

## RIIO-ED2 Customer Service, Vulnerability and Connections (CSVC) Working Group

From: Ofgem

Date: 28 November  
2019

Time: 10:00-15:30

Location: Ofgem  
10 S Colonnade, London

### 1. Present

Ofgem  
UK Power Networks (UKPN)  
Western Power Distribution (WPD)  
Northern Powergrid (NPG)  
Scottish Power Energy Networks (SPEN)  
Electricity North West (ENWL)  
Scottish and Southern Energy Networks (SSEN)  
Robin Hood Energy  
National Energy Action (NEA)  
Sustainability First  
Utility Customer Service Management Limited (UCSM Ltd)  
Agility Eco  
Citizens Advice  
Robin Hood Energy

### 2. What is the working group seeking to achieve?

- 2.1. Ofgem presented an overview of the objectives for RIIO-ED2 as well as the objectives for CSVC working group. Ofgem also outlined the proposed timeline for RIIO-ED2 and the role working groups will have in this timeline.

### 3. What can we learn from RIIO-1? Current Arrangements? 11:15 – 12:30

- 3.1. Ofgem presented an overview of the current arrangements in RIIO-ED1, outlining the incentives for customer service, vulnerability and connections and gave a brief summary of responses to the Open Letter question regarding vulnerability.
- 3.2. Regarding Broad Measure of Customer Service, Sustainability First raised that there should be a consideration of what is BAU and what stretch needs to be incentivised.
- 3.3. Regarding vulnerability, NPG noted that maintaining performance in the SECV is hard and should be considered as very good performance and WPD noted that this comes at a cost and this needs to be articulated better.

- 3.4. Sustainability First raised that their work 'Project Inspire' has found that there are positive outcomes being delivered by DNOs through the SECV incentive.
- 3.5. Agility Eco raised the importance of incentivizing collaboration rather than competition in RIIO-ED2, and that this should be across sectors, not just within electricity distribution.
- 3.6. There was discussion about what 'nobody left behind' means in RIIO-ED2, with many stakeholders saying vulnerability should be defined in the broadest sense in the context of the energy system transition. Sustainability First added that smart inclusion is not just vulnerable customers and that this could be communities or even business customers.
- 3.7. Regarding Ofgem's slide on the challenges in ED2 and the necessary policy questions, there was a question over the inclusion of the DNO-DSO transition as a challenge and whether this was specific to this group. Ofgem note this is a cross-cutting challenge to consider but also that some of the Open Letter responses raised this as a potential issue to consider in relation to its implications for DNO's role in helping vulnerable customers.
- 3.8. Citizens Advice noted that defining vulnerability in the context of the emerging challenges will be critical for this WG to consider.

#### **4. DNO presentations on what has been effective in each policy area and what are the considerations necessary for ED2 – 13:00 – 15:00**

SSE and NPg presented individually on Vulnerability (See slides for detail)

- 4.1. WPD consider that performance is not consistent across the industry to be considered a mainstream behaviour yet. Minimum standards could work for data sharing.
- 4.2. Discussion regarding what is BAU and what is beyond the traditional role. ENWL raise that the discussion does not need to be binary over the need for an incentive and that some things can be 'baked in' as BAU and also retain an incentive. Citizens Advice note the positive experience of a layered approach in GD2.
- 4.3. Some participants suggest that SE and CV aspects of the incentive should be split out, with others noting that stakeholder engagement should be BAU as it is needed to define the outcomes you want to get to for vulnerability.
- 4.4. The NEA (from the phone) note they are pleased to hear strong discussion on fuel poverty throughout the presentations and think DNOs have role here. Note there are difficulties for charities to plan work programmes depending on the outcome of incentives (companies reinvesting rewards). Allowances for this would potentially make this easier.

- 4.5. Citizens Advice note it can be hard for stakeholders to compare across the SECV to understand what has actually been done. There needs to be greater consistency in reporting where possible.

ENWL and SPEN presented individually on Customer Service (See slides for detail)

- 4.6. NPg agreed with the views expressed by ENWL and SPEN and that retaining the incentive will help retain their focus but think there are things to do: eg improve how we're doing the surveys. Also, regarding benchmarking with Institute of Customer Service scores for the utility service sector, those with regulatory drivers perform better and NPg consider this needs to be messaged this better.
- 4.7. SSE note it should be retained and reviewed. One option would be to consider whether it should be a more balanced scorecard approach, looking at what consumers value.
- 4.8. ENWL suggest that a way to maintain positive performance, but remain mindful to whether consumers will value incremental improvements, would be to make the incentive penalty only. WPD consider this could cut out innovative work.
- 4.9. UCSM Ltd suggest that they are still seeing bad performance across the board and discrepancies between different DNOs. WPD suggest that this therefore could indicate the survey is not broad enough and should we broaden the measure further.
- 4.10. Citizens Advice echoed that the incentive is important and consider it is changing the culture within DNOs. They note the incentive mirrors competition and therefore the up and downside helps to mirror the market.
- 4.11. It was also highlighted there is currently no incentive to avoid complaints, it's only about complaint resolution and this should be considered.

WPD and UKPN presented on Connections (see slides for details)

- 4.12. ENWL noted that ICE was implemented to improve performance in areas where no there is no competition and that is why it's penalty only. But what's next for competition and how has this changed? Does the additional regulatory compliance take away from the level playing field.
- 4.13. It was noted the Access SCR work on the connection boundary could be a game changer for this world and the group need to consider this.
- 4.14. UCSM noted that ICE has been valuable and that it's uncertain if it's run its course yet. A positive is that it helps bring out stakeholder engagement, including senior DNO staff interacting with customers and therefore changing behavior.

- 4.15. SSE noted experience of stakeholder hesitancy to feed in criticism constructively if it may result in DNOs being penalized. This was queried by non-DNO stakeholders.
- 4.16. It was also noted that when considering connections arrangements we must consider flexible connections and making sure that customers are not lost within this process.
- 4.17. The NEA noted that there is potential to look at something like FPNES, for off-grid or those wishing to participate in LCT, getting connections.

## 5. Next Steps

- 5.1. Ofgem set out that focus of next session will be vulnerability, with a focus on the role of the DNO in addressing vulnerability issues – what are DNOs doing now and what could, and importantly should, be achieved by DNOs in RIIO-ED2?
- 5.2. Ahead of this session, Ofgem asked DNOs to compile a list of functions they currently carry out in regards to addressing consumer vulnerability. This will help inform a gap analysis exercise to be carried out in future sessions.
- 5.3. Ofgem will also reach out to wider Group stakeholders to present and share their views on the issue of vulnerability in the next session.
- 5.4. Ahead of the next session, all Group members should also add to a list of emerging issues, created and shared by Ofgem, to inform the programme of work for follow for the CSVG Group.

## 6. Summary of Actions

- 6.1. Review CSVG Working Group Terms of Reference (ToRs) and feedback thoughts to Ofgem - All Group members - 12 December 2019
- 6.2. Create template and begin list of issues for consideration by CSVG Group. Share with Group – Ofgem - 6 December 2019
- 6.3. Review and contribute to list of issues for consideration by CSVG Group. Send back to Ofgem. - All Group members - 13 December 2019
- 6.4. Compile a list of functions the DNOs currently carry out in regards to addressing consumer vulnerability. This should be at a high level. – DNOs - 17 January 2020
- 6.5. Ofgem to reach out to Group members, asking them to present and share their views on specific vulnerability questions in the next session – Ofgem - 20 December 2019
- 6.6. All material for January session shared - All Group members - 17 January 2020