

RIIO-ED2 Customer Service, Connections and Vulnerability Working Group – Connections Session

From: Ofgem

Date: 12 November
2020

Time: 10:00-12:00

Location:
Teleconference

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)

Citizens Advice

Agility Eco

BEIS

2. Introduction (Ofgem)

- 2.1. Ofgem introduced the session and the topics to be covered, noting that the previously planned Vulnerability item on the revised baseline standards would not be covered as Ofgem did not consider further discussion was needed following the previous session's discussion. Ofgem will circulate the revised standards to the group. On the Connections baseline standards, the DNOs are still working on this action and therefore there is no item at this session.

3. Customer Satisfaction Survey Update (SPEN)

- 3.1. SPEN provided an update on the DNOs' action to explore options for the target setting methodology. SPEN fed back the views on the preferred model, a deadband model, put forward by the DNOs, but noted that this was only supported by 4 DNOs, with one of these preferring that no deadband would be applied. Two DNOs had individual preferences, with both of these models having no deadband.

- 3.2. NPg and SSE both noted that they were the DNOs opted for no deadband. NPg consider that they consider a deadband weakens the incentive and protects DNOs rather than consumers. SSE noted their concern that the ICS data is out of step with the performance scores of the DNOs, with the DNOs scoring higher. SPEN noted that there were a multitude of models which could be considered and they had presented those with most support.
- 3.3. ENWL noted the risk that the targets could be set so high that the actions needed to reach the scores would go significantly beyond BAU and therefore not drive good performance in an efficient way.
- 3.4. Ofgem noted that the SSMD can reiterate the commitment to driving good performance and embedding ED1 improvements, but not to unduly penalise DNOs.
- 3.5. SPEN noted that the Explain research work into survey channels will provide an update to Ofgem by 4th December. ENWL noted that telephone methods are still the most robust and that a trial would be useful to test the impacts of multiple channels. Regarding survey channels, Citizens Advice noted that the ICS scores, such as for John Lewis, are likely using multiple channels for surveying customers. If this is the case, it would have an impact on scores that would make them not directly comparable with DNO scores in ED1. SPEN noted they would doublecheck this.

4. Connections Update (Ofgem)

Time to Connect Incentive (TTC)

- 4.1. Ofgem provided an update on the TTC, noting that stakeholders were generally supportive of the TTC mechanism having penalties but that a reopener to introduce these may be overly complex and presented two options for how a reward and penalty scheme could be implemented, without the use of a reopener. Ofgem noted that the SSMD will need to decide on the broad option being implemented, but that the detail would be developed next year and would be consulted on in Draft Determinations.
- 4.2. Citizens Advice queried with option 1b (CVP-based) whether the financial value in comparison to the current exposure had been considered. Ofgem noted it was

comfortable with the current model and therefore would look to this in calibrating any CVP reward.

4.3. WPD noted that option 1b would change the intent of what CVPs are to be used for and that they would want to understand how this could change the wider CVP framework. They also queried what would happen if a company didn't have a CVP accepted. SPEN echoed these concerns.

4.4. **Action: Ofgem asked the group to feedback views on the options presented, including the option they think would best achieve the outcomes Ofgem is aiming to drive.**

Competition Test (verbal update)

4.5. Ofgem provided an update on the decision regarding the Competition Test and the potential timeline of such process, noting that a full decision is pending discussion with all policy teams that work on Connections. If rerun, the RFI to begin the process would likely be issued in January 2021 and Ofgem sought information from each company on how many market segments they intend to submit, in order to determine the resource volume needed.

4.6. The DNOs suggested they would want to submit all market segments to provide Ofgem with all relevant information and due to the potentially significant implications of the outcomes of the competition test.

4.7. Ofgem suggested if that's the case, it would still be useful to understand the potential level of change DNOs are anticipating. SSE suggested their internal analysis shows that there would be likely major changes for the majority of their segments, noting they currently have the most segments within ICE. **Action: The DNOs to feedback any such information they could, even if anecdotally via email.**

5. BPDT (Ofgem)

5.1. Ofgem sought views on the use of a memo table for capturing the Vulnerability and Major Connections Strategies in the BPDT.

5.2. UKPN noted the level of detail may depend on the requirements of the ODI and asked what the deadline was for BPDT additions. As it was noted the BPDT would be published alongside the SSMD, UKPN suggested some of the additional output based information could be embedded into the annual reporting pack.

5.3. DNOs considered the use of a memo table could be appropriate, but without seeing an example or the previous ED1 template that it is hard to offer meaningful views. **Action: Ofgem will circulate ED1 Social memo table and an ED2 option for the memo table.**

Appendix 1 – Summary of Actions

Action	Allocated to	Due date
<p>Competition Test and the number of market segments DNOs consider could be subject to change in a rerunning of the Test.</p> <p>DNOs to feedback any such information they could, even if anecdotally via email.</p>	DNOs	Asap, cut off date by 18 th Nov COP
<p>Time to Connect incentive</p> <p>Ofgem asked the group to feedback views on the TTC options presented, including the option they think would best achieve the outcomes Ofgem is aiming to drive and any outstanding concerns they would emphasise with regards to this.</p>	All	18 th Nov COP

Ofgem will circulate an ED1 Social memo table with the minutes and a draft ED2 option for the memo table.	Ofgem	
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