

Direct Dial: 0207 901 7158

Email: cara.yates@ofgem.gov.uk

Date: 24 October 2019

Dear interested parties,

Open Letter Consultation on approach to managing the customer satisfaction incentive in RIIO-GD1 for the RIIO-GD2 trial period

Introduction

The RIIO-GD1 customer satisfaction survey incentivises Gas Distribution Networks (GDNs) to improve their service to customers. GDNs' performance is measured by an aggregate score based on the results of three surveys measuring the satisfaction of customers:

- that have experienced works as a result of an emergency the unplanned work survey
- that have experienced planned or replacement works the planned work survey
- requiring connections work the connections survey.

GDNs are rewarded, or penalised, based on their survey performance relative to a predefined target.

In our May 2019 Sector Specific Methodology Decision¹ (SSMD), we set out a number of changes that will be applied to the incentive for RIIO-GD2, including changes to the survey methodology and content. To implement these changes, it is necessary to conduct a trial of the new survey questions to determine appropriate target levels for RIIO-GD2.

¹ https://www.ofgem.gov.uk/system/files/docs/2019/05/riio-2 sector specific methodology decision - qd.pdf

This letter:

- sets out the main issues that introducing the trial period creates and our minded to position on how these will be addressed
- provides an update on several elements of the RIIO-GD2 customer satisfaction incentive.

Issue

The trial of RIIO-GD2 surveys will take place over a six month period, from 01 October 2019 – 31 March 2020. The trial will focus on asking new questions in all of the surveys and using different distribution channels, to better understand GDN customer views. This trial is vital to inform the development of the RIIO-GD2 customer satisfaction output.

Due to the limited sample size of the existing RIIO-GD1 connections survey, we think it's necessary for this survey to be taken offline, whilst the new connections survey for RIIO-GD2 is trialled. This is to ensure that a representative sample of customers are captured. This means that during the six month trial period, data would not be collected to capture customer satisfaction under the RIIO-GD1 connections survey. Over the trial period, both the unplanned work survey and the planned work survey will continue to run.

Currently, the RIIO-GD1 incentive requires GDNs to submit survey performance data to us on an annual basis that reflect customer responses over the full regulatory year². This is done through our Regulatory Reporting Packs, which are part of our Regulatory Instructions and Guidance³ (RIGs) process. The results are used to calculate any associated reward, or penalty, under the customer satisfaction incentive.

Taking the RIIO-GD1 connections survey offline to accommodate the trial of the RIIO-GD2 connections survey would mean that:

- 1) we need to change our RIGs document to ensure GDNs are clear and remain compliant with their reporting obligations
- 2) because the reported data is used for the financial incentive, changes may affect the level of any reward/penalty for GDNs for the year 2019 2020.

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² 1 April – 31 March.

³ https://www.ofgem.gov.uk/publications-and-updates/direction-make-modifications-regulatory-instructions-andguidance-rigs-riio-gd1-version-60

Minded to position

We are minded to take the RIIO-GD1 connections survey offline during the period 01 October 2019 - 31 March 2020. The RIIO-GD1 connections survey would, thereafter, be reinstated for the remainder of RIIO-GD1 and used for the remaining customer satisfaction incentive calculations. RIGs changes would be made to confirm that the GDNs' connections survey performance would be based on six months of data - 01 April 2019 to 30 September 2019, instead of the full regulatory year, to ensure that GDNs are clear and compliant on what performance data to report to us for the customer satisfaction incentive for 2019 - 2020.

The effect of this change would be that the scores reported by the GDNs for their RIIO-GD1 connections survey for the six month period before the start of the trial (i.e. 01 April 2019 to 30 September 2019) would determine the reward or penalty due for the connections survey element of the customer satisfaction incentive for the 2019 - 2020 regulatory year.

We are minded to take this approach because it:

- allows the trial of new questions to be conducted on 100% of connections customers subject to the survey, so the data gathered is accurate and representative for setting the RIIO-GD2 targets;
- ensures there is still six months of data recorded for the 2019 2020 year to determine the GDNs connections survey scores for that year
- minimises changes to the reporting process that may result in added complexities, which we do not think are proportionate⁴

As discussed at our Customer and Social stakeholder groups⁵, we have considered a range of potential options for accommodating a trial of the connections survey, whilst appropriately managing the RIIO-GD1 incentive. These options have been informed by an independent survey company and discussed at length with stakeholders, who have broadly agreed the above approach is the best way forward.

⁴ An alternative approach to calculating the RIIO-GD1 connections scores over the six month trial is to use an average of results three months before and after the trial and apply these. The added complexities of such an approach would include: GDNs reporting results from 2019 - 2020 as well as the following regulatory year, which does not reflect performance in 2019 - 2020, and having to submit this data to us outside of the standard RIGs process.

 $^{^{}m 5}$ We also discussed splitting the connections survey sample in half to continue with both the RIIO-GD1 connections survey and new connections survey trial at the same time, but this could result in an insufficient return of responses that is not statistically robust for setting the next price control. For more information please see: https://www.ofgem.gov.uk/publications-and-updates/riio-gd2-working-groups%20 - RIIO-GD2 Customer and Social SG4

Update on other design elements for RIIO-GD2 customer satisfaction survey

In our SSMD⁶, we also set out that we are still considering a number of elements of the RIIO-GD2 survey incentive design, including:

- How scores for the survey should be calculated, either using:
 - o ne key question as in RIIO-GD1, or
 - o an average of all responses to each individual question on the survey.
- Whether it is appropriate to segment Priority Service Register (PSR) customer's responses to the survey.

Calculating the survey scores

At this stage, we require customer responses to each individual question on the survey for the trials, as this will help us identify the most appropriate approach to calculating scores for the surveys in RIIO-GD2, which will be consulted on at Draft Determinations. This will include responses to the key question used to calculate scores in RIIO-GD1⁷, as well as all others that appear on the survey. We will expect GDNs to provide this data to us as early as possible after each trial month. The specific changes to the survey questions are set out in Appendix 2 and 3.

PSR customer's responses

We understand the processes are not yet in place to capture segmented PSR data information. We are therefore not expecting to receive this data as part of the trials. We have asked GDNs to continue exploring the possibilities of segmenting PSR customer's responses on the surveys for the start of RIIO-GD2.

Whilst we are not expecting customer satisfaction scores to materially deteriorate over the trial period, we think it is still important to trial the new surveys as they will be using new distribution methods. These are consistent with the results of GDNs' customer engagement research⁸ and are summarised under section 2.174 of our SSMD.

Next steps

In order to formalise the data reporting changes for the calculation of GDNs' customer satisfaction performance for the 2019 -2020 regulatory year, we propose modifications to our RIGs to reflect the outcome of this consultation exercise. If the outcome of the consultation exercise is to confirm our minded to position, the proposed changes would be

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⁶ Section 2.189 - 2.191, Page 40.

⁷ Please see Appendix 3: New RIIO-GD2 survey templates, Question 1.

⁸ The GDNs conducted customer engagement research following insights from KPMG to understand which methods of distribution attracted the most responses from stakeholders.

as set out in Appendix 1. The RIGs will be republished in Spring 2020 to reflect these changes.

Views invited

We would welcome any views on the issues identified above and on the proposed changes to the RIGs by 22 November 2019.

Please email responses to cara.yates@ofgem.gov.uk.

Yours faithfully,

Michael Wagner

Deputy Director, Gas Sector

Appendix 1: Proposed changes to the RIGs for the 2019/20 regulatory year.

The current customer satisfaction survey definitions and detailed reporting requirements for the RIIO-GD1 customer satisfaction incentive can be found in Appendix 5 of the Regulatory Instructions and Guidance: Version 6.0 (Published April 2019)⁹. The proposed changes to facilitate the approach set out in this document are underlined below.

Sample selection and frequency of the surveys

Number of customers to be sampled (section 1.64).

1.64. The appointed independent third party is required to select the samples for each survey randomly from the information provided by the GDN. The number of customers surveyed should be sufficient to ensure that a statistically robust sample of responses is returned by customers to the GDN. Table A5.2 sets out the minimum number of survey forms that should be completed and returned to the GDN for each type of survey in each quarter.

1.65 For the purposes of the 2019 - 2020 regulatory year, the minimum number of survey returns for the connections survey will only apply to two quarters. This is because the connections survey is offline between 01 October 2019 - 31 March 2020, to facilitate a new survey trial for RIIO-GD2.

Frequency of the surveys (section 1.67).

1.67. Each GDN is required to undertake the surveys on a monthly basis with a one month lag after work/contact with the customer.

1.68. For the purposes of the 2019 - 2020 regulatory year, each GDN is required to undertake the existing connections survey on a monthly basis between 01 April 2019 to 30 September 2019.

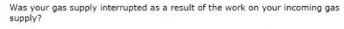
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⁹ https://www.ofgem.gov.uk/system/files/docs/2019/07/riio-gd1 gas distribution rigs version 6.0.pdf

Appendix 2: Current RIIO-GD1 survey templates from RIGs

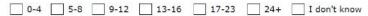
Planned Work

[Company name's] records show that they carried out work on your incoming gas supply. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this \boxtimes . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.





2. For how many hours was your gas supply interrupted?



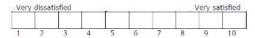
3. How satisfied were you that your supply was restored as soon as possible?



4. Did you receive advance notification that we would be working in your area?

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Yes No (please go to question 6)
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5. How satisfied were you with the advance notification?



6. How satisfied were you with site tidiness?



7. How satisfied were you with the communication from [company name](or their contractors) while the work was being carried out?

Very	dissat	isfled						Very s	atisfied
				-			100		
1	12	3	4	5	6	7	8	- 0	10

8. After the work was completed, how satisfied were you with the length of time it took to make good the excavation?



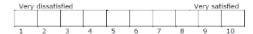
How satisfied were you with the skill and professionalism of the workforce that carried out the work at your property?

Very dissatisfied Very sat											
•	1	2	3	4	5	6	7	8	9	10	

10. How satisfied were you with the overall quality of work carried out?



11. Overall how satisfied are you with the service you have received from (company name)?



All information given here will be treated as confidential. Your responses and comments will be used only as part of this survey and will not be attributed to you or to your address. However, it is sometimes appropriate for us to pass on your comments, together with your contact details to [company name] for their attention. We will only do this if you do not tick the box below.

No, I would not like my contact details passed to [company name], as appropriate.

Emergency Response and Repair Work

[Company name's] records show that: you reported a leak or interruption to your incoming gas supply; and/or they carried out a repair on your incoming gas supply Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this \boxtimes . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten. Did you ring the national gas emergency telephone service (0800 111 999) to report a gas leak or an interruption to your gas supply? Yes No (please go to question 6) How satisfied were you with the length of time it took to get through to an operator? How satisfied were you with the information and safety advice provided by the operator? Very dissatisfied Did a gas safety engineer attend your premises to investigate a gas leak or interruption to your gas supply? Yes No (please go to question 7) How satisfied were you with the time it took for the engineer to attend your property in response to your reported gas leak or interruption to your gas supply? 6. If the engineer disconnected any appliances at your property, did he or she provide a list of Gas Safe registered engineers to contact to reconnect your appliances or provide the appliance helpline telephone number? Yes No I don't know Didn't disconnect 7. Was your gas supply interrupted? Please note that interruption here means the loss of the incoming gas supply to your property rather than an engineer disconnecting specific appliances. 8. For how many hours was your gas supply interrupted? 0-4 5-8 9-12 13-16 17-23 24+ I don't know How satisfied were you that your gas supply was restored as soon as possible? Very dissatisfied how satisfied were you with the way [company name] (or their contractors) communicated with you while your supply was interrupted? How satisfied were you with the overall quality of work carried out? 11. How satisfied were you with site tidiness? 15. Overall how satisfied are you with the service you have received from (company name)? 12. After the work was completed, how satisfied were you with the length of time it took to make good the excavation? All information given here will be treated as confidential. Your responses and comments will be used only as part of this survey and will not be attributed to you or to your address. However, it is sometimes appropriate for us to pass on your comments, together with your contact details to [company name] for their attention. We will only do this if you do not tick the box below. How satisfied were you with the skill and professionalism of the workforce No, I would not like my contact details passed to [company name], as that carried out the work at your property?

Connections Work

[Company name's] records show that they issued you a quotation and / or carried out work to lay a new connection, or to alter an existing gas supply to your property. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this \boxtimes . Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

1. Are you a domestic or business customer?



How satisfied were you with the application process and the clarity of the forms you were required to complete?



3. How satisfied were you with the time taken to provide the quotation?



4. How satisfied were you with the time it took for [company name] to schedule a date for your works to be carried out once you had accepted the quotation?

Very	dissatis	fied		Very satisfied						
1	2	3	4	5	6	7	8	9	10	

5. If the works at your property are complete, how satisfied were you with the length of time it took for the work to be carried out?



6. How satisfied were you with the skill and professionalism of the workforce?



7. How satisfied were you with site tidiness?



8. After the work was completed, how satisfied were you with the length of time it took to make good the excavation?

Very	dissatis	fied		_			V	ery sat	isfied
1	2	3	_	5	6	7	8	-	10

9. How satisfied were you with the overall quality of work completed?



10. How satisfied were you with the overall communication from [company name]?



11. Overall how satisfied are you with the service you have received from (company name)?



All information given here will be treated as confidential. Your responses and comments will be used only as part of this survey and will not be attributed to you or to your address. However, it is sometimes appropriate for us to pass on your comments, together with your contact details to [company name] for their attention. We will only do this if you do not tick the box below.

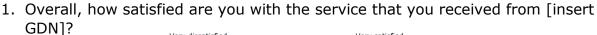
No, I would not like my contact details passed to [company name], as appropriate.

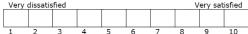
Appendix 3: New RIIO-GD2 survey templates (to be used in trial)

Planned Work

[Company's name] records show that they carried out work on your incoming gas supply. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this:

Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.





2. How satisfied were with [insert GDN]'s efforts to inform you about the gas replacement work affecting you?

Very	dissatis	V	Very satisfied						
				ľ					
1	2	3	4	5	6	7	8	9	10

3. What would have been your preferred method of notification?

E-mail	Letter	Text	Phone call	Face to face
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4. If your gas supply was interrupted during our works, how satisfied were you that your gas supply was available to use as soon as possible?

Very dissatisfied Very satisfie										
1	2	3	4	5	6	7	8	۵	10	

5. For how many hours was your gas supply interrupted?

0-4	5-8	9-12	13-16	17-23	24+	I don't know	N/A
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6. How satisfied were you that our engineers were respectful to you and your property whilst the work was in progress? (e.g. kept the work area as tidy as possible, used overshoes / dust sheets to protect your property)

Very	dissatis		Very sa	atisfied					
1	2	3	4	5	6	7	- 8	9	10

7. How satisfied were you with the communication from [insert GDN] (or their contractors) while the work was being carried out?



8. After the work was completed, how satisfied were you with the length of time that it took to restore the area? (e.g. backfilled any holes)



9. Whilst the work was being carried out, how satisfied were you with the professionalism of the on-site team?



10. How easy was it to deal with [insert GDN]?



11. How could [insert GDN] have communicated better with you about the replacement works in your area?

12.Is there one thing you think (GDN) should change or improve upon?

13. Please state which of the following age groups you fall into:

	24 or below	25-34	35-44	45-54	55-64	65 or above

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I am happy for my personal details to be shared with Cadent alongside my feedback.

Emergency Response and Repair Work

[Company's name] records show that:

- You reported a leak or interruption to your incoming gas supply; and/or
- They carried out a repair on your incoming gas supply

Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this:

Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.

1. Overall, how satisfied are you with the service that you received from [insert GDN]?



2. If you called the national gas emergency number (0800 111 999), how satisfied were you with the information and safety advice provided by the advisor?



3. When the engineer arrived at your property how satisfied were you that you were informed about the gas emergency process?

Ver	y dissati	sfied		Very s	atisfied			
1	2	3	4	- 5	 7	- 8	9	10

4. If your gas supply was interrupted, how satisfied were you that your gas supply was restored as soon as possible? (Please note that interruption here means the loss of the incoming gas supply to your property rather than an engineer disconnecting specific appliances for safety reasons)

Very	dissati		V	ery sat	isfied				
1	2	3	4	5	6	7	8	9	10

5. How satisfied were you with the way [insert GDN] communicated with you while your supply was interrupted?

Very (dissatis	V	Very satisfied						
1	2	3	4	5	6	7	8	9	10

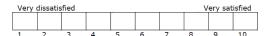
6. How satisfied were you that our engineers were respectful to you and your property whilst the work was in progress? (e.g. kept the work area as tidy as possible, used overshoes / dust sheets to protect your property)



7. If we need to dig down onto your gas supply pipes in order to carry our repairs, how satisfied were you with the length of time that it took to restore the area? (e.g. backfilled any holes)



8. How satisfied were you with the professionalism of the workforce that carried out the work at your property?



9. How satisfied were you that you were left feeling safe and reassured by the engineer(s) involved?



10. How easy was it to deal with [insert GDN]?



11. How could [insert GDN] have communicated better with you about the gas emergency process?

12.Is there one thing that you think [insert GDN] should change or improve upon?

13. Please state which of the following age groups you fall into:

ı	24 or below	25-34	35-44	45-54	55-64	65 or above

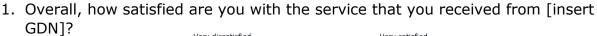
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I am happy for my personal details to be shared with Cadent alongside my feedback.

Connections Work

[Company's name] records show that they issued you a quotation and/or carried out work to lay a new connection, or to alter an existing gas supply to your property. Please complete the questionnaire using a black pen to put a cross in the appropriate boxes like this: \boxtimes Where the question asks you to indicate your level of satisfaction, please rate your level of satisfaction on a scale of one to ten.





2. Can you confirm if you applied for your connection/alteration via the phone, website, postal or another method.

1	Phone	Website	Telephone	Postal	Other
- 1					

3. How easy did you find completing the application process for your new connection / alteration?

Very	V	Very satisfied							
1	2	3	4	5	6	7	8	9	10

4. How satisfied were you with the time taken to provide the quotation?

Very (V	Very satisfied							
				ľ					
1	2	3	4	5	6	7	8	9	10

5. How satisfied were you with the date you were given to complete the work?

	Very	dissatis	Very satisfied							
					ľ					
١	1	2	3	4	5	6	7	8	9	10

6. Whilst the work was being carried out, how satisfied were you with the professionalism of the on-site team?

Ver	y dissati		Very satisfied						
1	2	3	4	- 5	- 6	7	8	9	10

7. How satisfied were you that our engineers were respectful to you and your property whilst the work was in progress? (e.g. kept the work area as tidy as possible, used overshoes /dust sheets to protect your property)

Very	dissatis	V	Very satisfied						
1	2	3	4	5	6	7	8	9	10

8. After the work was completed, how satisfied were you with the length of time that it took to restore the area? (e.g. backfilled any holes)



9. How satisfied were you with the communication from (insert GDN) (or their contractors) while the work was being carried out?

Ver	/ dissat		Very satisfied						
1	2	3	4	- 5	- 6	7	- 8	۱ ۹	10

10. How easy was it to deal with [insert GDN]?



11. How could [insert GDN] have communicated better with you about the connections process?

12.Is there one thing that you think [insert GDN] should change or improve upon?

13. Please state which of the following age groups you fall into:

24 or below	25-34	35-44	15 51	55-64	65 or above
24 of below	25-34	33-44	45-54	33-64	OS OF ADOVE

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