ofgem — Promoting choice and value for all gas and electricity customers

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.

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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.

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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.

- 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.

Criteria

- 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:

(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.

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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	- Stakeholder mapping - Engage with broad variety of major customer stakeholders -Identify and justify actions to respond to stakeholder needs
Major Customer Work-plan	- Publish a work-plan of commitments (evidencing how DNO is responding to stakeholder concerns) - Demonstrate how DNO is improving overall: (i) Quality of connections service (ii) Timeliness of connections (iii) Provision of information

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

-Customer satisfaction survey
-Mystery shopping
-Public customer forum event
- Audit report
-Consultation process
-No. of complaints/
determinations

-Engaged with wide range of customers
-Demonstrate a variety of activities
-Publish findings of engagement
-Demonstrate senior buy-in

External validation

Stakeholder Engagement

Meeting criteria in work-plan

Listening to customers

-Clearly demonstrate with evidence where targets have been met
-If targets not met, valid explanation given

- Set KPIs in core areas
-Run trials to demonstrate where further work is possible
-Set challenging and measurable targets based on evidence

Worked Example

Strategy
- DNOs set out strategy for engaging with major connections customers (in RMSs that have not passed Competition Test) in their well-justified Business Plans

Stakeholder Mapping
- DNO carries out stakeholder mapping process and outlines how they will identify and engage with each RMS of their major connections customer base.

Stakeholder E'ment
- DNO carries out stakeholder engagement with all RMSs and keeps a record of the engagement with details of dates/attendees/customer opinion and input

Workplan
- DNO puts together an (annual) work-plan with SMART targets which clearly address the issues raised via stakeholder engagement and how they will commit to improve on the concerns raised
- DNO seeks approval from stakeholders on the work-plan and publishes on their website

Assessment
- DNO measures their performance against the commitments in the work-plan and **minimum criteria** at the end of the year
- DNO seeks continual feedback from stakeholders and carries out a variety of assessment and validation mechanisms to verify their performance

Regulation
- Ofgem assesses DNO's ability to meet **minimum criteria**
- Ofgem issues annual open consultation letter to invite feedback from major connection customers
- Ofgem reserves right to audit and award penalty if given reason to believe **minimum criteria** are not met