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Dear Claire,

Re: Proposals for a new Consumer Vulnerability Strategy Consultation (124/12)

National Grid Gas Distribution (NGGD) welcomes the opportunity to comment on this consultation. NGGD is part of National Grid plc (NG) which owns and operates the high voltage electricity transmission system in England and Wales and operates the Scottish high voltage transmission system. NG also owns and operates the gas transmission system throughout Great Britain and through its gas distribution business, transports gas in the heart of England to approximately 11 million customers. In addition, NG owns and operates substantial electricity and gas assets in the United States.

NGGD recognises the importance of ensuring consumers who are in a vulnerable position are assisted in an appropriate manner through the services provided to them. Ofgem's Vulnerability Strategy's intention is to set out priorities to help protect gas and electricity consumers in vulnerable positions. Whilst understanding the intent of this consultation, NGGD has concerns around the practical challenges of implementation, in line with how vulnerability may be redefined, how the identification process for vulnerability works, and how consistency of application going forward will work in practice, in and between, both supplier and distribution businesses.

As a regulated business, NGGD complies with a number of obligations arising through statute and the Gas Transporter licence relating to vulnerable consumers. These include, but are not limited to the provision of heating and cooking during gas interruptions, gas emergency telephone call handling facilities and re-positioning of domestic meters. In addition, through National Grid Affordable Warmth Solutions, we provide free or low cost gas connections and related services to fuel poor customers who are not connected to the gas network. Through Xoserve, Gas Distribution Networks provide a facility for Suppliers to maintain details of Priority Service customers in accordance with their supplier licence obligations¹.

In each case, the obligations are clearly defined, as are the descriptions of the qualifying categories of customer to whom the service would apply. This degree of clarity ensures that Gas Distribution Networks are able to identify those customers that require a particular service and thereby comply in all instances, and importantly meet the needs of those individuals. In some cases the obligation is already operated flexibly by our staff beyond the relevant regulations. For instance, in the provision of temporary heating and cooking equipment, our engineers have the discretion to provide appliances to anyone they consider to be vulnerable.

NGGD agrees with Ofgem that vulnerability classification is essentially dynamic in nature; that a variety of factors may change a customer's circumstances in respect of vulnerability. However, for a

¹ NGGD notes that in section 3.8 of the consultation document, Ofgem has erroneously described the Priority Services Register (PSR) as a gas distributor licence obligation. On Gas Networks' behalf, Xoserve provides the facility for suppliers to establish and maintain a PSR in order to comply with their licence obligations (see Condition 26.4 of the Supplier Licence)

licensee to operate effectively and consistently, certain parameters must be applied to this definition to ensure those in need obtain the appropriate level of service required. Moving to an approach that requires individual judgement will inevitably give rise to errors, inconsistencies and misconceptions on the part of both licensees and customers, leading to unrealistic expectations, complaints and potential claims of non-compliance with regulatory obligations.

NGGD notes that the BSI Standard *BS18477:2010 'Inclusive Service Provision – Requirements for identifying and responding to consumer vulnerability'* defines vulnerability as 'the condition in which a consumer is at greater risk of mis-selling, exploitation or being put at a disadvantage in terms of accessing or using a service or in seeking redress'. In so far as Gas Distribution Networks are concerned, retailing is not undertaken by licensees and all other activities where customers have requested a service, such as connections and metering are strictly controlled by the Gas Act and Gas Transporter Licence. In that sense, the risk that BS18477 is describing, is unlikely to arise in relation to these services or others where Gas Distribution Networks interact with vulnerable customers. It is more likely that NGGD staff will go further to help vulnerable customers as they are not operating in a competitive sales orientated environment.

In summary, while NGGD supports Ofgem's intent to extend vulnerability protection to customers who through particular circumstances may not otherwise be identified as such, the perceived benefits would almost certainly outweigh the disadvantages in the case of Gas Distribution Networks. The level of protection afforded to vulnerable customers through existing statute and licence together with a clear operating framework, already provides certainty for both networks and customers. Beyond this, NGGD already supports customers who may be vulnerable, but do not fall under the current legislative definitions. This good practice and discretionary approach is more likely to succeed than a prescriptive one, particularly as Gas Distribution Networks will have strong financial incentives from April 2013 to improve customer satisfaction over the next eight years.

To NGGD's knowledge there have been no concerns in relation to vulnerability raised by relevant stakeholders during the RIIO GD1 process or more broadly. There is therefore a risk, that in seeking to formalise through licence obligations a very laudable objective to protect vulnerable customers (that relies on a very wide definition), that errors and misunderstandings will arise. NGGD does not believe this will necessarily be a good outcome for either gas customers or network licensees.

We look forward to working with Ofgem over the coming months, to develop approaches which improve our services to vulnerable customers over the RIIO GD1 period and beyond.

Should you wish to discuss any matter within this letter, please contact Ruth Thomas on 07768 173469 or at ruth.thomas2@nationalgrid.com.

Yours sincerely,
[by email]

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