



Priority Services Register Review

Northern Powergrid's response to Priority Services Review: Statutory Consultation

KEY POINTS

Northern Powergrid supports the majority of proposals outlined by Ofgem in this statutory consultation but feels it necessary to reaffirm some key concerns previously outlined in draft consultation responses on the Priority Services Register review.

Based on the five categories that we have been consulted upon, our comments are as follows:

1. Eligibility and Identification of Customers

- Proposals outlining network operators' requirements are generally supported, but we do not agree with the addition of "families with children aged five and under" as a core group. In the open letter published by Ofgem on 26 March 2015, this core group was named "families with children under five", of which we are supportive. The slight change in wording makes eligibility for this core group much wider.

2. Priority Services

- Proposals outlining the requirements for services provided by network operators are supported. We would like to see further clarification of the services that suppliers and IDNOs are required to provide.

3. Data Recording and Sharing

- Proposals are generally supported in principle, although it is worth noting that the June 2017 implementation date for industry system changes is not directly manageable by industry members. The MRA Decision Board (MDB) only have two release points for wholesale system changes each year, and may decide that these changes are too large to be implemented within that timeframe.

4. Awareness of Priority Services

- Proposing to use a single brand name is supported. We feel that the proposal to collaborate with consumer groups to develop customer advice and information materials is unnecessary given the work we already undertake with our partners. We have also reaffirmed our concerns about the potentially very significant step-change in the cost of complying with the existing requirement to use all reasonable endeavours to inform all domestic customers of the statements outlining our compliance arrangements in respect of the special services described in SLC10 of the electricity distribution licence once a year, given the recent changes in supplier obligations in respect of the passing on of DNOs' notice-of-rights information.

5. Compliance and Performance Monitoring

- We are supportive of the proposal to use the Stakeholder Engagement and Consumer Vulnerability (SECV) incentive to monitor network operator performance in this area.

1. Summary

Northern Powergrid welcomes the opportunity to respond to Ofgem's final proposals on the Priority Services Register Review outlined within this statutory consultation. Ofgem's commitment to improve the experience of customers in vulnerable situations is replicated within our own business, and we are passionate about ensuring we do the right thing by our customers. We have responded to every stage of the review to date, and now reaffirm some of our key points, which were raised with our vulnerable customers' welfare, and our commitment to deliver excellent service at an affordable cost, in mind.

2. Response based on the five consultation categories

Category 1 - Eligibility and Identifying Customers

- 1) Network operators are required to set up practices and procedures to identify customers in vulnerable situations
 - a. We continue to be supportive of this requirement, particularly as this meets our own internal commitments to adopting a broader view of vulnerability. Our customer-facing colleagues have been trained to identify vulnerability triggers, using training resources provided by the British Red Cross, National Energy Action and Action on Hearing Loss, and training will continue to be developed with other third-party organisations who can provide expertise in this area.
- 2) Broader eligibility criteria for assessing a customer's vulnerability: Proposal to retain "core groups" for services offered by network operators, with the addition of "families with children aged five and under" to these groups
 - a. In our February 2016 response to the Priority Services Register Review – Final Proposals, we outlined our concerns with the proposed extension of the eligibility for this core group. In the March 2015 open letter on the same topic, we were asked to provide our views on the addition of "families with children under five" as a core group, which we were happy to support. It seems Ofgem's proposals have now moved to include "families with children aged five and under", which of course widens the eligibility. We are not aware of any attempt by Ofgem to assess the costs and the benefits of this widening.

While we are supportive of broader eligibility criteria for the Priority Services Register, it is

vital that we are able to identify the support required. For example, should a family with a child under the age of one be affected by a power cut, support required is generally clear, due to feeding requirements and the ability of the child to keep warm. As the child gets older, its support requirements tend to reduce, hence the arrival of school age (i.e. five) seemed a natural closure of the vulnerability needs for this transient category. With this in mind, the extension to include children aged between five and six seems unnecessary, as there is no real differential in terms of support requirements between, say, a child aged six and a child aged seven or eight. One could therefore just as well widen this category to include all children up to adulthood.

We would therefore like to see this core group revert back to the original wording of “families with children under five”, for which we believe there is a supportable rationale.

- b. Following discussion with other industry members, and taking the above comments into account, we would like to propose a new drafting of paragraph 10.4 of SLC10 which also allows for a more targeted approach to eligibility without automatically including everyone above pensionable age or with young children. This is shown below:

10.4 PSR Customers are Domestic Customers who:

(a) are:

(i) disabled, or

(ii) chronically sick, or

(iii) of Pensionable Age or living with a child under 5 and in need of additional services relating to communication, the provision of information or advice about interruptions in the supply of electricity, or access to their premises by third parties, because they:

(aa) have special communication needs, or

(bb) are dependent on electricity for medical reasons, or

(cc) are otherwise in a vulnerable position

and

(b) have either:

- (i) *personally asked the licensee to add their name to the Priority Services Register, or*
- (ii) *had a person acting on their behalf ask for their name to be added to the Priority Services Register, or*
- (iii) *had a Relevant Supplier, Gas Supplier or gas transporter ask for their name to be added to the Priority Services Register.*

Category 2 – Priority Services

- 1) Network operators are to continue to offer specific non-financial services free of charge to customers in vulnerable situations to address communication, safety and access needs
 - a. We support this requirement, and will continue to develop our services to suit individual customer needs.
 - 2) Suppliers offer services outside those listed in their licence conditions to customers who need them; network operators can do the same. IDNOs are also required to provide services in accordance with their licence obligations, and are expected to work with other companies in the industry to provide these.
 - a. We are always looking at new ways to support our customers, whether delivered in-house or through an external provider working on our behalf. We recognise that support services are not one-size-fits-all, and so look to offer a wide range of services that can be tailored as required. We feel that more work should be done to provide some of these support services collaboratively – for example, all six DNO groups offer services through the British Red Cross, and it could prove beneficial to approach this as a national agreement, rather than manage it individually. If IDNOs similarly have responsibility for maintaining a register, they should be asked to be included within such a national contract, guaranteeing a minimum standard of service for all registered vulnerable consumers in the event of a power cut.
 - b. We would ask for greater clarity regarding supplier and IDNO service provisions, as we have concerns regarding the services for which they may ultimately be responsible. For example, if we attend a customer's property in the early hours of the morning to repair a fault, and find the fault lies on the supplier side, current legislation does not permit us to work on that customer's meter – no matter what their situation or vulnerability. That responsibility and corresponding power lie with suppliers and their duly appointed meter operators, who generally do not work on a 24-hour basis. Should that customer be dependent on electricity for medical equipment, to take no action could leave the customer in a very vulnerable
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situation. For these circumstances, we recommend that the meter operators should be similarly obliged to provide a 24-hour service.

Category 3 - Data Recording and Sharing

- 1) Companies are to record relevant data about PSR customers with identified vulnerability needs using new agreed vulnerability categories
 - a. Having been heavily involved with the development of the new agreed vulnerability categories, or “needs codes”, through the Safeguarding Customer Working Group, we are happy to support this requirement, and feel it encourages the industry to work collaboratively for the benefit of our vulnerable consumers.
- 2) Companies are to share relevant data about their customers in vulnerable situations with each other using improved “needs codes” and through the appropriate industry mechanisms, and to adopt these new arrangements from June 2017.
 - a. We are pleased that our concerns regarding the previously proposed implementation date of June 2016 have been duly considered, and that this date has now been amended to June 2017. Point 4.21 suggests that Ofgem would not wish to go beyond this date: however, due to MRA Development Board release dates for wholesale system changes, they may choose to impose a 12-month implementation date, which could be later than June 2017. This, alongside the risk of Project Nexus over-running, indicates there is a risk of the proposed implementation date being unachievable.
 - b. In developing the new needs codes, an industry-level Privacy Impact Assessment (PIA) has been drafted, which will shortly be shared with relevant representatives from each organisation to be personalised as required. Point 4.23 suggests that, despite this PIA, if Ofgem feels insufficient information is being recorded and shared, it can intervene. This is concerning, given the amount of work that has been undertaken to draft the PIA and justify the reasons for sharing every data item.
 - c. We feel that consideration should be given to how the customer-data implications of the CMA’s recent retail energy market review, which will see the creation of a dataset of customers who have not changed tariff/supplier recently, can influence the medium-term development of the PSR through sharing of data and messaging.

Category 4 - Awareness of Priority Services

- 1) Companies are urged to promote the PSR through the single brand name “Priority Services”
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- a. We continue to support this proposal, and our suggestion to explore an industry-wide brand and awareness project, including the development of a logo and common materials. We believe this is being taken forward as a potential future workstream by the Safeguarding Customer Working Group.
- 2) Companies should collaborate with consumer groups and other third parties to develop customer advice and information materials on the PSR to generate better awareness
 - a. We regularly interact with our partners and customers, through our internal forums (such as our Stakeholder Panel , Social Issues Expert Group and Online Community) and through our Infrastructure North partnership. Through these interactions, we have taken direction in developing our customer literature, support services, and advice offered to our customers. Point 5.13 suggests that these groups and advisors should take the lead in developing these materials in the future, with our involvement. We are concerned with the volume of different styles and types of literature that could result from this, all referencing power cuts to different audiences, and feel this could give rise to both unnecessary costs and time spent on development, when a single version developed by each network operator and tested by partners would be simpler and more cost-effective.
- 3) Network operators should continue to prepare statements setting out their obligations under the PSR licence conditions, and inform their domestic customers about these statements at least once a year.
 - a. In our February 2016 response to the Priority Services Register Review – Final Proposals, we outlined our concerns with this requirement, given changes elsewhere within the industry that affect our ability to comply. Although this requirement exists in the current licence conditions, changes to suppliers’ obligations in respect of DNOs’ notice-of-rights information introduced by the Electricity and Gas (Standards of Performance) (Suppliers) Regulations 2015 from 1 January 2016 have removed the mechanism previously used to meet this obligation. Suppliers are now no longer required to send either their own, or DNO’s, notice-of-rights information to all their domestic customers. DNOs will still be able to include a suitable reference to the statements in any “notice of electricity interruption and restoration standards” that they send to suppliers with a “distributor request” under regulation 10 of these last-mentioned regulations, but Ofgem’s policy intent for such notices has been clear that this information should only target “those DNO customers in areas where interruptions are most common” and not all domestic customers. We understand the reformulation of the

various obligations relating to the notice-of-rights is under active consideration within Ofgem and we would encourage an early resolution to this.

Category 5 - Compliance and Performance Monitoring

- 1) Network operator performance will be monitored through existing incentive schemes
 - a. We continue to be supportive of the proposal to monitor DNO performance in this area through the Stakeholder Engagement and Consumer Vulnerability Incentive.

Licence Drafting

We have identified a number of minor drafting issues in the proposed new SLC10 as follows:

- 1) In the proposed new paragraph 10.3, “PSR customers” should be “PSR Customers”.
- 2) We have suggested a revised wording for paragraph 10.4 above. If you decide to retain something closer to your draft text, we suggest the following changes:
 - a. In subparagraph (a)(i) the word “and” in “children aged 5 and under” should be changed to “or”, since relevant children would either be 5 or under 5, but not both. In addition, “children” could usefully be changed to “a child” to avoid any ambiguity as to whether a household needs to contain more than one child of the requisite age in order to qualify.
 - b. In subparagraph (a)(ii) a comma should be inserted after “situation”, and the words “and require” should be changed to “in need of” – otherwise it doesn’t read correctly from the beginning of paragraph 10.4.
 - c. In order to link subparagraphs (a)(i) and (a)(ii) with (b), the word “and” (which currently appears at the end of subparagraph (a)(ii) after “communication needs;”) should be moved to appear immediately before “have either” at the start of subparagraph (b).
- 3) In the proposed paragraph 10.7, we suggest the following changes:
 - a. The words “in so far” should appear as one word (i.e. “insofar”).
 - b. The use of “his or her” should be changed to “their” in order to become consistent with similar circumstances in this condition (or vice versa).
 - c. The word “supplier” should be changed to “supplier’s”.
 - d. “Licence” is not a defined term in the electricity distribution licence, so an upper-case initial is not appropriate (the term is defined instead in S3A(8) of the Electricity Act 1989).