

Bhavika Mithani
Consumer Policy
Ofgem
9 Millbank
LONDON
SW1P 3GE

Date:
14th May 2015

Contact / Extn:
Stephanie Rogan
0141 614 1581

Dear Bhavika,

Review of the Priority Services Register – Update and Next Steps

Thank you for the recent open letter setting out Ofgem's latest thinking on its review of the Priority Services Register (PSR) and seeking feedback on the next steps.

The attached response is provided on behalf of SP Energy Networks. We fully support that a review of the PSR is required; however, a holistic approach must be taken to ensure that the proposed changes are assessed by various experts across all Networks Gas and Suppliers for both Electricity and Gas. A decision should not be made until the impacts are assessed in full and the implications are understood. For example, the current regulatory framework will not allow for GDN's to be added to the PSR as this is not allowed within the Master Registration Agreement.

We demonstrate caution with regards to the expansion of the eligibility criteria. Various colleagues have expressed their concern that this may have a 'diluting effect'. It is important that our most vulnerable customers are supported during times of need; such as a loss of supply during storms. For example, if we have twice as many customers on our register, (due to an expansion of eligibility criteria) it will prevent companies from providing the level of service which our current priority service customers deserve.

Ochil House, 10 Technology Avenue, Hamilton International Technology Park, Blantyre, G72 0HT

Telephone: 0141 614 0008

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We would welcome the opportunity to discuss any aspect of our response further as the consultation progresses. In the meantime please do not hesitate to contact us should you have any queries regarding the points in this letter.

Yours sincerely,

A handwritten signature in black ink, reading 'S. Rogan' in a cursive style.

Stephanie Rogan
Licence Development Consultant
SP Energy Networks

Ochil House, 10 Technology Avenue, Hamilton International Technology Park, Blantyre, G72 0HT

Telephone: 0141 614 0008

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SP Transmission plc, Registered Office: 1 Atlantic Quay, Glasgow, G2 8SP Registered in Scotland No. 189126 Vat No. GB 659 3720 08
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Review of the Priority Services Register – Update and Next Steps

Eligibility

In relation to eligibility, we agree with the concept of equalising outcomes for customers where reasonably practical. However, we remain uncertain as to what extent this will be achievable on an individual level and as to how the 'needs based eligibility model' will operate within current processes.

We currently proactively identify customers for the PSR via our Stakeholder Engagement and Social Obligation activities and will continue this programme of work. We ask and identify customers on every call as to whether they have a need that would be best captured and supported by our PSR activities. However, we are concerned that expanding the eligibility for the Priority Services Register may ultimately impact the level of service that we are able to provide to those most in need.

Please see our response to the questions below.

Q. Do stakeholders agree that 'families with children under 5' should be added as a specified eligible "core" group to receive additional help during interrupted supply and for the provision of free gas appliance safety checks?

From SPENs perspective, we have some concerns of including 'families with children under 5' as a "core group" to the PSR.

SPEN have approximately 355,000 customers registered on our PSR or approximately 10% of connected supply points and have some concerns that by adding this category, due to the increased volumes it will potentially dilute the support that can be provided to electrical dependant customers or those in the other existing critical categories.

"Families with children under 5" represent a significant proportion of the population and in the majority of cases would not consider themselves to be vulnerable.

It should be recognised that there are significant data issues in terms of quality with the data provided to DNOs by Suppliers and before any changes are made to the existing arrangements these issues need to be addressed and quality improved.

There is no formal mechanism in place for capturing transient vulnerabilities and this should be looked at before we take this step to avoid creating a huge burden on creating removal flows when children reach the age of 5. The industry processes need to be in place to allow this to operate smoothly and data quality improved before this step could be taken effectively. We would therefore only support this move once these steps had been taken and proven to be working.

Q. Do stakeholders agree that the specified eligibility covering elderly people for the services related to safety should be changed from 'pensionable age' to '75 and over'?

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From SPENs perspective, we would consider the proposal to amend the elderly category to '75 and over'; however we would like Ofgem to consider the following points:

Day to day contact with this (60+) group has shown that many benefit from the existing process and the support provided. This also highlights that they either don't have access, or feel confident utilising the other channels (social media / internet) DNOs provide, to update on the progress of fault resolution.

Customers who have been added to the PSR and categorised as 60+ should not have been added simply because of their age but because they feel they have vulnerability or may need additional support from their Supplier or DNO.

DNOs need confidence that Suppliers are not simply adding customers if they are over 60 but that they are only adding customers when they express a wish to be included because of a specific need. The numbers in this category (60+) are significant and if this proposal were to be progressed we have no way of telling which customers would be removed and what impact that would have on volumes. DNOs do not hold date of birth data and therefore would not be able to remove customers between the age of 60 and 75 and would not be able to tell if they had a vulnerability which meant they should remain on the register.

Q. Do stakeholders consider that pregnant women should be added as a specified eligible "core" group receiving free gas safety checks?

As stated above, SPEN do not support the addition of transitory groups including pregnant women to the "core" group of eligible customers. There is no mechanism in place under current operating procedures and dataflow capability to capture and remove after a given time period. This mechanism could obviously be developed; however there would be additional costs associated in developing and making this operational. Ultimately, the customer will have to pay for this and we are not convinced that this data could be accurately recorded, tracked and removed within the required timelines; this has the potential to become a very bureaucratic process. Any manual options are not supported as would require a significant amount of FTE to support.

In addition, we feel that pregnancy is a particularly sensitive issue and many customers may find questioning around this subject insensitive or intrusive and in the majority of cases would not consider themselves to be vulnerable.

Services

With regards to the proposal of retaining a set of prescribed set of services to provide a minimum level of protection to vulnerable customers, we are still slightly unsure, as a DNO, what the expectations for these services are. The proposed services and eligibility model does not make it explicitly clear what services as a DNO we are to offer, over and above what we already do? We would welcome some clarity around this to help us understand what as a business we need to build into our existing model and ensure we can finance such a proposal and measure the effectiveness of the outputs.

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Customer Identification and Data Sharing

Dataflow and Regulatory Framework

As previously advised at the Customer Safeguarding Working Group, SP Energy Networks have concerns with the proposal for a single, cross-industry and cross-sector Priority Services Register. At a recent Customer Safeguarding Working Group (CSWG), Ofgem's view was that we could expand the current PSR to incorporate Gas Distribution Networks (GDNs) and other parties. The main issue with this suggestion is that the current regulatory framework will not allow this.

The Priority Service Register currently operates by dataflows, which form part of the Data Transfer Catalogue (DTC). The terms and conditions for the Data Transfer Catalogue are laid out in the Master Registration Agreement (MRA) which all Suppliers and DNOs are signed up to. We must sign up to, and comply with the Master Registration Agreement – Standard Distribution Licence Condition (SLC 23). Under Section 23.3, the MRA only applies to DNOs, Suppliers and other parties for Settlement purposes. To enable GDN or other parties out with the industry to utilise existing dataflow mechanisms, we would need to amend the Distribution Licence (Standard Licence Condition 23) and also the MRA. The MRA and Licence Condition redraft would be a timely and resource intensive process.

If the proposal to progress down this route is the preferred option, we will need to scope, develop and implement a new single Priority Services Dataflow Transfer system for electricity, gas and the possibility of inclusion of other utilities as requested. Or alternatively, rewrite the MRA and SLC 23 in the Distribution Licence.

Once the mechanisms for data sharing has been agreed, we would expect to carry out a full cost benefit analysis for all DNOs, GDNs and Suppliers to understand the costs that will be associated with the development and implementation of a new single Priority Services Dataflow Transfer system.

Standardised 'needs' codes

In response to the standardisation of the 'needs' codes, we believe it is fundamental that before any work is progressed by the CSWG, a decision is taken on what parties will be included in the PSR, both current and future. This will help determine firstly what systems are suitable and how we can future proof the PSR to ensure the most cost effective development.

We do not believe there is benefit in progressing with the standardisation of the 'needs' codes within the current data transfer system. There is no point raising modifications via the MDB Forum to amend / standardise the D0225 data flow 'needs' codes with existing Gas 'needs' codes if we will not have GDNs using the Data Transfer Catalogue and dataflows in the long term. This would represent a waste of time and money to make costly IT amendments if we are unable to use this method long term.

Should the group wish to progress with changes to the D0225 flow, the usual rule is that system changes require a minimum six month lead time to the next release date. There are three release dates a year, namely February, June and November. The next earliest release date for any changes to the D0225 dataflow would be February 2016, assuming the change is approved by the August 2015 MDB meeting.

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Two way data sharing

In relation to two way data sharing between DNO and Suppliers, we believe that this is possible. A Change Proposal modification will need to be raised to amend the dataflow (D0225) to become two way and the rules around the data transfer to be agreed. This modification will be raised via the MDB Forum attended by all DNO / Supplier MRA Representatives. We must be mindful of the timescales above as MDB Change Proposals need to be raised in accordance with the meeting timescales. Should the Change Proposal be agreed, timescales will also be agreed to allow time for IT development and agreed process drafted.

CSWG Representation

We are concerned that the CSWG sub group is potentially not the right forum to drive the PSR changes. There is a huge potential Regulatory and IT risk with the proposal and as much as we agree with the principles, we need to determine how we are going to fulfil the obligations before we attempt to set timescales. As an industry, we need to be realistic and consult fully with Regulation, IT and Legal teams to ensure that this is possible.

If this proposal is to be progressed we suggest the representatives at the main CSIWG go back to their businesses and agree suitable representations covering the following areas and that a dedicated working group is formed with the appropriate governance.

- Customer
- Regulation
- IT

Improving the Take Up of Services

Whilst we agree with keeping the brand name as the 'Priority Services Register', we do not agree with the proposal for a single cross-industry branded PSR.

From a Networks perspective, we face significant difficulties with our customer base ensuring they understand the difference between their Distribution Network Operator and Supplier. We spend a significant sum of money on advertising campaigns to increase brand awareness and resorting to a single branded PSR would ultimately only detract from our efforts and increase confusion with customers. It is also a licence requirement (SLC42) that we maintain separate branding from Supplier's; therefore, we are nervous that this proposal may not be in line with current business separation requirements. For this reason we do not support this proposal.

We will continue to promote awareness of our Priority Services Register. This is an embedded process within our business and we will continually review and update any information that we give to consumers.

Compliance and Monitoring

We are satisfied that Ofgem will utilise the RIIO ED1 Stakeholder Engagement Incentive to monitor DNO performance. We also believe that this will be reflected to an extent for direct customers in our Broader Measure of Customer Satisfaction. Not only are DNOs incentivised financially, this is important for the reputation of each DNO.

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We would be grateful if the proposed assessment criteria for vulnerability set out in the Stakeholder Engagement and Consumer Vulnerability (SECV) incentive consultation is finalised and issued to DNOs as soon as possible.

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