

# Major Customer Proposals

## Workplan

# Ofgem's Aim

“In the absence of competition we would use outputs and incentives to deliver the right services for consumers:

- Customer satisfaction survey
- Average time to connect incentive”
- Concerns that major connections customers are encountering a number of difficulties in connecting to the network (emphasised by DG Forum/London First/other outputs)
- Where DNOs have passed the Competition Test, we anticipate that they have the necessary incentives to demonstrate customer-facing behaviour and understand and respond to their requirements
- Where DNOs have not passed the Competition Test, we want to simulate this behaviour

# Three Options for Competition Notice RMSs

## 1. Pass No regulation

- Still included in general enq & interruptions
- No Price regulation
- No BMCS (major connections) survey
- No time to connect incentive

## 2. Not passed Simulate Competitive behaviour through regulation

- Workplan, as outlined in following slides
- No BMCS (major connections) survey
- No time to connect incentive
- Penalty Only (-0.5%)

## 3. Excluded Segments

- Only segment definition (domestic LV work <5 or one-off industrial and commercial work)
- Price regulation
- Incentive

# Ofgem's Proposal for RMSs NOT Passed

## Strategy

- DNO Business Plan sets out approach for meeting requirements of major customers
- Ofgem publish **minimum criteria** for DNOs to meet

## Delivery

- DNO carries out stakeholder engagement and mapping
- DNOs publish a work-plan of commitments to demonstrate how DNO is improving overall: Quality of connections service, Timeliness of connections, Provision of information
- DNOs deliver against the commitments

## Assessment

- DNOs self-assess at end of year against **minimum criteria**
- DNOs obtain independent validation of their performance e.g. Cust sat survey, mystery shopping, report or audit

## Regulation

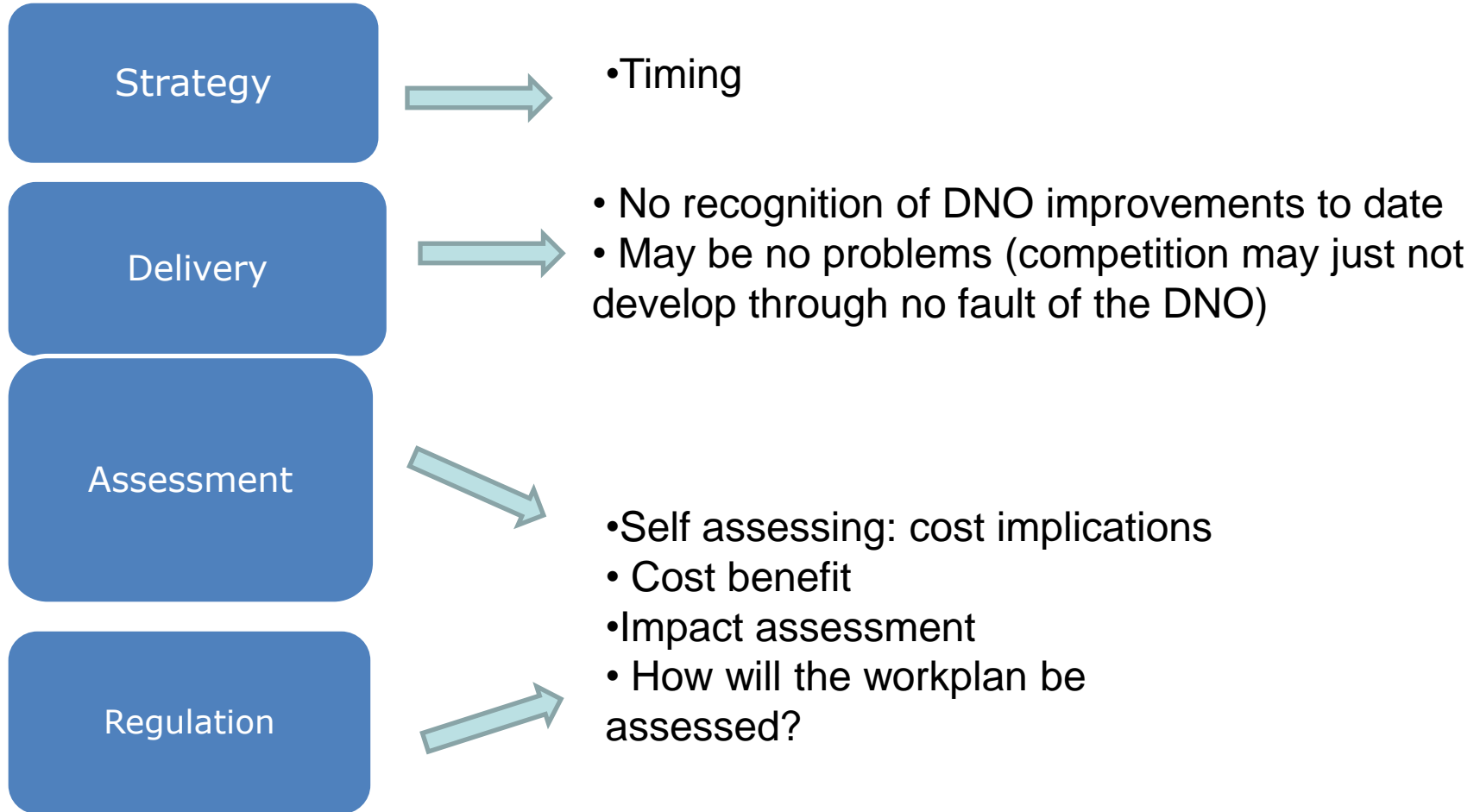
- Ofgem assess DNO performance against **minimum criteria**
- Ofgem award penalty for each market segment that does not meet minimum requirements

# Issues with current proposals

Ofgem proposal is good for segments where there is the potential for competition


1. After Dec 13, can't pass RMSs in CT so stuck in a box for whole of ED1 process
  - Not open to a) develop competition  
b) re-regulate
2. No definition of Exc segments so some RMSs may have same characteristics as Exc RMSs
  - Define Exc and have option to class RMSs as Excluded should they fit the definition (see slide 7)

# The workplan




# Proposal to have 2 options within Workplan

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1. Complete workplan, as Ofgem have suggested for all RMSs which do not fall under 'Excluded RMSs'.



2. Have option to define some RMSs as 'Excluded RMS' (like domestic LV <5 or one-off industrial and commercial), should they fit the agreed definition

- Definition Example:
  - i) Average value per job < £1500
  - OR
  - ii) < 5 quotations issued

- No margin can be charged, however can't get penalised. Still protected by SLC15

# Next Steps

- all RMSs to be in a 'box' by 1<sup>st</sup> April 2015
- Be able to move RMSs between these categories
- define characteristics of excluded RMSs

## Benefits:

- proportionate
- targeted regulation for customer benefit