutes of the Customer and Social Issues Working Group

Minutes of the CSIWG meeting for ED1 held on the 25 th of April 2012	From	Dorothy Eke	25 April 2012
	Date and time of Meeting	25 th April 2012 09:30 to 13:00	
	Location	Ofgem, 9 Milbank London SW1P 3GE	

1. Present

Ofgem

James Veaney (JV)
Phil Sumner (PS)
Dorothy Eke (minutes)

DNOs

Alison Sleightholm (WPD)
Hannah Ngoma (UKPN)
Paul Measday (UKPN)
Kendal Adams (SP)
Brian Hoy (ENWL)
Gareth Shields (SSE)
Paul Fitzgerald (SSE)
John Barnett (Northern Powergrid)

Stakeholder representatives:

William Boohan (DECC)
Duncan Carter (Consumer Focus)

2. Apologies

Derek Lickorish (FPAG)
Emma Edworthy (Welsh Government)
Gretel Jones (Age UK)

3. Introduction to RIIO-ED1 and the role of the Working Group

3.1. JV explained that the purpose of the ED1 Customer and Social Issues Working Group (CSIWG) is to identify what incentives are required to ensure that DNOs provide all types of customers with good levels of service and to consider what role the DNOs should play in addressing any social issues associated with their activities. He further explained that the group will play a key role in helping to develop outputs and the incentive framework for the September consultation and February decision documents.

3.2. JV set out the key issues to be addressed by the group and explained that his presentation to the group covered the main points. He hoped however that subsequent meetings will provide the platform for DNOs and stakeholders to bring their issues/views. The timetable of the working groups had been set to cover as much ground as was necessary to inform the September consultation.

3.3. A DNO representative asked what aspects of the issues will be covered by the different working groups. Another DNO representative commented that it is important to understand how the various working groups would interact and to recognise the risk of

overlap. JV commented that there will be linkages between the various groups and that Ofgem would try to be as transparent in its work as possible.

Action

- Ofgem to circulate the Terms of references for other working groups to the members of the ED1 CSIWG.

4. Terms of Reference

4.1. JV asked the Group to confirm whether the details of the terms of reference were understood and accepted.

4.2. A DNO representative commented that the terms of reference look achievable. However it is important to ensure the right people are in the right groups for the various discussions. They said there is need to think about views on the outputs, how DNOs will evidence what customers want. Another DNO representative asked if there is any proposal for Ofgem to carry out willingness to pay research as part of the ED1 process. JV responded that Ofgem do not currently intend to undertake willingness to pay research but that this may be something DNOs wish to consider as part of the development of well justified business plans.

4.3. The DNOs also sought clarification on the remits of the Consumer Challenge Group and the Price Control Review Forum. PS explained that the Consumer Challenge Group is a panel of individual consumer experts who act as a critical friend to Ofgem, providing expertise and insight to price controls which could be difficult to gain through more traditional insight methodologies such as primary consumer research. The Challenge Group has a seat as the wider stakeholder Price Control Review Forum. The draft terms of reference for the Price Control Review Forum were provided at Annex 3 of the RIIO-ED1 open letter (<http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/riio-ed1/consultations/Documents1/RIIOED1LaunchOpenLetter.pdf>)

4.4. It was decided by the Group that there were no changes required to the TOR.

5. Customer Satisfaction Survey

5.1. JV talked through DPCR5 arrangements, in particular highlighting the broad measure of customer satisfaction incentive. One of the functions of this group should be to consider whether this output and incentive mechanism is appropriate for the requirements of RIIO-ED1.

5.2. A DNO representative commented that whilst there may be differences in what customers actually require in order to be satisfied with the service they received, what is most important is to have a common measure of customer satisfaction. A overarching principle therefore is that any output should be; common, comparable and auditable.

5.3. JV stated that in particular the Group should consider whether all customer interactions are covered. Several DNOs highlighted that the development of more dynamic websites and greater use of social media potentially avoids the need for customers to interact with the DNO through traditional channels, i.e. through call centres etc. Despite these customers potentially having a 'better' experience, the current methodology supporting the broad measure might not capture these customers. Another DNO highlighted that the introduction of smart meters will occur during the period of RIIO-ED1. Although this will be led by Suppliers, occasionally there will be a requirement for DNOs to attend site to support the process; where this is requested directly by the customer this will be captured by the existing measure, but this may not be captured where this is required through automated data flows from the Supplier.

- 5.4. JV highlighted the 'strawman' incentive that had been discussed at the Flexibility and Capacity Working Group. Along with encouraging networks to enable timely connections and utilise their network efficiently, Ofgem were keen that networks are achieving these two aims by restricting the number of people that request a connection. One way of addressing this may be to consider what proportion of applicants that request a quotation do not then proceed with a connection. A survey capturing the reasons currently given for not proceeding with a quotation might help inform an output target for those reasons that are within the gift of the DNO to control.
- 5.5. Along with the broad measure, DNOs also highlighted the role guaranteed standards currently played in protecting customer interests. Ofgem was asked whether these should be considered by this working group; Ofgem confirmed that the 'non-connections' ones should and they would confirm if any other working group was looking at any of them.

Action

- Members of the working group were requested to reflect upon any learning that has been gathered from the process of implementing the broad measure. They should also consider what aspects of the current arrangements may need to be revised to address the changing nature of customer interactions in the RIIO-ED1 period.
- At the next meeting of the Working Group we expect the DNOs to present on their proposals for revising the current regime
- Ofgem to report back to the group what aspects of the Guaranteed Standards will be covered by this Group and which by other Output Working Groups.

6. Social Issues

- 6.1. JV set out that one of the primary mechanisms Ofgem has used to encourage DNOs to address relevant social issues has been the Customer Service Reward Scheme. Following recent consultation, a decision has been taken to discontinue this scheme for the remainder of the DPCR5 period due to the potential overlap between the behaviours driven by this scheme and those driven by other DPCR5 incentives (i.e the stakeholder engagement element of the Broad Measure and the LCNF). Looking forward to RIIO-ED1 however, we are keen to consider the role that a DRS-type scheme might play in incentivising activities on social issues.
- 6.2. For RIIO-ED1 there is a need to consider how DNOs could contribute to addressing social issues, such as fuel poverty and also, more broadly, issues affecting vulnerable customers. In considering these issues the Group will need to be mindful of DECC's work to develop a Heat strategy.
- 6.3. JV outlined the current approach in gas distribution where there is an incentive on companies to provide network extensions to Fuel Poor. No equivalent incentive exists for the electricity distribution companies.
- 6.4. In discussion, a number of issues and opportunities were identified that may need to be considered in establishing outputs and incentives on this topic. For example a more joined up approach with gas networks and other agencies could help provide heat solutions to off-gas grid customers where a gas grid extension is not appropriate/viable. The issue of data sources and sharing was also raised, in particular how partnering with local authorities, Department of Work and Pensions and Suppliers could pool data sources to help identify the Fuel Poor or vulnerable customers, as well the optimal energy solution.

6.5. PS mentioned that he would circulate to the group the “Affordability Document” which outlines Ofgem’s intention to develop a new Vulnerable Consumers’ Strategy. One DNO observed that DNOs might consider providing enhanced services (for example in the event of an interruption) for key customer types, such as priority service customers, or those in hospitals, care homes, social housing.

Action

- Ofgem to circulate the Affordability Document to the working group
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=54&refer=Sustainability/SocAction>
- DNOs would give further thought to developing proposals on social obligations for discussion at the working group meeting in June.

7. Date of next meeting (meeting schedule)

May 23 rd	June 19 th	July 24 th
<p><u>Customer service</u></p> <ul style="list-style-type: none"> ▪ Proposals from DNOs/ stakeholders on changes to arrangements ▪ Additional measures for connections or new types of customers 	<p><u>Social Issues</u></p> <ul style="list-style-type: none"> ▪ Proposals from DNOs/ stakeholders on issues and their role ▪ Requirement for incentive and output 	<ul style="list-style-type: none"> ▪ Review customers and social papers