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22 September 2014

Review of the Priority Service Register

Dear Rebecca,

Wales & West Utilities Limited (WWU) is a licensed Gas Distribution Network (GDN) providing Gas Transportation services for all major shippers in the UK. We cover 1/6th of the UK land mass and transport gas to over 2.4 million supply points.

The Energy Networks Association has responded to this consultation on behalf of the gas and electricity transmission and distribution networks. Additionally, this letter provides our individual response to question 3 within chapter 2 of the consultation.

Chapter 2 Question 3

If applicable, what services do you currently provide and what are the current costs of providing services (please break down by service). What financial impact do you think widening eligibility in the way we have proposed will have? Please provide evidence to support your answer.

The two tables below provide an analysis of costs linked to services currently provided (Table 1) and also an analysis of potential additional costs linked to additional services and/or provision to an increased customer base (Table 2).

A key point to note is that once an obligation is placed within our Gas Transporter Licence, we would have to incur costs to ensure “compliance” regardless of the actual costs we may incur in any year. A good example of this is our resource level to deliver our key emergency standards where workloads vary each year. This point is a very important consideration in this consultation.

You will also be aware that we have recently agreed Outputs and associated funding to deliver these Outputs for the eight years to March 2021 and without a direction from Ofgem, any additional costs resulting from a change to obligation would result in additional non-funded costs that the networks would need to source.

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Table 1 - Services currently provided

	Services Currently Provided	Eligible Customers	Costs
Safety	Password scheme (SSCD13)	Disabled Chronically Sick Pensionable Age	£12k pa (0.5 TS2 FTE)
	Alternative heating and cooking facilities for certain types/lengths of interruption (GSoP 2)		£44k pa (avg 11/12 – 13/14) This cost is dependent on the number and duration of incidents we experience
	Move the service position free of charge (SSCD13)– it is a licence requirement to carry out this work on behalf of suppliers and our costs are reimbursed In addition to this we carry out approx. 10 free of charge alterations pa	Customers unable to read their meter or operate the Emergency Control Valve (ECV) because of its location	£5k pa
	Free CO Alarm	Customers in receipt of a Fuel Poor Voucher – see Fuel Poor Assistance below	£35k pa
Communication	Facilities to Complain (SSCD13)	Blind Partially sighted Deaf Hearing impaired Non English speakers	£8.5k pa – Freephone enquiry and complaint numbers
	Provide information about the PSR in a manner or format that is suitable for customers that have special communication needs		The following services are used on an ad hoc basis
	Provide assistance to customers for whom English is not their first language		Type talk service facility available – included in business costs Braille - £30 per page Audio Translation - £500 Written language translation - £30per page Languageline facility - £1.35 per minute Welsh language translation eg letters, brochures, leaflets – average of £2,000 per annum over the last 3 years
	Provide a single national emergency number which includes facilities for deaf and partially hearing persons (SCB6)	Deaf Hearing impaired	Contract with National Grid to provide this service 13/14 £1.2m 14/15 £1.0 m 15/16 – 20/21 £977k pa

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	Secure adequate publicity for the national emergency number taking into account the special needs for blind or partially sighted persons (SCB6)	Blind Partially sighted	£10k- published in phone book which has a free directory enquiry telephone service for registered blind partially sighted customers Publicised in the Notice of Rights which gas suppliers are obliged to pass on to their customers This information is available on the back of gas bills which are available in large print, braille or on audio tape
Other	Fuel Poor Assistance (2632 connections made 13/14)	Customers who: - live in an area eligible for support as designated by the government - spend more than 10% of their income on heating their home to defined levels - receive key qualifying benefits - are over 70	£3m pa (2013/14)

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Table 2 - Widening eligibility to energy consumers who are more likely than a typical consumer to experience problems in communication safety and supply

The costs against each of the services below will be linked to the number of eligible customers which is difficult to quantify due to the transitory nature of vulnerability meaning that any of our 7.5 million customers could be considered vulnerable under certain circumstances. Therefore, if the proposed services were to be prescribed, to ensure compliance the costs may be higher than the actual cost of compliance.

	Proposed services - minimum	Eligible Customers	Costs
Safety	Advice about precautions to take in the event of an interruption	Consumers who may be more likely than a typical consumer to experience safety issues or have concerns about safety Customers who may be at greater risk of suffering detriment than the typical consumer if the supply of gas to their home is interrupted	£370,000 Leaflet (also informing customers of PSR services available) to be sent to all PSR registered customers (631,000), included in winter warmer packs (1000) and fuel poor packs (2700)
	Information about how to make contact with the company if a customer's supply is interrupted		As above
	Information about planned interruptions		£20k pa (0.5 TS5 FTE) (doorstep visits – 50000 interruptions pa, 10% vulnerability, 10 min visits)
	Information about help available and planned restoration during planned and unplanned interruptions		Planned - doorstep visits as above Unplanned - doorstep visits/letter drops, dependent on size and duration of incidents Approx £5k per incident plus additional PR assistance during incidents of about £3,000 per incident, based on a recent large incident in Wales.
	Alternative heating and cooking facilities for certain types/lengths of interruption		Disabled Chronically Sick Pensionable Age And consumers who may be more likely than a typical consumer to need heating and cooking facilities for health and well-being

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	Password Scheme	Consumers who may be more likely than a typical consumer to experience safety issues or have concerns about safety	This service is currently offered to anyone where need is identified – see costs in table 1
	CO Alarm	PSR Registered customers (631,000)	£8.3m
Access	Knock and Wait	If customers circumstances mean that they require longer than the typical consumer to open their door	£10k
Communication	Ensure information related to our dealings with consumers is provided by means that are accessible to the consumer	Customers who may find it harder than the typical customer to communicate with the licensee or access the licensee's services	See costs for Type talk service, Braille, Audio Translation , Written language translation and Language line in table 1
	On request redirect all communications associated with a customer's account to a nominated person		This service is currently offered to anyone where need is identified - costs already in business
	Provide an accessible means by which the customer can contact the company to access information, query or complain about the service provided		See costs for freephone enquiry and complaint numbers, Type talk service, and Language line in table 1
Other	Fuel Poor Assistance	Subject to outcome of current consultation	£3m pa based on 2013/14 and current criteria

The table above contains the minimum proposed services however energy companies are expected to offer wider services to customers where need is identified and doing so is reasonably practicable.

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Our vulnerable customer strategy includes the following initiatives and budget for 2015

Winter Warmer Packs	£15k (1000 units)
Partnership Relationship Retainer Costs	£10k
Multilingual Phrasebook	£15k
Hardship Fund	£20k
Accreditation BS18477	£5k
System Enhancements	£25k
Staff Training	£8.4k
Data sharing initiative	£15k

Proposal to manage our own PSR

The fundamental difference between gas and electricity is that electricity DNO's have a licence condition and funding to provide and maintain their own PSR. The GDN's are not funded to do so and as such have to rely on the data provided by the suppliers. The financial implications of managing our own PSR would be £120,000 per annum (3 FTE's plus system changes).

We hope this response provides Ofgem with relevant information to help progress this important area of work.

Should you wish to discuss any aspect of this response, please contact Steven.J.Edwards@wwutilities.co.uk.

For the avoidance of doubt, this response can be published in full.

Yours sincerely



Steve Edwards
Head of Regulation and Commercial
Wales & West Utilities

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