

Minutes of RIIO-GD1 Customer and Social Issues Working Group (CSIWG)

Minutes of RIIO-ED1 CSIWG meeting held at Ofgem on Tuesday 19 th June 2012	From Date and time of Meeting Location	Stephen Perry 19 th June 2012 10:30 to 14:00 Ofgem, 9 Milbank, London, SW1P 3GE	19 June 2012
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1. Present

Ofgem

James Veaney
Olivia Powis
Lia Santis
Stephen Perry

Stakeholder representatives

Derek Lickerish (Fuel Poor Advisory Group)
Helen Coates (DECC)

DNOs

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

2. Introduction

2.1. James Veaney (JV) welcomed everyone to the RIIO-ED1 Customer and Social Issues working group. JV highlighted that the meeting would mainly be focused on discussing the DNO's role in addressing social issues and the scope of the RIIO-ED1 Broad Measure of Customer Satisfaction.

3. Social Issues

3.1. JV kicked off the session by setting out our intention of getting a better understanding of the responsibilities of DNOs in relation to social issues and incentivising behaviour in that regard. At this stage we have not set out how the incentive will work nor the outputs associated. We wish to get an understanding of how to capture DNOs' social responsibilities under the RIIO framework.

3.2. GS from SSE gave a presentation on their initial thoughts regarding social issues. Presentation is attached to this document.

3.3. Derek Lickerish welcomed Ofgem's role in facilitating this debate. He states that there are currently 4 million customers off the gas grid and half of these are fuel poor and do not have access to gas mains. He supports the idea of having a similar model to that of the LCNF to enable those in fuel poverty to have access to affordable heat solutions. He remarked that it is challenging to get unity of interest among different industry participants

and there is no regulatory structure to drive that kind of thinking. He believes a pot of money should be made available in the early days of the incentive.

3.4. JV stated that we would like to see more linkages between suppliers, GDNs, DNOs and other partners to alleviate fuel poverty. We believe behavioural changes will be needed for parties to come together and share information.

3.5. DNOs discussed the balance of overall investment on the fuel poor individual and the different options available to alleviate fuel poverty (insulation, heat pumps, etc.). WPD stated that there might be value in working with other agencies to find way to facilitate connections to the fuel poor. Northern stated that there is an inherent cost in finding a role for the DNOs in this space and questioned if this cost is best placed on DNOs' customers.

3.6. JV stated that there needs to be engagement between the parties to find the right solution. We are interested in finding out what we can do to encourage that behaviour. In terms of providing a solution, do the DNOs believe the current framework is fit for purpose or do we have to change in order to facilitate this process?

3.7. DNOs agreed that there is no common answer to this question and that any initiative in this space should be driven by customers and stakeholders' needs.

3.8. DNOs discussed ideas that could be developed through the current framework which included activities associated with alleviating fuel poverty and providing assistance to priority service customers.

3.9. JV welcomed those ideas regarding areas in which DNOs believe they have a role. To progress this issue it would be useful for the DNOs to set out whether they believe they have a role to play in addressing social issues and if so, what this role might be? In addition DNOs should also consider what framework needs to be in place to fulfil this role and the likely cost (and value to customers) of these activities. space and how much should we allocate as an incentive to the development of this role?

Action

- DNOs to develop a list of activities/ideas for the role that they can play in the social obligation and identify:
 - (i) whether they would fall within or outside the current framework. (eg promoting energy efficiency with a partner organisation would fall within the current framework, whereas assisting with a district heating programme would fall outside).
 - (ii) Whether they would target Fuel poor/priority service customer/other
 - (iii) Provide a ball-park figure for the activity
- This will inform whether an incentive mechanism or pot of money to bid for would be a better approach.

4. Ofgem's current thoughts on RIIO-ED1 quality of service outputs and incentives.

4.1. JV outlined the current DPCR5 regulatory framework established to deliver customer satisfaction and highlighted several concerns that he would like to address as part of RIIO-ED1.

4.2. JV questioned whether a different approach was needed to measure satisfaction with the service provided to major connection customers. JV posed several questions to the working group to consider.

4.3. Derek Lickerish questioned how we differentiated between major and minor customers. Brian Hoy stated that minor connections equate to approximately one to four houses being connected and that anything larger is defined as a major connection.

4.4. Kendal Adams stated that she had concerns about the sample size for major connection customers. JBa considered that a different approach was needed to measure the quality of service with major connection customers (eg separate annual qualitative survey). JBa stated that there were some useful international examples to learn from. AS stated that even if the approach to measuring satisfaction changed, the primary problem of low sample size remained. JB suggested that in recognition that it can take several years to complete major connections, it may be appropriate to interview major connection customers at several parts of the connection process (thus increasing annual sample size).

4.5. JV stated that Ofgem has received feedback that the time taken to provide a connection is too long. JV noted the RIIO-Connections Working Group has proposed an "average time to connect" incentive. JV asked the DNOs several questions about this issue, including whether an additional incentive was needed.

4.6. Alison Sleightholm (AS) noted that according to the Customer Satisfaction Survey so far; the time to provide a quotation, complexity of connection process and understanding of the connection cost were the most prominent issues for WPD. KA and JBa agreed that the same issues were important for Scottish Power and Northern Powergrid customers. The DNOs stated that if the customer satisfaction survey highlighted that the time to connect was an issue for customers, then they would look to address this issue.

4.7. BH considered that the time taken to connect was important, but highlighted that it wasn't the top issue raised as part of the customer satisfaction survey. BH asked why the time to connect was a priority for Ofgem. JV highlighted that they had received feedback on this issues from various sources; including the Distributed Generation Forum (DG Forum), the World Bank's recent report on the ease of receiving a connection and complaints/determinations received from Ofgem. JV suggested that being able to deliver connections quicker would be a good outcome for RIIO-ED1.

4.8. JV also highlighted the low acceptance rate of connection quotations. KA stated that for Scottish Power, competition and changing circumstances were the two largest reasons why connection quotation is not accepted. JBa noted that there is currently no price signal on customers about submitting a quotation application and encouraged DECC to implement legislative changes that allowed DNOs to recover the costs of producing a connection quotation.

4.9. JV also questioned whether there was a need for additional connection incentives once market segments are open to competition.

4.10. JV highlighted several issues Ofgem are considering for the two other components of the Broad Measure (complaints and stakeholder engagement). For the complaints metric, JV questioned whether there was a need to revise the weightings of the metric and whether the minimum level of service score needed to be raised. For the stakeholder engagement element of the broad measure, JV questioned whether parts of this incentive could be tailored towards engagement with social (eg fuel poor customers) and commercial issues (eg the views of major connection customers).

4.11. JV considered that many of the issues discussed straddled both the RIIO-ED1 Connection and Customer and Social Issues working groups and noted that he would be discussing the same issues with them.

Actions

- John Barnett to circulate information on the approach used to survey major connection customer internationally.
- DNOs to ensure that there is joined up thinking between representatives from the Connection Working Group and Customer and Social Issues Working Group.

5. DNOs presentation on Broad Measure

5.1. Paul Measday (PM) presented the DNOs views on the potential expansion of the Broad Measure of Customer Satisfaction for RIIO-ED1. Currently only customers who contact the DNO by phone are included as part of the customer satisfaction survey for general enquiries and interruption components. PM suggested extending the customer satisfaction survey to capture all general enquiries or interruptions customers irrespective of the customer enquiry channel used (eg post, website, social media).

5.2. The DNOs were divided on whether customers that have been proactively engaged with by the DNO (eg if DNO texts all customer contacts that live in an area affected by an interruption) should be captured as part of the Broad Measure. Some DNOs believed that they were already incentivised to proactively engage with customers (as this would reduce the number of calls to their call centre and improve the customer satisfaction scores of those customers that contact the DNO to receive more information). PM recognised that if we include all customers who have been proactively engaged by the DNO, then they might swamp the customer survey sample, so there might be a need to segment the customers.

5.3. JV did not believe that this issue required a major change of the Broad Measure and noted that this level of detail was probably not needed within the RIIO-ED1 September Strategy document. JV encouraged the DNOs to develop their thoughts on this issue, in advance of the next meeting.

Actions

- All DNOs to consider whether all proactive customer engagement should be included as part of the Broad Measure, in advance of the next meeting.

6. Stakeholder Engagement

6.1. JV questioned whether there were any questions or feedback on the stakeholder engagement trial in advance of the panel meeting on 19 July 2012.

6.2. AS encouraged Ofgem to undertake the trial assessment as if the incentive was live, to enable the DNOs to get as much feedback as possible on the areas to improve. JV agreed with this approach and also encouraged the DNOs to provide as much feedback on the assessment process as possible

7. Any other business

7.1. DL noted that the rollout of smart metering was likely to uncover many issues that require action from either the energy supplier or the DNO. DL asked how the DNOs are going to cope with the volume of work generated and ensure that all customers are satisfied with the work completed.

7.2. Several DNOs indicated that they share DL's concerns. BH suggested customer satisfaction with the service provided by the DNO would be evaluated as part of the general enquiries component of the Customer Satisfaction Survey. BH also noted that the rollout of smart metering may happen unevenly across the DNOs regions and suggested that this may influence a DNO's Broad Measure scores.

7.3. AS stated that the DNOs were likely to assess and forecast the impact of the smart metering rollout as part of their "well justified" RIIO-ED1 business plans. AS indicated that the DNOs would seek the resources needed to deal with the volume of work generated by the smart metering rollout.

7.4. JV highlighted that the issue wasn't necessarily within the scope of the CSIWG but assured DL that the issue was being considered by both Ofgem and the DNOs.

Next Meeting

7.5. The next working group will be held from 10:30- 14:00 on 24th July 2012 at Ofgem's main offices in London (9 Millbank, London, SW1P 3GE).