

## **RIIO-ED2 Customer Service, Vulnerability and Connections (CSV) Working Group – Session 7**

From: Ofgem

Date: 30 April 2020

Time: 09:50-15:00

Location: Conference Call

### **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)

Utility Customer Service Management Limited (UCSM Ltd)

Agility Eco

Citizens Advice

Sustainability First

Robin Hood Energy

### **2. Introduction and update on outstanding actions**

- 2.1. Ofgem noted that the working group session scheduled for 28 May has space on the agenda and can be used to return to outstanding actions including on ED2 options for connections.
- 2.2. SPEN gave an update on a connections action to collate data on volumes (of LCT connection customers as well as customers that fall under other market segments). SPEN said numbers should be ready by the start of next week. Action: SPEN to provide update to Ofgem on Monday 4 May so we can review.
- 2.3. ENWL gave update on the status of the RAG rating and advice connections actions, and said there could be merit in a separate DNO call to ensure assessment is being done in the same way.
- 2.4. DNOs agreed to have separate call and Ofgem said it would be good to see final RAG assessment in the coming two weeks (by mid-May).
- 2.5. Regarding the common SROI methodology action, SPEN clarified that the 8th May meeting has been moved to 13th due to bank holiday. Action: DNOs to provide an update on progress at the 28 May WG.

### **3. Customer Service – Balanced Scorecard (SSE)**

- 3.1. SSEN presented slides on proposed balanced scorecard approach.
- 3.2. SSEN has commissioned research with Institute of Customer Service (focusing on other industries eg banking) to look at the benefits of a balanced scorecard approach. Also proposing research joint with DNOs and Explain to capture if customers think current Broad Measure of Customer Satisfaction arrangements are fit for purpose, as well as looking at whether there would be value in including metrics such as trust and customer effort level.
- 3.3. Some DNOs suggested that research should consider how to enhance existing arrangements (channels to engage customers, the value of existing question sets etc.) and that they would be more supportive of this than using research to develop a new mechanism.
- 3.4. Citizens Advice suggested that DNOs can draw on existing research done (eg by the GDNs) to inform the scope and design of the research.
- 3.5. Action: DNO call to discuss the scope and design of research and Sam Hughes to be included. Ofgem request for a progress update at the end of May group.

### **4. Customer Service – Complaints (SSE)**

- 4.1. SSEN presented slides on ED2 proposals for complaints.
- 4.2. The group discussed the proposals, with some DNOs considering that the current ED1 arrangements are still fit for purpose. ENWL suggested that if DNOs want to include additional metrics, these could be bespoke and proposed in the business plans.
- 4.3. Other DNOs are not convinced that proposed metrics would provide value for customers or drive the right outcomes. SPEN noted that having a separate measure for PSR complaints could drive speed over quality.
- 4.4. SSE provided an update on other outstanding actions, including work to map DNO touchpoints and suggested that although no feedback had been received since the last presentation of this work, it needed to be picked up again and could be an item at the May WG.

### **5. Customer Service – Complaints (Citizens Advice)**

- 5.1. Citizens Advice presented slides that showed DNO performance to date. Citizens Advice noted that data presented included customer complaints that might not have resulted in actual complaints to the DNO, as it counts contact made to Citizens Advice. In addition, data might also include enquiries, so not strictly the definition of a

complaint in the RII0-ED1 sense. The item suggested that a metric to monitor complaints per 1000 customers could be introduced in ED2.

- 5.2. DNOs cautioned that we need to not drive perverse incentives eg DNOs could report complaints inaccurately.
- 5.3. Agility Eco felt 'complaints per no. customers' should not be included as financial incentive, the only financial incentive should be on timescales to resolve. DNOs should positively encourage staff to report any dissatisfaction.
- 5.4. UKPN noted that there is a balance to be had and understands the point on perverse incentives but thinks DNOs need good culture around reporting of complaints. Doesn't agree that this kind of metric shouldn't be included.

## **6. Vulnerability – Return on Social Investment (ENWL)**

- 6.1. ENWL presented updated slides on the Return on Social Investment (ROSI) incentive.
- 6.2. WPD asked if this is proposed as a replacement for SECV incentive, and suggested would it not be better to embed within the existing incentive. WPD asked how we would measure/incentivise the new and innovative activities within the period? Eg how would new ways to ensure we don't leave customers behind fit into this?
- 6.3. SPEN cautioned that this approach might encourage DNOs to do the easy things, rather than the harder and future proofing things.
- 6.4. Sustainability First supported the drive towards SROI quantification, but would be concerned if that's the only driver of DNO activities as there are elements that don't just fit into the SROI view of what is positive. Eg ECO
- 6.5. UKPN noted that it is not clear how stakeholder engagement informs the activities under this arrangement.

## **7. Vulnerability Package Options (Ofgem)**

### 'Business as usual' DNO role

- 7.1. NPg noted that one of the important considerations in NPg's proposed package is that DNO funding sits inside totex. NPg agrees with holding companies to account through reputational ODIs but disagrees with the need for financial ODIs in this area.
- 7.2. ENWL noted that we need to be clear on minimum requirements to ensure DNOs deliver baseline level of service. ENWL asked for clarification that final question on slide 41 means 'holding DNOs to account for delivery of minimum' rather than driving beyond minimum.

- 7.3. Sustainability First highlighted the importance in driving the sharing of best practice as a minimum.

## Driving beyond BAU

- 7.4. WPD commented that a version of an incentive is still needed to ensure DNOs do all the things in Citizens Advice's table.
- 7.5. ENWL noted that some of the table could be embedded in minimum requirements.
- 7.6. Ofgem clarified that if customers want something, DNO should ask itself is this the responsibility of DNO and can the DNO deliver at low cost to consumers?
- 7.7. Agility Eco suggested that another consideration should be if DNO doesn't do it, will anyone else do it? In particular, when thinking about vulnerable customers and them being left behind in the transition. The 'test' shouldn't be as tough as 'best placed' and 'least cost'.
- 7.8. Ofgem noted that a price control should not fund activities things that should be funded through tax. Costs may increase in price control as a result of the energy system transition, and as a way of re-balancing this, DNOs should consider their role and what they can do to ensure people are not left behind.
- 7.9. NPg commented that decisions on activities and associated funding will need to be taken in the round, for example, some DNO activities could relate to its DSO proposition.
- 7.10. Action: DNOs to consider the activities they have identified as being possible ways to enhance the touchpoints and complete case study examples of how they would justify within their business plan they are well placed to deliver at low cost.
- 7.11. Action: Group to consider package options and assess against the assessment criteria (Ofgem to provide updated assessment criteria by Tuesday 12th).
- 7.12. Action: Provide any additional feedback on the material and let us know if there are other packages we haven't considered.

Action	Allocated to	Due date
<p>Connections</p> <p>SPEN gave an update on connections action to collate data on volumes (of LCT connection customers as well as customers that fall under other market segments). SPEN said numbers should be ready by the start of next week.</p> <p><b>SPEN to provide update to Ofgem on Monday 4 May so we can review.</b></p>	SPEN	4 May 2020
<p>Vulnerability</p> <p>Regarding the common SROI methodology action, SPEN clarified that the 8th May meeting has been moved due to bank holiday.</p> <p><b>DNOs to provide an update on progress at the 28 May WG.</b></p>	DNOs, coordinated by SPEN	28 May 2020 (update to Ofgem by Monday 25 May)
<p>Customer Service</p> <p>DNO call to discuss the scope and design of customer service research with Explain. Sam Hughes to be included.</p> <p><b>Progress update at the 28 May WG.</b></p>	DNOs and Citizens Advice, coordinated by SSEN	28 May 2020 (update to Ofgem by Monday 25 May)
<p>Vulnerability</p> <p>DNOs to consider the activities they have identified as being possible ways to enhance the touchpoints and complete case study examples of how they would justify within their business plan they are well placed to deliver at low cost.</p> <p>What other tests do they apply when considering an initiative?</p>	All DNOs, SSE to coordinate	28 May 2020 (Material to Ofgem by Monday 25 May)

Action	Allocated to	Due date
Update at 28 May WG		
<p>Vulnerability</p> <p>Group to consider package options and assess against the assessment criteria (Ofgem to provide updated assessment criteria by Tuesday 12th).</p>	All	<p>Ofgem to issue updated assessment criteria by Tuesday 12<sup>th</sup></p> <p>Group to feedback assessment to Ofgem by 25<sup>th</sup> May</p>
<p>Vulnerability</p> <p>Provide any additional feedback on the material and let us know if there are other packages we haven't considered.</p>	All	Feedback to Ofgem by 25 <sup>th</sup> May