

Mehgna Tewari
Consumers and Markets
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

Date:
8 August 2019
Contact / Extension:
Lynne Bryceland
0141 614 3124

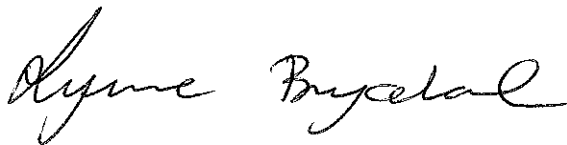
Dear Mehgna,

DRAFT CONSUMER VULNERABILITY STRATEGY 2025

SP Energy Networks (SPEN) represents the distribution licensees of SP Distribution plc and SP Manweb plc. We own and operate the electricity distribution networks in the Central Belt and South of Scotland (SP Distribution) which serves two million customers, and Merseyside and North Wales (SP Manweb) which serves one and a half million customers. We also own and maintain the electricity transmission network in the Central Belt and South of Scotland (SP Transmission).

We welcome the opportunity to respond to this consultation and you can find our response to the consultation questions, enclosed in Appendix 1. If you would like to discuss any of the points raised further, please do not hesitate to contact me.

Yours sincerely,



Lynne Bryceland
Transmission Policy and Licence Manager
SP Energy Networks

SP House, 320 St Vincent Street, Glasgow. G2 5AD

Telephone: 0141 614 0008

www.spenergynetworks.co.uk

APPENDIX 1

Question 1 – Do you agree with the five priority themes and the outcomes we will aim for?

Yes, we agree with the five priority themes and outcomes that Ofgem have highlighted within the draft strategy. SPEN's current strategy also supports these areas.

Question 2 – Do you agree with our approach on affordability?

We agree that affordability is mainly a matter for government to address but recognise that Ofgem has a duty to ensure that costs are not passed onto customers unnecessarily and that initiatives to support vulnerable customers are delivered in the most innovative and cost effective way.

It is also vital that vulnerable customers do not pay a disproportionate share of network costs in the future as more customers exploit other technologies. All companies have a part to play in ensuring that customers are educated and supported in the future, enabling them take part in new markets. In addition it will be important to ensure all customers, especially the most disadvantaged, that they have an equal opportunity to participate in the new markets and are not left behind.

Question 3 – What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term? How should such a measure be funded?

Education, partnered working and general support is needed for all customers, particularly vulnerable customers, going forward as we transition to a low carbon future and Distribution System Operator (DSO) models of operation. There is a potential role for Distribution Network Operators (DNOs), through new incentive mechanisms, to go beyond business as usual activities to ensure customers are accessing new markets and are not left behind. This would require additional systems and data models with associated funding to achieve this, but could be a key role for network companies in the future.

Question 4 – Do you agree with our proposals for the first year of the strategy?

We broadly agree with these proposals for the first year of the strategy.

Additional points we wish to share:

(In relation to paragraph 3.13) Data sharing is sometimes made harder due to different regulatory models and some companies are not willing to share because of this, particularly water companies. As a result, it is difficult to share data consistently across all companies.

(In relation to paragraph 5.3) It is important that customers are given real choices in the way they interact with organisations and that there is a balance between digitalisation, efficiency and enabling the customer to be served in the way they feel most comfortable.

(In relation to paragraph 6.8) We agree that Time of Use tariffs may be difficult to use for some customers with specific needs. Companies need to understand their specific needs to find the best solution for them.

(In relation to paragraph 6.11) The £30m “use it or lose it” allowance established within the gas sector could be an alternative mechanism to the current framework within electricity distribution and could drive innovation to benefit vulnerable customers. However, whilst we fully agree that innovation is important, it is vital that business as usual activities are carried out to high standards to support customers every day. If such a mechanism was established, clear criteria would need to be set out to ensure transparency and understanding across all companies at the outset.

(In relation to paragraph 7.1) We agree that collaboration is important and companies should be encouraged to work together. However, Ofgem should recognise that sharing is sometimes complicated in certain areas due to differing regulation, resulting in some companies being reluctant to share data as it is against their strategic framework, particularly within the water sector in Scotland. Network companies should not be penalised for this.