

# **RIIO-ED2 Customer Service, Vulnerability and Connections Working Group: Customer Service and Vulnerability**



30 April 2020

**Purpose of today's meeting is to:**

- Get a progress update on ongoing Customer Service and Vulnerability actions
- Review main options that have been proposed through the working group sessions for arrangements relating to Vulnerability

	Agenda
09:50 – 10:05	1. Intro
10:05 – 11:00	2. Update on Customer Service Actions (SSE)
11:00 – 11:30	3. Complaints Monitoring Evidence (Citizens Advice)
11:30 – 11:40	Break
11:40 – 12:30	4. SROI Incentive (ENWL)
12:30 – 13:15	Lunch
13:15 – 14:30	5. Run through the Vulnerability Package as a whole <ul style="list-style-type: none"> <li>○ Ofgem play back of what the group has covered so far</li> <li>○ Discussion</li> </ul>
14:30 – 14:45	5. Next steps and actions

## Proposed dates and locations for CSVC working group sessions

WG session	Date	Time	Location
1. Introductory session	28 November 2019	10am-4pm	Ofgem London offices (Room 1.17)
2. Policy options: Vulnerability	23 January 2020	10am-4pm	Ofgem London offices (Room 1.13)
3. Policy options: Connections	04 February 2020	10am-2pm	Ofgem London offices (Room 1.09)
4. Policy options: Customer Service and Vulnerability	27 February 2020	10am-4pm	Ofgem London offices (Room 1.17)
5. Evidence and analysis: CSAT and vulnerability	19 March 2020	10am-4pm	Teleconference
6. Evidence and analysis: Connections	9 April 2020	10am-4pm	Teleconference
<b>7. Evidence and analysis: Vulnerability and Customer Service</b>	<b>30 April 2020</b>	<b>10am-4pm</b>	<b>Teleconference</b>
8. Evidence and analysis: TBC	28 May 2020	10am-4pm	Teleconference

## **Customer Service**

**SSEN Overall Customer  
Satisfaction  
Approach and  
Methodology  
Summary – Working  
Group 7**



There were a number of additional actions that SSEN agreed to take away following the last RIIO-ED2 Customer Service Vulnerability and Connections Working session.

- ☐ To collate all DNO feedback in relation to SSEN Customer Balanced Scorecard Proposal and highlight key benefits vs risk
- ☐ To collate the DNO positions for the Complaints Proposals
- ☐ To clarify the thinking for the Complaints Proposals submitted by SSEN
- ☐ To collate all DNO feedback in relation to Customer Touchpoints – This has not been completed and proposed we add to Mays agenda to re-group
- ☐ To set up some time with Explain, understand more about the original set up and seek feedback/recommendations for ED2

*ENWL and others were unclear on how the proposed balanced scorecard would drive better behaviours and outcomes than the existing arrangements. They considered that greater understanding of the rationale for this proposal was needed to inform Ofgem's consultation position.*

### Risks

Moving away from Broad Measure to Balanced Scorecard means that we stop asking specific service type questions, potentially making it harder to identify process improvements as feedback will be about raw customer service.

Risk of DNOs finding ways to “win customers over” rather than investing in real improvements.

Difficult to understand a benchmark, however, this could be led from a body such as the IoCS.

### Benefits

The purpose of any incentivised piece is to drive improved performance. Customer Satisfaction is not an issue within distribution, **however, trust and customer effort is an issue and is important** – and this is widely recognised outside of our industry too. A balanced score card will drive improvements in these 2 areas area, and therefore improve reputational performance of distribution. Water hasn't had this in place long enough to use as an example, however, banking has, and they were able to take an industry from bottom place, to 2<sup>nd</sup> in just a few years based on this industry standard.

Balanced score card includes widely recognised measuring methodologies such as Customer Effort Score. This is the most modern a relevant measurement, not moving to this risks leaving the industry behind. Explain firmly believe effort levels should be captured and are important in the modern day world. We have also seen Gas considering how they would also recognise and measure customer effort levels.

We have made a recommendation and provided an alternative option for consultation. We have suggested this an alternative option, providing customers with choice. We have seen that trust and effort has started to be measured in other service sectors, some close to us such as Water, and due to this believe we should explore these options. We should firstly be using a recognised and non-bias organisation such as the IoCS and Citizens Advice to support this. This would draw out insight from customers as to what they want us as DNOs to be measure on.

The suggestion is that we we don't know if customers want to measure us on overall satisfaction in the current structure, and advanced alternatives should be an option for customers to consult and decide upon, rather than only having 1 option to consider. Customers can only have a view on what is available as a presented option, that they have been advised is available.

Recommendation: SSEN and DNOs could collate a set of questions that we would like to ask, and complete a single independent research piece through explain to ask customer options on measuring effort and trust levels and whether that was an important factor? Citizens Advice suggested whether the balanced scorecard approach could be adopted as a reputational-only incentive. It was discussed that some DNOs already publish their Institute of Customer Service results, but SPEN questioned whether mandating a reputational incentive was in customers interest and do they want to pay for this. This factor could also be included in a single independent research piece?



The discussion centered on what issue the proposal was trying to target and the behaviours the mechanism should be driving. Action: Ofgem asked SSEN to set out in a table the issue(s), the risk(s) to customers, and whether the identified issue(s) could be addressed by enhancing the BMCS and/or a balanced scorecard and how. SSEN are to share with the group for views and provide an update on 30<sup>th</sup> April.

SSEN have commissioned IOCS to create a issue(s), the risk(s) to customers, and whether the identified issue(s) could be addressed by enhancing the BMCS and/or a balanced scorecard and how the 2 approaches differ. This is due to be back with SSEN in early May, so proposed to discuss at the next working group.

# SSEN Overall Complaints and Enquires Hybrid Proposal



## Proposal Clarification

### Day 31 to Day 15

We know that if it's not resolved in day +1, then the cycle timeframe is anywhere between day 2 and day 31, but before Day 31. Our key message here was that all DNOs have performed very well under the current framework, and we wanted to propose a measurement that would demonstrate that we are looking to again improve on what has been achieved in ED1, so that customers can clearly see and benefit for tighter timeframes, and that we are not static in our measurement from one price control to another, but always looking to improve standards that are quicker and more efficient for the customer, however measured.

### Number of complaints resolved day 2 – 15 and then 15 – 30.

We understand that all DNOs are not keen on reducing the 31 days to 15 days, because they feel there is no merit in this, we could look at a different proposition. **We continue with Day+1, but after that we have an average days to resolve metric that needs to remain under XX to preserve penalty free. This will drive the right behaviours in faster resolution as will speed up resolving of complaints over day 31. The driver here is to resolve quicker for the customer.**

**PSR Introduction**

We understand that the PSR element is not a something all other DNOs are wanting to adopt. Our thought process around this was to a) provide consistency in service offerings and b) offer a quicker enhanced service for our priority customers. We have proposed a standalone category for PSR for BMCS, as we all recognised the importance here, and believe that the separation of PSR complaints also provides that importance factor. We felt if you were offering this for one service area, it should be considered under the complaints sector also, to demonstrate importance and prioritisation. We also felt that Ofgem and Citizen Advice have spoken many times about about the importance of supporting PSR customers in a different way in ED2 and listened to their feedback and wanted to demonstrate that there is an option to measure PSR complaints if required. If there is no standalone incentive for PSR customers, under complaints, could our PSR customers be services and treated differently.

**Weightings proposed**

To clarify the weightings proposed were just examples of how you could weight if an additional category was added. Weightings should be looked at by customer and stakeholder feedback, and based on what is the most important factors to the customer, not the DNO.

New PSR Category	Benefit	Risk
	This would be a consistent measure, if we introduced PSR into BMCS	Greater pressure on DNOS in relation to resourcing
	PSR Customers would be prioritised	Stricter timescales may mean operating practice would need to be adapted
	As a standalone category, will enable the DNOs to measure more effectively, specifically for PSR Customers.	Customers may not want to pay for this enhanced service
D31 Reduction to D15	Benefit	Risk
	Customers would have shorter waiting times, and the reduction would push DNOs to resolve quicker.	Customers may not want to pay for this enhanced service
	Could drive positive behaviours	Could drive negative behaviours
	Could reduce Executive level and ombudsman complaints	Operational Investment on improvements could be placed here, rather than improving on original route cause

# Complaints Monitoring



Sam Hughes - 30/4/20

# Consumer service

We are the consumer champion for energy and have a **statutory duty to consider complaints** within the energy industry.

One of our four **obligations is to provide first-tier energy advice, including through our consumer service helpline.**

The helpline adviser can:

- give practical and impartial advice on how to resolve consumer problems
- tell consumers the law which applies to their situation
- pass information about complaints on to Trading Standards
- refer cases to the Extra Help Unit where the consumer or micro-business is vulnerable or at risk of disconnection

**Data informs many important aspects of our work.**

Routes - online search, referral from local Citizens Advice or other organisation, or after seeing the number on their bill (suppliers).



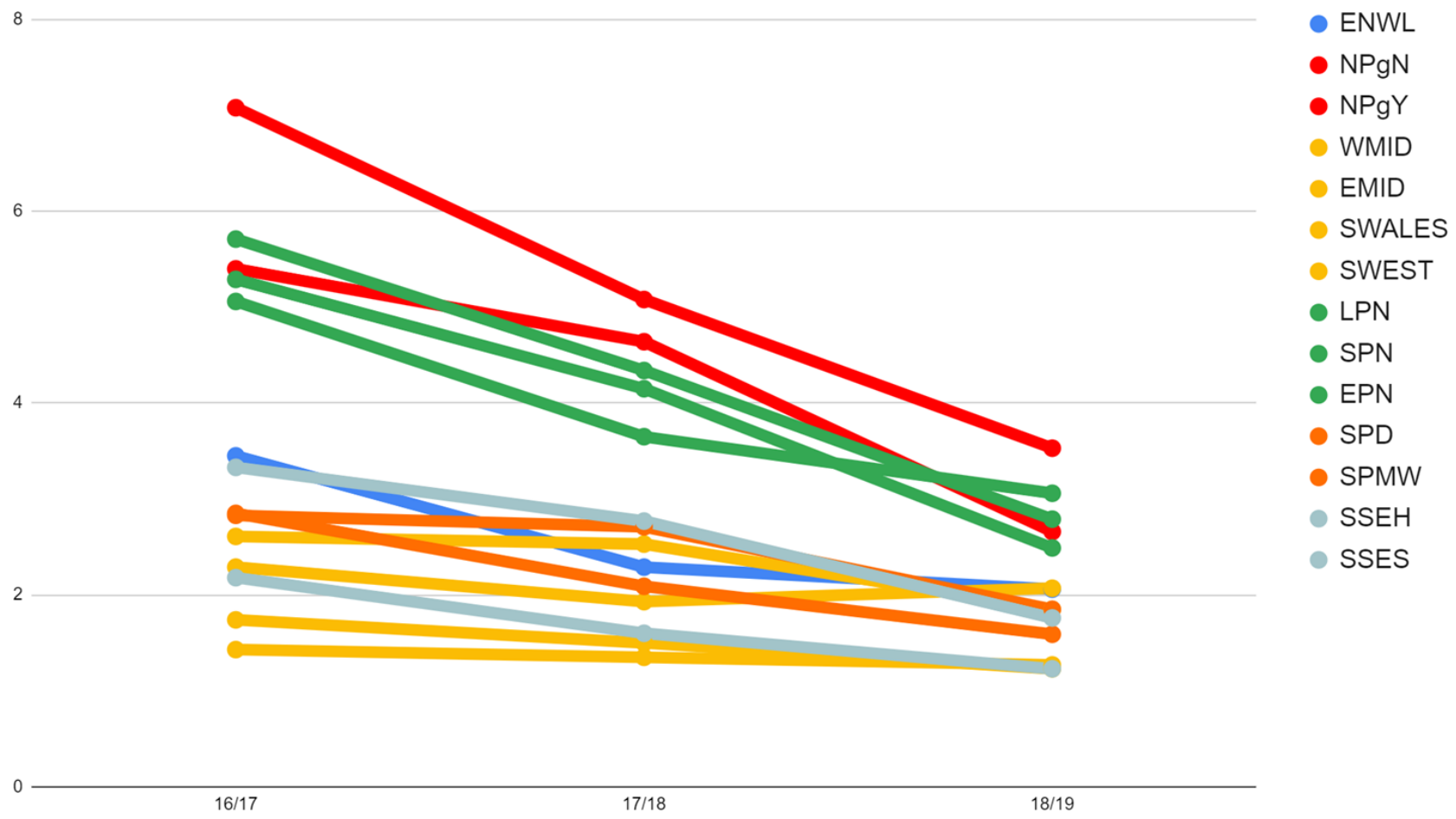
# The Data

- England, Wales and Scotland
- January 2017 - March 2020
- Total cases, not unique cases - to capture repeat complaints
- Not all cases will have led to or necessitated a complaint to DNO
- Unique data
- Terminology
- Health warnings

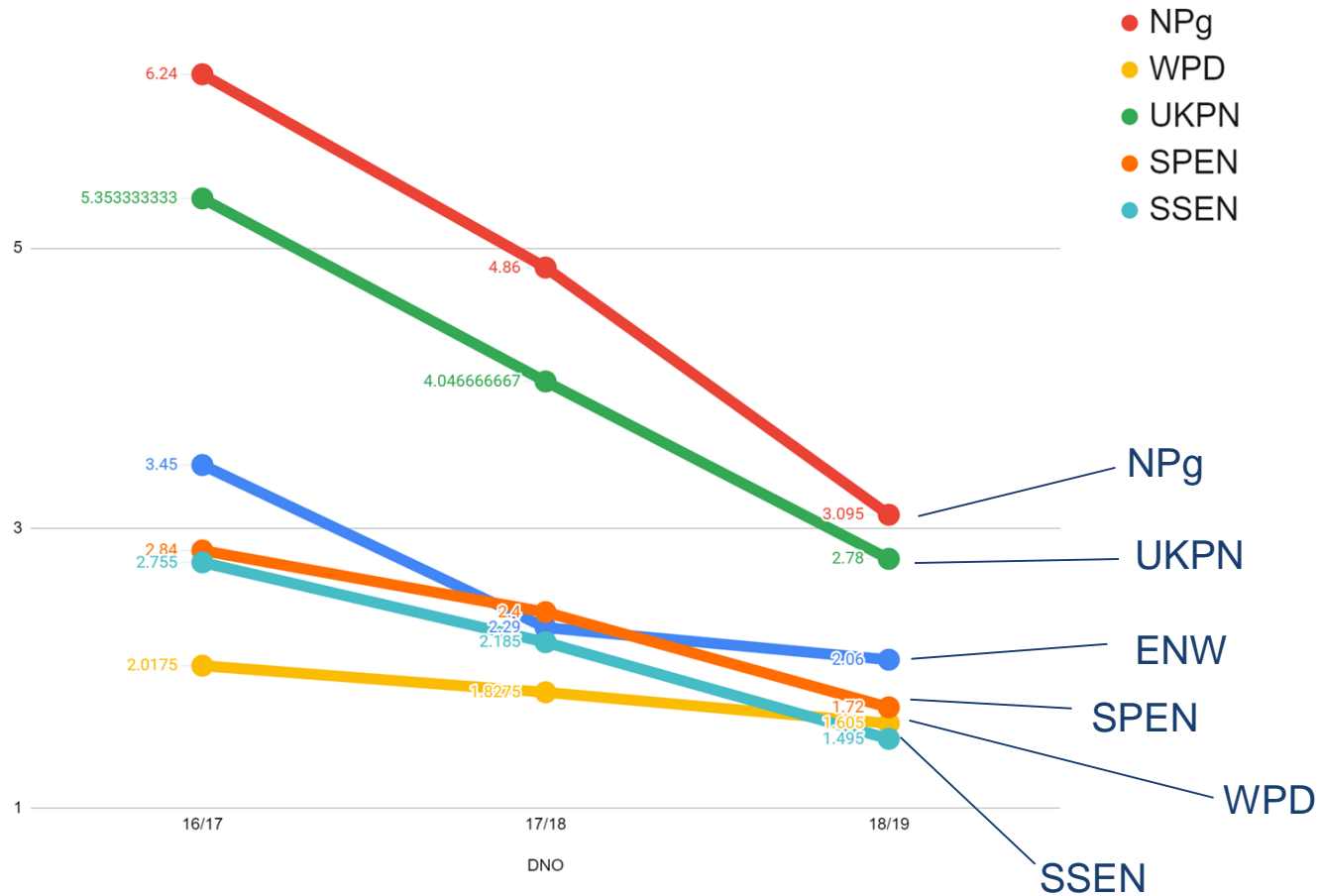




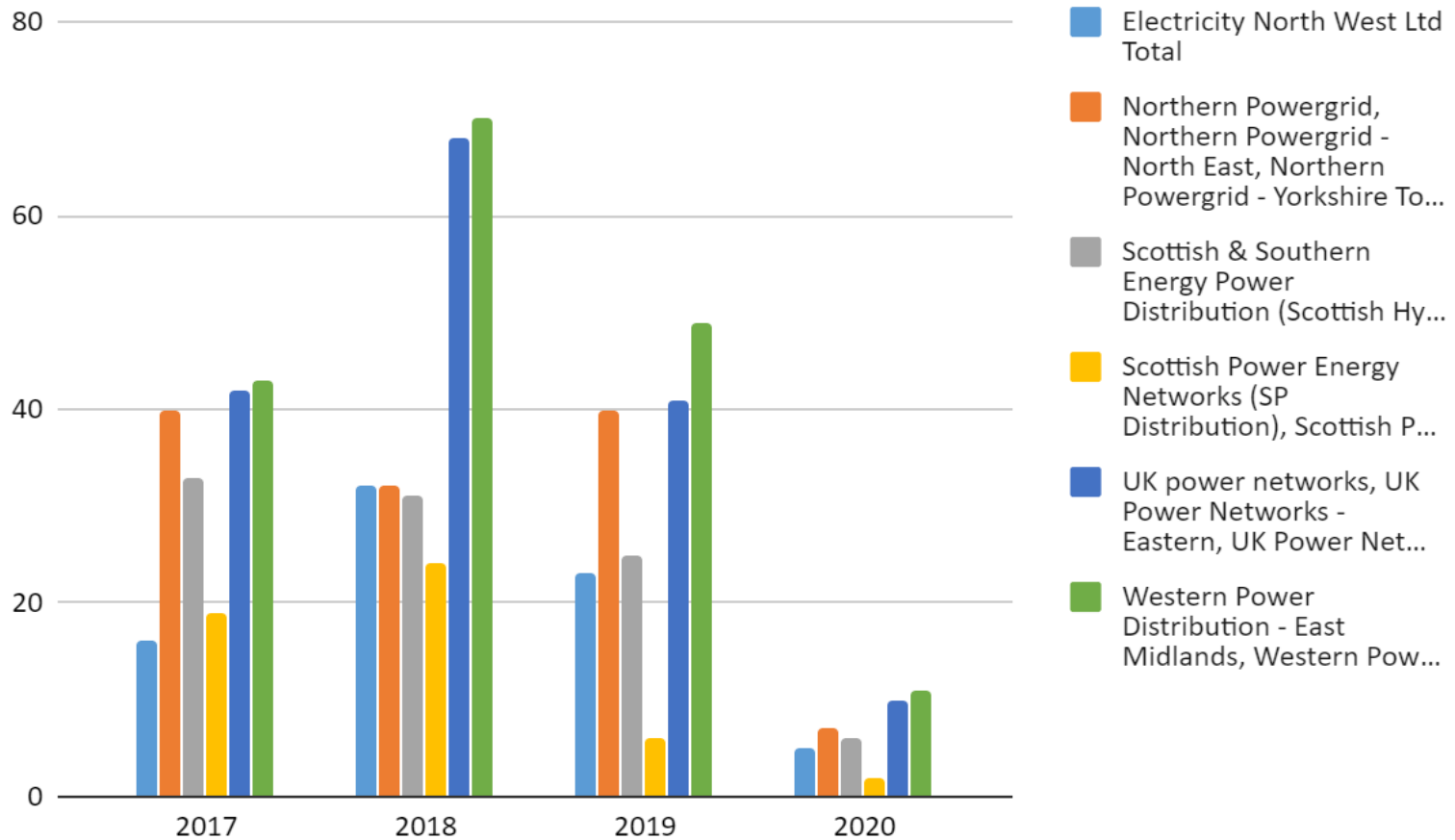
# Licensee complaint metric scores



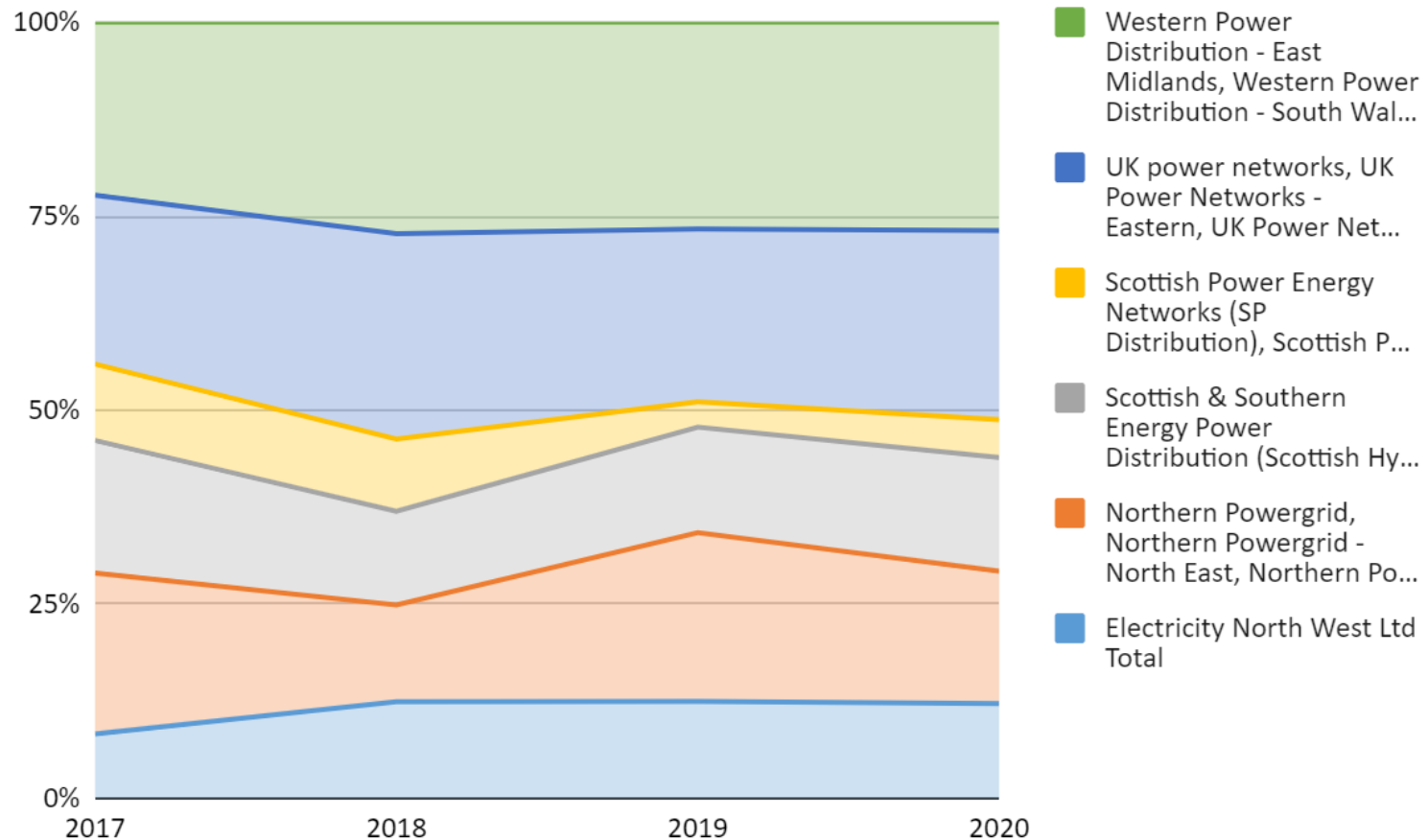
# Aggregated DNO complaint metric scores (average)



# Numbers of complaints



# Complaints as a proportion of all received



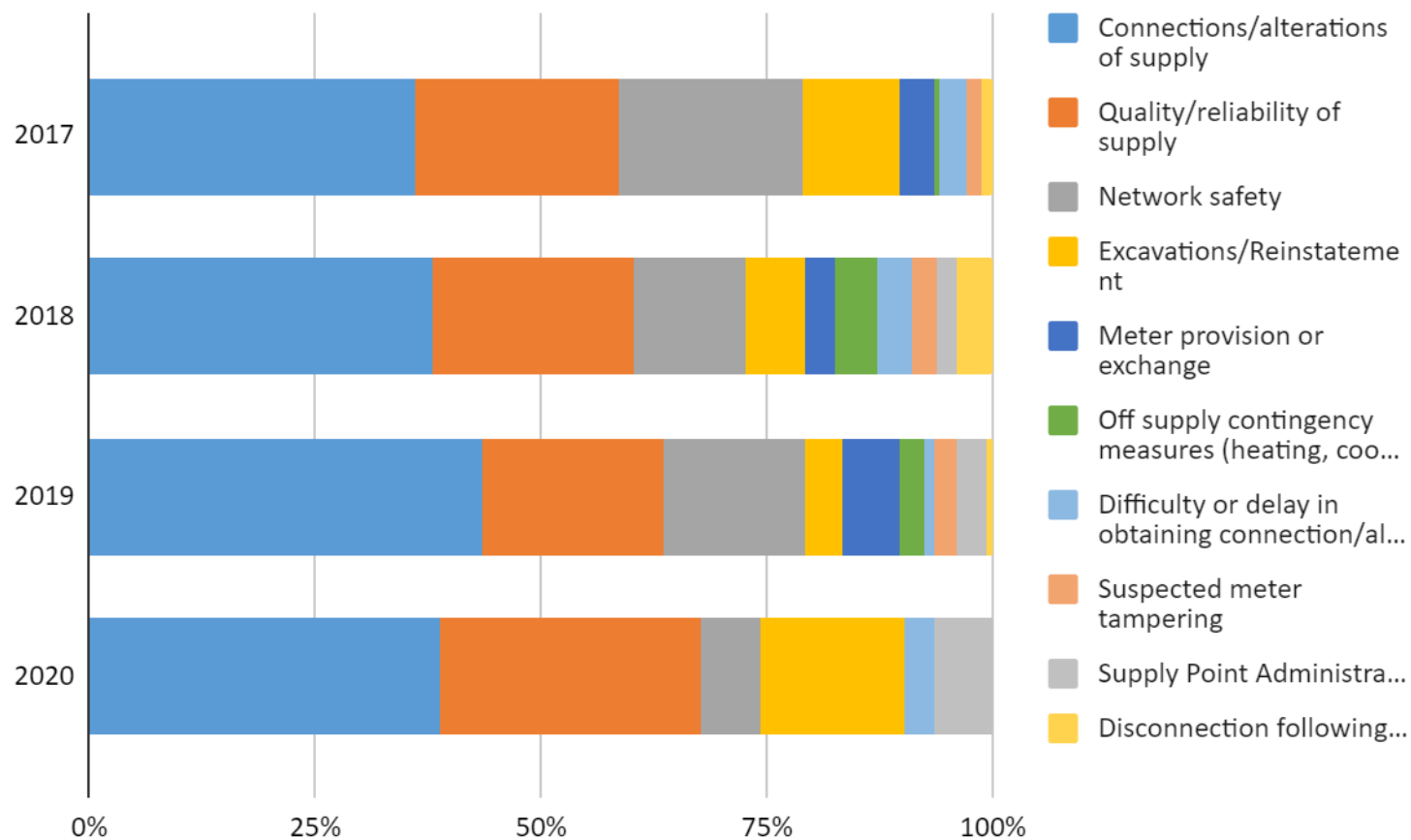
# Complaints in numbers

Year	ENW	NPg	SSEN	SPEN	UKPN	WPD	Grand Total
2017	16	40	33	19	42	43	193
2018	32	32	31	24	68	70	257
2019	23	40	25	6	41	49	184
2020 (Jan-March)	5	7	6	2	10	11	41
Grand Total	76	119	95	51	161	173	675
Expected total by customer numbers (based on 2018 customer numbers)	54.04	88.44	86.67	79.81	187.50	178.54	
Complaints per 10,000 customers (2018)	0.134	0.082	0.081	0.068	0.082	0.089	
Complaints per 10,000 customers total (2017-2020)	0.319	0.305	0.249	0.145	0.195	0.220	

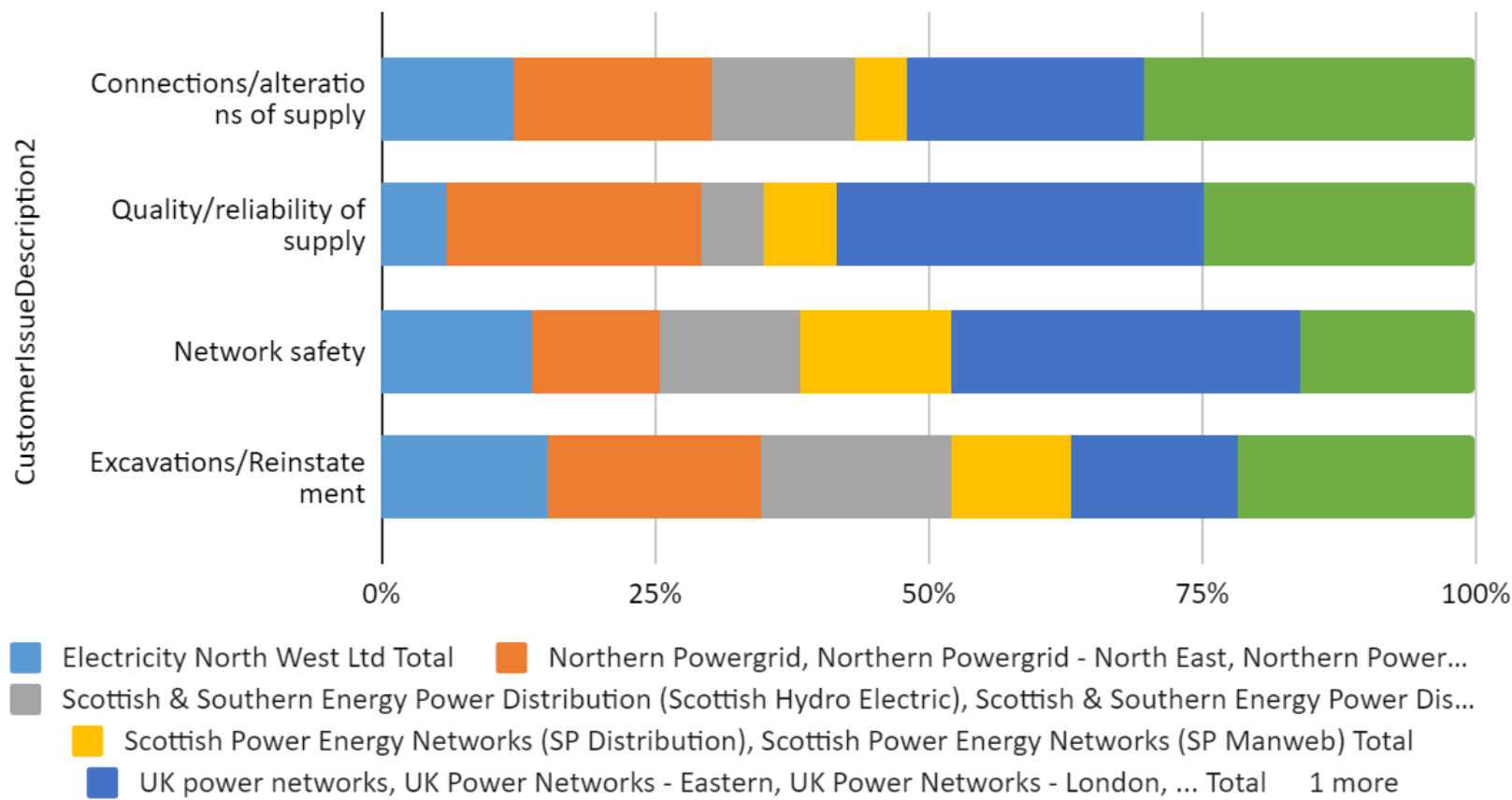
## Metric vs number (2018)

	Average metric Score (17/18) (rank)	Complaints per 10,000 customers (2018) (rank)
WPD	1.83 (1)	0.089 (4)
SSEN	2.185 (2)	0.081 (2)
ENW	2.29 (3)	0.134 (5)
SPEN	2.4 (4)	0.068 (1)
UKPN	4.05 (5)	0.082 (3)
NPg	4.86 (6)	0.082 (3)

# Complaint issues by proportion



# Company proportion of top 4 complaint issues





# Case studies

- **Connections - alterations of supply**
  - costs, information and customer service, contestable/non-contestable
- **Quality/reliability of supply**
  - poor customer service, issues unresolved, faulty appliances/products, frequent but short interruptions
- **Network safety**
  - delays in work, compensation levels, experience of contractors
- **Excavations/reinstatement**
  - costs of work, condition not put right
- **Meter provision/exchange**
  - letters about access



# Summary

- Volumes of network complaints are low - **less than 1%** of complaints to Consumer Service in 2019
- There are **some consistent performers** in complaint metric scores, we have seen **steady and significant improvement** across all DNOs in ED1 and **no penalties issued**
- The complaints metric may not be picking up the full story
  - **metric scores vs complaints per 10,000 customers**
  - some DNOs may be receiving/prompting a **disproportionate number of complaints** compared to customer numbers and in comparison to other DNOs
- 'Complaints per 10,000' metric may pick up on **outliers**
- The numbers associated with **different complaints** differ between DNOs
- Some complaint areas may be covered by **GSOPs**
- **Would DNOs/Ofgem/consumers benefit from comparability - (increasing consumer touchpoints)**

# Thank you

Sam Hughes, Citizens Advice

[sam.hughes@citizensadvice.org.uk](mailto:sam.hughes@citizensadvice.org.uk)



## **SROI Incentive Update - ENWL**



# Return on Social Investment

Brian Hoy

30 April 2020

Stay connected...

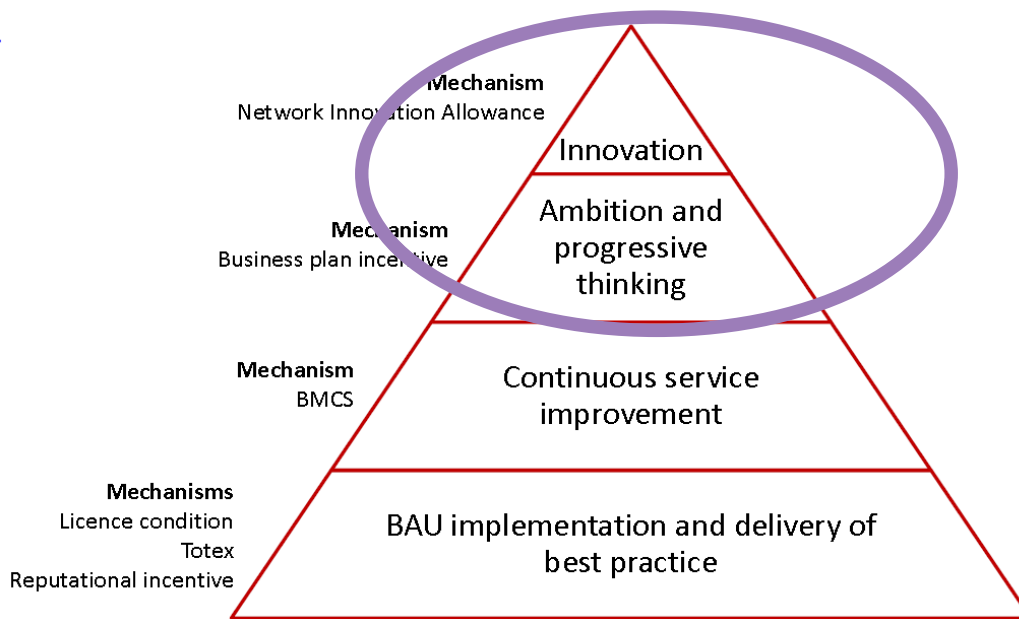


[www.enwl.co.uk](http://www.enwl.co.uk)



- At the Ofgem working group on CSVC on 27 February developing a common Social Return on Investment (SROI) tool/methodology was discussed
- There appeared to be general support for this as it would provide a consistent mechanism for assessment and allow comparison between companies
- In the meeting James Veaney postulated that this could also have potential to be used as an incentive mechanism
- On 19 March ENWL went through slides outlining how such a common SROI methodology could be used to create an incentive mechanism
  - These slides assume a common SROI is developed and approved but don't cover its development
- These slides recap and have updated examples based on more 'real world' SROI

# Where does ROSI sit in package?



*NPg 'hierarchical structure' proposed in session 4*

- ROSI could act as replacement for SECV to create a mechanism that caters for:
  - Ambition
  - Innovation
  - Changing stakeholder needs
- Working assumption is that
  - some activities will be common obligations and funded by allowances
  - some activities will be DNO specific and funded through Business Plan submission process

# The range of SORI can be quite variable....



Some of the 32 services we offer					
Service name	Service Summary	Volume	Total Costs	Total Economic Value	SROI
SMS updates during faults	Proactive text messages sent to each customer on every update	365,572	£8,269	£92,569	£12.80
Inbound fault call – IR Messaging	Provide message for power cuts to facilitate speedy updates	29,053	£0	£50,580	£0.00
Power out – web lookup function	SPN website offers a post code lookup function to display the fault info	472,344	£0	£302,300	£0.00
Voice to landline updates	This is a proactive pre-recorded message by one of our agents which is sent to customers landline phones in a power cut	307,365	£5,388	£63,582	£12.80
Restoration calls	Restoration calls to all customers to check everything is ok	304,522	£4,381	£62,273	£16.00
Dedicated PSR phone number and PSR prioritisation	Prioritisation for PSR customers in call queue and dedicated welfare line	5,460	£0	£5,206	£0.00
Face to face visit to customer's premises 6 weeks before planned work	Proactive face to face contact to understand customers' needs during planned work and identify new PSR customers	19,355	£0	£25,302	£0.00
Food Vans	Providing food to customers in large events and prolonged outages	1,244	£38,750	£36,347	£0.52
Personal support for vulnerable customers	Personal support to vulnerable customers including: Transport Support (eg uplift of medical supplies) and welfare assistance	1,265	£23,330	£12,377	£1.52
Hot food provided	Food provided during storms of extended outages	3,025	£9,758	£561	£1.06
Generator provision	Provide generators to support vulnerable customers in faults & planned outages	16,232	£52,082	£15,294	£1.27
Bufile and large print correspondence	Bufile & large print call correspondence can be formatted on request	32	£64	£55	£0.34
Website accessibility to AA Standard	AA certified website to WC3.org international standard for accessibility which requires 20 key measures	7,093	£0	£2,022	£0.00
Adapt proactive contact to situations of transient vulnerability	Facilitating customers to register vulnerabilities for a temporary period	6,436	£0	£0	£0
Re-safety checks	Use of PSR checks prior to attending sites where a customer has provided a password or asked for someone to be present with them (flying safes)	1,299	£0	£162,368	£0
Personal support during an outage	Dedicated person on site to provide support during outages, welfare vehicles on site to provide warm drinks & other support and winter packs	5,300	£200,996	£544,453	£3.71
Connections assistance	Free of charge alterations to power supply where it will deliver improvement to quality of life	12	£9,592	£110,658	£13.39
Good food & friends	Hot meal delivery & befriending	52	£0	£3,022	£0.00
Befriending	Face to face and telephone befriending to combat loneliness	3,092	£0	£588	£0.00
Energy advice	Financial advice, Energy efficiency, Home improvements such as double glazing, WID vouchers and Carbon monoxide alarms, electric heating, hot water systems and new boilers	234	£0	£8,893	£0.00
Best tariff	Tariff comparison	188	£0	£37,208	£0.00
Benefits check	Face to face home visits & telephone support as well as on line & web chat advice to get customers onto the maximum income	49	£0	£89,007	£0.00
Fire safety	Home fire safety assessment visit to assess customers property and provide fire equipment	72	£0	£30,927	£0.00
Help in a Power Cut	Providing customers with information on what to do in a power cut	962	£962	£1,803	£2.45
PSR Sign ups	Customers registering for Priority Services	362,622	£0	£480,923	£0.00
PSR data refresh	2 yearly refresh of PSR data	232,652	£302,020	£98,083	£1.67
Net Value: £2,576,697		Total Cost: £464,783		Total Economical Value: £2,111,914	
				SROI: £5.54	
The total economic value – the sum of all benefits minus the sum of all costs.		Please note where the SROI value is neutral:		Volunteering SPN staff time and hosting events to raise a fund.	
The Social Return on Investment (SROI) – the present value (sum of all benefits in this year) of our services portfolio divided by the total costs.		This £ benefit has been delivered by our service partners and meets our cost efficient strategy. In return we offer to partners various ways to benefit from working with SPN Energy Networks such as access to the vulnerability mapping tool to allow them to shape their own strategy.		For SPN Energy Networks services, this is due to the total costs being covered by a wider business service, such as staff costs / overall website costs etc., and therefore we don't attribute single costs for individual elements.	
NB: Our social values have been delivered following a detailed piece of work with Six Partners and supplemented with research SPN undertook as well as a joint piece of research across DNOs.					

- Feedback from Citizens Advice indicated that the range of SROI might be much wider than used in the initial illustrative examples
- Examples from SPEN's 2019 report shows a range from 0.14 to 16
- Similar example in WPD's 2019 report:
  - "17,764 fuel poor customers supported to save £6.4m a year" with a total cost of £547k
  - This gives a 11.7 return ratio
- The principles of ROSI can still be applied and the following slides outline some options

[https://www.spenergynetworks.co.uk/userfiles/file/SPEN\\_SE\\_CV\\_Distribution\\_2019\\_part3.pdf](https://www.spenergynetworks.co.uk/userfiles/file/SPEN_SE_CV_Distribution_2019_part3.pdf)





	Units of activity	Unit cost	Total Cost	Unit Social Value	Total Social Value	Net Social Value	SROI Ratio
Business Plan submission in allowances	17,000	£34	£578,000	£355	£6,035,000	£5,457,000	10.4
Scenario 1 - Large scale efficient deployment	55,000	£29	£1,595,000	£400	£22,000,000	£20,405,000	13.8
Scenario 2 - Large scale inefficient deployment	55,000	£35	£1,925,000	£350	£19,250,000	£17,325,000	10.0
Scenario 3 - Marginal Improvements	17,764	£31	£547,000	£360	£6,395,040	£5,848,040	11.7

- Table above shows an example with higher SROI
- Base case is shown and assumed to have been in Business Plan allowance
- Three scenario shown:
  - First two to cover large scale deployment but with different SROI, above and below baseline
  - Third covers incremental improvements

## Option 1 – Sharing factor on Social Return



	Sharing factor	Equivalent Social Return based on baseline SROI	Social Return above (+ve) or below (-ve) estimation	DNO Reward (+ve) or Penalty (-ve)	Incremental DNO Cost Recovery	Funding from UIOLI Pot
Scenario 1 - Large scale efficient deployment	0.1	£16,653,676	£5,346,324	£534,632	£1,017,000	£1,551,632
Scenario 2 - Large scale inefficient deployment	0.1	£20,099,265	-£849,265	-£84,926	£1,347,000	£1,262,074
Scenario 3 - Marginal Improvements	0.1	£5,711,324	£683,716	£68,372	-£31,000	£99,372

- This option shares the incremental social return but on a reduced sharing factor shown as an arbitrary 0.1 to illustrate
- Baseline SROI is applied to actual costs to calculate Equivalent Social Return and then incremental Social Return shared based on sharing factor
- 'Use It Or Lose It' Pot used to fund
  - Incentive based on shared incremental Social Return
  - Incremental costs over baseline
- Symmetrical approach acts as a constraint as if Social Return is less than baseline (scenario 2) then DNO does not recover all the money spent
- A further consideration would be to limit the benefits for marginal improvements by use of a dead band
  - Eg within dead band either Reward or Efficiency but not both

## Option 2 – Sharing factor on Equivalent Costs



	Sharing factor	Equivalent costs based on baseline SROI	Costs above (-ve) or below (+ve) estimation	DNO Reward (+ve) or Penalty (-ve)	DNO Cost Recovery	Funding from UIOLI Pot
Scenario 1 - Large scale efficient deployment	0.56	£2,107,042	£512,042	£286,744	£1,017,000	£1,303,744
Scenario 2 - Large scale inefficient deployment	0.56	£1,843,662	-£81,338	-£45,549	£1,347,000	£1,301,451
Scenario 3 - Marginal Improvements	0.56	£612,483	£65,483	£36,670	-£31,000	£67,670

- This option takes the actual Social Return generated and derives the equivalent cost using the baseline SROI
- The difference between the equivalent costs and the actual costs is then shared based on sharing factor
- 'Use It Or Lose It' Pot used to fund
  - Incentive based on shared incremental Social Return
  - Incremental costs over baseline
- Symmetrical approach acts as a constraint as if Equivalent Costs more than actual then DNO does not recover all the money spent
- A further consideration would be to limit the benefits for marginal improvements by use of a dead band
  - Eg within dead band either Reward or Efficiency but not both



- ROSI acts as an incentive mechanism to fund activities above and beyond what is included in Business Plans
- Provides mechanism to deal with new developments, innovation and ambition
- Provides an objective mechanism that gives funding certainty (subject to criteria)
- Drives the right behaviours: efficiency and increased Social Return
- Customer protection from
  - Ringfenced UIOLI pot caps expenditure
  - Increased Social Return delivered for DNO to have incentive
  - Cap on the maximum SROI ratio

# **Vulnerability Package**

## **Purpose:**

- Review the main options that have been proposed through the working group sessions for arrangements in ED2 relating vulnerability.
- We are still evaluating the merits and drawbacks of all proposals (and considering where alternative options may be appropriate/desirable). As such we have not yet 'landed' on consultation positions. However, we want to replay the proposals we have received in the WGs so far and seek more information from group on outstanding questions we have, answers to which may inform the options we include in our summer consultation.

## **Next steps:**

- Group to feed back views between now and our final scheduled WG on 28 May.
- Ofgem will continue to evaluate options ahead of our summer consultation.

*This is our penultimate WG session*

## RIIO-ED2 objective

A high-quality and reliable service to all network users and consumers, including those who are in vulnerable situations

## RIIO-ED1 arrangements under review

### Customer Service

Broad Measure of Customer Service  
(BMCS):  
Customer satisfaction surveys

BMCS:  
Complaints metric

BMCS:  
Stakeholder Engagement and Consumer  
Vulnerability Incentive

Worst-served customers

### Social obligations/ Vulnerability

BMCS:  
Stakeholder Engagement and Consumer  
Vulnerability Incentive

Licence conditions such as SLC10 to  
establish and maintain a Priority Services  
Register (PSR)

**Covered in the Safety, Resilience and  
Reliability Working Group**

### Connections

Incentive on Connections Engagement  
(ICE)

Time to quote (TTQ) and time to connect  
(TTC) incentive

Guaranteed Standards of Performance  
(GSoPs)

Licence conditions

### ED1 Recap

- In ED1 we wanted DNOs to maximise their role in understanding, identifying and supporting customers in vulnerable situations. DNOs business plan submissions had to demonstrate their strategy to realising this objective. We have an LO and an ODI(F) to drive this role.
- Through the SECV, most DNOs are delivering fair to good outcomes and DNOs and other stakeholders consider it has driven a step change and that helping the vulnerable is now incorporated into DNOs' strategic priorities.

### Issues with current arrangements raised/discussed in the WG:

- DNOs consider that SECV assessment process could be more transparent eg in distinguishing between BAU activities and those that go above and beyond.
- A lack of consistent reporting on outcomes, social value or cost/benefit analysis makes it hard to assess if the value is commensurate with reward. It also reduces comparability between companies.
- Some DNOs/stakeholders consider there is scope for improvement on driving collaboration
- WG feedback that the variability of SECV reward makes it difficult to budget for future periods, which is particularly problematic for partnership arrangements.
- The current SECV process is resource intensive for both network companies and the regulator

### ED2 Emerging issues in changing policy/regulatory landscape

- The DNOs role in regards to vulnerability may need to evolve in light of the energy system transition. There is a risk that some customers may be 'left behind' in ED2 and the cost of decarbonisation may exacerbate existing affordability issues.

### Desired outcomes

- All customers in vulnerable situations receive an appropriate minimum level of service from their network company, regardless of where they live.
- DNOs have the flexibility to deliver ambitious and innovative initiatives that go beyond business as usual in supporting consumers in vulnerable situations.
- DNOs are encouraged to deliver ambitious and best practice initiatives to support consumers in vulnerable situations.



### Background

- We want to ensure that all consumers in vulnerable situations receive an appropriate minimum level of service from their network company, regardless of where they live.
- There has been a step change in how vulnerability is considered in ED1. WG discussion to date has shown there is strong support that the progress achieved in ED1 should be embedded as BAU in ED2.

### DNOs role in ED2

- Provide additional support and services to PSR customers
- Protect the interests of customers in vulnerable circumstances throughout their operations

### How to drive this role:

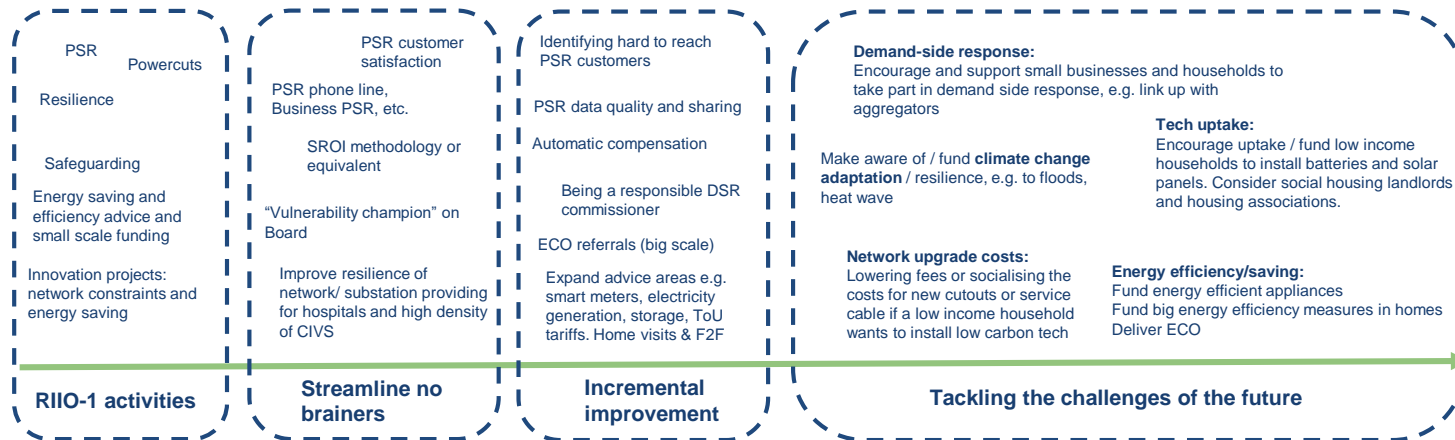
- Use Licence conditions to mandate minimum required standards:
  - Retain the current obligation maintain and provide assistance through the PSR; and
  - Introduce a principles-based Licence Obligation which would require DNOs to support consumers in vulnerable situations as part of their BAU operations.
- Enhanced minimum requirements in the business plan
- NPg's package also highlights that an ODI(R) will drive improvements in BAU implementation and the delivery of best practice.
- SPEN's package considers that BAU power cut support should be drawn out in the BMCS, to drive continued improvements in this area, but to also ensure an incentive focuses solely on above and beyond delivery

### Questions

- Do you agree with this consideration of the BAU role?
- Would a principles based licence condition, and enhanced minimum requirements in the business plan, embed progress from ED1 into the DNOs role?
- Is a within-period mechanism needed to hold DNOs to account on the delivery of minimum requirements and drive over performance against these?

## WG discussion so far

- DNOs role will need to evolve to support vulnerable customers in during the low carbon transition
- DNOs should strive to not miss an opportunity to identify and support a customer in need
- There is a broad spectrum of activities that a DNOs role could encompass

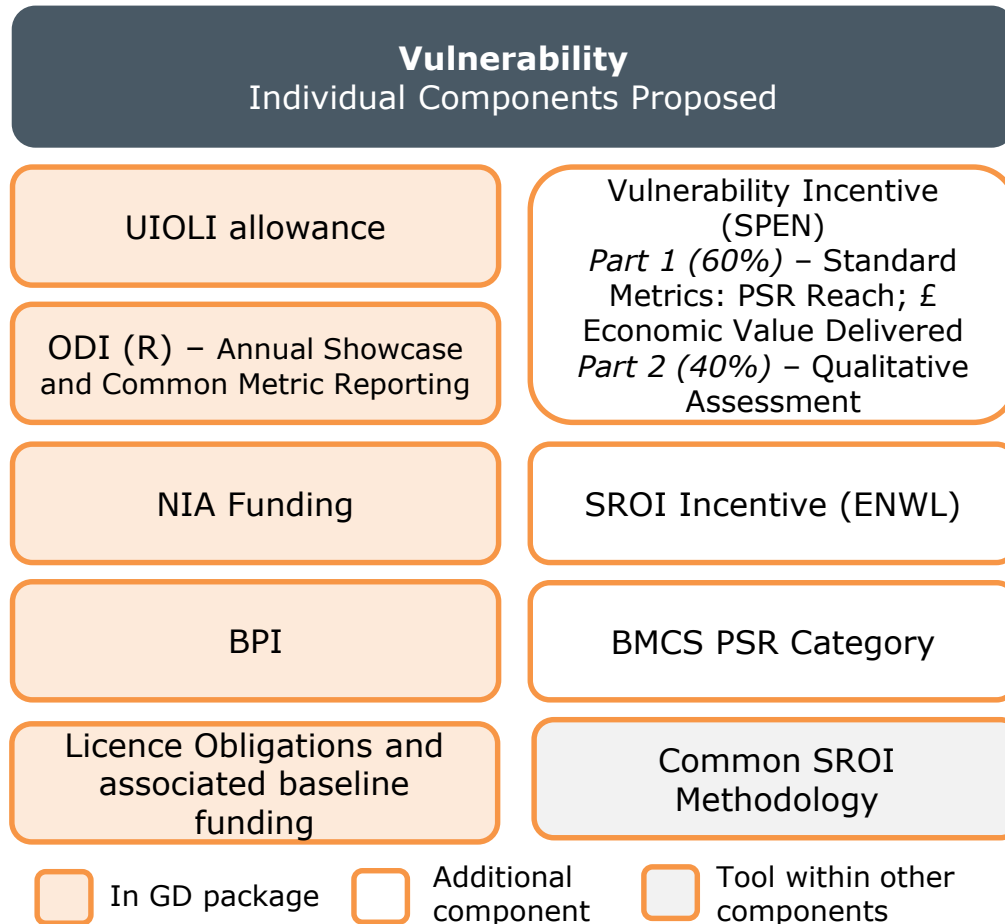


*Initial mapping of activities by Citizens Advice from WG2*

- There is a need to differentiate between 'could do' and 'should do'
  - The touchpoints work undertaken demonstrates it is hard to identify the full spectrum of initiatives yet that could support vulnerable customers in ED2 and what would be appropriate.
- GD package stated that GDNs should not be funded for actions beyond core areas of competence, for example, for installing boilers, heating systems or energy efficiency measures. The ED2 methodology **could adopt a similar steer**, providing definitive parameters to the DNOs remit.
  - The **business plan guidance** could provide criteria to enable a clear and consistent justification of when a DNO is well placed to carry out an initiative.
  - Like in Citizens Advice's material, are there broad themes that can be used to provide a more consistent way to view the spectrum of initiatives and guide justification?

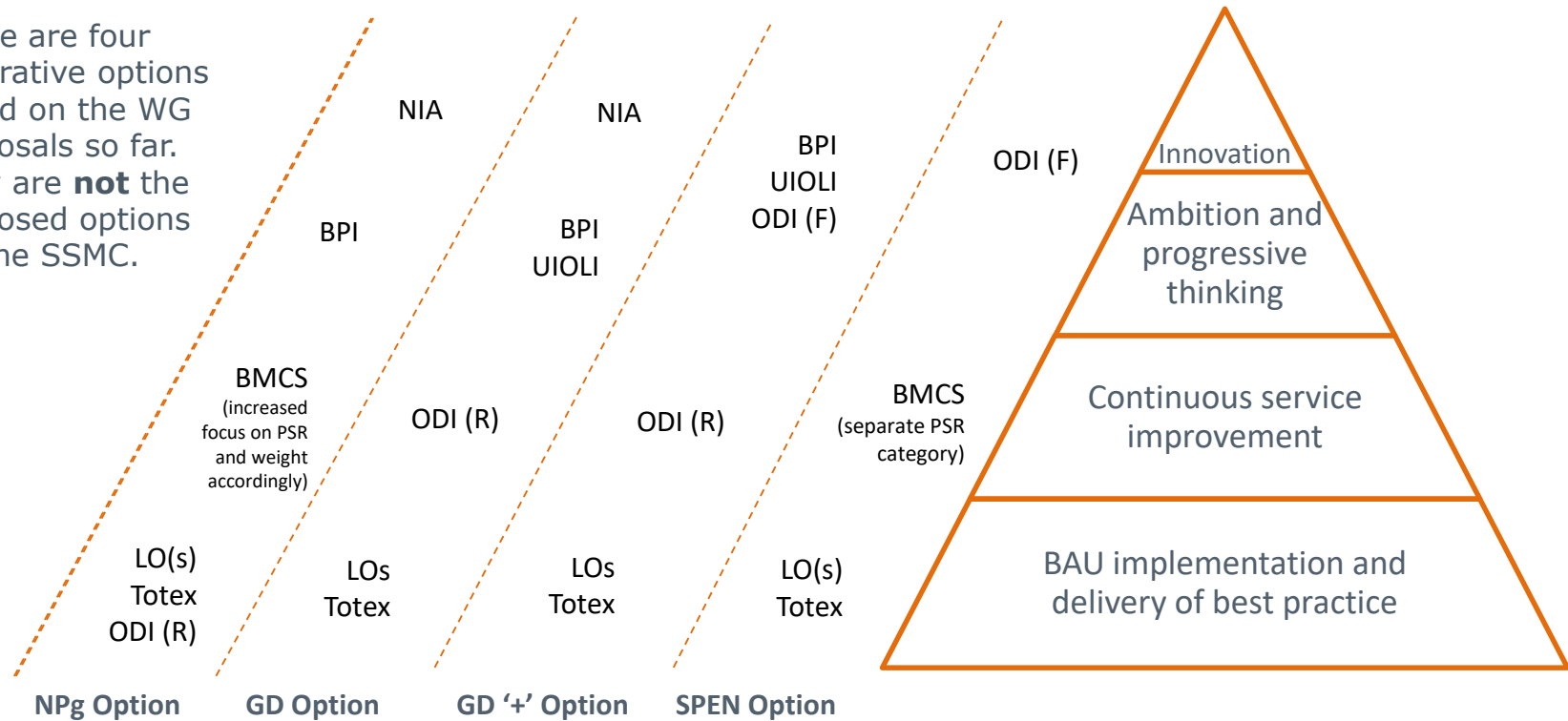
## Background

- We want to provide the flexibility for DNOs to deliver ambitious and innovative initiatives that go beyond business as usual in supporting consumers in vulnerable situations.
- We want to encourage DNO to deliver ambitious and best practice initiatives to support consumers in vulnerable situations.
- Many different individual components have been proposed which can form different packages.



We propose not to consult on preferred components, but instead possible packages.

These are four illustrative options based on the WG proposals so far. They are **not** the proposed options for the SSMC.



## Questions

- What are your views on the proposed packages? What are the risks and benefits of each package?
- Are there alternative mechanisms/packages that should be considered?
- What next steps/further evidence is needed to demonstrate the benefit in components of different packages? Eg. Using an ODI (F)

- Do you think we have ‘missed’ anything – this could be in the context of existing RII0-ED1 outputs or new proposals you think we should consider?

**Next steps:**

- Group to feed back views between now and our final scheduled WG on 28 May
- Ofgem will continue to evaluate options ahead of our summer consultation
- Ask group members to complete outstanding actions and feed back, either to the wider group in the final WG or separately with Ofgem