

Summary of Ofgem's RIIO-GD2 Customer and Social stakeholder group – Meeting 1

From: Ofgem

Date: 30th August 2018

Time: 10:00 - 16:30

Location: Ofgem, 10 South
Collonade, London, E14
4PU

Attendees: Ofgem, the GDNs, the Energy Networks Association, Scottish Government, Citizens Advice, Citizens Advice Scotland, National Energy Action and BEIS.

1. Introduction (Pete Wightman, Head of Gas Distribution)

- 1.1. Ofgem presented an overview of the purpose of the meetings and RIIO-2, including initial thinking on outputs and incentives in RIIO-2.
- 1.2. It was suggested that meetings should be expected to be arranged on a monthly basis leading up to December, with the initial focus of the groups to be on Customer and Social outputs and incentives.
- 1.3. It was explained that each GDN was provided with a topic to discuss via presentations, the slides for which are available on our website.

2. How can the Guaranteed Standards of Performance (GSOPs) be modernised? (Wales and West Utilities)

- 2.1. The working group identified that the GSOPs need revisiting for RIIO-GD2. While some of the current standards appear outdated, some of the GDNs are voluntarily going over and above the current standards (e.g. paying additional compensation and/or responding to issues quicker). Some parties queried whether the voluntary standards the GDNs operate to should become the new standard for RIIO-GD2. Some challenges to this included that:
 - not all the companies are operating to the same voluntary standards
 - operating beyond the GSOP standard can cost money and under RIIO-GD1, this is partly driven by the Customer Satisfaction output financial incentive.
- 2.2. It was suggested that for RIIO-GD2, GSOPs should be seen as a minimum (baseline) performance level and that, in some areas, companies could be separately incentivised to improve their performance levels.
- 2.3. It was agreed that the group should establish which GSOPs are priority for change, in order focus on the areas that are likely to have the most benefit to consumers. In addition, it was seen as important to understand what voluntary standards the companies are achieving, to help establish what levels of performance may be appropriate for RIIO-GD2. These points will be discussed at the next meeting.

3. How do we best drive improvements in interruptions performance? (Wales and West Utilities)

3.1. The working group noted that while gas interruptions are rare, there was a need to ensure that focus wasn't lost on specific groups of worst served customers who may experience some very large interruptions. Parties noted that while the targets surrounding interruptions are currently measured by when gas is available at the meter, this is not the focus of customers, who remain impacted by interruptions until they are able to use the gas in their homes. Stakeholders agreed to consider new approaches to monitoring, comparing and improving interruptions performance ahead of the meeting. At the next meeting Ofgem will look to share a strawman of an interruptions output for RIIO-GD2.

4. In a sector achieving over 8.5 on customer service, how do we both measure and encourage further improvements? (SGN)

4.1. It was noted that these figures have shown improvement in how GDNs are viewed by their customers and all parties acknowledged that this was something that should be commended. The working group believed that benchmarking across other industries is beneficial as it gives these figures more legitimacy. Parties highlighted three potential ways to improve the customer satisfaction surveys:

- Broaden the customer base who are surveyed, to incorporate other customer groups such as road users and non-domestic customers.
- Review the questions that are being asked. Does the current set of questions provide the GDNs with an adequate narrative of how they are performing?
- Broadening the survey response method beyond postal surveys. Currently GDNs are aware that they are only receiving feedback from a limited demographic and agree that further investigation is needed to broaden the customer group they are receiving responses from.

4.2. There was a suggestion that could potentially be a licence obligation placed upon the GDNs in relation to customer service performance levels. There was also a suggestion that the GDNs should be required to benchmark against wider other industries. The group also discussed the need to consider proportionality and whether the cost to further improve customer satisfaction is value for money for consumers.

4.3. Parties were requested to provide strawmen solutions to the customer service levels achievable and potential outputs for the next price control.

5. What role should the GDNs have in 'behind the meter' issues (e.g. vulnerable consumers. Carbon monoxide (CO) awareness, energy efficiency and energy switching) and why, and how should RIIO2 enable this? (Cadent)

5.1. GDNs advised the group that they feel passionately about ensuring they are providing vulnerable customers with as much help as they possibly can. It was identified that it is important to have a framework that encourages this. The group was presented with a slide that highlighted areas in which GDNs could provide further 'behind the meter' services, but acknowledged that there are regulatory barriers that would need to be overcome before some of this work was possible and that it might be more suitable for other parties to deliver some of these services.

5.2. The GDNs believed that they were in a good place to provide some of these services as they have the face to face engagement with a large number of customers, and are able to work with collaboration partners to deliver some of these services. There was some discussion about whether these services should be funded through energy bills.

The group identified that the current Stakeholder Engagement Incentive and the Discretionary Reward Scheme play some part in ensuring that these areas of focus are on the companies' radars but believed that there is work required to improve these incentives.

- 5.3. Ofgem was asked whether vulnerability should be its own output area. It was agreed Ofgem would bring a vulnerability strawman to the next Customer and Social working group which will aim to clarify what the output framework might look like for vulnerability.

6. What should be the future of the Fuel Poor Network Extension Scheme (FPNES) in light of targeting challenges and future of gas? (Northern Gas Networks)

- 6.1. The discussion surrounded how the current FPNES framework could be improved to ensure that help is going to the customers that need it the most. The group discussed the ability of FPNES to target fuel poor households. It was noted that fuel poverty is a relative measure and attendees recognised that there can be a fine line between being in and out of fuel poverty.
- 6.2. It was noted that the costs surrounding the installation of central heating was one of the biggest barriers in relation to fuel poverty. It was also noted that new gas connections might not always be the right solution for all households. The GDNs highlighted areas in which there was room for improvement within FPNES and it was agreed to be tabled for discussion at later working groups.