

# **RIIO-ED1 Strategy Consultation** Responses

Proposals for Customer Service and Social Issues



# **RIIO-ED1 Strategy Consultation**

- Retain BMCS structure
- Increase focus on stakeholder engagement and connections service

#### **Responses**

- Majority of stakeholders agreed with retaining BMCS structure.
  - Some stakeholders queried the current effectiveness
- Increased exposure.
  - Some stakeholders considered that increased exposure may not deliver value for money.



#### **BMCS – Customer Satisfaction Survey**

#### Proposals and responses

- Approach for target setting
  - All DNOs support fixed targets (potential mid period review)
  - Others support rolling targets (potentially ratcheted up across the period)
  - Reward could be based on annual improvement.
- Include interruption customers that are proactively contacted by the DNO –split support
  - Could include direct, specific engagement where DNO has contact details.
  - Split views over social media.
  - Any changes would need to be reflected in target.
- Take into account unsuccessful calls majority support.
  - Yes Ease of contacting DNO is important. It also Ensures no incentive on the DNOs to reduce the number of calls received.
  - No Concerns over consistency of reporting.
  - No Prevents DNOs from seeking other contact routes (eg callback).
- Take into account provision of information limited support
  - No Already incentivised. Proposed method presumes that this will remain key indicator
  - No Should be separately incentive.
  - Yes -this is an important measure to customers.

## ofgem Promoting choice and value for all gas and electricity customers Stakeholder Engagement

#### **Proposals and responses**

- Indicators used to measure Complaints performance?
  - Energy Ombudsman indicator (remove, reduce weighting, assessed against total number of complaints).
  - One DNO recommend reduced weighting on complaints outstanding after 1 day, more focus on complaints outstanding after 14 days, 30 days and repeat complaints within 6 months.
- Approach for target and max penalty for Complaints?
  - Fixed using same approach used in GD1.
  - Use historic data.
- Approach used to assess Stakeholder Engagement?
  - DNOs support increase reward.
  - Guidance on min requirements communicated early and clearly.
  - Should enable DNOs to be innovative.



## **Social Obligations**

- Are there additional social issues (beyond vulnerability, fuel poverty and safety) that DNOs should address?
  - Should include engaging and work with other agencies.
  - Better use of priority service registers. Share data.
  - Activities should be linked with network.
  - Further issues may be identified at a later date business plans and price controls should be flexi to this.
- What specific outputs that DNOs could be responsible for delivering?
  - Engaging with customers, understanding needs.
  - Outputs could be project based (linked to funding allowance).
  - Any outputs need to be communicated in advance of business plans.
  - Some specific ideas (eg reduced use of system charges for fuel poor customers or sharing cost of connecting off-grid properties with other utilities (eg broadband))
- Separate funding allowance to carry out work?
  - Yes. Need to future proof arrangements. Support extension of innovation funding. SE could be identify projects.
  - No. SE should capture this.
  - Maybe. If activities and outputs identified. Strictly eligibility required.
- Are DNOs incentivised to engage with social issues through SE?
  - Yes. Incentivised to engage. Doesn't encourage the adoption of best practice.
  - No. Doesn't encourage investment.



# Social and CSS following responses



# **Social**

#### **Requirement for funding:**

- Improving PSR data, using information more effectively & developing relationships with stakeholders – not (necessarily) cost issues
- Business plan provides opportunity to highlight specific activities that may require funding (+ outputs)
- Incentives exist to progress activities that offset need for expenditure
- NIA could enable support for trials of schemes:
  - That could deliver network benefits
  - No certainty on success of trial
  - Do not duplicate pre-existing learning & enable others to learn from trial
  - If successful trial should become BAU
  - Approach should be set out in Innovation Strategy and justified through stakeholder engagement



# **Customer Satisfaction Survey**

Include unsuccessful call data for interruptions element.

- Do not want to stop DNOs from calling back customers, if this is what customers want.
- We need to ensure consistency of reporting.

Include general enquiries and interruptions customers that have been proactively contacted by the DNO. Where criteria met.

#### <u>Criteria</u>

- Direct contact with a specific network customer (registered MPAN).
- Necessary contact details (eg telephone number).
- Additional filter question at the start of the CSS to confirm that the customer had a useful interaction with the DNO.



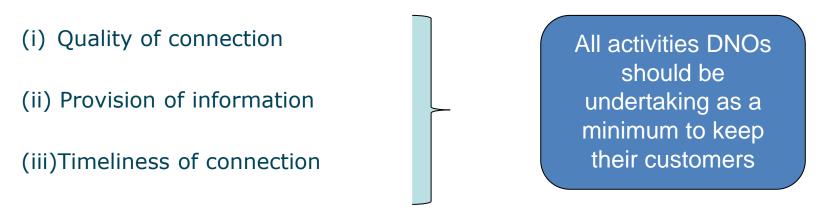
# **Major Connection Customer Proposals**

Smarter Grids and Governance, Ofgem



## **Major connections customers**

#### September 2012 consultation we highlighted need to improve:



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	<ul> <li>DNO Business Plan sets out approach for meeting requirements of major customers</li> <li>Ofgem publish <b>minimum criteria</b> for DNOs to meet</li> </ul>
Delivery	<ul> <li>DNO carries out stakeholder engagement and mapping</li> <li>DNOs publish a work-plan of commitments</li> <li>DNOs deliver against the commitments</li> </ul>
Assessment	<ul> <li>DNOs self-assess at end of year against minimum criteria</li> <li>DNOs obtain independent validation of their performance</li> </ul>
Regulation	<ul> <li>Ofgem assess DNO performance against minimum criteria</li> <li>Ofgem award penalty for each market segment that does not meet minimum requirements</li> </ul>

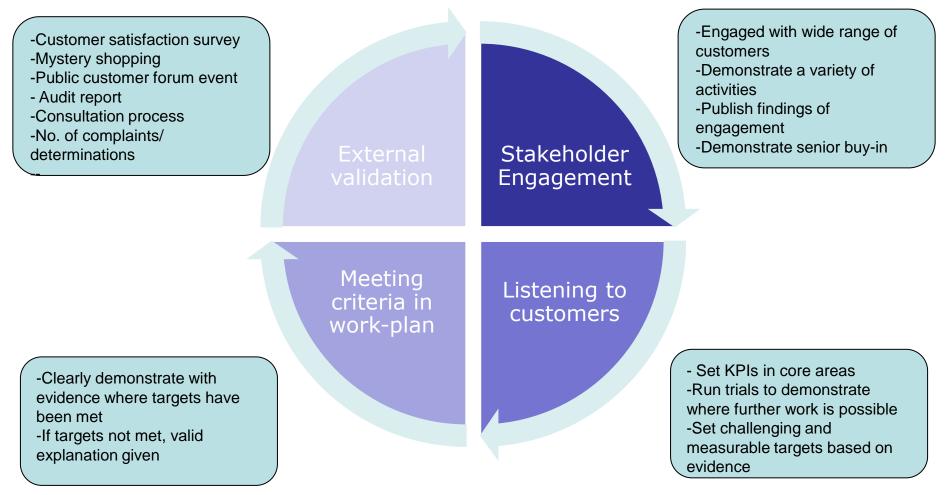


# Minimum Criteria (example)

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> <li>Stakeholder mapping</li> <li>Engage with broad variety of major customer stakeholders</li> <li>Identify and justify actions to respond to stakeholder needs</li> </ul>
Major Customer Work-plan	<ul> <li>Publish a work-plan of commitments (evidencing how DNO is responding to stakeholder concerns)</li> <li>Demonstrate how DNO is improving overall:</li> <li>(i) Quality of connections service</li> <li>(ii) Timeliness of connections</li> <li>(iii) Provision of information</li> </ul>
Performance	-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 Mystery shopping Commissioned a report from a representative body Carried out an external audit



#### **Meeting minimum criteria – the process**



## Worked Example

