

James Veaney
Head of Distribution Policy
Ofgem
9 Millbank
London
SW1P 3GE

30th October 2013

Dear James

Re: RIIO-ED1 customer service and connection incentives

We refer to the above consultation. Our responses to the questions posed within the consultation are set out below:

Question 1: Do you agree with setting a common target for all DNOs? **Yes**

Question 2: Do you agree with setting a common target for all customer categories? **Yes – and this should explicitly include unmetered connections customers on an annual rather than biennial basis. We also strongly believe that ICPs are customers in their own right and should be included as a separate customer category – this would encourage DNOs to take a competition-centred approach to the market and would assist in ensuring that successive DNO supervisory management at the point of delivery have the best interests of the customer at heart.**

Question 3: Do you agree with our “minded to” approach to calculate the target and the maximum reward/penalty score? **Yes**

Question 4: Do you agree with our proposed approach to calculate the incentive rate? **Yes**

Question 5: Do you agree with the approach used to incorporate unsuccessful calls into the CSS? Do you agree with our “minded to” position of not introducing a deadband or a cap on penalty exposure? **Yes**

Question 6: Do you agree with our proposed approach to calculate the target and the maximum penalty score? **Yes**

Question 7: Do you agree with our proposed approach to calculate the incentive rate? **Yes**

Question 8: Do you agree with our “minded to” position to set common targets for all DNOs? **Yes. This will encourage best practice across the sector and further encourage DNOs to adapt to meet the requirements of customers**

Question 9: Do you agree with our “minded to” position to set different targets for different types of connection? **In the unmetered sector, we see no reason why the targets cannot be the same for both single items of work and small projects. Larger projects will required different targets and the definitions will have to be carefully considered**

Question 10: Do you agree with our “minded to” position to place an equal weighting on all four elements of the time to connect incentive? **No. We believe that there should be a higher weighting on time to connect to take into account quotations for work which may not be realised**

Question 11: Do you agree with our “minded to” approach to calculate the target and the maximum reward score? **Yes** /cont..

Cont..

Question 12: Do you agree with our proposed approach to set the target/maximum reward score now for the first four years of RIIO-ED1 and then calculate the target/maximum reward score for the final four years based on RIIO-ED1 data? **Yes**

Question 13: Do you agree with our proposed approach to calculate the incentive rate? **Yes**

Question 14: Do you agree with splitting the penalty equally across the market segments? If not, please explain why and give details of your preferred alternative. **Yes. However the segment associated with PFI should be broadened to include any large scale works with a degree of private funding as otherwise it is unnecessarily restrictive. We do not agree that the penalty should only apply to market segments that do not pass the Competition Test by Dec 2013, as we believe that where a DNO applies non-contestable charges to contestable works or retains the power to approve and audit ICPs or carries out contestable works, that the penalty should apply.**

The UCCG remains keen to ensure that customer requirements are met by ensuring the scope of RIIO-ED1 is not kept artificially narrow to connections only. Many of the concerns raised by customers relate to the restoration of supplies, emergency attendance, replacement of cutouts and fault repairs – and include disconnections as well as connections and transfers. These must be included within the scope of RIIO-ED1 if service delivery is to be measured properly across the sector. In addition all the non-contestable activities carried out by DNO's which are associated with ICP activities should also be the subject of performance measurement.

Yours sincerely



Gareth Pritchard BTech (Hons) CEng FILP MIET TechIOSH
Chief Executive