

By email to :RIIO-ED1@ofgem.gov.uk

For the attention of Steven McMahan

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Dear Steve

Consultation on changes to the:

- **Stakeholder Engagement Incentive Scheme Guidance; and**
- **Stakeholder Engagement and Consumer Vulnerability Incentive Guidance**

Many thanks for the opportunity to comment on the changes proposed to the Stakeholder Engagement Incentive Scheme Guidance and the Stakeholder Engagement and Consumer Vulnerability Incentive Guidance. As a Distribution Network Operator, we have limited our comments to the changes being made to the Stakeholder Engagement and Consumer Vulnerability Guidance.

We fully endorse and value the intent of this incentive and agree that network companies benefit from proactive engagement with stakeholders so that we can anticipate their needs and deliver a consumer-focussed, socially responsible energy service. We agree stakeholders and customers have to play a vital role in shaping efficient, effective businesses for their communities.

We're grateful for the manner in which this review has been undertaken. The briefings provided by Ofgem and the meetings held have created a shared understanding of the appropriate scope and purpose of the review and this is welcomed.

We're supportive of the recommendations made in this consultation document and grateful for the early notice of intended changes which will allow us to adapt our plans in-year for reporting against this new guidance in 2019. This was a key consideration for us and we are pleased that this has been considered by Ofgem.

One key concern is the proposal to provide the scores and feedback on performance at the end of November. All companies use the Panel score and Panel feedback as an essential input to continuously improve and develop our stakeholder engagement and consumer vulnerability strategies and activities. Receiving this information in November will limit our ability to incorporate this feedback slowing down the progress year-on-year.

We suggest that the scores and initial feedback are still received on the day (or soon after the Panel assessment) and that this is supported by the publication of the more detailed report later in the year, in line with the process followed for other RIIO incentive schemes.

One aspect of the SECV incentive that may merit further consideration is the extent to which the assessment of submissions on a group, rather than licensee basis, delivers value for money for customers. Having reviewed the awards from the last year, the spread in terms of reward vary significantly and we are unclear whether this is reflective of the value being created.

For ease of reference, we have set our response in a table format as they have been set out in the consultation document.

We hope you find these comments useful. If you would like to discuss this response or have any other requirements from our business, please do not hesitate to get in touch.

Yours faithfully,

Paul Bircham
Director of Commercial Strategy and Support

Detailed comments on proposed changes

Table 1.1 Proposed changes affecting all sectors

Proposed change	Our response
<p>Clarify that the Part 1 submission is not scored by the Panel but that it does inform the Panel's assessment criteria of Part 2 (and Part 3 of the DNOs submissions)</p>	<p>We welcome the clarity provided by the proposed change</p> <p>It is helpful to know that Part 2 (and Part 3 of the DNOs submissions) are the focus of the Panel's assessment and that the Part 1 submission informs the Panel's view of the companies' performance.</p>
<p>Increase the Panel session from 20 minutes to 40 minutes within which network companies would give a 10-minute presentation.</p> <p>The presentation will be based on supplementary questions provided by the Panel to the network company, no later than 10 days prior to the Panel Session</p>	<p>We support the proposal to extend the Panel session from 20 minutes to 40 minutes.</p> <p>The Panel session is a very helpful part of the overall SECV process and we support the increase in emphasis of this session. We support the inclusion of company specific questions in this session alongside the current approach of each company being asked the same five/six generic questions.</p> <p>We welcome assurances that supplementary questions will be provided to companies no later than 10 days prior to the Panel session.</p> <p>Careful consideration needs to be given to the practicalities of providing and successfully running through presentations by the companies. It may also be helpful for companies to provide hard copies of the presentation.</p> <p>We'd welcome clear guidance with regard to the format for the presentation and the hardware to be used. This will assure us all that the technology will work on the day and not distract valuable time from presentation and discussion.</p>
<p>Remove the entry form and all references to the Entry Form</p>	<p>We support this proposal.</p> <p>The entry form duplicated much of the information provided in Part 1 of the submission and added little additional value to the process.</p>
<p>Amend the process for providing feedback on network company performance</p>	<p>We support and welcome this enhanced approach of providing a comprehensive feedback report. We are however concerned about the suggested timeline for publication of the report.</p> <p>We agree that it is helpful to allow more time for extended deliberation for the Panel to come to a view of network company performance. We also welcome the transparency that will be provided by the introduction of the report and agree that it is helpful that there is a public facing document detailing network company performance.</p> <p>We are concerned however about the proposal to publish the report in November. All companies use the Panel score and Panel feedback as essential input to continuously improve and develop our stakeholder engagement and consumer vulnerability strategies and activities. There will be little time to act upon the helpful Panel feedback if this is only available at the end of November – eight months into the new reporting year.</p> <p>This is a significant change. We currently receive a detailed independent assessment report in June and our score and feedback in early July. This is helpful as it gives customers the earliest opportunity to benefit by providing companies with the opportunity to act quickly on the feedback received.</p> <p>It is also worth noting that having this feedback in a timely manner is only going to increase in importance as we develop</p>

	<p>our stakeholder approaches to underpin the creation of our RIIO-ED2 plans.</p> <p>We suggest that the scores and initial feedback are still received on the day (or soon after the Panel assessment) and that this is supported by the publication of the more detailed report later in the year, in line with the process followed for other RIIO incentive schemes.</p>
Apply the changes to the Guidance Documents from April 2019	We support this proposal.

Table 1.2 Proposed changes affecting DNOs only

Proposed change	Our response
Clarify what the Panel is assessing against when evaluating the Part 3 submission	<p>We welcome the clarity provided by the proposed change.</p> <p>It would be helpful for the Panel to highlight their considerations and scoring against this framework when publishing their assessment report.</p>
<p>Remove 'Consultant Assessment against the Consumer Vulnerability Criteria' section</p> <p>Remove consultant and all references to the Consultants and Consultants' Report.</p>	<p>We welcome the clarity provided by the proposed change and we support the proposal to remove the independent report from the assessment process.</p> <p>We agree that bringing the assessment of consumer vulnerability within the remit of the Panel provides an opportunity for the Panel to assess the DNO's performance holistically.</p> <p>We did however find the detailed independent assessment report provided in June helpful. As previously stated, it gave us the opportunity to act on the feedback we received. We are concerned about the proposal to publish the proposed feedback report in November. This means that companies will have limited time to act on the feedback and to use this to inform our improvement activity.</p> <p>Given the proposal to remove the independent assessment, we reiterate the suggestion that the scores and initial feedback are still received on the day (or soon after the Panel assessment) and that this is supported by the publication of the more detailed report later in the year, in line with the process followed for other RIIO incentive schemes.</p>
<p>Clarify what Panel Assessment Criteria (e) comprises</p> <p>Retain consumer vulnerability criteria and include as sub-criteria to Panel Assessment Criteria (e)</p>	<p>We welcome the clarity provided by this proposed change.</p>
Retain detailed Consumer Vulnerability sub-criteria in the Appendix as a guide for the Panel but remove the references to the sub-criteria as scoring requirements.	<p>We welcome the clarity provided by this proposed change.</p> <p>We also note that the whole Consumer Vulnerability Criteria has not been maintained. Rather the headline themes have been retained whilst the more detailed descriptors for each of these headlines have now been removed. These have been a helpful resource for companies in seeking to improve our approach.</p> <p>The removal may cause some uncertainty for companies particularly in this first transition year. It is helpful, therefore, that Ofgem have clarified the status of this more detailed criteria and how it will be applied by the Panel when carrying out their assessment.</p>