

# RIIO-GD2 Customer and Social Stakeholder Group

## Introduction



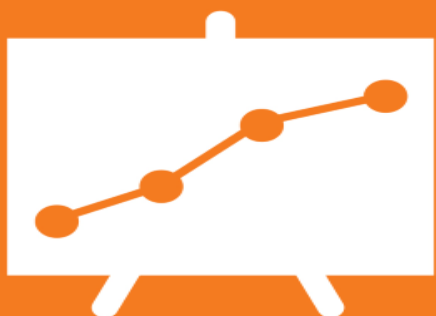
**Pete Wightman, Head of Gas Distribution**  
Meeting 2: 19<sup>th</sup> September 2018

- 1     **Introductions (10:00 – 10:25)** (*Pete Wightman, Head of Gas Distribution*)  
  
Summary of previous meeting and the progress of actions.
- 2     **Guaranteed Standards of Performance (GSOPs) (10:25 – 12:00)** (Ofgem)  
  
Analysis of the data provided by group on current performance and voluntary standards.  
  
Investigating which GSOPs should be prioritised and how they can be improved upon.
- 3     **Lunch (12:00 – 12:30)**
- 4     **Interruptions (12:30 – 13:00)** (Ofgem)  
  
*Ofgem to present strawman on potential interruption outputs for RIIO2.*
- 5     **Customer Satisfaction Output Strawman (13:00 – 14:30)**  
  
Options for the customer satisfaction survey (13:00 – 13:30) (SGN & NGN)  
  
Options other than customer satisfaction surveys (13:30 – 14:00) (Cadent & WWU)  
  
Group discussion (14:00 – 14:30) (all)  
  
**Break (14:30 – 14:40)**
- 6     **Behind the Meter & Fuel Poverty Network Extension Scheme (14:40 – 16:00)**  
  
Initial Strawman options for vulnerability (14:40 – 16:00) (Ofgem)
- 7     **Stakeholder Engagement Incentive (16:00 – 16:30)**  
  
Stakeholder Engagement (and Consumer Vulnerability) Incentive in RIIO-2 (16:00 – 16:30) (Ofgem)
- 8     **Any other business (16:30 – 16:35)**
  - Actions for completion will be circulated by Ofgem.
  - Date of next meeting: 25<sup>th</sup> October 2018

# **Guaranteed Standards of Performance (GSOPs)**

# Guaranteed Standards of Performance - possible options for RII0-GD2

Customer and Social Stakeholder Group 2



## Introduction & recap

- Guaranteed Standards of Performance (GSOPs) were **first introduced for gas distribution in 2002**, and were largely based on voluntary standards followed by Transco.
- **GSOPs relate to the standards of service all customers should expect to receive**, and if a GDN fails to meet these standards the customer is paid a prescribed sum set in the statutory instrument (SI).
- **GSOPs are not, however, aimed at incentivising improvements in performance.** Other outputs within the price control are responsible for incentivising improvements in performance, e.g. the Broad Measure of Customer Satisfaction (BMCS) incentive.
- GSOPs were updated in 2005 and again amended in 2008, but **many of the 2002 standards and payment amounts remain.**
- Therefore, we deem it is **important that GSOPs are reviewed ahead of RIIO-GD2**, which may involve amending existing standards and/or introducing new standards.
- In doing so, there are a number of key questions to be answered.

### Key questions

1. How should the process of customer engagement be organised?
2. Which GSOPs should be prioritised for updating? Which areas might require new GSOPs?
3. How would you propose standards and customer payment levels be set for existing GSOPs and for any new GSOPs that are introduced?

GSOPs

# WHAT SHOULD THE CUSTOMER ENGAGEMENT PROCESS BE?

## Beyond 'easy wins' and basic updates, changes to GSOPs may demand customer engagement

- Specific GSOP changes are proposed later in the slide pack.
- While there is existing evidence which may support a number of changes there are others that are likely to **require additional consumer research to facilitate a robust assessment.**
- Evidence-based reasoning is likely to be important if we wish to:
  - Set payment levels higher than electricity precedent and/or GDN performance
  - Provide strong justification to the Consumer Panels (ours and those of the GDNs)
- It is also likely to be **particularly important for any new GSOPs** as there is minimal precedent on how these GSOPs should be defined and the appropriate standard / compensation payment level.

## There are a number of options as to who leads customer engagement...

With input from stakeholders, **Ofgem could develop a framework** for performing the required research. This research could then be carried out in a number of ways:

1. **Individual GDN led approach:** GDNs could conduct individual quantitative research studies and submit the research as part of their business plan. NB: we **do not** envisage regionally differentiated GSOPs.
2. **Joint GDN led approach:** GDNs could commission a joint research study and submit as part of their business plan.
3. **Ofgem led approach:** we could commission our own research in due course.

For discussion

Who do you think should lead customer engagement, and how?

What customer engagement do you think is appropriate?

What timeframes would be required?



GSOPs

**WHAT UPDATES SHOULD BE PRIORITISED? ARE  
NEW GSOPS REQUIRED?**

## Feedback suggests focus should be on interruptions and vulnerable customers

- All current GSOP **payments could be updated** to the appropriate level; most have not been considered since 2002. Increasing payments and introducing automatic claims are ‘easy wins’.
- As well as payments, standards/timescales and exemptions could also be reviewed.
- Greater scrutiny could be placed on planned and unplanned **interruptions** and **vulnerable customers**, including considering the potential for additional GSOPs in these areas particularly
- We will ensure payment updates for connection are consistent with other changes, but we intend to focus this group on the review to be on non-connection GSOPs. We are confirming if and how we will review connections.

Description of priority	
(1) Indexing payment levels / caps; automatic payments	Must do
(2) Full review of interruptions and vulnerable customers GSOPs	Must do
(3) Aligning customer communication with ED (inc appointment timing)	Must do
(4) Bring other standards in line with electricity distribution	Should do
(5) Adopting voluntary / existing GDN standards and compensation	Should do
(6) Introduction of new GSOPs	Should do
(7) Removing caps (with exceptions) and review exemptions	Should do
(8) Setting payment levels higher than electricity distribution	Likely to require customer engagement

**Do you agree with this assessment? Is anything missing?**

## Initial discussions with GDNs and other stakeholders have led to a number of suggestions for how GD GSOPs could be improved upon

### Proposed principles for the revision of existing GSOPs

1. **GSOPs should relate primarily to the minimum standard all customers should receive.**
2. **Customer payment levels and caps should be updated.** At a minimum, payment levels and caps should be up-to-date with inflation. GDNs deem that the **doubling of payments** could be reflected in any new regime. Aligning with ED should also be considered (where possible).
3. **Standards should be updated to reflect customer expectations in 2018.** E.g., 5 days for property reinstatement seems too long. A tighter standard may be appropriate in many circumstances.
4. **Current standards, payment levels and performance should be ‘banked’.** GDNs voluntary payments and targets can be used to inform updates. For example, NGN follow an 8 hour voluntary standard rather than the 24 hour standard for unplanned interruptions.
5. **Exclusions from payments will be reassessed** to ensure customers are not missing out unfairly.
6. **Where possible, align complaint standards GSOP with electricity distribution,** while ensuring measures become compatible with the complaints metric within the Customer Satisfaction (BMCS) incentive.
7. **Automatic payments as standard** for all GSOPs.
8. **Timescales should cover weekends as standard.** Standards should reflect customers impact regardless of whether it is a working day, except in justified exceptions.
9. **Removal of the cap on payments** for certain GSOPs should be considered to ensure payments remain proportionate.

**What are your views on these proposed principles? Are there any others that should be included?**

## Feedback suggests interruptions and vulnerable customers are priorities for new GSOPs

### Proposed areas for the introduction of new GSOPs

- 1. Greater account of customers who experience long interruptions.** For example:
  - Increase daily payments once incident goes beyond 7 days? Increase cap beyond £1000?
  - Provide additional services such as hot food and/or alternative accommodation?
  - Pay for additional electricity usage resulting from the gas interruption?
- 2. Introduce new appointment standards:**
  - Increase customer choice for when to be taken off and put back on supply around interruptions
  - GSOP on appts. for visits to premises, consistent with ED and supplier customer communications
- 3. Broaden support to vulnerable customers in the event of an interruption:**
  - Notify customers registered on the PSR of works and offer face-to-face visit to discuss?
  - Higher level of compensation for PSR customers or vulnerable (to the extent definable)?
  - Obligations to provide additional services for prolonged interruptions. For example, provision of hot food, alternative accommodation and fuel credit vouchers?
- 4. Ensure overall standards through licence conditions:**
  - Minimum standard of network-level performance. For example, GSOP standard must be achieved in, say, 95% of all cases
- 5. Ensure connections don't take too long:**
  - NB: connections to be led by other team, but could ensure changes consistent with overarching principles

Are there any other areas you think would benefit from the introduction of GSOPs?

GSOPs

# HOW SHOULD STANDARDS AND PAYMENT LEVELS BE SET?

## Existing evidence can be used to update GSOPs...

- The following slides set out examples of what standards and payments might look like in priority areas

### For payments

- At a minimum, GSOP payments could be increased with inflation (i.e. CPIH).
- Need to look at **the circumstances and groups that are currently exempt** from payments but which companies voluntarily pay. For example:
  - For interruptions: inclusion, where reasonable, of faults beyond the ECV
  - For connections: inclusion of the current voluntary scheme

Do you see any issue with index-linking GSOP payments going forward?

What are your thoughts on using inflation and ED1 precedent to set a baseline payment level, which may then be adjusted following customer engagement?

What exemptions do you think we should review?

### For standards

- All GDN customers should be receiving at least the same minimum standard.
- ‘Banking’ current standards of performance by **aligning GSOPs with voluntary standards** followed by GDNs will **lock in performance and safeguard standards**.

What are your thoughts on aligning standards with the frontier?

## Interruptions GSOPs

The table below summarises the current standard of performance expected and associated payment for GSOPs relating to interruptions.

These current levels are compared to strawmen based on the proposed principles for revision of the GSOPs. The revised levels are in **red**, with some aspects of the current standard.

Summary of GSOP	Standard			Payment		
	Current	ED	Voluntary	Current	Inflation	ED
GS1: Supply must be restored after an unplanned interruption within [X]	24 hours	<b>12</b> hours	<b>8</b> hours	£30 dom; £50 non-dom £1000 cap	<b>£45</b> dom; <b>£70</b> non-dom <b>£1400</b> cap	<b>£75</b> dom; <b>£150</b> non-dom <b>No</b> cap
GS2: After works, premises must be restored to condition within [X]	5 working days	N/A	<b>3</b> days	£50 dom; £100 non-dom	<b>£70</b> dom; <b>£140</b> non-dom	N/A
GS13: Must give at least [X] notice of a planned interruption	5 working days	<b>2-5</b> days	<b>10</b> days	£20 dom; £50 non-dom	<b>£25</b> dom; <b>£65</b> non-dom	<b>£30</b> dom; <b>£60</b> non-dom

Multiple GDNs already **voluntarily double**  
**all GSOP payments**

## Vulnerable customers & customer communication GSOPs

The table below summarises the current standard of performance expected and associated payment for GSOPs relating to vulnerable customers and customer communication.

These current levels are compared to strawmen based on the proposed principles for revision of the GSOPs. The revised levels are in **red**, with some aspects of the current standard ~~removed~~.

Summary of GSOP	Standard			Payment		
	Current	ED	Voluntary	Current	Inflation	ED
GS3: Must provide alternative heating and shower facilities within [X] hours of an outage	4 hours (8 for large events)	N/A	4 hours (8 for large) <b>Auto claim</b>	£24	<b>£35</b>	N/A
GS12: Any GSOP payments owed must be paid within [X]	20 working days	<b>10</b> working days	<b>10</b> working days	£20	<b>£30</b>	£20
GS14: Company must provide a response to complaints within [X]	10 working days (20 if visit needed)	<b>5</b> working days ( <b>10</b> if visit)	<b>1</b> working days	£20 per 5 days £100 cap	<b>£25</b> per 5 days; <b>£125</b> cap	<b>£30</b> per 5 days <b>No cap</b>
<b>Must offer and keep timed appointments</b>	N/A	<b>(AM, PM, or agreed 2h slot)</b>	N/A	N/A	N/A	<b>£30 to offer £30 to keep</b>

Multiple GDNs already **voluntarily double**  
**all GSOP payments**



GSOPs

# APPENDICES

## Feedback suggests focus should be on interruptions and vulnerable customers

Area	Summary of GSOP	Priority	Summary of Feedback
Interruptions	GS1: Supply restoration	=2	<ul style="list-style-type: none"> <li>While measuring restoration at appliance may better reflect customer experience, there may be measuring barriers</li> <li>Reducing timescale to 8 or 12 hours could be an option, but need to consider that there are (customer-driven) reasons a longer target may be appropriate in some cases</li> <li>Different activities could be separated, e.g. MOB interruptions</li> <li>Could increase payments after 7 days and the cap above £1000</li> </ul>
	GS2: Reinstatement	=2	<ul style="list-style-type: none"> <li>Possibility of reducing timescale as 5 working days no longer reflective. Could also introduce a quality standard</li> </ul>
	GS13: Notice of interruption	4	<ul style="list-style-type: none"> <li>Proactive/automatic payment is supported, provided barriers can be overcome</li> </ul>
Vulnerable Customers	GS3: Alternative heating & cooking	=1	<ul style="list-style-type: none"> <li>Any suggested additional measures should also be given high priority and reviewed in line with existing GSOP</li> <li>Could include provision of fuel credit vouchers</li> </ul>
Connections	GS4-6: Quotations	8-10	<ul style="list-style-type: none"> <li>Standard quotations higher priority than larger loads</li> </ul>
	GS7: Accuracy of quotations	14	<ul style="list-style-type: none"> <li>Customers could be given a payment if overcharged</li> <li>But GDNs have had very few claims if any – GSOP could be removed or incorporated into complaints metric</li> </ul>
	GS8: Land enquiries	12	<ul style="list-style-type: none"> <li>Timescale could be tightened</li> <li>Could consider exclusions or different targets for large loads</li> </ul>
	GS9-10: Offering dates	6-7	<ul style="list-style-type: none"> <li>Tighter timescales, with suitable exclusions</li> <li>Only one RRP measure – either separate RRP or combine GSOPs</li> </ul>
	GS11: Substantial completion	5	<ul style="list-style-type: none"> <li>Gas on at appliances may be appropriate measure in some cases</li> </ul>
Customer communication	GS12: Notification & Payment	11	<ul style="list-style-type: none"> <li>Review timescale and payment amount</li> </ul>
	GS14: Responding to complaints	13	<ul style="list-style-type: none"> <li>Broad measure drives complaints performance</li> <li>(If GSOP is retained) timescales should be aligned with BMCS</li> </ul>

## A number of GSOPs have remained unchanged since 2002, whilst complaints and planned interruptions were introduced in 2008

Regulation	Description	2002			2005			2008		
		Period	£ domestic	£ non-domestic	Period	£ domestic	£ non-domestic	Period	£ domestic	£ non-domestic
GSOP1: Supply restoration										
7(2)	When the gas supply is not restored within a prescribed period.	24 hours	£30		24 hours	£30		24 hours	£30	£50
GSOP2: Reinstatement of customer's premises										
8(2)	When the relevant gas transporter has not reinstated the customer's premises within a prescribed period.	10 working days	£50	£100	10 working days	£50	£100	5 working days	£50	£100
GSOP3: Priority domestic priorities										
9(2)(a)	When the priority customer has been given prior notice of the intention to disrupt their gas supply but has not ben provided with alternative heating and cooking facilities within the prescribed period.	4 hours	£24	N/A	4 hours	£24	N/A	4 hours	£24	N/A
9(2)(b)(i)	When the priority customer has not been provided with alternative heating and cooking facilities within the prescribed period during an event which affects less than 250 customers.	4 hours	£24	N/A	4 hours	£24	N/A	4 hours	£24	N/A
9(2)(b)(ii)	When the priority customer has not been provided with alternative heating and cooking facilities within the prescribed period during an event which affects more than 250 customers.	8 hours	£24	N/A	8 hours	£24	N/A	8 hours	£24	N/A
GSOP12: Payments										
12(3A)	Failure of the gas transporter to advise the customer / gas shipper in the prescribed period that a payment is due and to make the payment to the customer / gas shipper (for customers who are directly connected to the pipeline system of another gas transporter).							10 working days	£20	£20
12(4)(a)	Failure of the gas transporter to make the required payment to the customer in the prescribed period (for customers who are directly connected to its pipeline)	20 working days	£20	£20	20 working days	£20	£20	20 working days	£20	£20
12(4)(b)	Failure of the gas transporter to make the required payment to another gas transport in the prescribed period (for gas transporters who receive a payment from another gas transporter for onward transmission to a customer whose premises are directly connected to its pipeline system)							5 working days	£20	£20
GSOP13: Planned Interruptions										
10A(2)	Failure to give the customer prior notice of a planned interruption within the prescribed period.							5 working days	£20	£50
GSOP14: Responding to complaints										
10B(2)(a)(i)	Failure to provide an initial response to a customer's complaint within a prescribed period in situations when a substantive response is not possible without first conducting a site visit or external enquiries.							10 working days	£20	£20
10B(2)(a)(ii)	Failure to provide an substantive response to a customer's complaint within a prescribed period following the provision of an initial response.							20 working days	£20	£20
10B(2)(b)	Failure to provide a comprehensive response to a customer's complaint within a prescribed period in situations when a site visit or external enquiries are not required to resolve the complaint.							10 working days	£20	£20

## Comparison to Electricity and Water

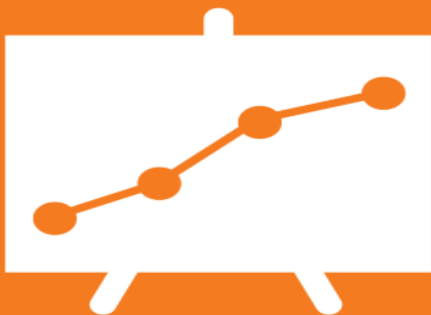
Area	Summary of GSOP	Compensation / Cap	ED	Water
Interruptions	GS1: Supply must be restored after an unplanned interruption within 24 hours	<ul style="list-style-type: none"> <li>£30 domestic; £50 non-domestic per 24 hours off supply</li> <li>Up to £1000 cap</li> </ul>	<ul style="list-style-type: none"> <li>£75/£150 when interruption reaches 12 hours</li> <li>£35 for each 12 hours after</li> </ul>	<ul style="list-style-type: none"> <li>£20 domestic, £50 non-domestic,</li> <li>£10 / £20 per 24 hour after</li> </ul>
	GS13: Must give at least 5 working days notice of a planned interruption	<ul style="list-style-type: none"> <li>£20 domestic; £50 non-domestic (requires claim)</li> </ul>	<ul style="list-style-type: none"> <li>2 or 5 working days</li> <li>Else £30 domestic; £60 non-domestic</li> </ul>	<ul style="list-style-type: none"> <li>£20 domestic; £50 non-domestic</li> </ul>
	GS2: After works, premises must be restored to condition within 5 days	<ul style="list-style-type: none"> <li>£50 domestic; £100 non-domestic</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
Vulnerable Customers	GS3: Must provide alternative heating and shower facilities within 4 hours of an outage (8 hours for large events)	<ul style="list-style-type: none"> <li>4 hours, else £24 (requires claim)</li> <li>8am – 8pm only</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
Customer communication	GS12: Any GSOP payments owed must be paid within 20 working days	<ul style="list-style-type: none"> <li>£20</li> </ul>	<ul style="list-style-type: none"> <li>10 working days</li> <li>Else £30</li> </ul>	<ul style="list-style-type: none"> <li>None</li> </ul>
	GS14: Company must provide a response to complaints within 10 working days (20 days if site visit required)	<ul style="list-style-type: none"> <li>£20 per 5 days</li> <li>Up to £100 cap</li> </ul>	<ul style="list-style-type: none"> <li>5 days, else £30</li> </ul>	<ul style="list-style-type: none"> <li>£20</li> </ul>
	Must keep timed appointments (AM, PM, or agreed 2h slot)	<ul style="list-style-type: none"> <li>None at present</li> </ul>	<ul style="list-style-type: none"> <li>£30</li> </ul>	<ul style="list-style-type: none"> <li>£20</li> </ul>

Some GSOPs are significantly out of line with ED / Water, e.g. supply restoration

# Interruptions

# Interruptions

Customer and Social Stakeholder Group 2  
12:30 – 13:00



## How effective are GDNs at responding to interruptions?

- The number of gas interruptions is significantly less than for electricity (See Appendix).
- As a result, it may be appropriate to focus outputs towards **GDN performance of responding and dealing with interruptions when they do occur**.
- We shared our initial interruptions strawman with GDNs in July and have since provided comments. There was broad support for our proposal overall.
- In this session we aim to discuss the feedback we've had to date and set our next steps to develop the outputs further.
- **GDNs performance with respect to interruptions could potentially be assessed through a set of outputs**, as presented below. A range of outputs are proposed to ensure that specific outputs do not lead to perverse outcomes, e.g. average restoration time targets do not lead to an inefficient increase in the total number of interruptions.

Unplanned Interruptions	Planned Interruptions
<ul style="list-style-type: none"> <li>• <b>Average restoration time</b> (included in licence if data is sufficiently reliable).</li> <li>• <b>Supply restoration licence condition</b>, e.g. 90% of unplanned interruptions restored within 24 hours.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Responsiveness of GDNs to customer needs</b> GSOPs (revision of existing and new) and /or introduction of new licence conditions, e.g. new appointment standard.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Number of interruptions per 100 customers</b></li> </ul>	
Supplementary measures: GSOPS and Customer Satisfaction Survey (as discussed in other sessions)	

## Feedback from GDNs so far on our Strawman

Question	GDN Feedback
(1) Can we satisfactorily identify the cause of an interruption from current RRP?	Overall consider RIGs are ok but could be improved by better reflecting the key outcomes that customers want.
(2) Are certain interruptions more controllable than others?	Importance of third party and MOB interruptions are highlighted.
(3) Can the customer satisfaction survey be used more effectively regarding interruptions?	Agreement that customer satisfaction survey regarding interruptions needs reassessing for RIIO-GD2.
(4) Is there a strong rationale for excluding large events from interruptions data?	Agreement that a separate incentive targeting how GDNs respond to large events should be considered.
(5) Is average restoration time an appropriate measure to compare response to unplanned interruptions?	General support for the use of average restoration time to measure response to unplanned interruptions, while considering that importance of a continuing gas supply may vary by period of time and customer type.
(6) Is punctuality of GDNs an appropriate metric to measure company response to planned interruptions?	Should engage with customers and stakeholders to understand the key drivers of dis(satisfaction) in planned works.
(7) How precisely can you forecast planned interruptions?	Difficult to forecast precisely but historical performance offers a baseline to improve against.
(8) Are additional outputs required for certain interruptions?	Cadent consider that a separate output for MOBs may be appropriate but others do not support the idea of additional outputs.
(9) Have GDNs collected any WTP/WTa data to date ahead of RIIO-GD2?	No WTP/WTa have been undertaken yet but customer and stakeholder engagement is ongoing.
(10) Is the reliability data collected under table 7.2 of the RIGs comparable over time?	Data should be broadly comparable but recognise that there may some inconsistency in reporting between GDNs over time.
(11) Do you collect any data internally that may be used as a measure of performance?	Cadent collect data on a number of different measures associated with delivering customer outcomes.



## Next steps...

1. **Explore how interruptions data reporting can be improved** upon ahead of RIIO-GD2 as this will determine the feasibility of certain options, e.g. disaggregated targets.
  - Teleconference with GDNs on the 11<sup>th</sup> October to explore data issues
2. **Assess how GSOPs, licence conditions and the customer satisfaction survey can potentially be used in combination** to incentivise better performance regarding interruptions.
3. **Explore how consumer research can potentially be used** to assess appetite for improvements in the quality of service received when experiencing an interruption. For example, is there a consumer willingness to pay for a quicker restoration time which could form part of a financial incentive?
4. **Think carefully about how best to improve the quality of service received by certain sets of customers when they experience an interruption, e.g. MOBs and vulnerable customers.**
5. **Present current thinking on interruptions in more detail** at the next customer and social stakeholder group on the 25<sup>th</sup> October.

RIIO-GD2 Interruptions

# APPENDIX

# How does the current incentive work during RIIIO-GD1?

## Unplanned and planned interruption targets

- This incentive aims to minimise the number and duration of supply interruptions.
- GDNs were asked to propose forecast number and duration of planned and unplanned interruptions.
- At the MPR, the targets were adjusted to take into account of data errors and other factors such as multiple occupancy buildings (MOBs).

## Reputational incentive only

- While this incentive is reputational only, for **unplanned interruptions** companies could face a penalty under the GSS:
  - Requires supply restoration within 24 hours following an interruption
  - £30 compensation for domestic and £50 small non-domestic customers for each subsequent 24 hour period up to a cap of £1000

## Gas versus Electricity Interruptions 2016/17

Table: Gas versus Electricity Interruptions 2016/17 (UK total) – excluding large / atypical events

Metric	Gas	Electricity
Total customers served	21,954,233	29,659,111
<b>Unplanned interruptions</b>		
Total interruptions	80,678	12,797,381
Total duration of interruptions (mins)	122,090,014	903,771,060
Average duration per interruption (hours)	25.22	1.18
Number of interruptions per customer served	0.004	0.432
Average duration of interruption per customer served (mins)	5.561	30.472
<b>Planned interruptions</b>		
Total interruptions	439,877	551,862
Total duration of interruptions (mins)	138,807,172	125,980,902
Average duration per interruption (hours)	5.26	3.80
Number of interruptions per customer served	0.020	0.019
Average duration of interruption per customer served (mins)	6.323	4.248

There are significantly fewer unplanned gas interruptions than electricity interruptions, but the average duration of a gas interruption is much longer.

# **Customer Satisfaction Output Strawman**



# Customer Satisfaction

**we are  
the network**

Maureen McIntosh - SGN

Eileen Brown - NGN

- - Who should we be surveying, in what format and what should we be asking about?
- - Are the questions (other than the question used for reporting) showing any trends for areas of improvement/focus for RIIO-2?
- - Is it still appropriate to score the survey results on one question, or could a weighted average be used?



# Strawman for Customer Satisfaction Surveys

	Option 1	Option 2	Option 3	Option 4
Who we should be surveying	<ul style="list-style-type: none"> <li>Review current exclusions within RIGs – still relevant, what could now be included as currently surveyed outside of RIGs</li> </ul>	<ul style="list-style-type: none"> <li>Review current exclusions within RIGs</li> <li><b>Include additional high volume customers, impacted by our works into existing three workstreams</b></li> <li><b>Non interrupted, but impacted customers i.e. planned work affecting neighbouring properties</b></li> </ul>	<ul style="list-style-type: none"> <li>Review current exclusions within RIGs</li> <li>Include additional high volume customers, impacted by our works into existing 3 workstreams (*appendix slide 17) e.g. non interrupted, but impacted customers i.e. planned work</li> <li><b>Develop additional option survey groups to capture customers that cannot fit into existing work-streams e.g. maintenance or low volume</b></li> </ul>	Continue as is
What should we be asking (additional appendix info – slide 11 and 12)	<ul style="list-style-type: none"> <li>Rationalise existing questions set – as per GDN trials and research</li> </ul>	<ul style="list-style-type: none"> <li>Rationalise existing questions set – as per GDN trials.</li> <li><b>Include customer effort question (* see appendix slide 11)</b></li> </ul>	<ul style="list-style-type: none"> <li>Ask questions aligned to customers journey add in what really matters to them i.e. most important areas</li> <li>Include customer effort question (*appendix slide 12)</li> <li><b>Weighted average over lowest performing questions OR questions that best drive satisfaction.</b></li> </ul>	Continue as is
What format (additional appendix info – slides 9 and 10)	<ul style="list-style-type: none"> <li>Tailored to workstream E&amp;R and Connections - telephone/email</li> <li>Planned - letter</li> </ul>	<ul style="list-style-type: none"> <li>Tailored to workstream E&amp;R and Connections - telephone/email/sms</li> <li>Planned - letter</li> </ul>	<ul style="list-style-type: none"> <li>Tailored to workstream E&amp;R and Connections - telephone/email</li> <li>Planned – letter</li> <li><b>Select most appropriate methodology and timescales for optional customer surveys</b></li> </ul>	Continue as is
Advantages	<ul style="list-style-type: none"> <li>Most comparable to GD1</li> </ul>	<ul style="list-style-type: none"> <li>Broadens customer reach</li> <li>Introduces closer ‘effort’ benchmark to customer surveys outside sector.</li> </ul>	<ul style="list-style-type: none"> <li>Broadens customer reach and includes optional surveys for smaller/infrequently impacted customers groups.</li> <li>Gives GDNs options to survey beyond 3 workstreams</li> <li>Able to impact areas of service that customers value and matter more to them</li> </ul>	Fully comparable to GD1 Certainly on cost
Disadvantages	<ul style="list-style-type: none"> <li>Does not reach beyond existing 3 workstreams</li> <li>Potential increase in cost to survey</li> <li>Won’t keep pace with customer expectations</li> </ul>	<ul style="list-style-type: none"> <li>Less comparable to GD1</li> <li>Increase in cost to survey</li> <li>GDN customer benchmark will need to be reset</li> <li>GDPR and future privacy legislation may impact on calling customers at home</li> </ul>	<ul style="list-style-type: none"> <li>Less comparable to GD1</li> <li>Increase in cost to survey</li> <li>GDN customer benchmark will need to be reset</li> <li>GDPR and future privacy legislation may impact on calling customers at home</li> <li>Move to weighted average of all questions will make GD2 results incomparable to GD1</li> </ul>	Does not target areas of low performance Response rates reducing year on year for existing methodology
Next steps	None – all data gathered through GDN trials	Work with Tti to conduct further short term trials	Work with Tti to conduct further short term trials	



## Are the questions (other than the question used for reporting) showing any trends for areas of improvement/focus for RIIO-2?

The table below shows our current poor performing areas (YTD qtr 3 18/19), and therefore could be potential areas for improvement/focus and the key drivers negatively impacting customer satisfaction in 17/18

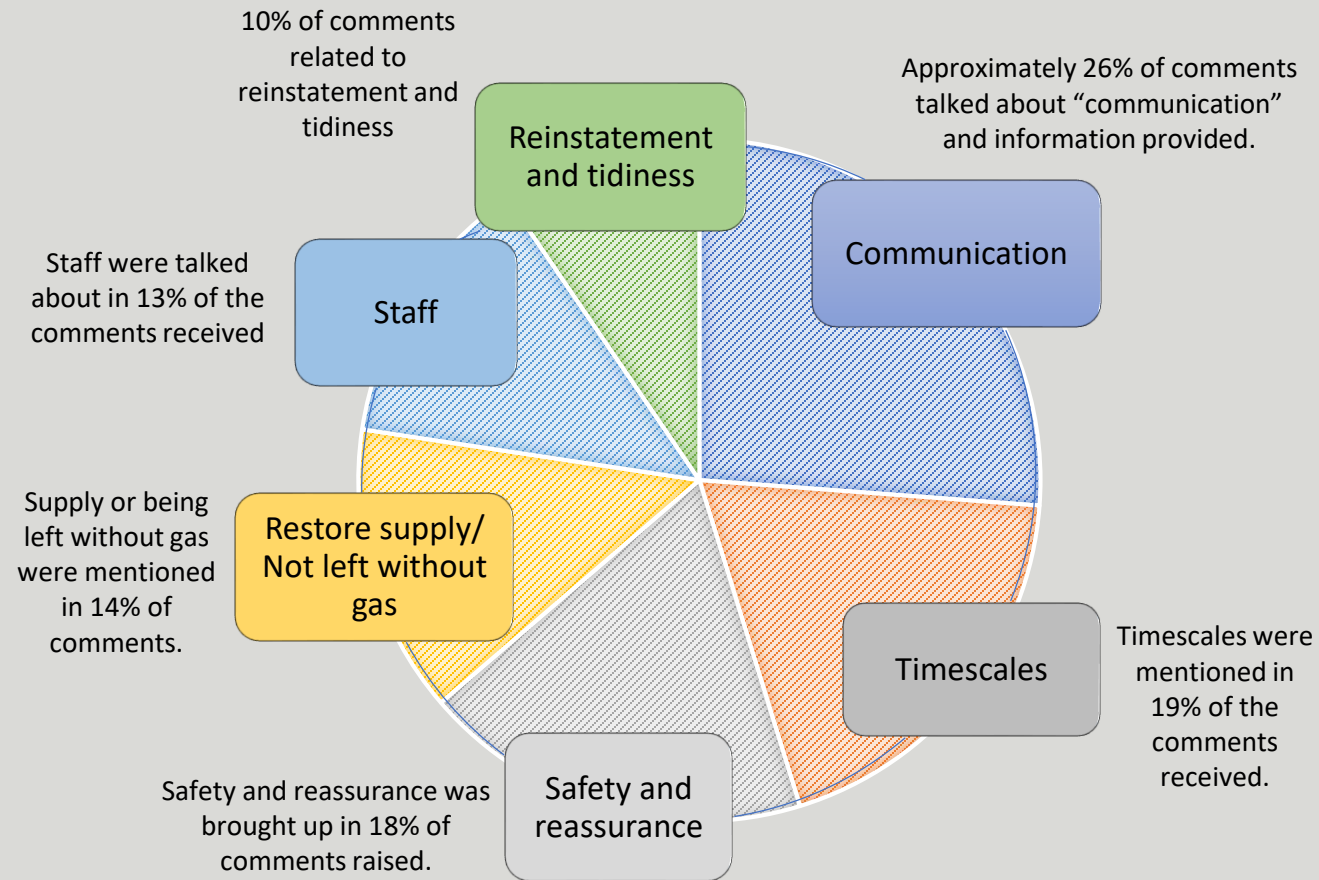
Workstream	Lowest scoring questions	Key drivers impacting satisfaction
Emergency and Repair	Q9 Was your gas supply restored asap - 8.99 Q10 Communication during interruption - 9.08 <i>(See slide 14 for full range of scores Q1 18/19)</i>	Q9 Was your gas supply restored asap Q10 Communication during interruption Q12 Speed of making good excavation
Planned Work	Q8 Speed of making good excavation - 7.89 Q6 Site tidiness - 8.01 <i>(see slide 15 for full range of scores Q1 18/19)</i>	Q8 Speed of making good excavation Q7 Communication
Connections	Q2 Application process - 8.68 Q4 Time to schedule a date for work - 8.40 Q8 Speed of making good excavation - 8.60 Q10 Overall communication - 8.58 <i>(see slide 16 for full range of scores Q1 18/19)</i>	Q4 Time to schedule a date for work Q5 Length of time to complete work Q8 Speed of making good excavation Q10 Overall communication

The following three slides show key themes that have emerged from verbatim comments in response to the additional question – ‘what is the one thing that ‘GDN’ could improve on’

# Emergency Response and Repair

The top recurring themes have been identified from respondents who gave scores of less than 7 for overall satisfaction...

## Most important areas



Taken from a total of 157 comments.

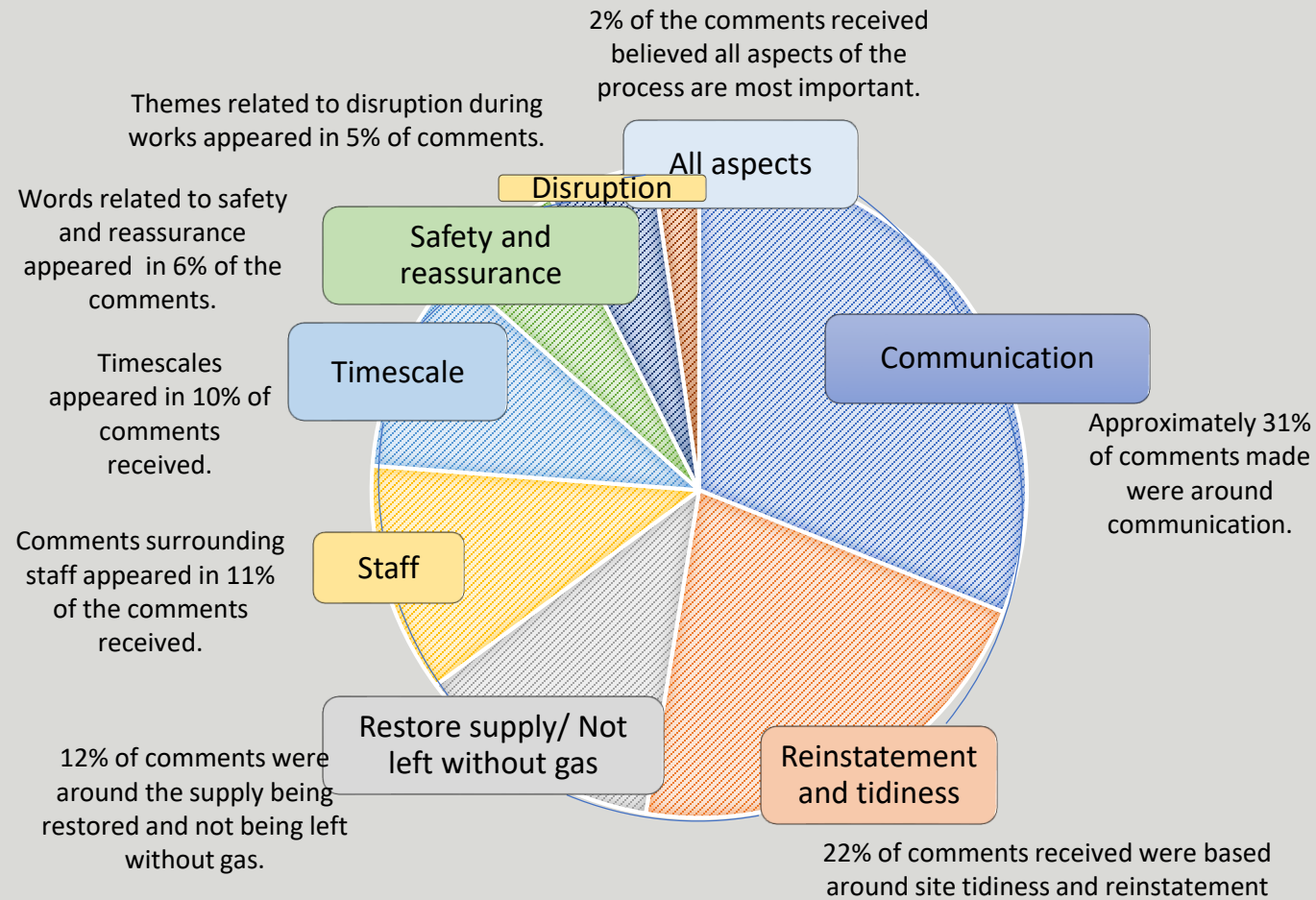
104 from Cadent, 28 from SGN, 21 from Northern Gas Networks and 3 from Wales & West Utilities.



# Planned Work

The top recurring themes have been identified from respondents who gave scores of less than 7 for overall satisfaction...

## Most important areas



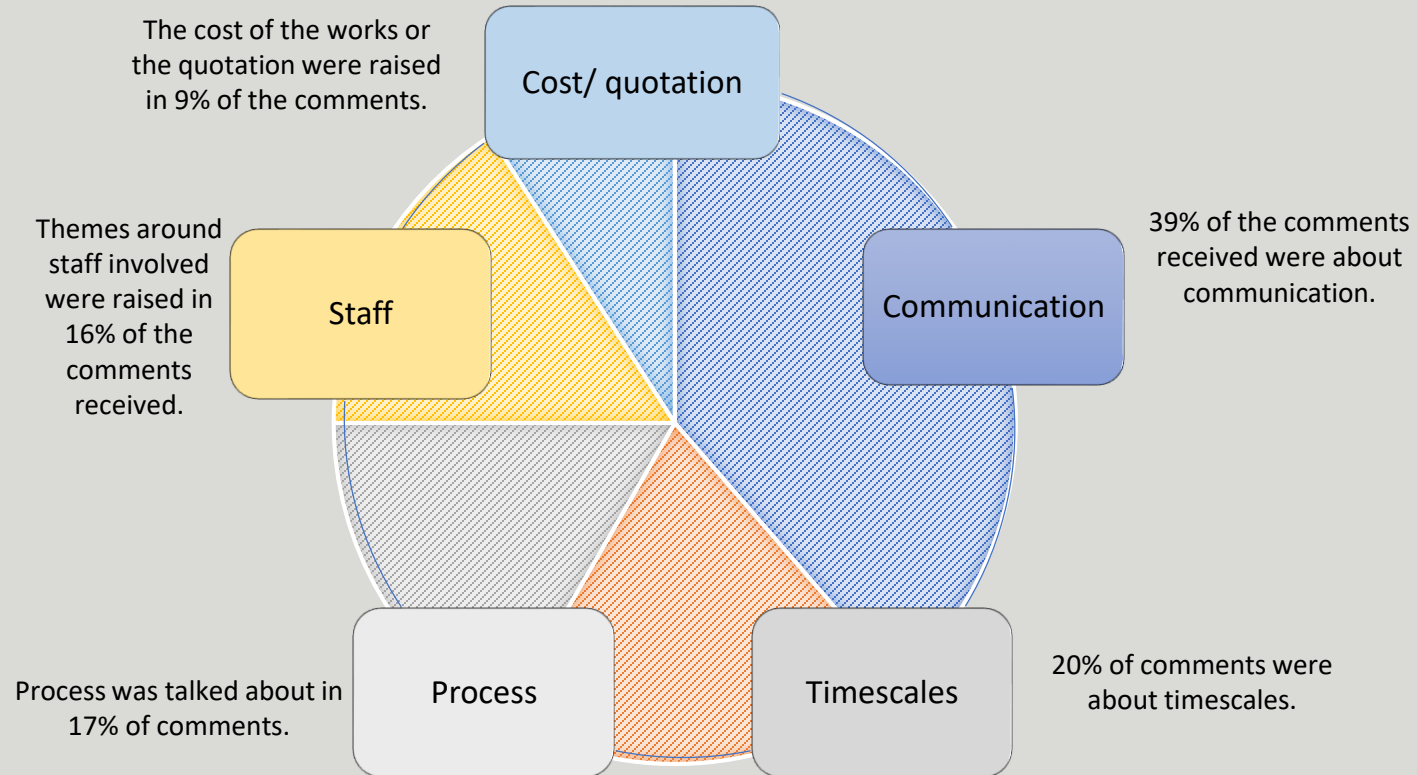
Taken from a total of 347 comments.

160 from Cadent, 69 from SGN, 36 from Northern Gas Networks and 82 from Wales & West Utilities.

# Connections

The top recurring themes have been identified from respondents who gave scores of less than 7 for overall satisfaction...

## Most important areas



Taken from a total of 111 comments.

56 from Cadent, 42 from SGN, 8 from Northern Gas Networks and 5 from Wales & West Utilities.

# Is it still appropriate to score the survey results on one question, or could a weighted average be used?

- Below is a comparison between overall satisfaction and average of all questions.
- On average, scores are approx. 0.1 lower when average of all questions is applied

CONNECTIONS 2018 / 2019 Q1	WWU	E of E	London	N West	W Mids	Southern	Scotland	Northern
Q11 - Overall satisfaction with service	9.11	8.41	7.67	8.72	8.38	8.68	9.32	8.99
Average of service questions	9.04	8.65	7.89	8.74	8.55	8.87	9.26	8.95
Planned Work 2018 / 2019 Q1	WWU	E of E	London	N West	W Mids	Southern	Scotland	Northern
Q11 - Overall satisfaction with service	8.66	8.48	8.12	8.21	7.56	8.83	8.92	8.94
Average of service questions	8.59	8.42	8.06	8.19	7.6	8.78	8.91	8.85
Emergency & Repair 2018 / 2019 Q1	WWU	E of E	London	N West	W Mids	Southern	Scotland	Northern
Q15 - Overall satisfaction with service	9.56	9.44	8.91	9.2	9.35	9.45	9.57	9.48
Average of service questions (inc operator Q2 & Q3)	9.53	9.36	8.87	9.12	9.29	9.38	9.47	9.36
Average of service questions (excluding emergency operator (Q2&Q3)	9.53	9.35	8.8	9.06	9.24	9.35	9.48	9.36

- Certain questions could be weighted according to the criteria below

Workstream	Lowest scoring questions	Key drivers impacting satisfaction
Emergency and Repair	Q9 Was your gas supply restored asap Q10 Communication during interruption	Q9 Was your gas supply restored asap Q10 Communication during interruption Q12 Speed of making good excavation
Planned Work	Q8 Speed of making good excavation Q6 Site tidiness	Q8 Speed of making good excavation Q7 Communication
Connections	Q2 Application process Q4 Time to schedule a date for work Q8 Speed of making good excavation Q10 Overall communication	Q4 Time to schedule a date for work Q5 Length of time to complete work Q8 Speed of making good excavation Q10 Overall communication

# Appendix



# Can we improve the approach?

## Current practice vs Best Practice

*(research conducted by KPMG on behalf of NGN – Nov 2015)*

Area	Current practice	Vs. BP	Best practice (BP) observations
Channel	Post is the only channel used for GDN surveys		Offer the customer a number of channels to suit their preference – this helps with response rates and capturing all demographic groupings.
Relevant	Sent to customers who have been impacted by planned or unplanned works or had work on a gas connection.		All customers who receive the survey should be in a relevant population – if the survey isn't opened, you don't get a response.
Timely	Surveys are sent in the following month from when the interaction took place.		Issue immediately after the interaction / resolution, this is when it is foremost in the customer's mind and problems can be fixed.
Actionable	Customers are pointed back to the GDN with any issues.		If someone reads the feedback immediately, and responds to it when necessary, this shows caring and repays the customer for the time they have spent.
Personalised	Customer names are not available for many interactions, therefore letters are sent to addresses rather than customers.		Personalised surveys generally result in higher response rates as the customer is less likely to consider as junk mail or cold calling.
Quick	11-15 questions in Ofgem template, supplemented with additional information gathering by NGN.		Ideal length of a survey is 5-10 questions, however this must be qualified against getting required levels of information.
Elaboration	Customers are asked for one area to change / improve and the most important aspect of service by NGN.		Additional qualitative information alongside quantitative comparable scores makes the feedback more actionable and increases understanding on what went right or wrong.
Language	Straightforward questions relevant to the interaction with clear language and a 1-10 scale from very dissatisfied to very satisfied		Questions should be free from jargon, not lead the customer and use a sliding scale for scoring quantitative measures.

# The future RIIO approach

## Survey channels

*(research conducted by KPMG on behalf of NGN – Nov 2015)*

Channel	Pros	Cons	Considerations
Post	<ul style="list-style-type: none"> <li>Relatively cheap in comparison to phone</li> <li>Allows detailed feedback to be captured</li> <li>Can be mailed to addresses where customer details are not known</li> </ul>	<ul style="list-style-type: none"> <li>Response rates generally low</li> <li>Can be mixed up as junk mail</li> <li>More expensive than email</li> <li>Non-response bias and responses not always representative of sample</li> </ul>	<ul style="list-style-type: none"> <li>Existing channel offers continuity and detail, however can be complimented by other channels to increase and diversify respondents</li> </ul>
Outbound phone	<ul style="list-style-type: none"> <li>Easy to complete as explanation provided</li> <li>Stronger response rate than post - as long as customers are engaged</li> <li>Opportunity to explore answers in detail</li> </ul>	<ul style="list-style-type: none"> <li>More expensive than postal approach</li> <li>Risk of respondent bias or leading</li> <li>Contact details not available for all impacted customers</li> </ul>	<ul style="list-style-type: none"> <li>Phone surveys can add further detail and clarification to positive or negative feedback received and reach a wider population, whilst maintaining</li> </ul>
Inbound phone	<ul style="list-style-type: none"> <li>Immediate response</li> <li>Feedback often more accurate and actionable so customer can see benefit of responding</li> <li>Inexpensive after set-up</li> </ul>	<ul style="list-style-type: none"> <li>Cost to set up can be high depending on telephony system</li> <li>Challenge of comparability if not all GDN's use the same</li> </ul>	<ul style="list-style-type: none"> <li>Challenge in providing a solution which would fit all GDN's to allow comparability and ensure it is cost effective. An area of focus for those that wish to delight customers</li> </ul>
Email	<ul style="list-style-type: none"> <li>Cheap and easy to send in large volume</li> <li>Customer can respond in their own time and if using smartphone, whilst on the move</li> <li>Links to web surveys allow fast, easy completion for customer and instant collated responses for organisations</li> </ul>	<ul style="list-style-type: none"> <li>Email addresses not available for large number of customers</li> <li>Needs to capture attention amongst other emails to stand out</li> <li>Lower response rate than telephony and recent studies suggest falling further</li> </ul>	<ul style="list-style-type: none"> <li>A cheaper method of reaching larger numbers of customers in a more timely basis, however challenge remains in the capture of email addresses for planned and emergency work when only roads are known.</li> </ul>
SMS	<ul style="list-style-type: none"> <li>Immediate response</li> <li>Low cost when set-up</li> <li>Low effort from customer, therefore response rates typically higher than phone</li> <li>Targets younger demographics</li> </ul>	<ul style="list-style-type: none"> <li>Number of questions to be asked is very limited</li> <li>Difficult to obtain qualitative information or further explanation alongside quantitative answers</li> </ul>	<ul style="list-style-type: none"> <li>Offers a good addition to postal to capture additional sample size with potential to maintain existing scoring question relating to overall satisfaction</li> </ul>
Apps	<ul style="list-style-type: none"> <li>Growing technology appealing to younger customers</li> <li>Able to complete anywhere</li> <li>Low cost when set up</li> </ul>	<ul style="list-style-type: none"> <li>Take up can be slower in older demographics</li> <li>Technology costs at outset can be high and challenge of making applicable to all platforms and future proofing</li> <li>GDN customers would have no incentive to download app for service</li> </ul>	<ul style="list-style-type: none"> <li>A very new channel which is likely to suit energy suppliers better who already use apps to manage accounts or for billing. However potential future use in highlighting planned works or unplanned emergencies.</li> </ul>
Face to face	<ul style="list-style-type: none"> <li>When Connections work is completed or disruptions are localised, face to face channel would give personalisation to survey</li> <li>Immediate feedback builds ownership and response rates as customer is experiencing service at the time</li> </ul>	<ul style="list-style-type: none"> <li>Only available for channels with direct customer contact</li> <li>Technology such as tablets required to implement</li> <li>Without anonymity, customer feedback may not be as truthful or direct</li> </ul>	<ul style="list-style-type: none"> <li>Used successfully in related industries with tablets and a secure response app which allows customer to give instant feedback while the interaction is at the forefront of their mind. Consideration for future.</li> </ul>



# The future RIIO approach

## NPS and CES

*(research conducted by KPMG on behalf of NGN – Nov 2015)*

- Customer satisfaction as a metric is simple to understand for staff and customers, and easy to calculate.
- However, studies show that a satisfied customer does not generally behave differently from a loyalty perspective to a dissatisfied customer.
- Whilst network operators do not need to be concerned about customers recommending their service or future purchasing, lessons can be learnt from metrics focused more on loyalty.

### Net Promoter Score (NPS)

- Increasingly NPS is used as a single or complimentary metric
- Uses the assumption that happy customers are more likely to recommend a company to others

#### Advantages

- Question is as straightforward to ask as customer satisfaction questions
- Is generally easy to understand for staff; can be calculated quickly and easily; and used to drive change in organisations
- The additional benefit is the frequency of use means comparisons within and across sectors can be made

#### Disadvantages

- Customers may not feel they can recommend a GDN as they do not have any choice of supplier or a billing relationship
- Fixed base of customers are not impacted by loyalty

#### Opportunity

- NPS has been asked in situations similar to GDN's for example Council or Department Work & Pensions in a recent study and has been used by the NHS, therefore non retail relationship can be overcome

### Customer Effort Score (CES)

- Research by the Corporate Executive Council estimates that, in any experience, how a customer feels about the effort they expend represents 65% of their total assessment of the experience.
- CES is measured by asking a single question: "How much effort did you personally have to put forth to handle your request?" It is scored on a scale from 1 (very low effort) to 5 (very high effort).

#### Advantages

- Good measure to monitor against increased customer expectations – time poor customers expect efficient technology led service with low effort on their part
- Fits a non billing / retail relationship where experience is more important than loyalty
- Links well to interactions covered in GDN survey

#### Disadvantages

- Metric not as commonly used, so less opportunity for comparison outside sector

#### Opportunity

- Consider how to factor effort into current customer survey

# The future RIIO approach

## Alternative qualitative questions

*(research conducted by KPMG on behalf of NGN – Nov 2015)*

The qualitative questions currently asked are:

- Is there any one thing that you think Northern Gas Networks should change or improve upon in the next 12 months?
- When thinking about the experience that you have from Northern Gas Networks, what is the one aspect of the service that is the most important to you and why?

Alternative questions used in other surveys to get qualitative information in a different way:

1. What were your expectations before the interaction?
2. How did we meet your expectations?
3. Was your issue resolved at first point of contact? If not, why not?
4. Did you trust the staff member you were dealing with?
5. How did the level of effort you had to expend compare with other similar experiences?
6. When you think of the brand Northern Gas Networks, what do you think of?
7. Do you feel the staff member you dealt with listened to your needs and delivered on them?
8. How could we have improved your experience with Northern Gas Networks?



# Emergency Response and Repair

## Service areas scores

Survey questions	Wales & West Utilities	Difference from 17/18 YTD	Cadent East of England	Difference from 17/18 YTD	Cadent London	Difference from 17/18 YTD	Cadent North West	Difference from 17/18 YTD	Cadent West Midlands	Difference from 17/18 YTD	SGN Southern	Difference from 17/18 YTD	SGN Scotland	Difference from 17/18 YTD	Northern Gas Networks	Difference from 17/18 YTD
Q2 - Time to get through to operator	9.56	0.09	9.40	0.01	9.08	-0.09	9.37	-0.02	9.42	0.11	9.45	0.11	9.44	0.06	9.37	-0.02
Q3 - Info & safety advice	9.52	-0.04	9.42	-0.02	9.16	-0.08	9.33	-0.13	9.48	0.07	9.46	0.05	9.40	-0.01	9.39	-0.06
Q5 - Time for engineer to attend	9.62	0.09	9.47	0.00	9.14	-0.12	9.40	-0.13	9.48	0.07	9.52	0.12	9.54	0.15	9.40	-0.06
Q9 - Restored asap	9.42	0.21	9.19	0.15	8.36	0.03	8.78	-0.16	8.88	0.05	8.98	0.11	9.25	0.24	9.08	0.03
Q10 - Communication during work	9.47	0.24	9.13	-0.03	8.60	0.12	8.73	-0.27	9.02	0.07	9.09	0.12	9.35	0.25	9.22	0.04
Q11 - Site Tidiness	9.56	-0.05	9.47	0.01	9.03	-0.09	9.20	-0.17	9.44	0.14	9.51	0.07	9.61	0.11	9.42	-0.08
Q12 - Make good excavation	9.53	0.12	9.26	0.06	8.59	-0.12	8.77	-0.33	9.15	0.15	9.38	0.21	9.45	0.10	9.29	-0.03
Q13 - Skill & professionalism of workforce	9.57	-0.03	9.47	-0.07	8.96	-0.20	9.28	-0.13	9.37	0.00	9.49	0.07	9.59	0.05	9.56	0.02
Q10 - Overall quality	9.56	0.03	9.47	-0.05	8.94	-0.17	9.23	-0.18	9.36	0.00	9.51	0.12	9.57	0.08	9.52	0.03
Q15 - Overall satisfaction	9.56	0.03	9.44	0.00	8.91	-0.14	9.20	-0.18	9.35	0.06	9.45	0.11	9.57	0.09	9.48	0.03

\*Please note: In the table above we have highlighted highest and lowest performing questions plus highlighted score movement and questions with a change in score of +/- 0.15 or greater.

## Service area scores

Survey questions	Wales & West Utilities	Difference from 17/18 YTD	Cadent East of England	Difference from 17/18 YTD	Cadent London	Difference from 17/18 YTD	Cadent North West	Difference from 17/18 YTD	Cadent West Midlands	Difference from 17/18 YTD	SGN Southern	Difference from 17/18 YTD	SGN Scotland	Difference from 17/18 YTD	Northern Gas Networks	Difference from 17/18 YTD
Q3 - Restored asap	8.91	-0.08	8.61	0.07	8.18	-0.08	8.32	0.32	7.83	0.13	8.94	0.14	9.17	0.13	9.03	0.09
Q5 - Advance notification	8.69	0.02	8.71	0.06	8.32	-0.02	8.48	0.09	7.97	-0.03	8.96	0.10	9.07	0.02	9.10	0.04
Q6 - Site Tidiness	8.11	-0.12	8.00	0.01	7.77	-0.08	7.76	0.15	7.02	-0.30	8.45	0.30	8.56	0.10	8.41	0.23
Q7 - Communication during work	8.49	-0.11	8.36	0.04	7.92	-0.19	8.16	0.09	7.42	-0.24	8.81	0.17	8.83	0.02	8.91	0.09
Q8 - Make good excavations	8.08	-0.06	7.92	0.04	7.28	-0.26	7.69	0.09	6.86	-0.32	8.24	0.16	8.59	0.23	8.42	0.13
Q9 - Skill & Professionalism	9.00	0.00	8.73	0.00	8.54	-0.09	8.52	-0.01	8.12	-0.14	9.06	0.16	9.09	0.04	9.10	0.06
Q10 - Overall quality	8.85	-0.03	8.63	-0.01	8.44	-0.09	8.43	0.03	7.97	-0.18	8.99	0.14	9.04	0.07	8.99	0.07
Q11 - Overall satisfaction	8.66	-0.08	8.48	0.02	8.12	-0.13	8.21	0.10	7.56	-0.19	8.83	0.13	8.92	-0.04	8.94	0.09

\*Please note: In the table above we have highlighted highest and lowest performing questions plus highlighted score movement and questions with a change in score of +/- 0.15 or greater.

## Service area scores

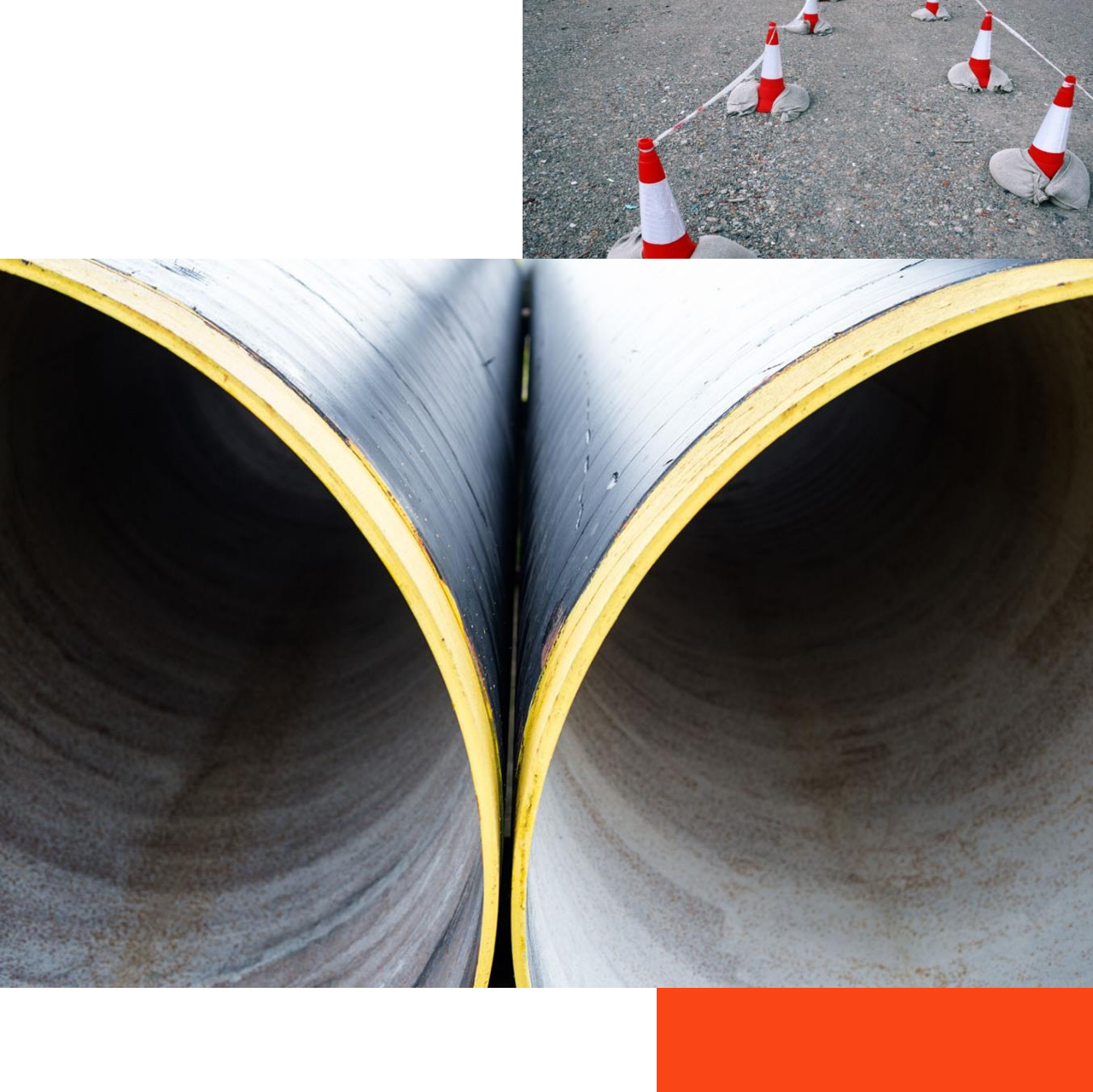
Survey questions	Wales & West Utilities	Difference from 17/18 YTD	Cadent East of England	Difference from 17/18 YTD	Cadent London	Difference from 17/18 YTD	Cadent North West	Difference from 17/18 YTD	Cadent West Midlands	Difference from 17/18 YTD	SGN Southern	Difference from 17/18 YTD	SGN Scotland	Difference from 17/18 YTD	Northern Gas Networks	Difference from 17/18 YTD
Q2 - Application Process	8.93	0.05	8.56	-0.06	7.89	0.33	8.68	0.02	8.71	0.25	8.76	0.13	9.05	-0.03	8.82	-0.02
Q3 - Time to provide a quote	8.95	-0.14	8.76	-0.06	7.88	-0.02	8.93	-0.03	8.90	0.16	9.06	0.02	9.31	-0.02	9.03	-0.02
Q4 - Time to schedule work	8.69	-0.19	8.19	-0.01	6.85	0.07	8.65	0.07	8.50	0.40	8.78	0.02	9.12	-0.16	8.42	-0.46
Q5 - Time for work to be carried out	9.04	-0.20	8.61	0.10	7.64	0.27	8.77	0.03	8.44	0.51	8.85	-0.06	9.34	-0.07	8.79	-0.36
Q6 - Skill & professionalism of workforce	9.40	-0.02	9.04	0.12	8.63	0.58	8.76	-0.26	8.62	0.09	9.04	-0.07	9.49	0.01	9.27	0.02
Q7 - Site Tidiness	9.04	-0.20	8.89	0.11	8.30	0.37	8.82	-0.03	8.64	0.33	8.91	-0.14	9.27	-0.13	9.20	0.05
Q8 - Make good excavation	9.05	-0.19	8.46	0.00	7.60	0.39	8.51	-0.03	8.29	0.47	8.72	-0.06	9.17	-0.16	8.96	0.03
Q9 - Overall quality of work	9.20	-0.15	8.94	0.04	8.69	0.78	8.84	-0.13	8.56	0.03	9.03	-0.05	9.43	-0.03	9.31	0.11
Q10 - Overall communication	9.03	-0.12	8.38	0.05	7.52	0.55	8.72	0.08	8.32	0.47	8.72	-0.23	9.17	-0.16	8.77	-0.27
Q11 - Overall satisfaction	9.11	-0.08	8.41	-0.03	7.67	0.50	8.72	0.03	8.38	0.53	8.68	-0.21	9.32	-0.04	8.99	-0.15

\*Please note: In the table above we have highlighted highest and lowest performing questions plus highlighted score movement and questions with a change in score of +/- 0.15 or greater.

# Volumes of work

Customer Matrix	Approx volume impacted per year? Cadent	Approx volume impacted per year? SGN	Approx volume impacted per year? NGN	Approx volume impacted per year? WWU
Replacement - non-interrupt customers				
E&R - major incidents over 250 customers	c. 6 incidents	2 incidents	2 incidents	3 incidents
E&R - CO incidents	c.40000	19,745	3800	4100
Connections - Paid for disconnections	c.1700 completed jobs	1580	800	495
Connections - Customers with a load over 73,200 kwh	c.360 jobs.	199		Olga / Dewi
UIP/IGTs	c.7500 (completed 3rd party connections). c.90 UIP / IGTs	1042 (completed 3rd party connections) c. 87 IGT/UIPs	5000	7600 (completed 3rd party connections). 240 UIP / IGT
Maintenance/Network Services (O&M)		759	3218 Service Governors	
Power to Gas (Bio etc.).				
Road-users - transient customers				
Vulnerable				
Land Owners	c. 20000	N/A	6676	N/A





# Measuring customer service performance in RIIO-GD2: **Alternatives to a customer satisfaction survey**

Stephen Hassall - Cadent  
Nigel Winnan - Wales & West Utilities

Glasgow  
19 September 2018



# Alternative ways of measuring customer performance:

## Understanding the key drivers of customer (dis)satisfaction

Insight / feedback	How could this be addressed? (beyond changes to existing survey mechanism)
The three surveys cover domestic customers only and are based on a sample of customers – Does the measure need to better represent our customer base?	Set wider customer measures which capture performance against services provided to all our customers - both domestic and non-domestic customers
C-Sat survey is a lagging indicator – are there ways to measure more directly with leading indicators?	Set tangible measures against key steps in the process and record immediately (not at the end of the job)
Data from RIIO-GD-1 can be used to understand key areas which cause dissatisfaction / satisfaction i.e. C-Sat comments / complaints / enquiries.	Use GD-1 insights to set the right measures to maintain good levels of service and target areas of poor performance
There are many customer measures which are interrelated and may conflict i.e. different target levels, or are duplicated	Set a balance scorecard which brings together all customer related measures to avoid conflict/duplication



# Measuring satisfaction across UK

- GDNs could have an output which rates the GDN performance across a wider sector and / or all UK businesses

Option	Advantage	Risk
Benchmark using current survey provider (e.g. TTI)	Consistent measure at low cost if all GDNs have the same provider	TTI survey questions used for current reports Comparison lost if one GDN changes provider Inability of GDNs to get best value for customer if locked into one survey provider
ICS (Institute of Customer Service)	Well recognised and respected Provides a measure across all UK sectors GDN score via Business benchmarking	Not all GDNs currently subscribe to the ICS ICS do not promote GDN scores as GDNs lead survey whereas as other businesses are scored independently Cost of £10k per annum
Benchmark across other utilities and 'monopoly' companies only	Likely to be a more comparable measure of how scores are derived	Agreement required on the source of that data
Other organisation CCA (Contact Centre Association)	Good measure of front office services	Does not cover delivery of works and not supported by all GDNs



# Inclusive Service Provision

- GDNs could be required to demonstrate their services are fair to all customers via a recognised accreditation

Option	Advantage	Risk
BSI18477 – Inclusive Service Provision	UK recognised standard	£10k per annum Three year accreditation audit and annual surveillance visit
Work with an organisation such as the ICS to develop a measure		Need to get a wide range of business signed onto the new measure

# Options

- Licence requirement for obtaining and maintaining an external standard such as BSI-18477
- Licence obligation to be a member of a certain organisation is a risk if that organisation ceases to exist
- Incorporate external satisfaction score into Broad Measure of Customer satisfaction scorecard to cover leading and lagging indicators

Leading indicator	Lagging indicator
GSOP	Customer Surveys
Emergency Performance	Complaints
Interruption times	

# Alternative ways of measuring customer performance:

## Balanced scorecard (illustrative example only)

Customer Experience Area	Measure	Emergency	Planned work	Conn x	Non-domestic	Performance (illustrative e.g.)	Weighting
Quotation performance	% job where connection GSoP			✓		97%	
Notification of works	% of customers notified of work within set timescale (e.g. 5-15 days before start )		✓	✓	✓	70%	
Keeping appointments	% of appointments (agreed with customers) met		✓	✓	✓	85%	
Quality of work	% of jobs requiring revisit	✓	✓	✓	✓	5%	
Reinstatement	% of excavations at customer premises reinstated within 5 days	✓	✓	✓		76%	
Complaints	RIIO-GD1 complaints metric retained with revised target	✓	✓	✓	✓	4.65	
Emergency Response	% of escapes attended within 1 hour / 2 hours	✓				97%	
Interruption times	% within target timescales (24 hours)	✓				90%	
Over-arching customer satisfaction survey	Internal / External benchmarking score	✓	✓	✓	✓	8.9 / 10	
CUSTOMER PERFORMANCE SCORE							

Weightings to be based on customer prioritisation. This could potentially vary by region.

Minimum standards could be set for individual areas

Scorecard calculates one number that could be shared with customers. Incentive based on overall customer experience. This would be similar to Asset Health.

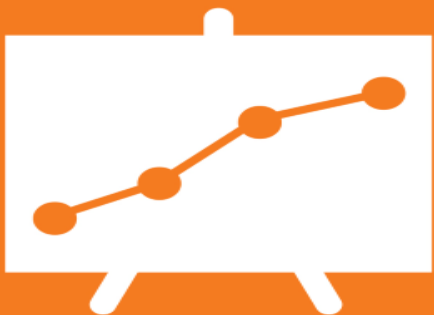
# Balance Scorecard Risks and Opportunities

Risks	Opportunities
Measures need to be aligned – e.g. GSoP measure for timeliness of reinstatement, survey on timing and quality of work or current conflict of complaints GSoP v Broad measure timescales	Inputs from a much wider number of jobs
Mechanism to produce a robust overall score must not be overcomplicated	Brings in measures on performance for a wider group of customers including larger I&C and third parties such as IGTs and UIPs
External benchmarking of satisfaction scores must be directly comparable	Includes measures about connection quotations where the job does not proceed through to completion and a survey (leading and lagging indicators)

# Break

**Behind the Meter &  
Fuel Poverty  
Network Extension  
Scheme**

# Strawman options for vulnerability in RII0-GD2



Name(s) of presenter(s)  
dd/mm/yy



### Ofgem's statutory obligation:

In performing our duties, we must have regard to the interests of individuals who are disabled or chronically sick, individuals of pensionable age, individuals with low incomes, and individuals residing in rural areas

#### Our definition of vulnerability:

When a consumer's personal circumstances and characteristics combine with aspects of the market to create situations where he or she is:

- Significantly less able than a typical consumer to protect or represent their own interests in the energy market; and/or
- Significantly more likely than a typical consumer to suffer detriment, or that detriment is likely to be more substantial.

#### Our Consumer Vulnerability Strategy (CVS):

The CVS provides that we expect supply and distribution companies to consider consumer vulnerability, including by:

- Thinking about the potential for their businesses to create risk factors that may cause or exacerbate vulnerability;
- Committing to recognising and appropriately dealing with vulnerability throughout the customer life cycle;
- Establishing principles, processes and products with vulnerable consumers in mind and keeping them under review.

**One of our five key regulatory stances is to protect the interests of consumers in vulnerable situations.**

Our stance includes to:

- **Consider potential interventions and permit industry cross-subsidy** where there is evidence that vulnerable consumers are at significant risk, the benefits of intervention are significant and the impact of redistributed costs are low.
- **Ensure that network companies have incentives** to support consumers in vulnerable situations.
- **Recognise that government has the primary role in addressing fuel poverty**, particularly for policy aimed at redistributing substantial costs between energy consumers.

### Our RIIO-2 Framework Decision said:

Our objectives also emphasise that **networks must play a full role in addressing consumer vulnerability** issues. We will achieve this by:

- Expecting network companies to set out in their business plans how they intend to assist consumers in vulnerable situations. Companies should develop these proposals using the insight that stakeholders can bring. We will take into account the quality of their proposals, and the views of stakeholders, in our assessment of business plans.
- Identifying and developing appropriate output measures for each sector to ensure companies play a full role in addressing consumer vulnerability. This will take into account proposals we have already received from stakeholders in response to our March consultation.
- Exploring how we can use the innovation funding we provide to support projects that deliver benefits across the system. In particular, where those benefits may be most valuable for vulnerable consumers.

### Considerations for applying our definition and regulatory stance on vulnerability to RIIO-2:

- Our definition of vulnerability is broad and could be open to interpretation as there are many causes of vulnerability, and vulnerability can be a long- or short-term situation.
- Our regulatory stance supports cross-subsidies, but also recognises Government leads on matters oriented towards substantial cost distribution.

**It's clear that we think network companies should help vulnerable consumers and that the price control has a role to play, but we now need to determine what this means for RIIO-2 in practice.**

### Fuel Poor Network Extension Scheme (FPNES)

- Targeting rates are estimated at 30%, so many households that are not in fuel poverty may receive new connections – is this value for money?
- Should this continue to be cross-subsidised through energy bills?

### Discretionary Reward Scheme (DRS)

- The incentive is resource-intensive for the GDNs and Ofgem.
- The DRS incentivises three unrelated areas (social, environment and CO safety) – could they be better incentivised separately?
- The DRS is subjective so it's difficult to assess if the reward is proportionate to the benefits delivered.
- Some of the social and CO safety activities overlap with the stakeholder engagement incentive.
- Feedback that the format discourages collaboration and knowledge sharing as the GDNs are in competition with one another.

### Stakeholder engagement (SE) incentive

- The incentive is resource-intensive for the GDNs and Ofgem.
- Has SE become BAU?
- The SE incentive is subjective so it's difficult to assess if the reward is proportionate to the benefits delivered and therefore hard to judge if customers are getting value for money.

### Guaranteed Standards of Performance (GSOPs)

- The GSOPs on vulnerability are out-of-date and best practice has moved on.
- The payments aren't automatic so not all eligible customers are receiving the payments.

**Our stance on vulnerability and the challenges with the RIIO-GD1 policies raise several key questions for RIIO-GD2:**

- What do we expect companies to do?
- Should we be prescriptive or leave it to the companies to act?
- How much money should the companies spend on vulnerability?
- Should action be core or voluntary?
- If we use incentives, should we only reward good actions or should we also penalise little/no action?
- Should energy consumers pay?

## Should we mandate a particular level of service across GB?

- Companies each have their own schemes for vulnerable consumers as a result of the RIIO-1 incentive schemes, some of which have had strong positive feedback
- But they are not consistent, leading to a diversity of service across GB – is that fair and right?
- How prescriptive should Ofgem be?
- How can we ensure there is collaboration across the GDNs?
- Where should we set the boundaries of GD2 vulnerability outputs/incentives?
  - How far should networks be going to identify and interact with vulnerable consumers beyond those they meet during their 'day job'?



# **Strawman positions for discussion**

## 1. Keep FPNES if GDNs can improve targeting

- We think the case for continuing the FPNES scheme would be significantly strengthened if targeting of fuel poverty improves.
- We want the GDNs to improve the targeting of the scheme.
- We also think it's important to develop the use of RIIO-GD1 partnerships.

### **Discussion:**

1. What are your thoughts on this option?
2. What can the GDNs do to improve the targeting of FPNES? How can this be done whilst maintaining an efficient cost per connection?
3. What can be done to develop and improve the use of RIIO-GD1 partnerships for FPNES in RIIO-GD2?

## 2. Ofgem mandates minimum standards, but flexibility (and high expectations) beyond that

1. Set **minimum Guaranteed Standards of Performance** for some areas, e.g. outages and complaints
2. For other areas, GDNs should **propose actions** to help vulnerable consumers **through business plans**:
  - GDNs should demonstrate in their business plans how they will take account of vulnerable consumers in their day-to-day work
  - GDNs should also be able to propose outputs and incentives on vulnerability, with clear deliverables/targets/KPIs
  - Based on proposals in business plans, Ofgem gives each GDN a **“use-it-or-lose-it” allowance** to spend on vulnerability initiatives, linked to the proposed deliverables, targets and KPIs
3. **Remove DRS** – social initiatives currently incentivised through DRS are funded through a “use-it-or-lose-it” allowance

### Discussion:

1. What are your thoughts on our proposal to introduce a “use-it-or-lose-it” allowance for vulnerability?
2. Should the “use-it-or-lose-it” allowance also apply to CO safety initiatives?
3. What should be the boundaries for the business plan proposals/allowance?
  - What level of funding should be available?
  - What areas of work ‘behind the meter’ should the GDNs be able to put forward?
  - What are the legal or other boundaries?
4. How can we ensure the GDNs are collaborating and sharing best practice?
5. What are your thoughts on removing the DRS?



- Are there any gaps in our strawman?
- Is there anything else we should consider?
- What are your thoughts on this as a package?

**1. Keep FPNES if GDNs can  
improve targeting**

**2. Ofgem mandates minimum  
standards, but flexibility  
(and high expectations)  
beyond that**

**Anything else?**

Guaranteed Standards of  
Performance

“Use-it-or-lose-it”  
allowance

Remove DRS

**Annex**

## What do each of these mean in practice?

### NGN's suggested changes:

Consistent provision of funding streams for in-house measures

More collaborative working between networks, suppliers, lobby groups and decision-makers

Consistent approach to identification of those living in fuel poverty - a common and fair tool to test qualification criteria associated with Low Income High Costs indicator

Consistency of qualification - no changes to scheme in flight

Recognition of benefits of provision of energy efficiency - results in savings to customers

Greater alignment of FPNES with ECO

### NGN's suggested opportunities for growth:

Closer working with local authorities, housing authorities and private landlords can provide opportunity for growth

Improved use of available data to identify those in greatest need

Innovative approach to network growth where it can carry the greatest impact

Continue to develop the capability of its own colleagues to identify those customers living in fuel poverty

Need to consider fuel poverty within the future of energy debate

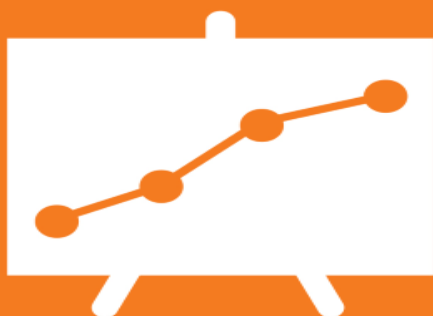
Understanding of the broader poverty landscape, and the role that networks can play – budgeting advice, efficiency information etc.

Better referral networks

Clearer links to health services, and benefits to health from living in a warm home

# **Stakeholder Engagement Incentive**

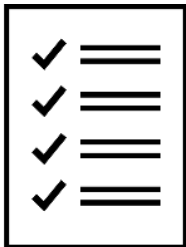
# Stakeholder Engagement (and Consumer Vulnerability) Incentive in RII0-2



Grant McEachran, Vicky Low  
19/09/18

To drive network companies to engage with a range of stakeholders and ensure the ongoing delivery of an efficient network that embraces wider social and environmental objectives.

Reasons for introducing the Stakeholder Engagement Incentive in RII01:



- Stakeholder engagement was a key part of business plan development, but we wanted network companies to put stakeholder interests at the heart of their businesses on an ongoing basis.
- Networks need to understand and to be able to input into key decisions that might impact their network.
- Decisions taken by networks can have a large impact on their stakeholders.
- In an eight year price control, and in an energy system that is undergoing significant change, network companies need to be aware of future potential challenges.

The incentives have driven a number of changes in the way network companies run their businesses:

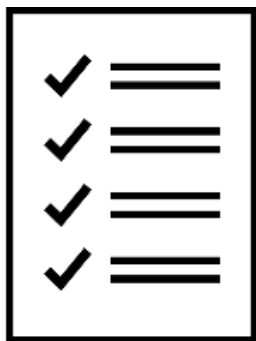
**SEI and SECV:**

- ✓ Stakeholder engagement has become increasingly embedded in businesses.
- ✓ A culture of working collaboratively has become more established year-on-year.
- ✓ Companies have taken more strategic approaches to engagement, thinking about how future challenges can be addressed.
- ✓ Clear demonstration by some companies of what they want to achieve, why they have chosen to go down that route and whether their approaches have worked or not.
- ✓ Evidence that some companies are using feedback to influence their decisions on their projects.

**With specific regard to the Consumer Vulnerability element of the SECV:**

- ✓ Helping vulnerable consumers has been included in DNOs' strategic priorities, which are informed by stakeholder engagement.
- ✓ DNOs have demonstrated that they have a good understanding of how varied vulnerability can be.

Would the outcomes delivered so far in RIIO-1 have been delivered without this incentive?



- Has stakeholder engagement become BAU such that it should not be incentivised in RIIO-2?
- Are there overlaps with other incentive/output areas? E.g.:
  - RIIO-2 Enhanced Engagement programme
  - ENA Open Networks Project
  - Innovation programmes
  - Stakeholder satisfaction/social obligations outputs
- We are moving from an 8 year to a 5 year price control
- Need an efficient mechanism that is not overly burdensome for both network companies and the regulator



### Option 1: Retain the incentive

- Update the minimum requirements and assessment criteria?

### Option 2: Reform the incentive

- Move towards a reward and penalty incentive?
- Move towards a penalty-only incentive?

### Option 3: Remove the incentive

- Embed stakeholder engagement in the core outputs?
- Replace with bespoke performance commitments?
- Introduce stakeholder engagement obligations in licence conditions?

1. What are your thoughts on these options?
2. Are there any other options we should consider?

**AOB**

**Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.**

**We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.**