

## RIIO-GD1 Customer and Social Issues Working Group

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This working group captures all consumer and social issues related to the service provided by the gas distribution networks (GDNs).	From	perrys	15 October 2012
	Date and time of Meeting	14:00-15:00	
	Location	9 Millbank, London, SWIP 3GE.	

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### 1. Present

James Veaney (Ofgem)  
Lia Santis (Ofgem)  
Phil Sumner (Ofgem)  
Jacob Kane (Ofgem)  
David Gill (Northern Gas Networks)  
Kirsten Jameson (Northern Gas Networks)  
Rebecca Pickin (Northern Gas Networks)  
Stephen Parker (Northern Gas Networks)  
Margaret Hunter (Scotia Gas Networks)  
Tracy Hine (National Grid)  
John Downing (National Grid)  
Claire Edwards (Wales and West Utilities)  
Steven Edwards (Wales and West Utilities)

### 2. Introductions

2.1. James Veaney (JV) welcomed attendees to the latest RIIO-GD1 Consumer and Social Issues working group (CSIWG). JV commented that this working group was an opportunity for GDNs to provide feedback on responses to RIIO-GD1 Initial Proposals and on GDNs' ongoing activities in relation to CO safety.

### 3. Customer Satisfaction Survey (CSS)

3.1. Each GDN currently appoints their own market research provider that administers the CSS on their behalf in accordance with the RIGS. To improve consistency, it has been suggested that all GDNs should be obliged either to use the same market research provider or have a joint and independent audit of each GDN's implementation of the survey methodology. The GDNs agreed, although NGGD questioned whether the cost associated with this would be justified.

3.2. JV emphasised the need to ensure consistency regarding the application of the CSS throughout the price control. Where the GDNs are able to voluntarily undertake measures to reassure Ofgem (and themselves) that all apply the methodology in a consistent, this will avoid the need for additional licence obligations.

#### **Action – DG to come back with proposal on behalf of GDNs for audit**

3.3. JV discussed the slides containing our proposals and GDNs' responses to the consultation. In terms of the maximum penalty and reward scores associated with Connections customers we have noted that GDNs have all suggested a slight shift from our proposals (from 7.5 – 8.5 to 7.4-8.4). We believe the arguments put forward by the GDNs carry some weight and we are actively considering revising our proposals accordingly.

3.4. Also on the Connections element of the survey, JV stated that in addition we are considering the issue that currently impacts upon connections in London, but which also has the potential for impacts across the UK during RIIO-GD1. We have been presented with evidence that connections providers in London are required to undergo a more complex and time consuming process to obtain the necessary permits to work from Highways Authorities. There appears to be a correlation between overall satisfaction and time to complete works, these delays may be impacting the scores for networks in London. It has been argued that these networks could either have their scores adjusted or be measured against a different target. We have concerns with these approaches, including the lack of equivalence for networks that are not currently affected but could be during the course of RIIO-GD1. We are instead considering whether to lower the maximum penalty score for connections customers, thereby providing a degree of financial mitigation for networks whose performance is below target

#### **4. Complaints Metric**

4.1. JV noted that in their responses, GDNs had reiterated their concerns around the disproportionate impact financial impact associated with Energy Ombudsman (EO) decisions against the GDN. In Initial Proposal we set out that this element would be weighted at 10 per cent of a GDN's overall score. We considered GDNs' responses and whilst we intend to retain this element of the measure we are currently assessing whether to change the calculation of this component. In changing the performance measure to be EO decisions as a percentage of total complaints (as opposed to number of complaints referred to EO) this would reduce the financial impact of any findings against the GDN.

4.2. GDNs welcomed further consideration of this issue, but highlighted that Ofgem should consider the resultant impact upon other components of the metric as a result of a change to the EO element.

**Action – GDNs to provide comments back to Ofgem's for consideration.**

#### **5. Stakeholder Engagement**

5.1. JV noted that our decision on the approach used to assess stakeholder engagement would be published in October 2012 for the electricity companies. LS confirmed that we plan to publish draft guidance for the Stakeholder Engagement Incentive by the end of October as part of the second licence consultation. This Guidance will be similar to the final guidance for electricity distribution and will include key areas of assessment based on the Panel's scorecard.

5.2. TH asked whether the Guidance included information on the actual scoring and whether an 8/9 score would be equal to a full reward. LS stated that this information was not included in the Guidance document. JV added that we would have a clearer view on the scoring arrangements once we had the opportunity to run the trial scheme in summer 2013.

#### **6. Fuel Poor Network Extensions**

6.1. JV acknowledged GDN queries in regards out/under performance against the GD1 target (both annually and across the period).

6.2. JV confirmed that our Final Proposals document would provide greater detail on these issues.

#### **7. Carbon Monoxide (CO) Awareness**

7.1. JV provided a high level overview of Ofgem's Initial Proposals on improving awareness of CO poisoning.

7.2. JV acknowledged SGNs' proposal of a suggested financial incentive (0.5 per cent allowed revenue) linked to increases in awareness of CO risks and highlighted some of the concerns we held with measurability and attributing increases in awareness to GDN activities.

7.3. CE were concerned that the adoption of SGN's proposal might require the use of FCO staff to increase awareness – the additional time/training required to do so had not been factored into their assumptions for the use of their FCO resource. WWU would favour operational funding in this area rather than an awareness-linked incentive. More generally however, WWU felt there was insufficient incentive across the whole of GD1 Initial Proposals.

7.4. DG believe that it would be more practicable to have any initiatives for CO awareness embedded into normal operational activities and believe an operational allowance is more appropriate than trying to incentivise CO Awareness.

7.5. It was highlighted that industry meetings were scheduled in the coming weeks to discuss a joint approach to sharing CO data.

**Action – GDNs to come back with further thoughts regarding data sharing initiatives and CO related activities after industry meetings**

## **8. Licence Drafting and Regulatory Instructions and Guidance**

8.1. For the definition of 'customer not responding' DG set out NGN's view 12 months is an unreasonably long period of time to have to wait to close a complaint from the point at which it has been possible for the complainant to go to the Ombudsman but hasn't bothered to do so.

8.2. DG believes it contrasts the ability set out in the previous paragraph (1.22) for the company to consider a complaint resolved if the customer remains silent for 10 working days after being asked if he/she is satisfied that work done has suitably addressed his/her complaint.

8.3. Further, the Energy Ombudsman Service Terms of Reference. Paragraph 11.1(c) (see below) says that the ombudsman cannot accept a case (except in appropriately extenuating circumstances) if it comes in more than six months after the company has issued a deadlock letter (which I take to be a notice under regulation 6 of the Gas and Electricity (Consumer Complaints Handling Standards) Regulations 2008), or (in a case where no deadlock letter has been issued) if it comes in more than 9 months after the complainant first complained to the company. DG therefore proposed to tie the proposed new paragraph 1.23 in with this.

8.4. The other GDNs supported this proposal and Ofgem agreed to give it further consideration.

**Action – Ofgem to consider amending RIGS to reflect NGN's proposed change**