

RIIO-GD2 Customer and Social Stakeholder Group

Introduction



Pete Wightman, Head of Gas Distribution

Meeting 1: 29/08/18

1. Introductions (10:00 – 10:45) (*Pete Wightman, Head of Gas Distribution*)

Overview of RIIO2 and purpose of the group.

2. Wales and West Utilities (10:45 – 12:30) (*Sarah Williams, Gareth Robinson*)

How can the Guaranteed Standards of Performance (GSOPs) be modernized?

How do we best drive improvements in interruptions performance?

3. Lunch (12:30 – 13:00)

4. SGN (13:00 – 13:50) (*Helen Bray, Maureen McIntosh*)

In a sector achieving over 8.5 on customer service, how do we both measure and encourage further improvements?

5. Cadent (13:50 – 14:40) (*Jahir Kashem*)

What role should the GDNs have in 'behind the meter' issues (e.g. vulnerable consumers, carbon monoxide (CO) awareness, energy efficiency and energy switching) and why, and how, should RIIO2 enable this?

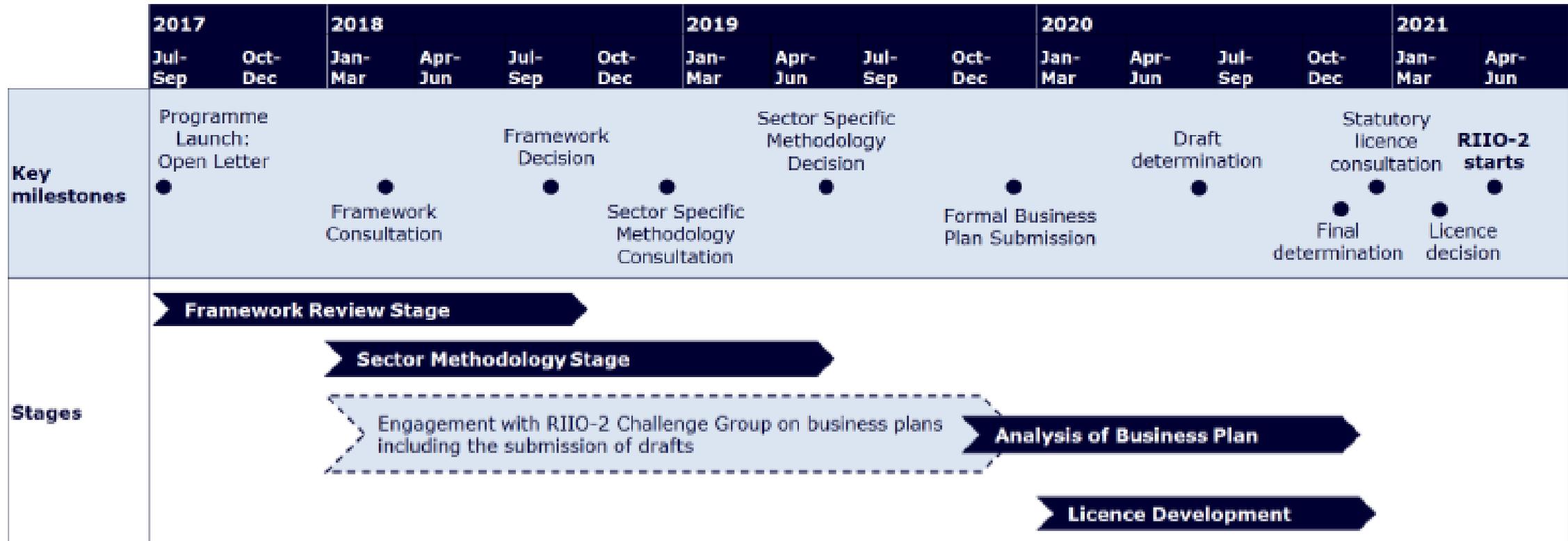
Break (14:40-14:55)

6. Northern Gas Network (14:55 – 15:45) (*Gareth Mills*)

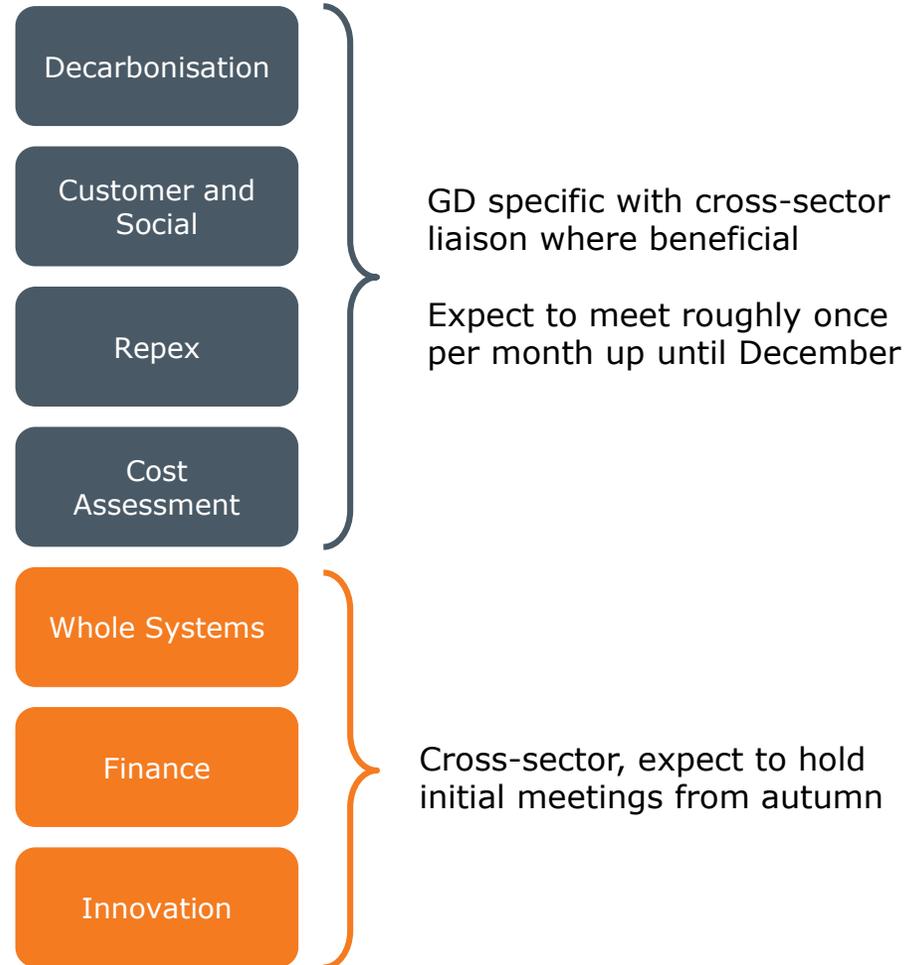
What should be the future of the Fuel Poor Network Extension Scheme (FPNES) in light of targeting challenges and future of gas?

7. AOB (15:45 – 16:00)

Indicative High-Level RIIO-2 Plan for ET, GT, GD and ESO Sectors



- Focus of groups at this stage is to inform Ofgem's policy and cost assessment thinking up to and beyond our December methodology consultations
- Aim to bring together expert and informed stakeholders to discuss and debate options.
- The groups will evolve as we move through the GD2 process. Eg:
 - As we get further into the detail we may discuss the specific methodology for an incentive or target setting.
 - The need for some groups may fall away / merge.
- Plan to publish materials (eg slides) on Ofgem website, as well as a non-attributable summary of discussions.



Decarb & Customer and Social

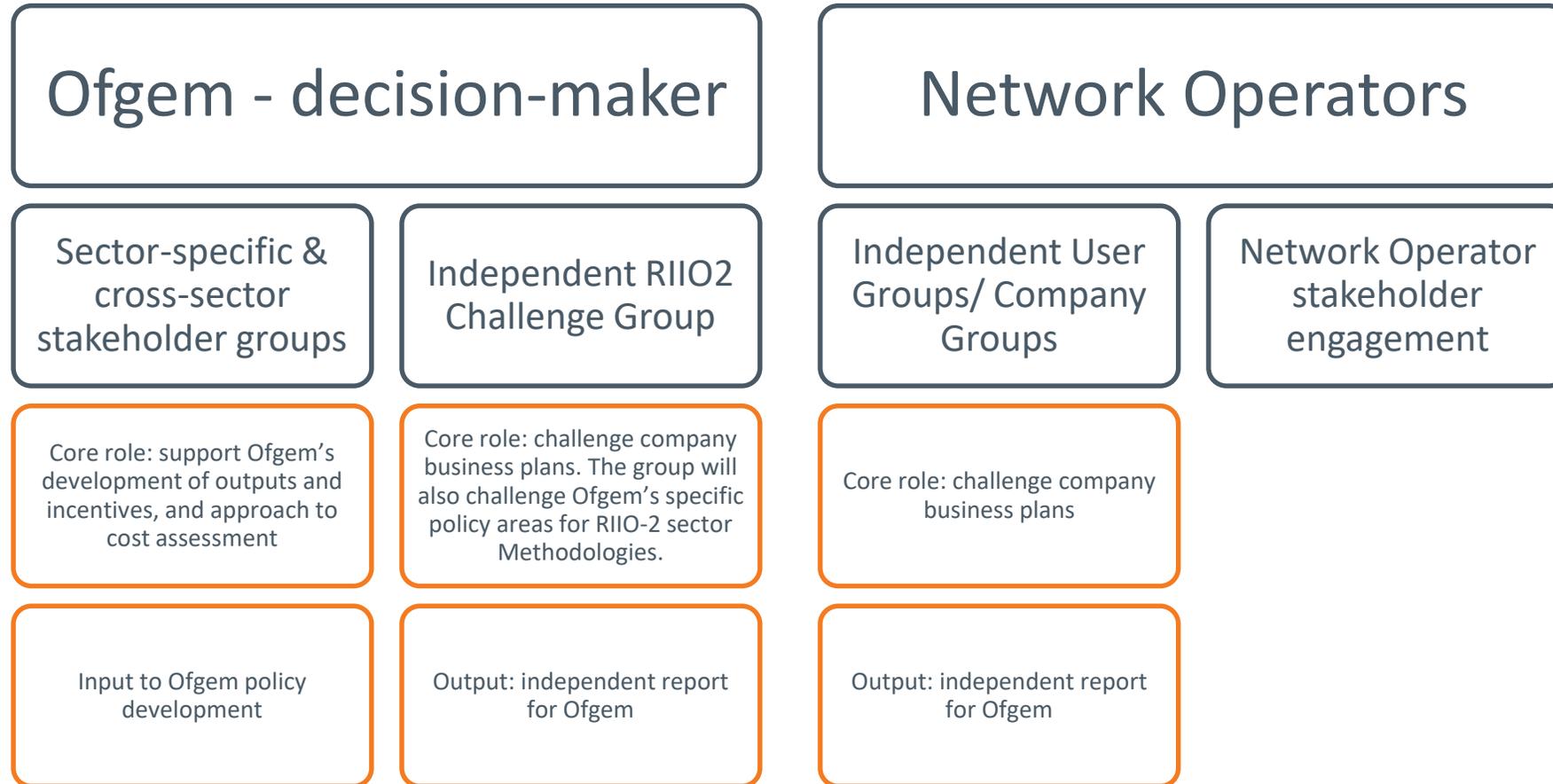
- August 29 & 30 (London): Discussion on key policy questions for RIIO-GD2
- September 19 & 20 (Glasgow): Repeat above for any new key questions identified & follow-up on more detail from Aug 29 & 30
- October 24 & 25 (London): tbc

Repex

- September 6 (Glasgow): Review of RIIO-GD1 and initial view towards GD2
- October 2 (Glasgow): Structuring of outputs / incentives for GD2

Cost assessment

- September 5 (Glasgow): Cost drivers and cost categories
- September 26 (London): Cost assessment approach and modelling structure
- October 17 (Glasgow): Efficiency and benchmarking (tbc)
- November 15 (London): BPDTs and annual monitoring (tbc)



Outputs and incentives

Initial thinking only – further development/consultation to follow

- We are looking to make the output categories for RII02 as intuitive and simple as possible, reducing overlap and potential confusion.
- We are proposing to consolidate existing output categories into three new categories as described below.
- We welcome early views from stakeholders; there will be further opportunities to provide formal feedback at a later stage.

Improve the Customer Experience

- *All consumers, including those who are vulnerable, should receive a safe, high quality, and reliable service*

Support the energy system transition

- *Network companies have to enable the transition to a low carbon, consumer-focused energy system*

Improve the network and its operation

- *A network in better condition will be safer, greener, more reliable, and more responsive to change*

Initial thinking only – further development/consultation to follow

- For illustrative purposes, we have mapped some existing and potential future output measures to the three new proposed output categories.
- Some measures may fall into more than one output category.

	GD	GT	ET	ED
<p>Improve the customer experience</p> <p><i>All consumers, including those who are vulnerable, should receive a high quality, safe and reliable service</i></p>	Interruptions Guaranteed standards Customer surveys Complaints Stkhldr engagement Carbon monoxide safety Emergency response Vulnerable customers FPNES Connections	Stakeholder surveys Reliability Stkhldr engagement Connections	Stakeholder surveys Stkhldr engagement Connections	Customer surveys Stkhldr engagement Interruptions Complaints Guaranteed standards Worst-served customers Vulnerable customers Connections
<p>Support the energy system transition</p> <p><i>Network companies have to enable the transition to a low carbon, consumer-focused energy system</i></p>	Low carbon - Green gas - Green company ops Whole system outcomes Asset stranding Network extensions	Whole system outcomes Low carbon (compressor emissions) Asset stranding Network extensions	Whole system outcomes Low carbon - SF6 - EDR - Losses Visual impact Asset stranding Network extensions	Whole system outcomes Low carbon - SF6 -Oil leakage - Energy efficiency -Losses Visual impact Asset stranding Network extensions
<p>Improve the network</p> <p><i>A network in better condition will be safer, greener, more reliable, and more responsive to change</i></p>	NOMs Repex MOBs Shrinkage Workforce resilience	NOMs Physical/cyber security Workforce resilience	NOMs Physical/cyber security Workforce resilience Reliability	NOMs Load index Workforce resilience

Our July framework decision set out three types of outputs for RIIO-2

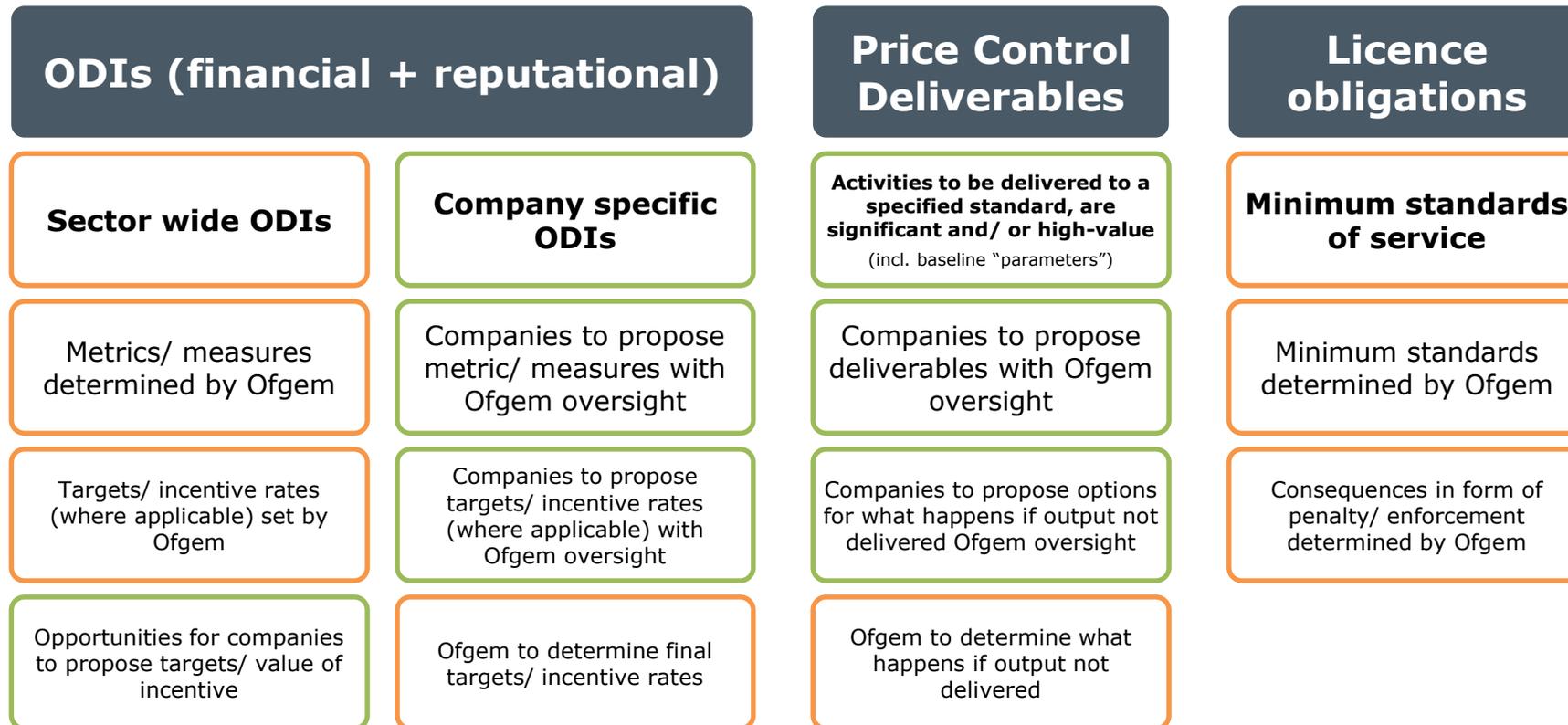
- ✓ Licence obligation (LO):
 - ✓ Minimum standards with associated licence obligations
 - ✓ Failure to meet could lead to enforcement action and penalties
 - ✓ Not directly linked with specific funding

- ✓ Price Control Deliverable (PCD):
 - ✓ Specific deliverables with funding attached (eg high value capital project)
 - ✓ Clear methodology of what happens when activity is not delivered, delivered late, or delivered to a lower specification or standard

- ✓ Output Delivery Incentive (ODI):
 - ✓ Will apply where service quality improvements beyond the minimum standard is in the interest of consumers
 - ✓ Will reward or penalise performance; overall cost to not exceed value of performance
 - ✓ Could be relative or absolute
 - ✓ May also include reputational incentives in some areas

Initial thinking only – further development/consultation to follow

- This slide describes the role we expect Ofgem and companies to play in terms of proposing/ setting outputs.
- **Ultimately Ofgem will retain final decision-making on all aspects of the price control settlement.**



- All activities led by Ofgem (orange) will involve significant stakeholder engagement and consultation.
- We expect companies to engage proactively and make extensive use of their user/ customer groups in developing and putting forward proposals (green). The onus is on the companies to put forward evidence-based proposals.

Initial thinking only – further development/consultation to follow

- We will be keen to get views on what outputs should be common across GDNs/sectors, and what areas GDNs should be able to propose their own outputs.

Strawman on some sector wide & company specific areas

Sector wide	Company specific
Interruptions	Vulnerability
Guaranteed standards	CO safety
Customer surveys	Additional customer improvements
Complaints	Green gas
Stakeholder engagement	Network extensions
Emergency response	Workforce resilience
FPNES	Additional environmental measures
Connections	
Green gas	
Whole system	
NOMs	
Repex	
MOBs	
Shrinkage	
Vulnerability	

- Note: it is possible we could vary common and bespoke for LOs/PCDs/ODIs. Some areas (eg green gas, others) could have both common and bespoke elements

1. What does RIIO-GD1 tell us about this issue?
 - a) How do we capture & embed the achievements of GD1?
 - b) What are the areas where improvements are still needed in GD2?
2. What parts of GD1 in this area are driving value, and what parts are potentially redundant?
3. What new drivers are there in this area for RIIO-GD2, and what should we be expecting GDNs to achieve?
4. What options should be considered for outputs and incentives and what are the specific barriers or enablers required for change?

Session 2

30 August 2018

Customer and Social workgroup – GSOP Review

Nigel Winnan & Sarah Williams
Wales & West Utilities



Background

- Gas Distribution Standards of Service are set out by law in a Statutory Instrument *
- Both the service level and the compensation payments are laid out in the SI
- We describe these as 'Guaranteed Standards of Performance' – GSOPs



- Payments start at £20 and are capped (with the exception of GS2)
- 12 of 14 require GDNs to make automatic compensation payments to customers
- The Guaranteed Standards of Performance voluntary scheme applies to customer groups not covered by the SI (including gas suppliers, shippers, Independent Gas Transporters and Independent Connections Providers)
- GDNs introduced a new voluntary scheme for 'Distributed Gas' connections in 2013

* Existing Gas (Standard of Performance) Regulations 2008
Amended the 2005 Statutory Instrument

RIIO-GD1: Achievements & Improvements Made

	What is working well?
Performance	All standards are being met by all the GDNs
	Performance is high; all networks are exceeding the 90% target for Connections which is a Licence condition
Compensation	Around £3m was paid out to customers in 2016/17
	Following stakeholder feedback, WWU and NGN have voluntarily doubled the payments for failures
Going over & above	Following stakeholder feedback, the two 'claimable' GSOPs are now being proactively promoted
	Voluntary standards have been introduced by some GDNs (e.g. NGN paying after an 8hr not 24hr interruption)

QUESTIONS

- What are your views on:-
 - The areas the GSOPs cover?
 - The service levels expected?
 - The compensation levels?
- How well do you think the GDNs are performing?

Performance is published by Ofgem:-

<https://www.ofgem.gov.uk/publications-and-updates/riio-gas-distribution-annual-report-2016-17>

See appendix to this presentation for a summary

RIIO-GD2: Stakeholder Feedback & New Drivers (1 of 2)

	Feedback / New Drivers	What could be improved?
Performance	In most cases, the timescales are easily achievable	A review of these with stakeholders would inform what levels of service are expected
	The way we are measured does not show the average time to respond, only performance against the standard	Measurement could be extended to include average time to respond which shows actual performance
	There is no penalty for not turning up to commence work or failing to keep appointments (WWU Customer Research)	Potentially introduce a new appointments standard
	Power Generators would accept a longer timeframe for a land enquiry if this means an increase in quality (WWU Power Generators Workshop Feedback)	Consider offering different standards for power generators and other larger complex loads
	Complex projects are exempt by GDNs but not by DNOs	Consider included complex projects into GSOPs

QUESTION

- What are your views on areas for improvement

RIIO-GD2: Stakeholder Feedback & New Drivers (2 of 2)

	Feedback / New Drivers	What could be improved?
Compensation	There is a variation in performance & compensation paid across GDNs	A review of interpretation and reporting would be welcome
	The payments are small given the inconvenience and doubling the payments is more appropriate (WWU Stakeholder Panel Recommendation)	The doubling of payments could be reflected in any new regime
Going over & above	Customers are unaware they may be eligible for compensation (GS3 & GS13) – this should be automatic (Citizens Advice Feedback)	GS3 and GS13 could be made automatic
	Compensation for service levels is inconsistent across the UK	A review of regional views on performance would influence this going forward
	There is no requirement to provide additional services for Vulnerable Customers	A review of these with stakeholders would inform what levels of service are expected
Reporting	Reporting is unnecessarily complex between the Statutory and Voluntary schemes	Administer one scheme with no need to separate Statutory & Voluntary
	Complaints are covered under GSOP and Ofgem output (BMOCS) with different standards	Complaints could be covered by one standard

QUESTIONS

- What are your views on areas for improvement?
- What should our priorities be?

RIIO-GD2: Thoughts on specific new standards

	Feedback / New Drivers	What could be improved?
Vulnerable customers	Notification of works	Should new standards tighten the obligations to notify customers registered on the PSR of works and to offer a face to face visit to discuss the works?
	Ensuring payments for failure are appropriate	Should customers registered on the PSR receive a higher level of compensation when things go wrong?
	Provide support during incidents	Should the GDNs be obligated to offer additional service beyond alternative heating and cooking in the case of a prolonged interruption to the gas supply? This could be a range of measures including provision of hot food and alternative accommodation?
Interruptions to Customers in Multi-Occupancy Buildings (MOBs) and other extended interruptions	Interruptions standard. A leak on a riser system to a high rise block of flats could take many weeks to resolve if a relay is required. Similarly, a major water ingress into our network could take many days to pump out the water and dry the network sufficiently to reconnect customers	Increase daily payments once the incident has gone on for more than 7 days? Increase the cap above £1000? Provide a range of measures including provision of hot food and alternative accommodation (similar to vulnerable customers)? Paying for additional electricity usage?
	Compensation for service levels is inconsistent across the UK	A review of regional views on performance would influence this going forward

QUESTIONS

- What are your views on service levels to vulnerable customers?
- Are MOBs a major issue?

RIO-GD2 – Outputs & Incentives

- Amend GSOPs (see previous slides)
 - Tighten standards and report average timescales
 - Increase payments & make all automatic
 - Introduce different standards for different customers
- Are GSOPs still required?
- Alternative Options
 - Alternative model to use ‘Outputs’ instead?
 - New appropriate incentive
 - Part of wider Broad Measure of Customer Satisfaction

QUESTIONS

- What are your views for reform?
- Are there any other alternatives?

APPENDICES

Supporting data



Summary of Guaranteed Standards

Guaranteed Standard	Summary of Requirement	Compensation for failure	Cap on payments
GS1 Supply Restoration	Restore interrupted supplies within 24 hours	£30 Domestic, £50 Small non domestic & same each 24 hour period thereafter	£1000 per customer
GS2 Reinstatement	Reinstate customer premises within 5 working days	£50 Domestic and £100 Non Domestic & same every 5 working days thereafter	No cap
GS3 Priority Domestic Customers	Provide alternative heating and cooking within 4 hours or 8 hours where more than 250 properties are affected	£24 Domestic - on receiving a claim for compensation	NA
GS4 - Quotations	Desktop quotes for standard charge new service or altering existing supply in 6 working days	£10 per working day	£250 or quote value
GS5 - Quotations	Issue quote for new service or alteration where peak load is up to 275kwh in 11 working days	£20 per working day	£250 or quote value
GS6 - Quotations	Issue quote for new service or alteration where peak load is greater than 275kwh in 21 working days	£40 per working day	£500 or quote value
GS7 - Accuracy of Quotations	Failure to provide an accurate quote as per published scheme	Refund any overcharge	NA
GS8 - Land Enquires	Respond to a land enquiry within 5 working days	£40 per working day	£250 for load up to 275kwh, £500 where greater than 275kwh
GS9 - Offering dates	Offer work commencement and completion dates within 20 working days of quote acceptance up to 275kwh	£20 per working day	£250
GS10 - Offering dates	Offer work commencement and completion dates within 20 working days of quote acceptance greater than 275kwh	£40 per working day	£500
GS11 - Substantial Completion	Substantially complete work (gas on at ECV) on the date agreed	£20 to £150 per working day depending on quote value	£200 to £9000 depending on quote value
GS12 - Notification and payment	Contact customer to notify they are due compensation and pay within 20 working days	£20 Domestic and Non Domestic	NA
GS13 - Planned Interruptions	Give at least 5 days notice of the expected dates & need for interruption	£20 Domestic and £50 Non Domestic - on receiving a claim for compensation	NA
GS14 - Complaints	Issue response to complaint within 10 days or 20 days where a site visit or enquiry to 3rd party is required	£20 Domestic and Non Domestic & same every 5 working days after	£100

GDN GSOP performance 2016/17

Table 2.310: Guaranteed standard of performance - 2016-17											Table 2.320: Additional Guaranteed standard of performance - 2016-17										
Guaranteed standard of performance	Target	EoE	Lon	NW	WM	NGN	Sc	So	WWU	Industry	Guaranteed standard of performance	EoE	Lon	NW	WM	NGN	Sc	So	WWU	Industry	
Guaranteed Standard 4 - Regulation 10 - Provision of standard connection quotations =<275kWh per hour	90%	99.93%	99.88%	99.98%	99.89%	99.92%	99.29%	99.43%	99.57%	-	Guaranteed Standard 1 - Regulation 7 - Supply Restoration	Number of Payments	30,343	35,688	3,843	1,661	4454	760	7042	1124.33	
	-	£470	£510	£10	£140	£160	£750	£1,660	£3,340	£7,040	Total Value of Payments	£919,100	£1,073,450	£116,100	£50,210	£138,160	£22,920	£213,820	£34,630	£2,568,390	
Guaranteed Standard 5 - Regulation 10 - Provision of non-standard connection quotations =<275kWh per hour	90%	98.79%	98.18%	98.15%	97.29%	99.85%	99.34%	99.24%	98.35%	-	Guaranteed Standard 2 - Regulation 8 - Reinstatement of customer's premises	Number of Payments	1,188	1,037	1,483	1,569	728	24	534	507	
	-	£1,050	£1,210	£570	£970	£550	£1,100	£3,960	£6,510	£15,920	Total Value of Payments	£59,800	£52,400	£74,250	£78,500	£36,650	£1,200	£27,550	£25,850	£356,200	
Guaranteed Standard 6 - Regulation 10 - Provision of non-standard connection quotations > 275kWh per hour	90%	98.55%	96.20%	98.29%	100.00%	100.00%	98.29%	98.37%	99.15%	-	Guaranteed Standard 3 - Regulation 9 - Priority domestic customers	Number of Payments	1	4	6	3	0	0	1	28	
	-	£730	£5,060	£500	£0	0.00%	£1,340	£1,180	£720	£9,530	Total Value of Payments	£24	£96	£144	£72	£0	£0	£24	£672	£1,032	
Guaranteed Standard 7 - Regulation 10 - Accuracy of quotations (percentage of quotations challenged but found to be accurate)	-	0.00%	0.00%	0.00%	75.00%	No accuracy challenges detected				-	Guaranteed Standard 13 - Regulation 10A - Notification of planned supply interruptions	Number of Payments	122	73	114	203	13	1	5	21	
	-	£0	£0	£0	£0	£0	£0	£0	£0	£0	Total Value of Payments	£2,440	£1,460	£2,280	£4,060	£260	£20	£100	£420	£11,040	
Guaranteed Standard 8 - Regulation 10 - Response to land enquiries	90%	98.63%	98.93%	97.64%	98.51%	99.43%	91.30%	93.02%	99.02%	-	Guaranteed Standard 14 - Regulation 10B - Response to complaints	Number of Payments	1294	2330	1359	1430	14	0	9	2	
	-	£4,770	£2,060	£4,830	£1,820	£60	£440	£400	£900	£15,280	Total Value of Payments	£25,880	£46,600	£27,180	£28,600	£280	£0	£180	£40	£128,760	
Guaranteed Standard 9 - Regulation 10 - Offering a date for commencement and substantial completion of connection works (<275kWh per hour)	90%	99.26%	97.79%	97.27%	95.73%	99.97%	99.86%	99.93%	99.89%	-	Guaranteed Standard 12 - Regulation 12 - Payments	Number of Payments	1910	1476	1273	1147	514	1438	1058	47	
	-	£11,179	£9,940	£23,180	£25,545	£690	£395	£780	£1,790	£73,498	Total Value of Payments	£38,200	£29,520	£25,460	£22,940	£10,280	£28,760	£21,160	£940	£177,260	
Guaranteed Standard 10 - Regulation 10 - Offering a date for commencement and substantial completion of connection works (>275kWh per hour)	90%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.31%	99.45%	-	Total	-	£1,045,444	£1,203,526	£245,414	£184,382	£185,630	£52,900	£262,834	£62,552	£3,242,682
	-	£0	£0	£0	£0	£0	£0	£240	£500	£740											
Guaranteed Standard 11 - Regulation 10 - Substantial completion on agreed date	90%	93.43%	92.58%	94.74%	91.52%	98.50%	98.75%	99.02%	95.90%	-											
	-	£148,401	£87,059	£37,840	£65,663	£12,176	£4,248	£12,003	£41,200	£408,590											
Standard Special Condition D10(2)(f) Responding to telephone calls	90%	93.04%	93.04%	93.04%	93.04%	92.72%	93.04%	93.04%	93.04%	-											
	-	-	-	-	-	-	-	-	-	-											
Total	-	£166,600	£105,839	£66,930	£94,138	£13,636	£8,273	£20,223	£54,960	£530,598											

Comparison to water and electricity standards

Guaranteed Standard	Summary of Requirement	Compensation for failure	Cap on payments	Electricity	Water
GS1 Supply Restoration	Restore interrupted supplies within 24 hours	£30 Domestic, £50 Small non domestic & same each 24 hour period thereafter	£1000 per customer	12 hours - £150 domestic and £300 commercial, £70 per 12 hours thereafter	£20 domestic, £50 non domestic, £10 or £20 per 24 period thereafter
GS2 Reinstatement	Reinstate customer premises within 5 working days	£50 Domestic and £100 Non Domestic & same every 5 working days thereafter	No cap		
GS3 Priority Domestic Customers	Provide alternative heating and cooking within 4 hours or 8 hours where more than 250 properties are affected	£24 Domestic - on receiving a claim for compensation	NA		
GS4 - Quotations	Desktop quotes for standard charge new service or altering existing supply in 6 working days	£10 per working day	£250 or quote value	5 working days - £30 per day	
GS5 - Quotations	Issue quote for new service or alteration where peak load is up to 275kwh in 11 working days	£20 per working day	£250 or quote value	15 working days- £30	
GS6 - Quotations	Issue quote for new service or alteration where peak load is greater than 275kwh in 21 working days	£40 per working day	£500 or quote value	25 working days - £130	
GS7 - Accuracy of Quotations	Failure to provide an accurate quote as per published scheme	Refund any overcharge	NA	£670 or £1340 fixed payment	
GS8 - Land Enquires	Respond to a land enquiry within 5 working days	£40 per working day	£250 for load up to 275kwh, £500 where greater than 275kwh		
GS9 - Offering dates	Offer work commencement and completion dates within 20 working days of quote acceptance up to 275kwh	£20 per working day	£250	7 working days - £30 per day	
GS10 - Offering dates	Offer work commencement and completion dates within 20 working days of quote acceptance greater than 275kwh	£40 per working day	£500	Contact within 7 to 15 working days dependent on voltage	
GS11 - Substantial Completion	Substantially complete work (gas on at ECV) on the date agreed	£20 to £150 per working day depending on quote value	£200 to £9000 depending on quote value	£70 to £400 per working day	
GS12 - Notification and payment	Contact customer to notify they are due compensation and pay within 20 working days	£20 Domestic and Non Domestic	NA	10 working days and £130	
GS13 - Planned Interruptions	Give at least 5 days notice of the expected dates & need for interruption	£20 Domestic and £50 Non Domestic - on receiving a claim for compensation	NA	At least 2 days notice - £60 domestic and £120 non domestic	£20 domestic, £50 non domestic
GS14 - Complaints	Issue response to complaint within 10 days or 20 days where a site visit or enquiry to 3rd party is required	£20 Domestic and Non Domestic & same every 5 working days after	£100	?	£20
Failure to keep appointments				£60	£20
Budget quotes		Exempt			
High Voltage quotations		Exempt			
Commencing work on date agreed				10 days or 20 days dependant on load 35-65 working days - £270 to £400 per day £25 per day	

30 August 2018

Customer and Social workgroup – Interruptions Review

Gareth Robinson & Sarah Williams
Wales & West Utilities



Background

Planned Interruptions

- Caused by a programme of work to replace metallic mains with plastic
- Customers are **notified** in advance with the date, time and expected duration
- On average, a customer can expect a planned interruption **once every 50 years**
- UK average duration is **c.5 hours**
- Once the service is replaced with plastic the likelihood of a further interruption is negligible
- We are required to pay **compensation** if we have not provided **5 days notice**
- Our service is measured by **CSAT survey**

Unplanned Interruptions

- Caused by to a leaking service or asset failure
- Customers usually smell gas, report an emergency
- Engineer attends within 1 or 2hrs, prioritise the risk and either fixes the repair immediately or it is programmed for another day
- On average, a customer can expect a planned interruption **once in a lifetime** (every 260 years)
- WWU average duration is **under 8 hours** (UK data TBC)
- We are required to pay **compensation** if the customer is **off gas for more than 24 hours**
- Our service is measured by **CSAT survey**

Two Existing Output Measures

- 1) Total number of interruptions (planned & unplanned)
- 2) Total duration of all interruptions (mins) (planned & unplanned)

Gas is 99.97% reliable

RIIO-GD1: Achievements & Improvements Made

	What is working well?
Performance	Service has improved as measured by CSAT CSAT Survey Unplanned Interruption Duration question improved from 9.05 in 14/15 to 9.21 in 17/18 CSAT Survey Interruption Duration question improved from 8.9 in 14/15 to 8.99 in 17/18
	Reliability is over 99%
	Planned interruption once every 50 years Unplanned interruption once every 260 years
Compensation	Around £2.5m compensation automatically paid to customers in 16/17 for unplanned interruptions longer than 24 hours (£30 (dom) and £50 (non dom) for every 24hrs off gas)
	Following stakeholder feedback, in 2017, GDNs voluntarily doubled the payments for failures
Going over & above	Compensation must be claimed by the customer if we failed to provide them with 5 days notice, however following stakeholder feedback, we are now proactively promoting and endeavouring to make these payments automatically where possible
	Voluntary standards have been introduced by some GDNs (eg NGN paying after an 8hr not 24hr interruption)

QUESTIONS

- What are your views on:-
 - GDN current performance?
 - The level of reliability & frequency of interruptions?
- How well do you think the GDNs are performing?

Performance is published by Ofgem:-

<https://www.ofgem.gov.uk/publications-and-updates/riio-gas-distribution-annual-report-2016-17>

See appendix to this presentation for a summary

RIIO-GD2: Stakeholder Feedback & New Drivers

Topic	Feedback / New Drivers	Planned	Un-planned
Performance	The current interruption times are measured by when the gas is available at the meter – this is meaningless to customers	✓	✓
	Current output measure of duration is not comparable against GDNs	✓	✓
Willingness to pay	There is no willingness to pay for a better level of reliability (WWU customer feedback)	✓	✓
	This not an area of concern for stakeholders (various GDN customer research)	✓	✓
Service levels	Different customers have different levels of expectations – one size fits all doesn't work	✓	
	Majority of customers prefer to be home for one interruption (not two) – hence live insertion technique preferred (WWU customer focus group)	✓	
	CSAT demonstrates overall satisfaction is high	✓	✓
Compensation	The compensation is too low given the inconvenience and doubling the payments is more appropriate (WWU Stakeholder Panel Recommendation)		✓
	Customers aren't aware they can claim compensation if they're not been given 5 days notice of a planned interruption - GDNs need to be proactive (Citizens Advice)	✓	

QUESTION

- What is your feedback / views ?

RIO-GD2: - Outputs and Incentives

Planned Interruptions

Topic	Feedback / New Drivers	What could be improved?	Blockers/Enablers
Performance	The current interruption times are measured by when the gas is available at the meter – this is meaningless to customers	Move to measure gas available at appliance	New system requirements to measure Need ability to exclude when customer is not available to be re-connected
Service levels	Different customers have different levels of expectations – one size fits all doesn't work	Potential to offer and agree individual appointments with the customer which we are measured against (punctuality measure)	Enabler – new system requirements to log and measure Exclusions to be agreed and costs to be assessed
	Majority of customers prefer to be home for one interruption (not two) – hence live insertion technique preferred	Start with reporting on number of interruptions per job and technique	Data gathering initially - with no specific commitment or standard or incentive at this stage
	CSAT demonstrates overall satisfaction is high	Increase vols of customers surveyed Provide opportunity for commentary	This may need to amend or, be in addition, to the current CSAT
Compensation	Customers aren't aware they can claim compensation if they're not been given 5 days notice of a planned interruption -	GDNs continue to be more proactive Send automatic payments	Amendment to Statutory Instrument?

QUESTIONS

- What are your views on areas for improvement?
- What should our priorities be?

RIIO-GD2: - Outputs and Incentives

Unplanned Interruptions

Topic	Feedback / New Drivers	What could be improved?	Blockers/Enablers
Performance	The current interruption times are measured by when the gas is available at the meter – this is meaningless to customers	Move to measured gas available at appliance	New system requirements to measure Need ability to exclude when customer is not available to be re-connected
	Current measure of duration is a not comparable against GDNs	Consider a new 'average duration measure' with a national benchmark	Large events (largely unavoidable) and MOB's (largely unique and unpredictable) would need to be excluded for comparison purposes
Service levels	Consider more detailed cause/type reporting (Ofgem feedback)	No plans to report more detail – overly onerous and complex with no customer benefit	Note - 94% of unplanned interruptions (exc 3rd party damage) are caused by steel services
	CSAT demonstrates overall satisfaction is high	Increase vols of customers surveyed Provide opportunity for commentary	This may need to amend or, be in addition, to the current CSAT
Compensation	The compensation is too low given the inconvenience and doubling the payments is more appropriate	Double payments	Amendment to Statutory Instrument?

QUESTIONS

- What are your views on areas for improvement?
- What should our priorities be?

RIIO-GD2 – Outputs & Incentives

Overall Summary

- Gas is inherently reliable
- No stakeholder desire to improve performance
- No support to pay more for a better service
- Enhance feedback via CSAT questionnaire
- Move to measuring gas at appliance rather than the meter
- Cost of changes to be assessed

Planned Interruptions

- Introduce new appointments 'punctuality' standard
- Automatic compensation payments

Unplanned Interruptions

- Introduce average duration standard with national benchmark
- Exclude large events inc MOBs
- Double compensation payments

Alternative Options

- New appropriate interruptions incentive
- Move into the wider Broad Measure of Customer Satisfaction

QUESTIONS

- What are your views for reform?
- Are there any other alternatives?

Strawman for interruption measures

Measure	Example of potential measure	Notes/Comments
<p><u>Planned</u> Interruption Restoration Appointment standard</p>	<ul style="list-style-type: none"> • Customer appointment “window / slot” options provided • Customer chooses a slot (e.g. Gas on at appliance 3pm - 6pm) • We are measured on achievement • Compensation for failure • [x] % appointments kept standard 	<ol style="list-style-type: none"> 1. Need to assess cost impact 2. Potentially reduces flexibility of mains replacement activity 3. Exclusions need to apply (access, engineering difficulties, I&C customers)
<p><u>Unplanned</u> Interruption Average time off gas</p>	<ul style="list-style-type: none"> • [80%] of all customers back on gas within [24 hours] (note alignment with GSOP) • Average restoration time of [12] hours industry standard 	<ol style="list-style-type: none"> 1. Domestic customers only 2. Some services will be isolated in the evening, meaning that through the night working to achieve standards / targets 3. Balance with managing risk of gas escape 4. Exclusions need to apply (MOBs, large incidents, I&C customers)

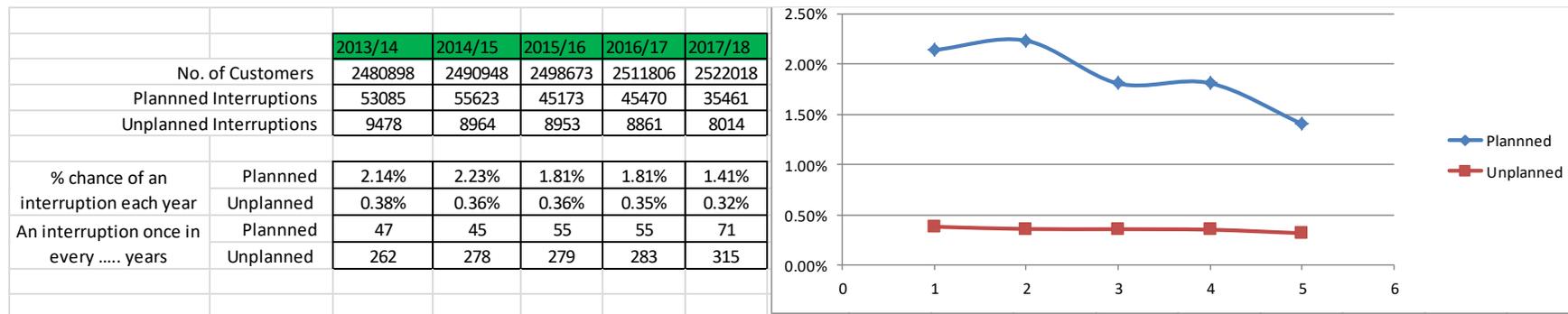
APPENDICES

Supporting data



How do we capture & embed the achievements of GD1?

- The following table highlights the rarity of an interruption in relation to total customer number
- There is a downward trend of total interruptions as more services become PE
- Customer satisfaction has improved, no strong evidence of WTP for further improvements
 - CSat scores are a good way of capturing direct feedback from customers
- Once a gas supply has been relayed in PE it then becomes inherently reliable. The likelihood of future interruptions is largely negligible



What does RIIO-GD1 tell us about this issue?

How we compare

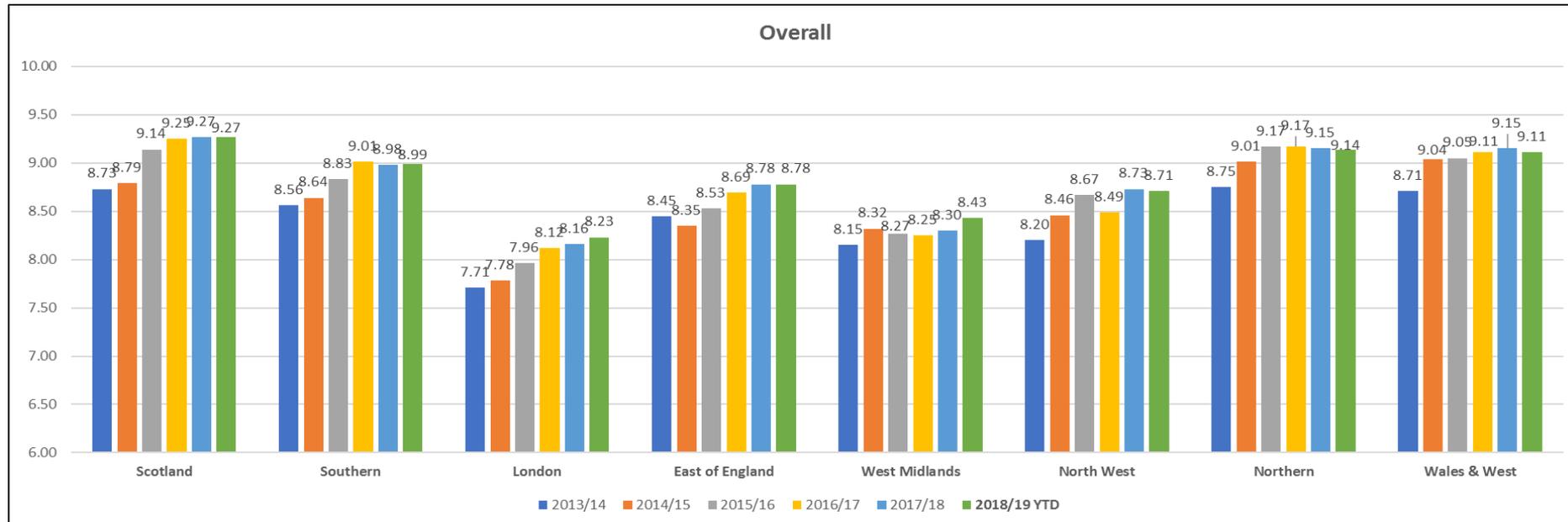
Metric	Gas	Electricity	Gas (WWU 17-18)
Total customers served	21,954,233	29,659,111	2,511,806
Unplanned interruptions			
Total interruptions	80,678	12,797,381	8,302
Total duration of interruptions (mins)	122,090,014	903,771,060	3,633,256
Average duration per interruption (hours)	25.22	1.18	7.29
Number of interruptions per customer served	0.004	0.432	0.003
Average duration of interruption per customer served (mins)	5.561	30.472	4.376
Planned interruptions			
Total interruptions	439,877	551,862	35,461
Total duration of interruptions (mins)	138,807,172	125,980,902	6,851,771
Average duration per interruption (hours)	5.26	3.80	3.22
Number of interruptions per customer served	0.020	0.019	0.014
Average duration of interruption per customer served (mins)	6.323	4.248	1.932

- WWU generally outperforming UK averages
- Some extreme cases in some networks (e.g. MOBs) leading to elevated averages
- In general, gas interruptions are very rare events
- In general, customer satisfaction is very good

What parts of GD1 in this area are driving value

Achievements and improvements

Customer satisfaction



Network	Scotland	Southern	London	East of England	West Midlands	North West	Northern	Wales & West
2013/14	8.73	8.56	7.71	8.45	8.15	8.20	8.75	8.71
2014/15	8.79	8.64	7.78	8.35	8.32	8.46	9.01	9.04
2015/16	9.14	8.83	7.96	8.53	8.27	8.67	9.17	9.05
2016/17	9.25	9.01	8.12	8.69	8.25	8.49	9.17	9.11
2017/18	9.27	8.98	8.16	8.78	8.30	8.73	9.15	9.15
2018/19 YTD	9.27	8.99	8.23	8.78	8.43	8.71	9.14	9.11

Restoration Questions from TTI

- The below table describes the TTI scores which relate to gas interruptions
 - Planned relates to planned interruptions
 - Emergency & repair relates to unplanned interruptions

Planned Work 2017 / 2018	WWU	E of E	London	N West	W Mids	Southern	Scotland	Northern	Average
Q3 - Restored asap	8.99	8.54	8.26	8.00	7.70	8.80	9.04	8.94	8.53
Emergency & Repair 2017 / 2018	WWU	E of E	London	N West	W Mids	Southern	Scotland	Northern	Average
Q9 - Restored asap	9.21	9.04	8.33	8.94	8.83	8.87	9.01	9.05	8.91

- The below table describe the change in TTI scores for WWU from the start of RIIO GD1

	WWU	
Planned Work 2017 / 2018	2014/15	2017/18
Q3 - Restored asap	8.90	8.99
Emergency & Repair 2017 / 2018	2014/15	2017/18
Q9 - Restored asap	9.05	9.21

3. How effectively did the GDN respond to the interruption?

Unplanned interruptions

CML (average mins off supply per customer)

Including large events

GDN	2011	2012	2013	2014	2015	2016	2017
EoE	1.581	1.807	1.614	3.339	3.441	2.488	14.471
Lon	4.068	7.398	3.269	20.269	26.256	33.381	31.151
NW	3.153	3.484	3.530	4.480	2.568	2.930	3.508
WM	3.721	3.000	3.508	4.605	4.316	2.680	2.422
NGN	6.289	3.961	2.239	1.796	1.544	4.356	3.480
Sc	12.179	4.073	7.575	2.309	2.296	1.995	6.521
So	3.700	9.277	6.042	4.582	5.730	5.001	6.423
WWU	6.081	2.277	1.946	2.463	3.769	1.930	1.841

Excluding large events

GDN	2011	2012	2013	2014	2015	2016	2017
EoE	0.686	0.784	0.700	3.205	3.316	1.295	2.448
Lon	4.068	7.398	3.269	20.269	26.256	33.381	31.151
NW	2.872	3.174	3.215	4.480	1.373	2.930	3.508
WM	3.721	3.000	3.508	4.605	4.316	2.680	2.422
NGN	3.770	2.375	1.343	1.796	1.544	1.630	1.746
Sc	7.462	2.495	4.641	2.044	2.296	1.740	1.979
So	3.323	8.332	5.427	3.613	5.730	4.861	5.319
WWU	6.004	2.249	1.921	2.463	3.769	1.930	1.716

CI (average number of interruptions per 100 customers)

Including large events

GDN	2011	2012	2013	2014	2015	2016	2017
EoE	0.442	0.268	0.288	0.375	0.297	0.322	0.483
Lon	0.555	0.463	0.617	0.815	0.552	0.627	0.516
NW	0.546	0.466	0.450	0.510	0.420	0.474	0.390
WM	0.542	0.474	0.322	0.503	0.377	0.428	0.330
NGN	0.490	0.484	0.424	0.427	0.483	0.526	0.555
Sc	0.826	0.429	0.660	0.368	0.282	0.278	0.407
So	0.637	0.682	0.679	0.630	0.482	0.433	0.446
WWU	0.500	0.485	0.428	0.381	0.403	0.430	0.375

Excluding large events

GDN	2011	2012	2013	2014	2015	2016	2017
EoE	0.364	0.221	0.238	0.369	0.289	0.290	0.269
Lon	0.555	0.463	0.617	0.815	0.552	0.627	0.516
NW	0.534	0.455	0.440	0.510	0.380	0.474	0.390
WM	0.542	0.474	0.322	0.503	0.377	0.428	0.330
NGN	0.452	0.447	0.391	0.427	0.483	0.473	0.454
Sc	0.701	0.364	0.560	0.350	0.282	0.257	0.245
So	0.609	0.652	0.649	0.594	0.482	0.423	0.404
WWU	0.470	0.456	0.402	0.381	0.403	0.357	0.352

CML per CI

Including large events

GDN	2011	2012	2013	2014	2015	2016	2017
EoE	3.580	6.749	5.602	8.907	11.604	7.730	29.967
Lon	7.328	15.972	5.299	24.867	47.550	53.223	60.425
NW	5.770	7.483	7.850	8.778	6.115	6.175	9.003
WM	6.872	6.324	10.899	9.147	11.461	6.255	7.343
NGN	12.841	8.178	5.277	4.205	3.198	8.284	6.275
Sc	14.746	9.500	11.478	6.280	8.140	7.180	16.032
So	5.805	13.607	8.903	7.269	11.894	11.562	14.408
WWU	12.170	4.696	4.547	6.459	9.345	4.490	4.915

Excluding large events

GDN	2011	2012	2013	2014	2015	2016	2017
EoE	1.882	3.549	2.946	8.692	11.464	4.466	9.113
Lon	7.328	15.972	5.299	24.867	47.550	53.223	60.425
NW	5.377	6.973	7.315	8.778	3.613	6.175	9.003
WM	6.872	6.324	10.899	9.147	11.461	6.255	7.343
NGN	8.345	5.315	3.430	4.205	3.198	3.445	3.845
Sc	10.643	6.857	8.284	5.837	8.140	6.772	8.089
So	5.455	12.786	8.366	6.081	11.894	11.496	13.167
WWU	12.782	4.933	4.776	6.459	9.345	5.400	4.874

Do you consider there is a strong rationale for excluding large events from the interruptions data or is an alternative treatment more appropriate?

Lunch

Session 4

In a sector achieving over 8.5 on customer service, how do we both measure and encourage further improvements?

Helen Bray, Director of Stakeholder Relations

Maureen McIntosh, Head of Customer Experience



SGN

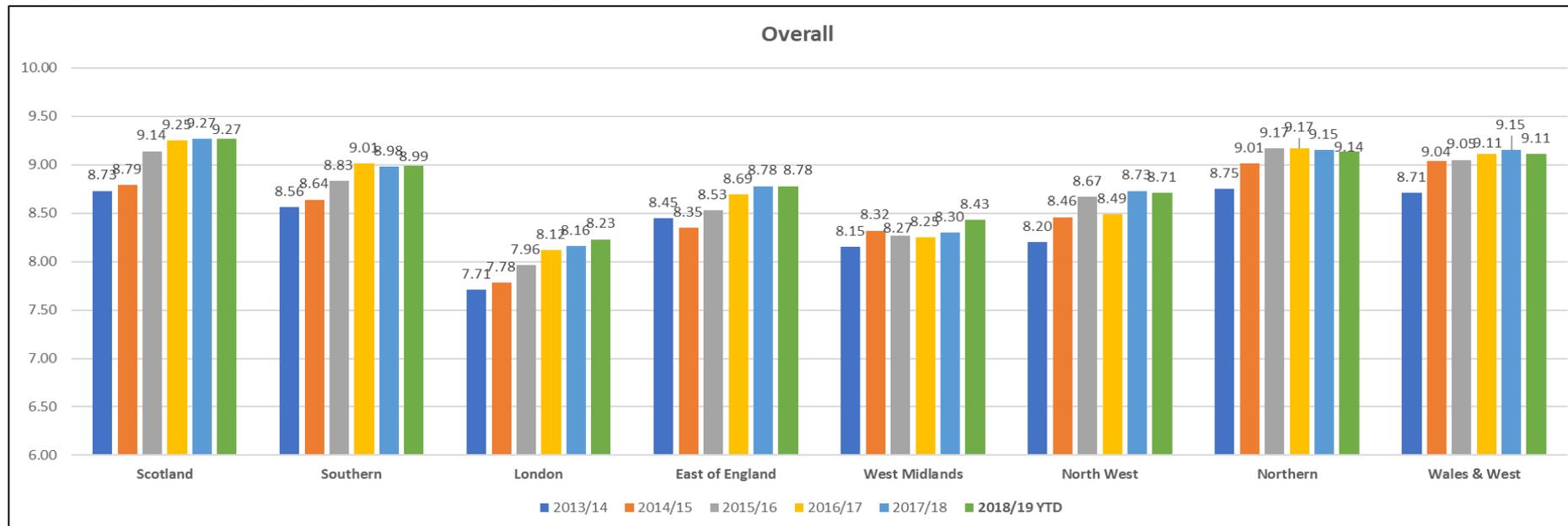
Your gas. Our network.

RIIO GD1

Why it works?

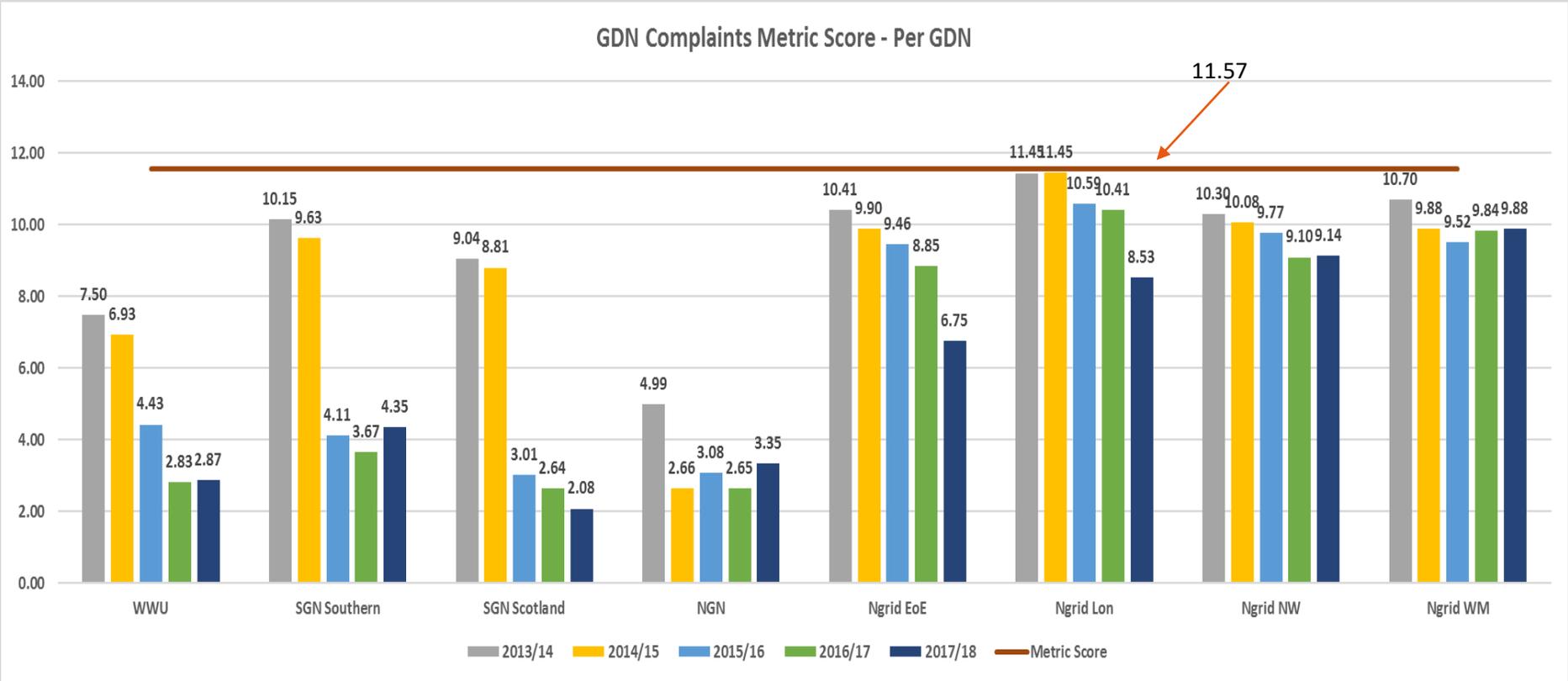
Achievements and improvements

Customer satisfaction



Network	Scotland	Southern	London	East of England	West Midlands	North West	Northern	Wales & West
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2016/17	9.25	9.01	8.12	8.69	8.25	8.49	9.17	9.11
2017/18	9.27	8.98	8.16	8.78	8.30	8.73	9.15	9.15
2018/19 YTD	9.27	8.99	8.23	8.78	8.43	8.71	9.14	9.11

GDN Metric Score



Network	WWU	SGN Southern	SGN Scotland	NGN	Ngrid EoE	Ngrid Lon	Ngrid NW	Ngrid WM
2013/14	7.50	10.15	9.04	4.99	10.41	11.45	10.30	10.70
2014/15	6.93	9.63	8.81	2.66	9.90	11.45	10.08	9.88
2015/16	4.43	4.11	3.01	3.08	9.46	10.59	9.77	9.52
2016/17	2.83	3.67	2.64	2.65	8.85	10.41	9.10	9.84
2017/18	2.87	4.35	2.08	3.35	6.75	8.53	9.14	9.88



D+1 - 10% weighting
 D+31 - 30% weighting
 Ombudsman – 10% weighting
 Repeats – 50% weighting

Achievements embedded across all networks

- Satisfaction scores over 8.2
- Complaint metric below 10
- Better handling of complaints
- Collaboration across utilities, GDN customer group, SCWG, CSIWG
- Innovation in service
- Accreditation for levels of customer service
- Benchmark outside of sector
- Extra support for customers in vulnerable circumstances
- Uniform needs codes - increased data sharing
- PSR referral processes
- Stakeholder engagement
- Employee engagement

RIIO GD2

Stakeholder feedback

*Communication
is key – gold
standard gets
higher and
higher*

*Customers expect a choice of
contact methods to suit them
and reduce their effort
Move with the times and meet
new expectations but
remember those who may be
left behind*

*To improve service,
stakeholders chose
'Minimising disruption'
as their top priority*

*Importance of a
joined up,
seamless
service*

*Consider how
dissatisfaction
with any
interaction can be
captured*

Main drivers from feedback

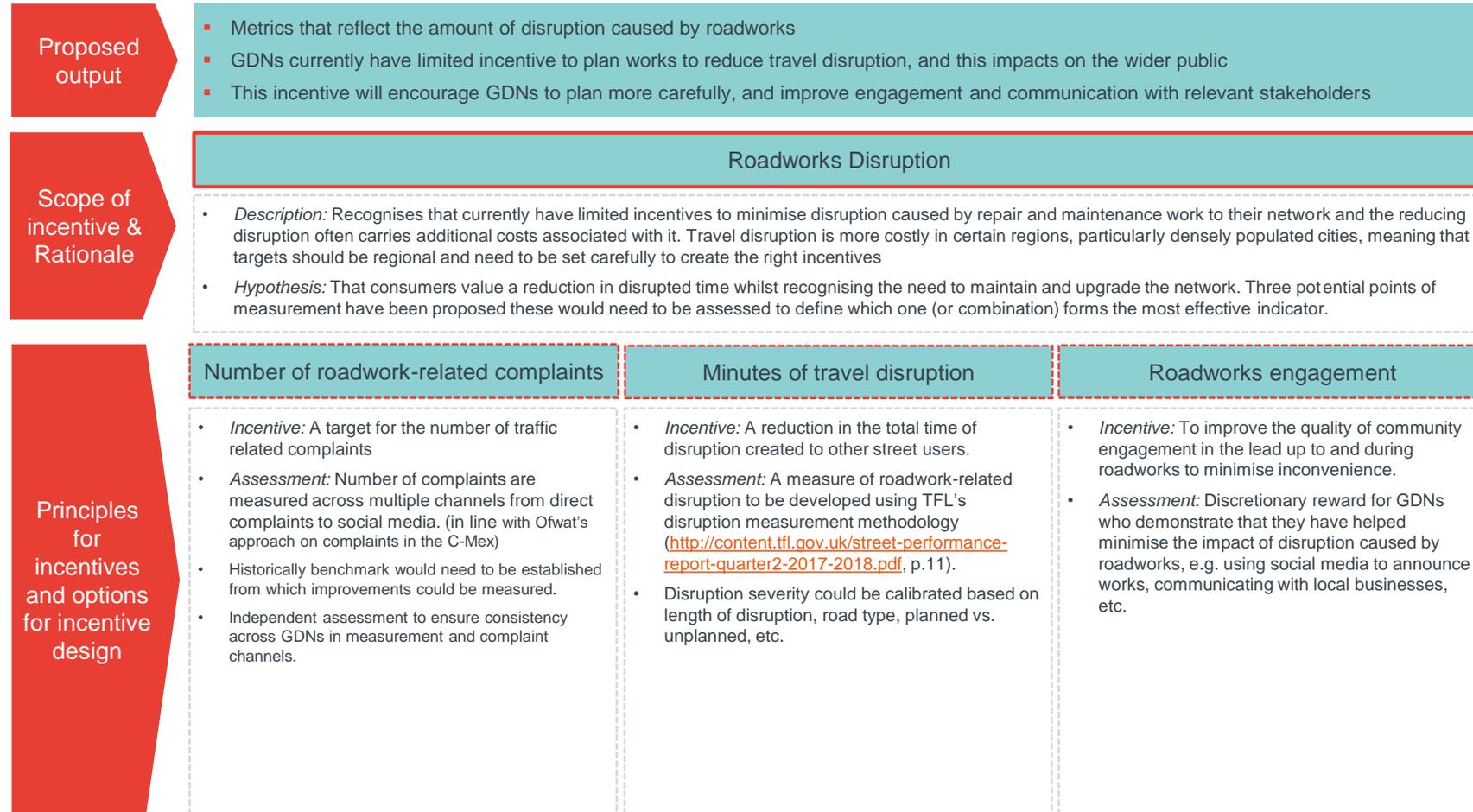
1. We must continue to keep pace with higher expectations from customers
Recommendation that an incentive for customer experience is retained to support required investment
2. To continue to raise the bar, we could broaden the incentive by extending the definition of customers in our measurement
Work in progress by the collaborative GDN group to evaluate options
3. Consider an incentive to minimise disruption for customers
4. Additional collaborative work underway to trial updated channels

Broadening the definition of customers

- Replacement - non-interrupted customers
- E&R - major incidents over 250 customers
- E&R - CO incidents
- Connections - paid for disconnections
- Connections - Customers with a load over 73,200 kwh
- UIP/IGTs
- Maintenance/Network services (O&M)
- Road-users - transient customers
- Vulnerable circumstances
- Land owners
- Power stations
- Biomethane plants

Question – what are your views, where should we prioritise?

Roadworks disruption ideas for discussion



Output and incentive measurement

RIIO GD1 how we are measured and incentivised

Customer satisfaction

Type of survey	Min no of survey returns per quarter
Emergency response and repair	200
Planned work	150
Connection services	100

Each GDN is required to appoint an independent third party, such as a market research company, to undertake regular postal customer satisfaction surveys

Element	Financial weighting	Maximum reward score	Target	Maximum penalty score
Emergency/Repair	33.33%	9.0	8.81	8.0
Planned Interruption	33.33%	8.5	8.09	7.5
Connections	33.33%	8.4	8.04	7.3

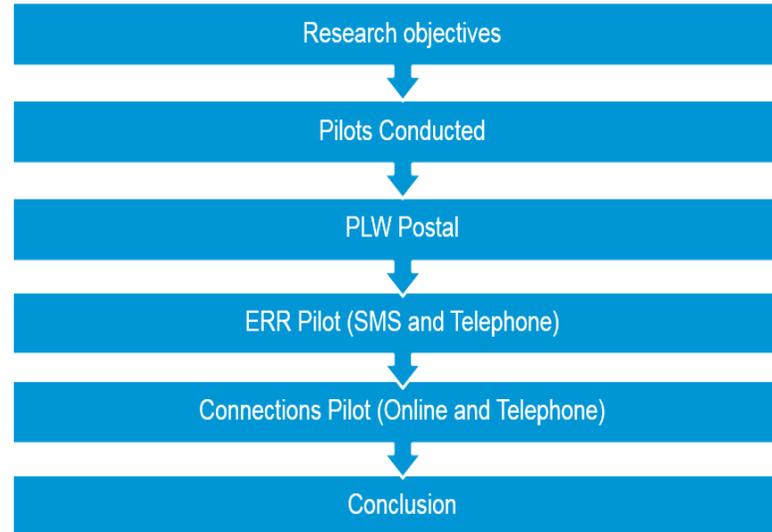
Complaint handling

- D+1 – 10% weighting
- D+31 – 30% weighting
- Ombudsman – 10% weighting
- Repeats – 50% weighting



GDN survey trials and customer contact

Adapting the way we survey our customers, making it fast and easy



Methodology

Connections – Customers participated in a telephone or online survey. Sample was derived from the previous month (2 months from job completion) and where a return had not been submitted.

ERR – customers received a SMS or a telephone call if a repair was involved.

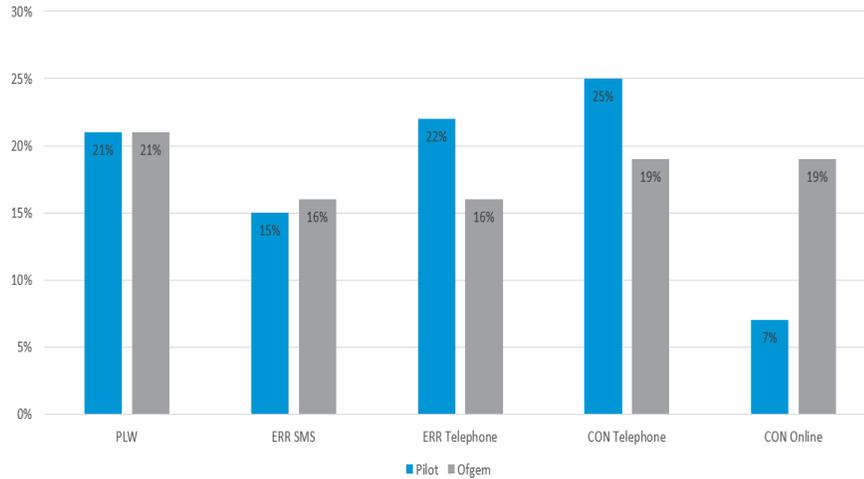
PLW – Postal survey in a new layout reducing number of sheets to 2 (including cover letter).

Survey

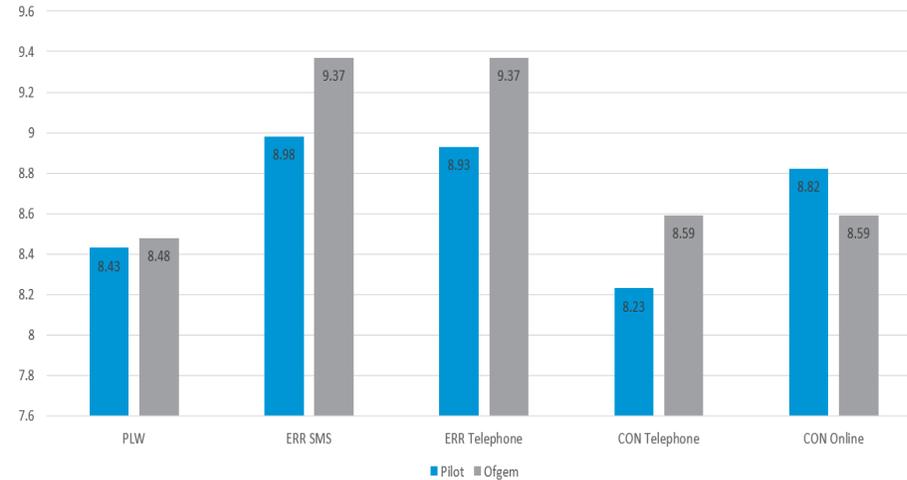
All scales were amended for the pilot surveys and were rated based on happiness rather than satisfaction with the exception of overall satisfaction to allow comparison between the regulated surveys.

Conclusions from trials

Response Rates



Overall Satisfaction



- Connections – could move to telephone interviewing to reach a larger volume of customers or at minimum a combined postal/telephone methodology where areas with a low response rate are surveyed by telephone.
- ERR – To gather further insight a longer survey is beneficial for repair jobs and we recommend telephone interviewing as this yielded a higher response rate. For boosted returns we can conduct SMS surveys where a repair was not required.
- PLW – postal surveys to be sent out in the piloted layout to increase survey completion which reduced from 7% to 1.2% with the new survey layout.

Options for output and incentive

Customer satisfaction

- Widen our customer base as discussed
- Evolve content of our surveys –make it easier and shorter
- Improve methods of feedback
- Overall satisfaction score – review/alternative
- Increase return rate

Complaints

- Evolve our complaints metric
- Reduce the threshold

Barriers

- Data provision for customer contact details
- New baseline required
- Mechanisms to survey
- Robust and consistent procedures across GDNs
- Funding to survey by different methods
- Regional differences and pressures

In a sector achieving over 8.5 on customer service, how do we both measure and encourage further improvements?

Thank you and discussion

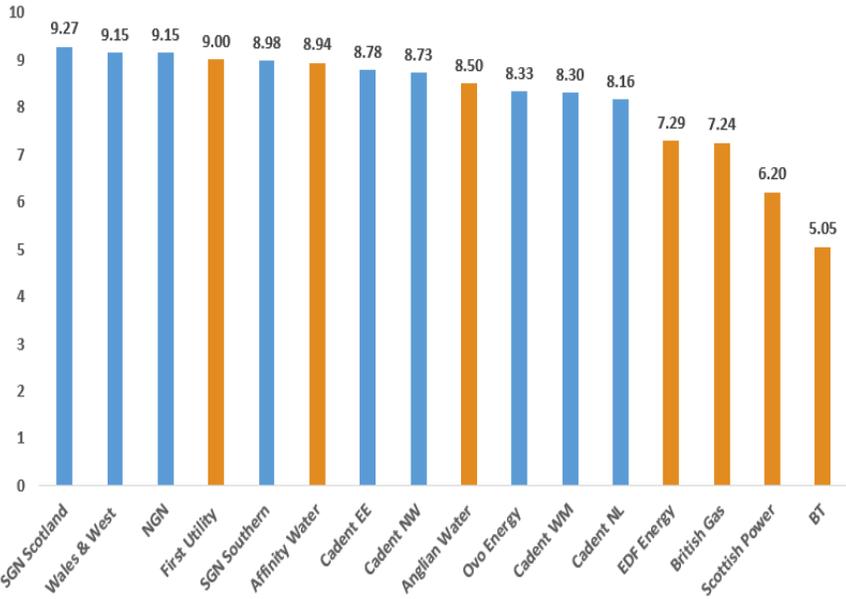


Appendices

Customer satisfaction inside and outside of sector

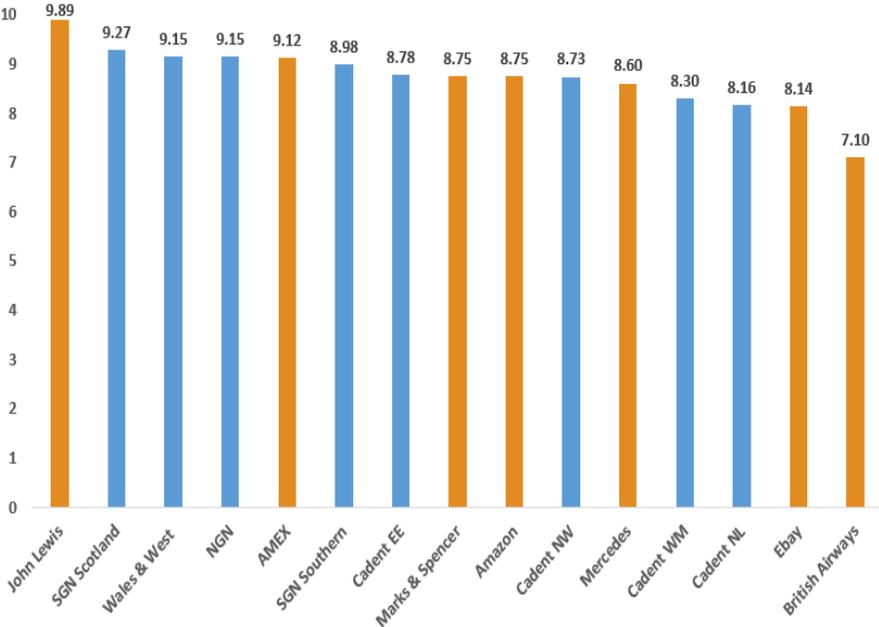
Benchmark survey results

Overall satisfaction scores by utility companies

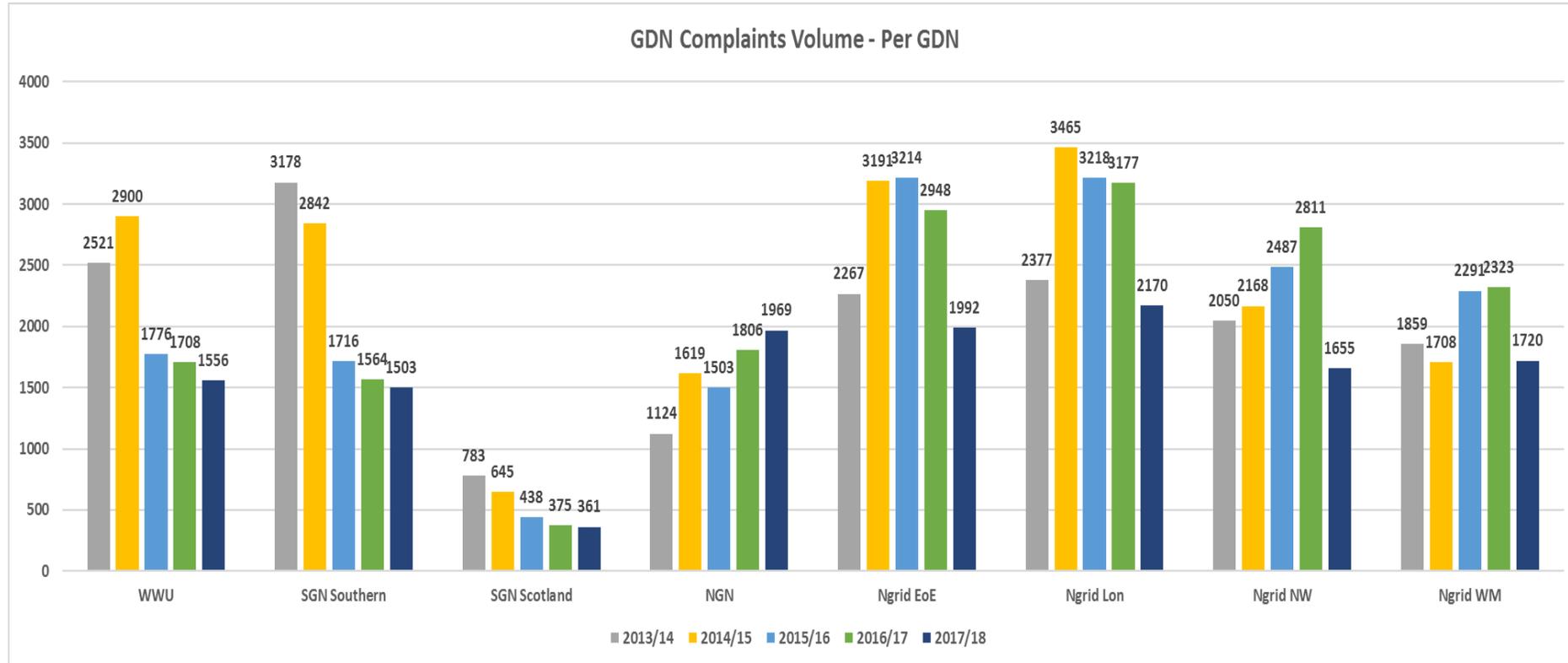


Benchmark survey results

Mature benchmark comparison

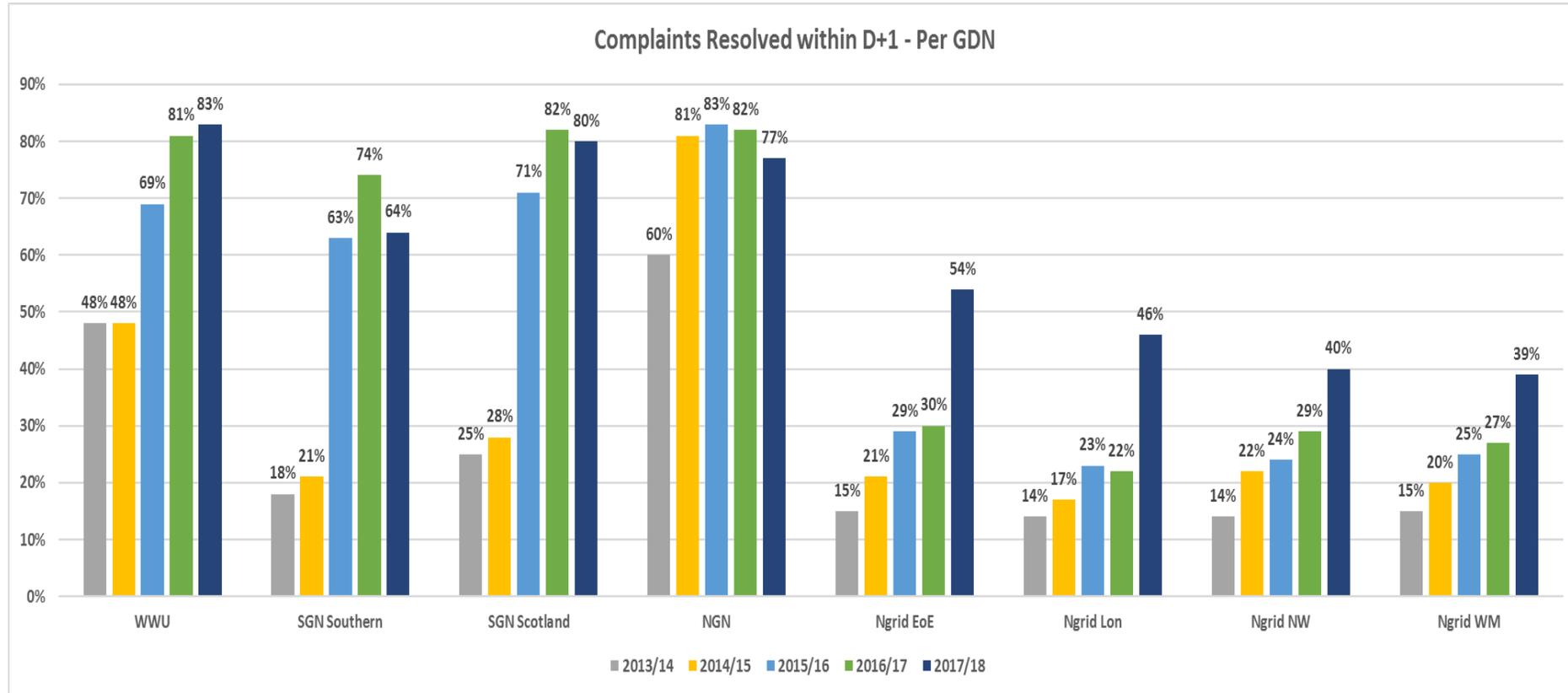


GDN Complaint Volumes



Network	WWU	SGN Southern	SGN Scotland	NGN	Ngrid EoE	Ngrid Lon	Ngrid NW	Ngrid WM
2013/14	2521	3178	783	1124	2267	2377	2050	1859
2014/15	2900	2842	645	1619	3191	3465	2168	1708
2015/16	1776	1716	438	1503	3214	3218	2487	2291
2016/17	1708	1564	375	1806	2948	3177	2811	2323
2017/18	1556	1503	361	1969	1992	2170	1655	1720

GDN D+1 Resolution



Network	WWU	SGN Southern	SGN Scotland	NGN	Ngrid EoE	Ngrid Lon	Ngrid NW	Ngrid WM
2013/14	48%	18%	25%	60%	15%	14%	14%	15%
2014/15	48%	21%	28%	81%	21%	17%	22%	20%
2015/16	69%	63%	71%	83%	29%	23%	24%	25%
2016/17	81%	74%	82%	82%	30%	22%	29%	27%
2017/18	83%	64%	80%	77%	54%	46%	40%	39%



Evaluation criteria - examples

- Materiality and value to the customer
- Feasibility/Capability/Measurable
- Cost to customer
- Stakeholder view
- Innovative
- Best practice outside of industry
- Is there an external benchmark?
- Funding to implement

Volumes of work

Customer Matrix	Approx volume impacted per year? Cadent	Approx volume impacted per year? SGN	Approx volume impacted per year? NGN	Approx volume impacted per year? WWU
Replacement - non-interrupt customers				
E&R - major incidents over 250 customers	c. 6 incidents	2 incidents	2 incidents	3 incidents
E&R - CO incidents	c.40000	19,745	3800	4100
Connections - Paid for disconnections	c.1700 completed jobs	1580	800	495
Connections - Customers with a load over 73,200 kwh	c.360 jobs.	199		Olga / Dewi
UIP/IGTs	c.7500 (completed 3rd party connections). c.90 UIP / IGTs	1042 (completed 3rd party connections) c. 87 IGT/UIPs	5000	7600 (completed 3rd party connections). 240 UIP / IGT
Maintenance/Network Services (O&M)		759	3218 Service Governors	
Power to Gas (Bio etc.).				
Road-users - transient customers				
Vulnerable				
Land Owners	c. 20000	N/A	6676	N/A

Session 5



The role of networks 'behind the meter'

Ofgem Customer and Social Workshops:
Aug/Sept 2018

Cadent
Your Gas Network

Context

Question: What role should the GDNs have in ‘behind the meter’ issues (e.g. vulnerable consumers, CO awareness, energy efficiency and energy switching) and why, and how, should RIIO-2 enable this?

- **Experience in RIIO-1 and benefits delivered to customers**
- **The changing external environment influencing customers**
- **The potential role of GDNs in RIIO-2**

The role of networks has evolved during RIIO-GD1



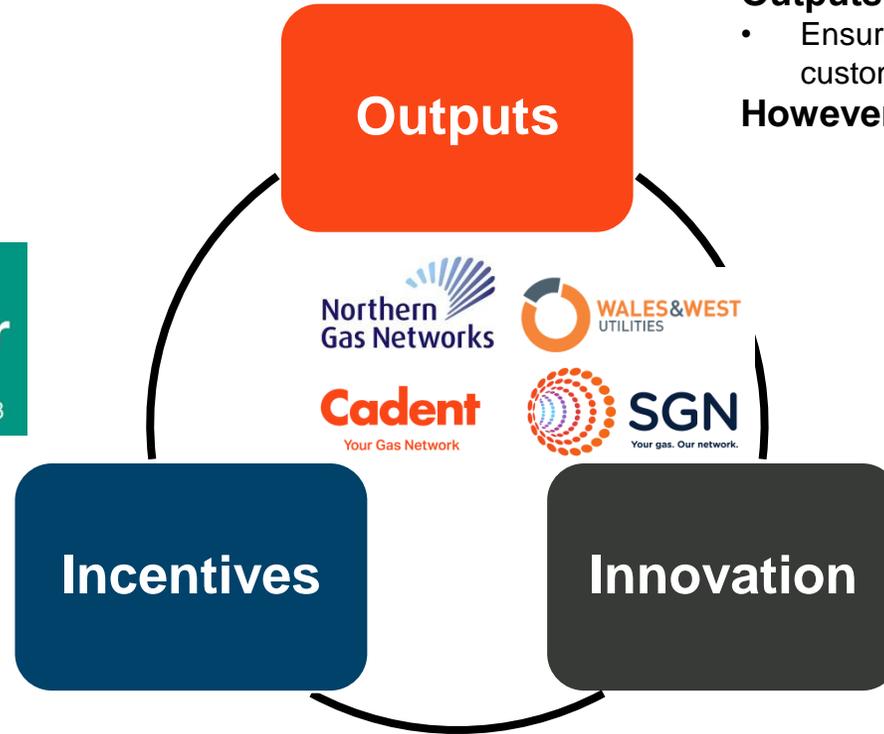
Outputs have....

- Ensured that we are delivering in the areas most important to customers

However: outputs may restrict delivery of key customer outcomes

Working together – the power of four
Collaborative Gas Distribution Networks Discretionary Reward Scheme 2015 to 2018

Stakeholder engagement incentive submission 2017-2018



Incentives have....

- Allowed us to enhance delivery in the areas most important to customers
- Encouraged broader and deeper stakeholder engagement

However: scope to refresh in order to reflect what current and future customers want and need. Competitive DRS may limit potential of collaboration.

Innovation has....

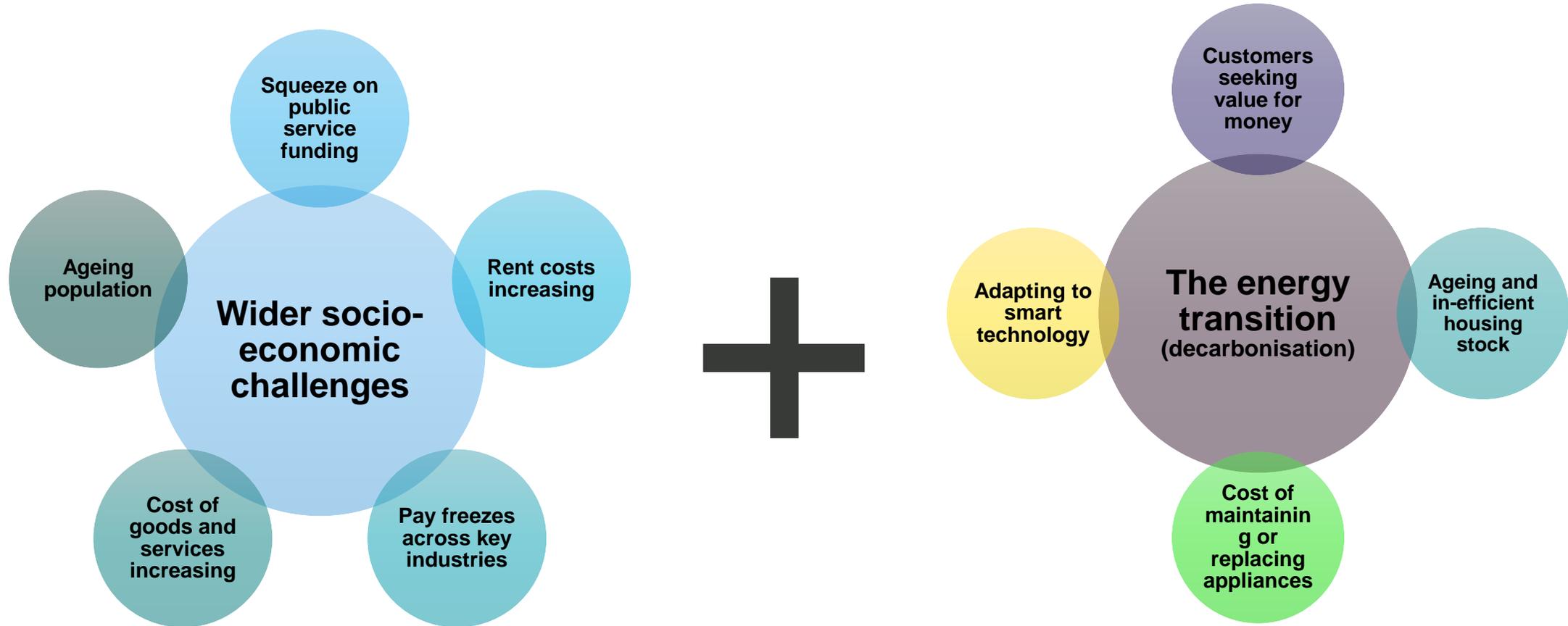
- Created an innovative and collaborative culture across the industry
- Helped us unlock new ways of delivering solutions for a wide range of customers

However: the innovation stimulus could better reflect safeguarding / vulnerability



CREATING A CULTURE OF INNOVATION

The external pressures on energy consumers are increasing...



As a result of these pressures, customers are calling out for more support with managing their energy needs

What services are customers asking the energy industry to provide?

Help with understanding my bill energy usage

Make energy accessible and clarify roles so I know who to contact and what information is available

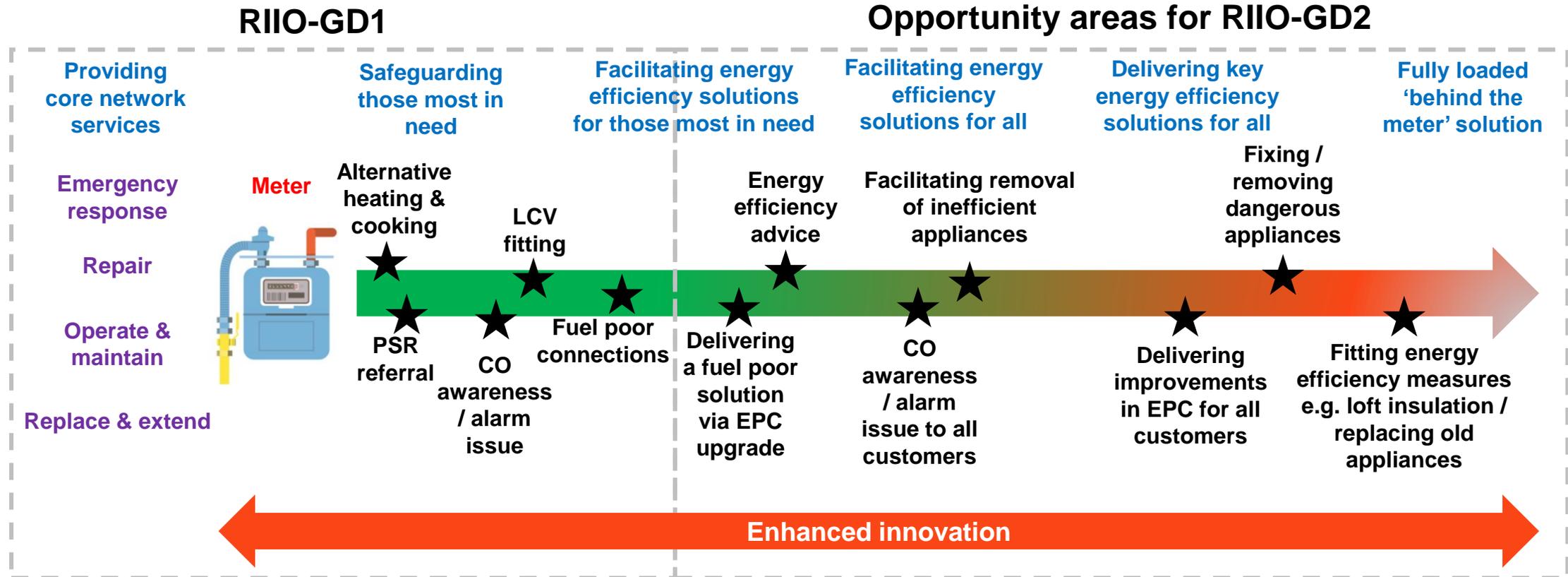
Support me in how I can make my home more energy efficient

Support me in staying safe with my energy i.e. safety beyond the meter

Safeguard those that need it most

Provide value for money in everything you do

What could networks deliver?



'Strawman' options

Option 1: Continue to safeguard	Option 2: Advice & facilitation	Option 3: Targetted Delivery	Option 4: Delivering whole house solution
<p>No changes to our role from RII0-GD1 – Enhancements to performance measures</p>	<p>Providing safeguarding and energy efficiency advice and key contacts to customers</p>	<p>Delivering key safeguarding and energy efficiency solutions directly or through partnerships</p>	<p>Delivering whole house solutions to safeguard customers and improve energy efficiency in customer homes</p>
<p>CO awareness</p> <ul style="list-style-type: none"> Continued awareness and issuing of alarms <p>GSOP 3</p> <ul style="list-style-type: none"> Proactive provision of alternative heating and cooking Increased compensation for failure <p>SEIS</p> <ul style="list-style-type: none"> Customer vulnerability weighted higher in overall score <p>Fuel poverty</p> <ul style="list-style-type: none"> Measure improvements in EPC ratings for those receiving an FP connection / other solution 	<p>Facilitate replacement of dangerous appliances</p> <ul style="list-style-type: none"> Provide advice or contact details to facilitate removal of dangerous appliances Test appliances and measure proportion of appliances replaced due to advice <p>Energy efficiency advice</p> <ul style="list-style-type: none"> Measure number of energy efficiency conversations and improvements in EPC due to advice 	<p>Dangerous/inefficient appliances replacement</p> <ul style="list-style-type: none"> Actively test and replace dangerous/inefficient appliances Measure proportion of appliances replaced <p>Delivering energy efficiency solutions for most inefficient homes</p> <ul style="list-style-type: none"> Provide energy efficiency advice for all customers Undertake activities to improve energy efficiency in customer homes at the lowest EPC ratings Measure improvements in EPC 	<p>CO alarms</p> <ul style="list-style-type: none"> Provide and fit CO alarms to all customers without one <p>Delivering energy efficiency solutions for all customer homes</p> <ul style="list-style-type: none"> Provide energy efficiency advice for all customers Undertake activities to improve energy efficiency in all customer homes Deliver whole house solutions e.g. loft insulation, sealing windows/doors, etc Support with supply tariff Measure improvements in EPC

Do customers value these or other services? What would GDNs be best placed to deliver? Should these services be for all customers or those that need it most?

Enablers and barriers in delivering the right customer outcomes

Enablers	Barriers
<ul style="list-style-type: none">• Diverse range of customer views to respond to their needs• Engagement with key industry stakeholders• Devolution will increase control within regions and allow tailored services• Cross industry partnerships to deliver customer requirements most effectively	<ul style="list-style-type: none">• Existing policy requiring modernisation e.g. potential licence changes• Challenges around understanding customer willingness to pay and how new initiatives will be paid for e.g. customer bill increase vs overall taxation• Key energy policy decisions out of line with RIIO-GD2 business plan submissions e.g. ECO

How do we leverage the value of enablers?
How do we overcome barriers?

A summary of the key questions to explore

Area	Question
RIIO-GD1	1. Are you aware of the services GDNs have provided in RIIO-1? Do you value these?
The role of GDNs	2. What role could GDNs play in meeting customer requirements? 3. Given the various opportunities, what level of activity should GDNs undertake?
Delivery mechanism in RIIO-GD2	4. Which mechanism would be most appropriate to deliver the best customer outcomes?
Enablers and barriers	5. How do we leverage the value of enablers? 6. How do we overcome barriers?
What else?	7. This discussion focuses on domestic customer challenges, what support do Industrial and Commercial (I&C) customers need from the energy industry? 8. What role could GDNs play in further supporting I&C customers?

Are there any further questions to add?

Break

Session 6



What should be the future of FPNES in light of targeting challenges and future of gas?

GD1 – current picture

- What do we know about the Fuel Poor Network Extension Scheme?
- How have we performed?
- What has worked well, had the most impact?
- What have been the challenges?
- What stakeholder feedback is there on the FPNES

What does RIIO-GD1 tell us about fuel poverty, and the FPNES?



Living in fuel poverty is just one aspect of vulnerability



Fuel poverty affects 21% of homes across the country.



Little difference between living in fuel poverty and living in poverty – the two are intrinsically linked



Not enough to provide a free as connection – in house measures must be considered.



Change in behaviour must be considered to allow customers to use energy in the most efficient way, whatever the source.



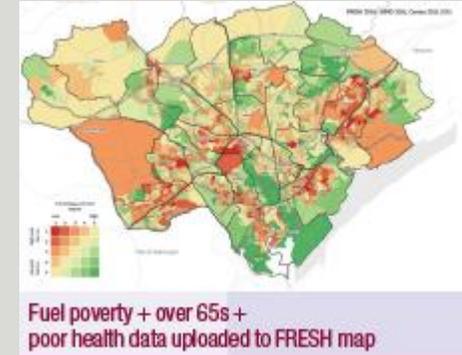
Networks are operating within different political climates with differing levels of funding and priority e.g. SGN Scotland and SGN Southern

How have we performed?

GDN	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Actual	17/18 Actual	18/19 Forecast	19/20 Forecast	20/21 Forecast	Total	RIIO Target
NGN	1,164	1,707	2,458	2,638	2,099	2,634	900	900	14,500	14,500
SGN Sc	4,983	3,749	2,686	2,946	2,412	2,000	1,970	1,254	22,000	17,130
SGN So	1,175	1,208	1,160	1,007	840	2,090	2,000	896	10,376	10,367
WWU	2,632	1,661	1,559	1,596	1,051	1,364	1,364	1,364	12,590	12,590
Cadent Lnd	270	229	243	377	527	530	352	352	2,880	2,880
Cadent WM	1,130	949	1,091	1,112	1,053	560	1,233	1,232	8,360	8,360
Cadent NW	1,785	1,711	1,557	1,611	1,929	1,050	1,844	1,843	13,330	13,330
Cadent EE	1,625	1,305	1,484	1,553	1,921	1,450	1,354	1,354	12,046	12,046

How have we performed?

- ✓ Worked hard to make better use of data to identify those living in fuel poverty
- ✓ Using targeted intervention and investment to reach areas of highest incident of fuel poverty and related socio-economic issues
- ✓ Innovative in approach to helping off-grid customers
- ✓ Worked hard to build internal capability to allow us to identify people living in fuel poverty, through our day to day activities.



How have we performed - collaboratively

- ✓ Cross GDN Fuel Poverty Collaboration Group – set up in 2014. Key goals:
 - Raise awareness of the issue and support that's available
 - Share best practice and provide the right solutions
 - Work nationally to make sure that all customers in vulnerable situations can find support
 - Work with partners and stakeholders to bring about positive change
- ✓ Successfully worked with Local Authorities to apply for central heating funding (CHF) from BEIS £25m CHF (2015/6) led to 1979 central heating installation across the gas networks.
- ✓ GDN lead in the 'off-grid' advisory group.
- ✓ With suppliers to work through the ECO landscape, overcoming data protection issues, and trialling innovation approaches to identifying qualifying FP customers
- ✓ With BEIS and Energy Savings Trust (EST) to build referral networks into the GDNs. Since 2015 700 customers have been referred through dedicated phone line.

What GDN stakeholder engagement has said about the FPNES

'Fuel poverty needs to be considered in the broader context of poverty, with a more joined up approach to other aspects of vulnerability'

'There should be better alignments between existing schemes i.e. ECO, Arbed in Wales, Affordable Warmth Solutions' Warm Homes Funds'

'GDNs need to be more innovative in how they tackle fuel poverty'

'Use trusted partner organisations to help identify customers that qualify for a fuel poor connection'

'GDNs shouldn't stray too far away from their core services. Social obligations do not feature as a key priority for regional stakeholders'

'Removal of IMD criteria may impact ability to deliver fuel poor connections to those who need it most, and take away the ability to design cost effective schemes'

'The FPNES is relevant now, and will continue to be needed for the foreseeable future, but needs to be considered alongside the energy future debate'

What GDN stakeholder engagement has said about fuel poverty.

Map	<ul style="list-style-type: none">• ‘Map areas off-grid to allow stakeholders to determine whether group action can be taken’
Create or join	<ul style="list-style-type: none">• ‘Create or join campaigns to ensure information about support, grants and schemes that could help those in fuel poverty are know by those at risk, working with regional experts’
Champion	<ul style="list-style-type: none">• ‘Champion education on safe temperatures, fuel bill literacy and saving’
Existing gas customers	<ul style="list-style-type: none">• ‘Look at alternative help for customers who cannot afford to turn their boilers on’
Partner	<ul style="list-style-type: none">• ‘Work with local organisations that have shared aims around fuel poverty’
Fuel	<ul style="list-style-type: none">• ‘As fuel poverty is not limited to gas, develop ways to work with other fuel providers’
Strategy	<ul style="list-style-type: none">• ‘Ensure work is not duplicated; build network of organisations working in the field – nationally and locally’
Develop	<ul style="list-style-type: none">• ‘Develop criteria to identify fuel poverty that does not rely on self reporting’
Training	<ul style="list-style-type: none">• ‘Provide training for front line staff in other walks of life (such as health workers) so they can identify fuel poverty and know how to act upon this.’

Data from NGN Social Investment Workshops, 105 stakeholders including: council officers; parish, district, city and borough councillors; charity reps, energy reps, safety experts, rural reps,

What parts of GD1 in this area are driving value, and what parts are potentially redundant?

Community based schemes provide best results;

- Able to focus on provision of broader services and support
 - Community Events
 - Energy efficiency
 - Fuel switching
 - Best use smart Meters
 - Ability for engagement and support of Local Authorities and associated services.
 - Economies of scale
 - More efficient use of resource
 - More cost effective

Worse first approach- causes challenges

- Can cause issues with identification and delivery in communities
- Less efficient to identify and deliver resulting in higher costs

What could GD2 look like ?

- Why FPNES is still fit for purpose
- What changes will need to be made to the scheme to ensure it is successful?
- What alternatives are there should FPNES be removed completely?

Why FPNES is still fit for purpose



FUEL POVERTY WILL REMAIN A SIGNIFICANT CHALLENGE INTO GD2 AND BEYOND.



THE FPNES ALLOWS CUSTOMERS IN FUEL POVERTY TO HAVE ACCESS TO A COST-EFFECTIVE FUEL FOR HEATING.



THE FPNES ALLOWS GDNS TO IDENTIFY CUSTOMERS WHO NEED HELP BEYOND THE METER, AND TO PROVIDE ADDITIONAL HELP AND SUPPORT TO THESE CUSTOMERS



THE FPNES HAS DRIVEN GDNS TO BE INNOVATIVE IN THEIR APPROACH TO TACKLING FUEL POVERTY, AND HAS PROVIDED A STRONG, SHARED GOAL.

What changes will need to be made to the scheme to ensure it is successful?

Consistent provision of funding streams for in-house measures.

More collaborative working between networks, suppliers, lobby groups and decision makers.

Consistent approach to identification of those living in fuel poverty - a common and fair tool to test qualification criteria associated with LHC.

Consistency of qualification- no changes to scheme in flight

Recognition of benefits of provision of Energy Efficiency-results in savings to customer

Greater alignment FPNES/ECO

QUESTION:

What other areas could we make improvements on in GD2?

What opportunities are there for growth



CLOSER WORKING WITH LOCAL AUTHORITIES, HOUSING AUTHORITIES AND PRIVATE LANDLORDS CAN PROVIDE OPPORTUNITY FOR GROWTH.



IMPROVED USE OF AVAILABLE DATA TO IDENTIFY THOSE IN GREATEST NEED.



INNOVATIVE APPROACH TO NETWORK GROWTH WHERE IT CAN CARRY THE GREATEST IMPACT



CONTINUE TO DEVELOP THE CAPABILITY OF OUR OWN COLLEAGUES TO IDENTIFY THOSE CUSTOMERS LIVING IN FUEL POVERTY.



NEED TO CONSIDER FUEL POVERTY WITHIN THE FUTURE OF ENERGY DEBATE



UNDERSTANDING OF THE BROADER POVERTY LANDSCAPE, AND THE ROLE THAT NETWORKS CAN PLAY – BUDGETING ADVICE, EFFICIENCY INFORMATION ETC..



BETTER REFERRAL NETWORKS



CLEARER LINKS TO HEALTH SERVICES, AND BENEFITS TO HEALTH FROM LIVING IN A WARM HOME

QUESTION:

Are there any other opportunities for growth?

What options should be considered for outputs and incentives and what are the specific barriers or enablers required for change?



Outputs

Numbers of homes benefitting-not just a connection
Estimated savings by moving to gas-benefits to the householder
Estimated savings based on additional advice-switching/energy efficiency.
Carbon savings-environmental benefits



Incentives

Outperformance incentive, numbers benefitting
Around improved partnership/collaboration
Around innovation of approach



Barriers

Community Scheme criteria-more difficult since LSOA removal
Time with customer-engineers have 30 minutes to deal with an escape, more time could result in ability to discuss wider issues i.e energy efficiency



Enablers

Degree of flexibility with FP qualification-Flex criteria for GDNs
Improved coordination/collaboration with suppliers.

QUESTION:

What is your feedback/views on potential incentives/outputs/barriers and enablers?

Session 7 - AOB

Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.

We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.