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By email only to: qos@ofgem.gov.uk

30 May 2014

Open letter consultation on potential changes to severe weather-related Guaranteed Standards of Performance following the December 2013 storms

Dear James

Thank you for the opportunity to respond to the above consultation. This response should be regarded as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. The comments we have provided are not confidential and can be published via the Ofgem website.

As licensees who were affected by the December 2013 severe weather, we proactively wrote to our customers and offered them goodwill payments that were double the levels in the current standards. Our process for this was to send customers that we believed had been affected by the severe weather a form and for them to complete it and return it to us (by letter, email or by completing it over the phone). We were then able to issue a cheque to the relevant customers. Consequently we are supportive of the need to update the current processes and standards.

In the bullets on page four of your letter, you propose one option as being automatic payments to customers for loss of power guaranteed standards. While we are working with suppliers to provide customer details to enable such a change (and improve customer service generally), we are concerned that such an automatic scheme could not work where a single phase is lost at LV, as DNOs' connectivity models do not allow us to identify which customers went off supply. This limitation on identifying individual customers also applies to large multi-occupancy buildings which are fed by multiple LV circuits. However, this limitation does not stop the application of this proposal to HV and above, and we are supportive of the principles of such a change.

For such a change to be implemented, the obligation must take into account the accuracy of the DNO's connectivity model as required under IIS. The IIS requirements are not designed to identify to a 100 per cent accuracy level the **individual** customers affected but are set to **count the number of customers** to a specified accuracy level (for example, 95 per cent or above at HV).

This is best illustrated by an example:

A street is fed by two LV cables which come off separate HV/LV distribution substations. Customers on that street have been assigned to the LV feeder they are most likely to have been fed from; however, in some cases, an assumption of which cable they are supplied from has been made. Therefore, for an LV or HV fault, DNOs cannot guarantee to know which **individual** customers were affected, although the relevant IIS accuracy thresholds would have been met for the **number of customers**. With this in mind, the precise wording of the obligation needs to consider how the above and similar scenarios should be handled such that a DNO is not placed in breach of any obligation to compensate 100 per cent of customers actually affected by the fault. This could be done by requiring DNOs to compensate (or attempt to compensate) 100 per cent of the number of customers affected based on the data it has in its connectivity model.

We would ask Ofgem to note that the process we used during the December 2013 storm of issuing a claim form to customers overcame the above issues.

In respect of the doubling of RIIO-ED1 payments to £70 (with a cap of £700), we are also supportive of this as it acknowledges the inconvenience customers suffer from a prolonged outage, while not moving to a consequential loss scheme (which the Guaranteed Standards are not meant to be).

I hope that you will find our comments helpful. If you have any questions, please contact me in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Hutton', with a stylized flourish at the end.

Keith Hutton
Head of Regulation
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks