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03 December 2012

Dear Claire

Ofgem proposals for a new Consumer Vulnerability Strategy

1. This is the Northern Powergrid response to the Ofgem September 2012 consultation that covers proposals for a new Consumer Vulnerability Strategy. We broadly support the proposals and provide below our response to the questions set out by Ofgem in the consultation document.

Question 1: Do our proposed Strategy themes provide an accurate reflection of the work Ofgem should be doing to help protect consumers in vulnerable positions?

2. We agree for the most part that the proposed strategy themes are an accurate reflection of the work Ofgem should be doing to help protect vulnerable customers.
3. Promoting best practice amongst suppliers and distributors is an important component of this and we would support more emphasis on ensuring that regulation encourages and smooths the way for joint working, not just sharing best practice.
4. More work needs to be done across energy but also across government to remove barriers to joint solutions. An example of this is the work we are undertaking in partnership with Northern Gas Networks and Leeds City Council to look at off-gas solutions for the replacement of gas heating in tower blocks with an aim of helping to tackle fuel poverty. The gas network operators are currently incentivised to do this, whilst the electricity DNOs are not.

Question 2: Do you agree with our proposed perspective on vulnerability? Are there other risk factors or features of the energy markets that could present issues that we have not covered?

5. We agree with the wider risk factor approach; we already use a broader definition of vulnerability and, as such, if you consider yourself vulnerable then you are able to join our Priority Services Register (PSR).

6. Whilst agreeing with the wider risk factor approach we also believe that consideration of a proportionate response requires further development for the different vulnerabilities and the energy source. For example, some customers are classed as electricity dependent and are registered alongside other customers with vulnerabilities who are impacted, but not to such a degree, by loss of power. In addition, there are customers who are only temporarily vulnerable, due to circumstances such as bereavements or having been recently discharged from hospital.

Question 3: What is your view on whether the BSI Standard on inclusive services could provide a practical approach to adopting our perspective on vulnerability?

7. The BSI Standard on inclusive services, although containing a number of important components for consideration, does seem to lean in its application towards a commercial relationship, more appropriate for energy suppliers than DNOs. A social-obligations component is incorporated into the Ofgem Broader Measure of Customer Satisfaction (BMCS) stakeholder engagement annual award and this may be sufficient in terms of formal assessment. At Northern Powergrid we are positively considering our current rating relative to the requirements of the standard but would equally wish that other important features such as innovation and wider social obligations would not become constrained by operating to the standard itself.
8. We are already working in strategic partnership with charity, community, and voluntary organisations to better understand who our vulnerable customers are and how to meet their specific needs at an individual and local level. We feel that incorporating a requirement for an annually refreshed stakeholder plan for social issues that includes regular engagement with, and initiatives developed in consultation with, those customers considered vulnerable, their representatives and other experts into the BMCS would deliver a flexible and consumer-driven approach.

Question 4: What are your views on other approaches suppliers and distributors could take to adopt our proposed perspective on vulnerability in practice?

9. As above, we would reiterate that the inclusion of vulnerability as part of the wider social-obligations requirements in the stakeholder engagement component of the BMCS is a key component of stakeholder strategies and plans and ensures that our services are driven by the needs of individuals. This would also ensure that vulnerability is not separated out from the wider social obligations work where there is significant- cross over e.g. off-grid and fuel poverty are often hand in hand with vulnerability issues.

Question 5: What are your views on our plans for developing a Consumer Vulnerability Network and are there additional organisations that we should engage?

10. We are taking a similar approach in terms of working with the experts in this field to understand and respond to our stakeholders' issues.
11. Although mentioned elsewhere in the strategy the NEA and Red Cross are not on the list of interviewees for the Consumer Vulnerability Network. We would also suggest contact with the Health and Well Being Boards recently established across local authorities, Health and Social Care.

Question 6: What are your views on our proposed annual work plan for 2013/14?

- **Theme 1 - Developing targeted and effective regulatory obligations**

Priority Services Register Review

12. For the most part we support the approach in terms of information sharing, common name/brand, research etc. Under "free services we must offer" we'd like to ensure these minimum standards are tested with our customers not just as suggested best practice from elsewhere.

Network companies

13. As mentioned in paragraph 4 we are working with Northern Gas Networks to look at heating solutions for off-gas customers in tower blocks. In order to encourage partnership working and look at joint solutions to these issues electricity DNOs need to be incentivised in the same way that the gas DNOs are; currently this is a real challenge in trying to do things differently.
14. Consideration needs to be given to the principle of socialisation of costs that have arisen in providing an enhanced service to vulnerable customers and the associated costs of obtaining and maintaining the required customer data.
15. We would like to raise the distinct issues that arise from the specific geography of rural versus urban off-gas or off-grid properties. In our service territory there are a number of off-grid customers in the most rural areas who are also subject to other government agency policies for National Parks and Areas of Outstanding Natural Beauty. The current incentives for undergrounding of overhead lines in these areas apply to existing power lines but not to new connections, so the consequence of undergrounding policies from other agencies can often mean that connections costs for these customers can be threefold. These customers are often associated with vulnerabilities of living in remote communities, fuel poverty, age etc. and therefore the cost is inhibitive, if not impossible to meet. Whilst there should be an appropriate connection cost incurred by the customer, the extension of the core grid as a socialised cost is something we think could be considered.

- **Theme 2 - Promoting best practice amongst suppliers and distributors**

16. We welcome the proposals for sharing best practice but would seek enough flexibility within this to be able to adopt practices that are tested with, and suitable for, our own customers.

- **Theme 3 - Taking account of vulnerability in our work and being informed by research and insight**

17. As set out previously, we agree with using a broader risk- based criterion of who would be considered vulnerable but reiterate the need to tailor/proportion responses as customers will not all be impacted in the same way, or to the same degree, and will not all have the same needs.
18. Should the BSI standard be adopted we feel it should complement the Ofgem stakeholder engagement annual assessment process, in terms of the overarching approach. As customer needs will be diverse and different we think that, as social obligations are being incorporated into the stakeholder engagement discretionary reward, experts in the field should be added to the Ofgem SE assessment panel and that demonstrating strategic partnership working and inclusive engagement to identify

vulnerable customers, their needs and appropriate responses/initiatives to meet these needs is as relevant and inclusive as applying the vulnerability standard.

19. The consumer vulnerability network nationally is a proposal we welcome; we are working with regional organisations like Voluntary Organisation Networks North East and, involve Yorkshire & Humber and others to a similar end; reaching the voluntary, charity and community sector within our region down to grass-roots level.
20. Consumer research will be helpful in terms of partnership working to raise awareness of PSR across energy supplier and DNO customer bases.

- **Theme 4 - Innovating in the provision of advice and support**

21. We agree that there is a role to play across the industry in terms of the provision of advice and support. Energy Best is a more supplier-focussed initiative: however, we are looking at ways to raise awareness of PSR and wider energy efficiency advice that is available, through strategic partnerships.
22. We are working with National Energy Action to get the message out to parents of school children on where to go for energy advice alongside our own targeted safety and PSR information.

- **Theme 5 - Working with others to inform wider policy making to address vulnerability**

23. We support the need to prioritise but also think that synergies with other government departments are important and need to be broader e.g. the recent rural policy from Defra links to off-grid and often fuel poor or vulnerable customers.
24. Consideration needs to be given to the issue of appropriately overcoming the restrictive nature of data protection where the outcome would clearly benefit vulnerable customers, and the need for data flows between organisations that could improve our ability to assist vulnerable customers.
25. In terms of synergies across Ofgem and removal of barriers to innovating across organisations, we would welcome consideration of clearer paths for joint funding of innovative solutions to issues experienced by vulnerable customers and under our wider social obligations.

Question 7: Do you believe that there are other areas that we should be specifically addressing in the work plan for 2013/14?

26. There are no additional areas we would add to the current proposals.

27. On the whole we welcome the proposals set out for the Ofgem Consumer Vulnerability Strategy and feel it is a positive move for the industry as a whole and one that will benefit our customers. If you have any questions or would like any further information on the enclosed, please contact Keith Blenkinsopp (keith.blenkinsopp@northernpowergrid.com Tel: 0191 229 4570) in the first instance or me.

Yours sincerely,

A handwritten signature in black ink that reads "John Barnett". The signature is written in a cursive style with a prominent horizontal stroke at the end.

John Barnett
Commercial Director