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Our Ref: EN01-003046

25 April 2012

Dear Lia,

RES Response to Open Letter Consultation on Approach to Assessing Stakeholder Engagement and Guidance Notes

Thank you for the opportunity to respond to the Ofgem open letter consultation on Approach to Assessing Stakeholder Engagement and Guidance Notes (Ref: 24/12) of 28 February 2012.

RES is one of the world's leading independent renewable energy project developers with operations across Europe, North America and Asia-Pacific. RES has been at the forefront of wind energy development since the 1970s and has developed and/or built more than 5GW of wind energy capacity worldwide, including projects in the UK, Ireland, France, Scandinavia and the United States.

RES currently operates, develops or is in the process of constructing renewable energy projects (onshore wind and large biomass) across the length and breadth of Great Britain. As is the case for all developers and operators of distribution connected power stations, effective DNO customer service is critical to permit sustainable and economic operation. At the time of writing, RES has direct involvement with 11 of the 14 electricity distribution licensees bringing experience of all of the holding companies responsible for the operation of DNO businesses in this country. RES can report a very wide range of quality of customer service across these companies.

RES welcomes the opportunity to provide input to the process of improving DNO Stakeholder Engagement. RES would also encourage Ofgem to build on the momentum established through the DG Forums of 2011 by repeating these events and establishing working groups to focus on key issues such that DNO performance can be improved in areas most critical to users of DNO systems.

The following are responses to questions posed in the consultation document.

1. What other approaches to providing assurance should be considered appropriate?

- a. **Whether evidence submitted by DNOs should be subject to a common evaluation or independent audit administered by Ofgem.**
- b. **Whether there is a case for proposing a common assurance approach across all companies - for example a common accreditation standard or survey.**

Methods and quality of customer service vary dramatically between different DNOs, with a significant and material impact on the development and construction of new generation projects. RES considers that a common approach to audit of customer service is essential in order to provide an objective and credible yardstick that can be used as a measure for reward. RES considers that, in light of its position as enforcer of licences, Ofgem must have a significant role to play in this audit process and would propose that a high level scope and standard approach to audit should be the subject of public consultation.

2. Your views on our approach to allocating the financial reward.

- a. **Do you think this is a fair and proportionate approach?**
- b. **Can you suggest any other approaches and why do you think they are appropriate?**

RES agrees entirely with the position outlined by Ofgem that proportions of reward should not be linked to “tick box” achievements such as receiving of a particular accreditation. Reward should be linked to demonstrable improvements in service levels and compelling evidence of a commitment to continuous improvement.

3. Factors the panel should take into account for the assessment of outcomes of engagement.

The panel must focus on qualitative engagement with continuous improvement and avoid the temptation to rely on “tick box” metrics, which often realise outcomes detrimental to overall customer service. As well as operating effective Stakeholder Engagement, DNOs must maintain accessible, auditable and high quality complaint handling processes such that specific trends in underperformance and the root causes of underperformance can be clearly identified.

4. Any additional information or ideas on how the DNOs should be assessed for the purposes of this incentive.

None at the present time, although RES would very much welcome the opportunity to provide further input to this process.

5. Whether this approach to assessment should be applied to stakeholder engagement incentive schemes in other industries, i.e. Gas Distribution, Gas or Electricity Transmission.

RES is in a position to comment on Electricity Transmission only. At this stage, RES would not object to the introduction of such a measure for National Grid Electricity Transmission (the sole transmission licensee with a customer facing remit), whose current levels of customer service set the standard for the industry as a whole. RES would recommend that, in considering an industry benchmark, Ofgem should look to the work done and progress made by NGET in the area of customer service. It seems appropriate that NGET should be subject to an incentive to maintain these high standards.

6. Any concerns or further suggestions about our proposals.

RES would note that some of the customer service outcomes that Ofgem seek to incentivise should be a natural outcome of a DNO satisfying its licence obligations. RES would urge Ofgem to ensure that incentives should be linked to exceptional performance and should not reward merely adequate performance.

RES always seeks to be clear and constructive in consultation responses and I hope you find the above consistent with these objectives. If you wish to discuss this response or any other relevant matter, please don't hesitate to contact me.

A handwritten signature in black ink, appearing to read 'P. Smart', with a horizontal line underneath.

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