

The background features a large, semi-transparent white arrow pointing to the right, overlaid on a collage of images including solar panels, a close-up of a white ceramic swirl, and a blue gear-like pattern. The overall color palette is light and airy, with soft blues, whites, and oranges.

Major Customers December 2012

Smarter Grids and Governance, Ofgem

Major connections customers

September 2012 consultation we highlighted need to improve:

- (i) Quality of connection
- (ii) Provision of information
- (iii) Timeliness of connection



All activities DNOs
should be
undertaking as a
minimum to keep
their customers

We believe competition is the most effective method of achieving this

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

Incentivising Competition

Competition Test At DPCR5 we segmented the connections market into segments:

- Excluded market segments (no competition)
- 9 market segments that could possibly be open to competition (major customers)
- DNOs have until end 2013 to pass the Competition Test in these 9 market segments
- Market segments that pass the test will not be subject to outputs and incentives
- The market segments that have not passed will be subject to incentives on a penalty-only basis

Major connection customers: DPCR5-ED1

DPCR5 Structure

Customers included in Customer Satisfaction Survey
Split minor/major to increase proportion of major customers

Licence requirements

Publish Long Term Development Statement (LTDS)
Publish a DG Connections Guide.
Produce a DG Information Strategy

RIIO-ED1 Strategy Consultation Proposals

New Customer Satisfaction Survey for major customers
New average time to connect for major customers

Licence requirements

Publish a LTDS
Publish a DG Connections Guide
Remove licence obligation for DG Info Strategy

Responses to ED1

General support for minor customer approach

Assessment for major customers is more difficult

DNOs: not sure about major customer satisfaction survey due to decreasing sample size (large margin of error)

DNOs and customers: not convinced Time to Connect is critical for large connections

All are relatively supportive:

- retain LTDS
- retain Connections Guide
- remove Information Strategy.

Major connections customers

- 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

Proposed new approach

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
- DNOs deliver against the commitments

Assessment

- DNOs self-assess at end of year against **minimum criteria**
- DNOs obtain independent validation of their performance

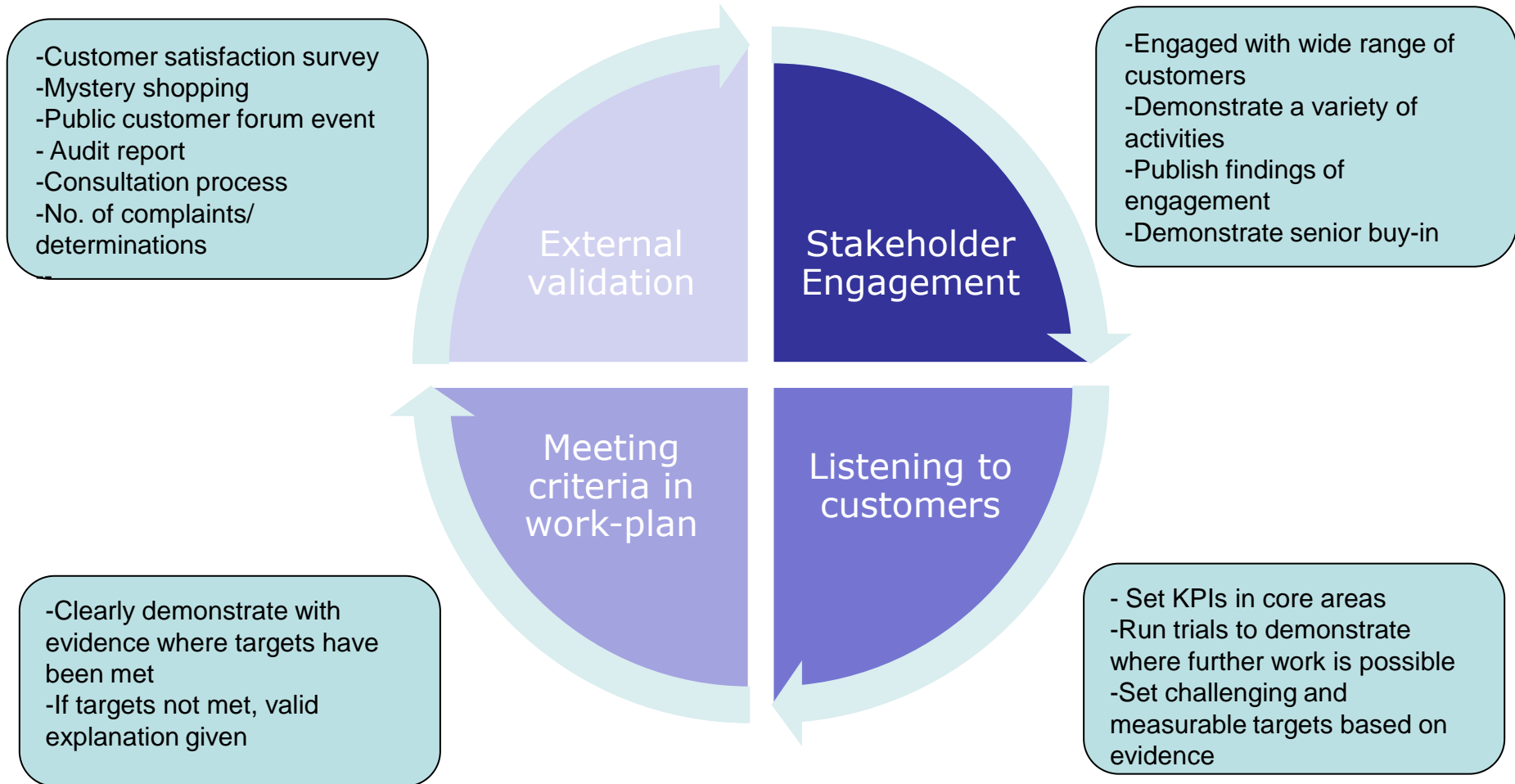
Regulation

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

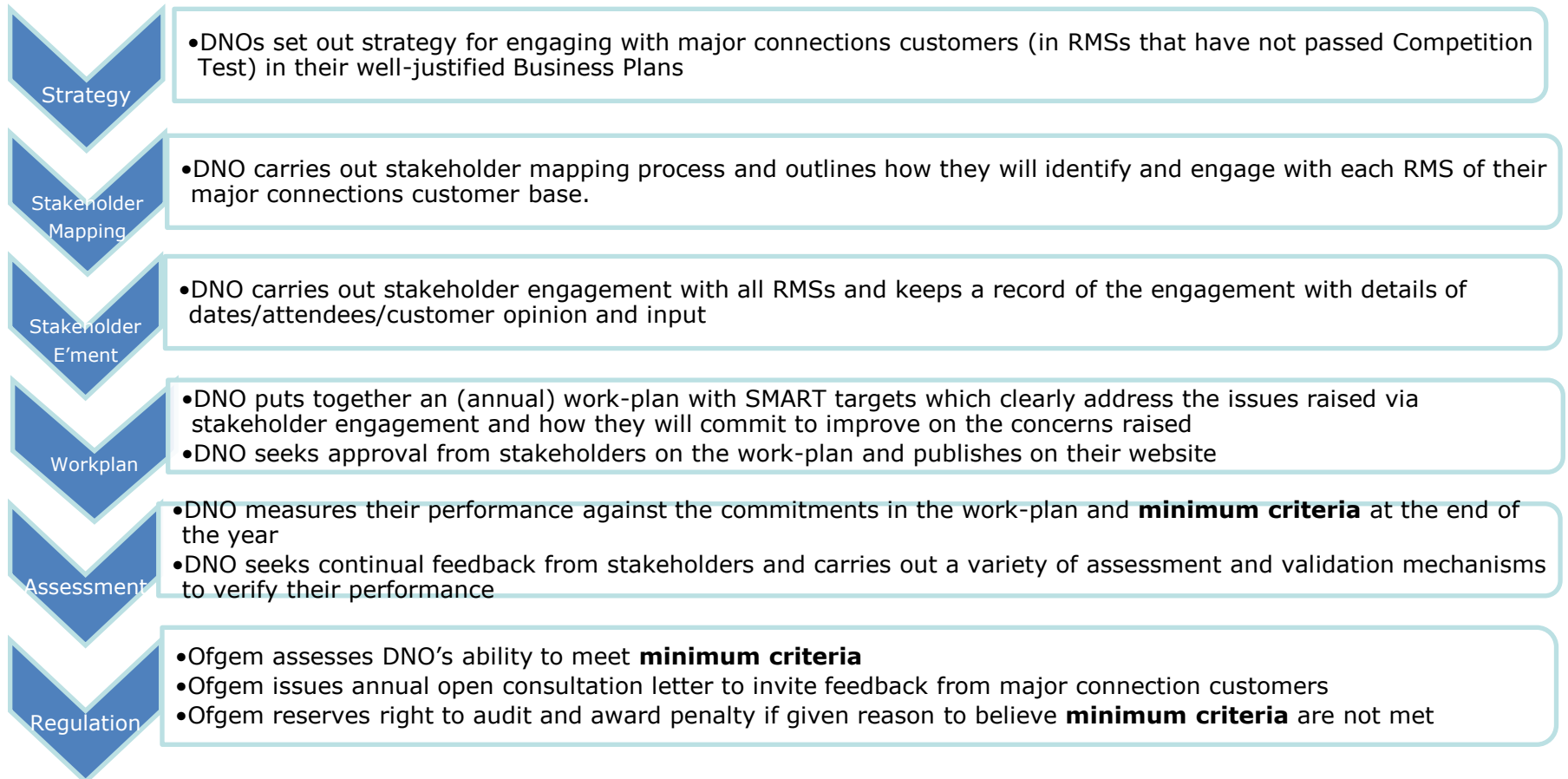
Minimum Criteria (example)

Strategy	Set out strategy in Business Plan for major customers demonstrating senior management buy-in and high level approach (no score against this)
Stakeholder engagement	<ul style="list-style-type: none"> - Stakeholder mapping - Engage with broad variety of major customer stakeholders -Identify and justify actions to respond to stakeholder needs
Major Customer Work-plan	<ul style="list-style-type: none"> - Publish a work-plan of commitments (evidencing how DNO is responding to stakeholder concerns) - Demonstrate how DNO is improving overall: <ul style="list-style-type: none"> (i) Quality of connections service (ii) Timeliness of connections (iii) Provision of information
Performance	<ul style="list-style-type: none"> -DNO to provide evidence that they have assessed their performance against the commitments in the work-plan -DNOs to provide external validation of their performance against the commitments e.g. Customer Satisfaction Survey <ul style="list-style-type: none"> Mystery shopping Commissioned a report from a representative body Carried out an external audit

Meeting minimum criteria – the process



Worked Example



The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

Promoting choice and value
for all gas and electricity customers