

## Minutes of RIIO-ED1 Customer and Social Issues Working Group (CSIWG)

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Minutes of RIIO-ED1 CSIWG meeting held at Ofgem on Wednesday 05 <sup>th</sup> June 2013	From Date and time of Meeting Location	Stephen Perry 05 <sup>th</sup> June 2013 10:00 to 13:30 9 Millbank, London, SW1P 3GE	05 June 2013
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### 1. Present

#### **Ofgem**

James Veaney  
Olivia Powis  
Stephen Perry  
Phil Sumner

#### **DNOs**

Alison Sleightholm (WPD)  
John Barnett (Northern Powergrid)  
Matthew Preston (Northern Powergrid)  
Brian Hoy (ENWL)  
Paul Fitzgerald (SSE)  
Jeremy Blackford (Scottish Power)  
Kendal Adams (Scottish Power)  
Hannah Ngoma (UKPN)  
Paul Measday (UKPN)

#### **Other**

Andrew Faulk (Consumer Futures)

### 2. Introduction

2.1. James Veaney (JV) welcomed everyone to the latest RIIO-ED1 CSIWG.

2.2. JV noted that earlier this year, we made our high-level decision on the outputs that each electricity distribution network operator (DNO) will need to deliver and the associated incentive mechanisms to drive the DNOs to achieve this. JV stated that we will be consulting shortly on how each customer service incentive will operate and that this working group was an opportunity to share initial views.

### 3. DNO presentation on Customer Satisfaction Survey (slides attached)

3.1. Paul Measday (PM) provided an overview of the DNOs' views on the customer satisfaction survey. The DNOs considered that the target and maximum reward/penalty score should be based on what constitutes a good level of service across all industries. The DNOs provided data from the Institute of Customer Service about levels of satisfaction across different industries (the UK Customer Service Index). The DNOs considered that the target and maximum reward/penalty scores for DNOs should be calculated using this data set.

### 4. Ofgem presentation on Customer Satisfaction Survey (slides attached)

4.1. Stephen Perry (SP) provided an overview of the components of the Customer Satisfaction Survey that we would be consulting on shortly.

4.2. SP stated that we were supportive of common targets for all licensees and for service categories (eg interruptions, connections and general enquiries). However, SP noted that we would be seeking views on this point as part of our consultation.

4.3. SP stated that we were relatively comfortable with the target and maximum reward/penalty scores proposed by the DNOs because it provides an incentive for all DNOs to improve performance.

4.4. SP proposed that we determine the penalty incentive rate for each element by dividing total revenue exposure by the difference between the maximum penalty score and the industry target score.

4.5. SP noted that we have decided to factor in the percentage of unsuccessful calls into the DNOs' interruption customer satisfaction survey score. SP stated that we were considering a reduction of 0.06 for each percent of unsuccessful calls. PM suggested introducing a cap on the maximum impact that this could have on interruptions customer satisfaction survey score. AS stated that it is impossible to reduce unsuccessful calls to zero, so suggested introducing a deadband (eg a reduction of 0.06 for each percentage of unsuccessful calls above 2 per cent). Jeremy Blackford (JBa) suggested that the impact of unsuccessful calls should only apply to unplanned interruptions. AS that the impact of unsuccessful calls should be the same, regardless of the interruption type.

4.6. BH acknowledged that the proposed approach would have an equal impact on the customer satisfaction survey score for all DNOs, but questioned whether the financial impact would be equal for all DNOs.

4.7. JV stated that we welcomed the ideas proposed and will incorporate their views into the consultation.

## **5. DNO presentation on Complaints Metric (slides attached)**

5.1. BH provided an overview of the DNOs' views on how to set the target/maximum reward score for RIIO-ED1. The DNOs considered that they were already performing well as an industry, when compared to the gas distribution network companies. The DNOs therefore supported a target based on average performance in DPCR5 and a maximum reward score based on current worst performer in each indicator.

## **6. Ofgem presentation on Complaints Metric (slides attached)**

6.1. JV provided an overview of the elements of the Complaints Metric that we would be consulting on shortly.

6.2. The working group discussed the options for setting the target/maximum penalty score. JV stated that we were considering two main approaches:

- A target based on average performance and a challenging maximum penalty score based on current worst performer. This would reflect that current average levels of performance are acceptable but that the worst performers have a strong incentive to improve; or
- A more challenging target based on upper quartile performance and a lower maximum penalty score based on current worst performer in each indicator. This would incentivise even the best performing DNOs to improve performance beyond current levels.

6.3. In discussion, the DNOs appeared to support setting a target at an achievable level with higher penalties if the target isn't met, to incentivise worst performers to improve performance.

6.4. JV proposed that we determine the penalty incentive rate for each element by dividing total revenue exposure by the difference between the maximum penalty score and the industry target score.

## **7. Ofgem presentation on Stakeholder Engagement and Social Objective**

7.1. JV stated that we will not be consulting on any elements of the Stakeholder Engagement Incentive design at this time.

7.2. JV stated we need to consider how to incorporate social objectives into the Stakeholder Engagement Incentive assessment framework.

**Action: DNOs to consider how to incorporate social objectives into the Stakeholder Engagement Incentive assessment framework.**

## **8. DNO presentation on Telephony reporting**

8.1. At the last meeting the DNOs agreed to review telephony reporting, to ensure data consistently. AS provided an overview of the DNO discussions. AS recommended clarifying that KM1 does not have to equal the total of KM2 and KM3 calls (as calls could have multiple outcomes).

8.2. AS suggested adding a delay of up to three seconds at the end of the telephone message, to allow customers that are satisfied to hang-up, without being recorded as an unsuccessful call. JV stated that some customers may hang up because of the message that they heard (eg if they are told that there is a 45 minute delay to speak to an advisor).

8.3. AS noted that DNOs are currently reporting KM5a inconsistently. AS stated that some telecoms providers provide data on unsuccessful calls that are outside of the DNOs' control, whilst others do not. To ensure consistency, AS proposed removing unsuccessful calls that are outside of the DNOs control from KM5 data. JV questioned whether the DNOs were able to leverage this data to achieve a better service from the telecoms provider. AS stated that their telecom provider already considers that they are providing a good service and that an unsuccessful call rate of zero is unachievable.

8.4. JV thanked the DNOs for their work and stated that we would take forward their recommendations at the next available opportunity.

## **9. Ofgem update on Consumer Vulnerability Strategy**

9.1. Phil Sumner (PS) provided an update on the Consumer Vulnerability Strategy (CVS). PS confirmed that the CVS would be published shortly. PS expected our research on Priority Service Registers (PSRs) to be published alongside the strategy.

## **10. Date of the next meeting**

10.1. The next meeting will be held at the end of August 2013. The objective of the next meeting will be to review consultation responses, review approaches to assessing Stakeholder Engagement and discuss the CVS.