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Dear James

Consultation on potential changes to severe-weather-related guaranteed standards of performance following the December 2013 storms

Thank you for the opportunity to comment at this stage on Ofgem's thinking on potential changes to the severe-weather-related guaranteed standards: I am writing on behalf of each of Northern Powergrid Holdings Company and its two licensed electricity distribution businesses, Northern Powergrid (Northeast) Limited and Northern Powergrid (Yorkshire) plc.

At Northern Powergrid we are giving the highest priority to ensuring our customers receive the best possible service from us at all times, not just if severe weather should damage our distribution system to such an extent as to leave customers without electricity for prolonged periods. We remain fully committed to restoring power supplies in all situations both safely and as quickly as possible, whilst providing our customers with easy access to useful and accurate information, including about compensation arrangements for longer-duration power cuts.

Suggested areas to be amended for RIIO-ED1

We fully support the principle of making automatic payments to customers for all guaranteed standards covering power loss. As you appreciate, the constraints here are our ability to know when a loss of supply has affected any specific individual customer and our ability to make proactive contact in all cases, arising from data limitations introduced at the separation of energy supply from distribution. That said, it is undoubtedly true that the changes to the relevant industry agreement on which we are leading to secure improved daily provision of customer-contact details from energy suppliers to DNOs will provide us with a much greater capability to communicate with our customers about power cuts on a day-to-day basis and especially during severe weather. At Northern Powergrid we are already committed to ensuring we provide our customers with automatic notification of their entitlement to a payment wherever possible following a long-duration power cut that qualifies for a payment to be offered. We are already very proactive in calling our customers wherever we have their telephone numbers, or writing to them as an alternative: we also use text messaging, Facebook and Twitter. Our compensation arrangements are also prominently signposted on our website and proactively communicated to the media via press releases issued whilst we are still working to restore power for the last remaining customers. We are exploring faster payment solutions as an alternative to cheques: however, it is worth noting that in many cases we would still require customers to provide us with their bank details in order for us to complete the transaction. Furthermore, if the information we receive from energy suppliers identifies a customer as 'the occupier' rather than by personal name, this prevents us from being able to send a cheque payment automatically, so the quality of data provided will continue to be essential to successful delivery of this improvement.

NORTHERN POWERGRID

is the trading name of Northern Powergrid (Northeast) Ltd (Registered No: 2906593) and Northern Powergrid (Yorkshire) plc (Registered No: 4112320)
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So far as the constraint on knowing when any given individual customer has lost electricity supply is concerned, at present we are able to identify those customers affected by a high-voltage network fault in most cases and will proactively contact all customers to gather relevant information to process the payment. In the case of most low-voltage network faults we are currently dependent on our customers to tell us of their power loss. This will change when the transition to a smart-meter world is completed: the anticipated receipt and processing of power-loss alarms from the meters will then, subject to holding good-quality contact information, enable us to communicate proactively with affected customers to confirm we are aware of the power cut and are dealing with it.

The alarm data that smart meters will generate is expected to provide us with accurate information as to exactly which customers are affected by power loss for both low-voltage and high-voltage network faults, albeit we still need to confirm that high volumes of smart meter alarms will work and be communicated to us reliably in storm conditions affecting tens of thousands of customers at the same time. Until the transition to smart meters is completed, any obligation relating to automatic notification to customers of their entitlement to payment relating to power loss will need to be caveated by the words "wherever possible", notwithstanding our commitment to contact and then pay all priority services register customers automatically in line with Ofgem's requirement for the commencement of RIIO-ED1 in April 2015.

With regard to the proposal to double the previously-proposed RIIO-ED1 guaranteed-standards payment levels for losses of supply due to severe weather, we see this as very much in the same mould as, and complementary to, our own commitment for RIIO-ED1 to substantially increase payments to domestic customers under EGS2, EGS2A and EGS2B to £100, above the levels set by Ofgem in its RIIO-ED1 policy decision, and to double our value to £200 for customers on our priority services register. We therefore support this proposal and the associated proposal to increase the cap on payments under EGS11 from £300, as originally put forward, to £700. As it has heretofore been the practice for the amount of a payment cap to be set at a level that equates to a sum that could conceivably fall to be due to a customer if a power outage lasted long enough, this proposed figure of £700 also has the merit of being such an amount, unlike the previously-proposed figure of £300. (In this connection, Ofgem may wish to consider adjusting the proposed cap of £300 in relation to EGS2B - for a domestic customer, it is possible that a payment of £285 or £320 could be due if an outage lasted long enough, whilst for a non-domestic customer it is possible that a payment of £290 or £325 could be due if an outage lasted long enough).

Scope for additional changes ahead of RIIO-ED1

With regard to Ofgem's invitation to share views on additional changes to the guaranteed-standards regime that could be made and put in place before RIIO-ED1 comes into effect on 1 April 2015, it is difficult to see how any proposal could be formalised ahead of that date, given the associated need for consultation and modification of statutory documentation. However, I would refer you to Northern Powergrid's proven track record of not being constrained by the boundaries of its statutory obligations in situations where prolonged power outages have resulted from damage caused by severe weather. You may recall that, in the snow-and-ice storm that affected our region in April 2012, we paid our customers double what we were required to pay, and we made payments for a shorter duration of power cut than we were required to do. We operated similar arrangements in response to the impact of the storms that caused our major incident plan to be invoked in December 2013 and February 2014. In all situations of this nature we do our utmost to make proactive contact with those customers we believe to be affected by the loss of power to offer a goodwill payment in recognition of the inconvenience caused to them, and we do not wait to do this until the time has passed when a payment would fall due to a claimant under the guaranteed standards. In pursuit of this we use all means available to us - telephone calls, SMS text messages, letters (where we don't have other contact details), website prominence, proactive media communications and messages on Facebook and Twitter (with a link to our website, where we create a dedicated page and provide our customers with a simple process to give us the relevant details to enable us to raise a cheque and get it to them).

I can assure you that we shall continue to exercise discretion to go beyond the requirements of the guaranteed standards in all appropriate circumstances. We shall also continue to adopt an attitude of fairness and good will, in which the benefit of any doubt goes to the customer. This is part and parcel of our commitment to being the best we possibly can be when it comes to delivering excellent customer service. We are committed also to transparency in the way in which we conduct ourselves: you will have read in our RIIO-ED1 business plan that, from 2015, we shall start to report proactively on our website

the number and amount of payments that we make to customers each year in recognition of below-standard performance or inconvenience caused.

I hope that you will find these comments helpful. If you would like to discuss any of them, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Barnett". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending from the end of the name.

John Barnett
Commercial Director