

Stakeholder feedback: Telephone and Street Survey – Summer 2012

Introduction

Scottish and Southern Energy Power Distribution (SSEPD) is the owner of two electricity distribution networks:

- Scottish Hydro Electric Power Distribution (SHEPD) in the north of Scotland, and
- Southern Electric Power Distribution (SEPD) in the south of England.

Electricity distribution networks transport electricity to customers' homes or business premises. We do not sell electricity to customers - that is the role of energy suppliers. Our duties and obligations include ensuring we are able to provide an economic and efficient service to users, including generators, who wish to connect to our network.

This survey sought views around the service our customers want from our electricity distribution networks over the next two decades and how highly they value these services. By placing the needs of our customers and wider stakeholders at the centre of our business planning, we can ensure that our distribution network is fit for purpose. We can't do this without knowing what our customers and stakeholders need and want.

We are currently developing a strategy to ensure that we engage with our customers and stakeholders effectively. The results from this survey have already been used to help inform our business plan and are quoted in Our First Consultation: Innovating for a greener, more efficient future.

This survey was aimed at end-users connected to our distribution network. Over 1000 customers from across SHEPD and SEPD areas were surveyed. Table 1: Our response to stakeholder feedback sets out the questions we asked, stakeholders feedback and our responses.

Table 1: Our response to stakeholder feedback

Question	Why we asked	What we asked	What you told us	Our response
1	It is important to us that our customers know who to contact when they have a query about their electricity supply. ¹	We asked respondents if they had previously been aware of the differing roles performed by electricity supply company and a electricity distribution network operator.	<p>Just under half of respondents were unaware or unsure of the differences in the roles of network operators and suppliers.</p> <p>Just over half of respondents (51%) were sure that they had previously understood the different roles performed by electricity supply companies and electricity distribution network operators.</p>	<p>We want our customers to know who to contact in the event of a power cut or if they have a problem with their supply (such as flickering or appliance damage).</p> <p>We will continue to clarify our role as a distribution network operator, as appropriate, within our ongoing communications with customers and stakeholders.</p> <p>We have already redesigned our Yellow Pages adverts which detail who to contact in the event of a power cut. These are in addition to existing ones in BT and Thomson directories.</p> <p>On-line, we will continue to review and update our website, twitter and Facebook pages to ensure that our customers know who to contact.</p>

¹ At point of survey, we clarified how the roles of an energy supply company and a distribution network operator differ.

Question	Why we asked	What we asked	What you told us	Our response
2	We want to design our Business Plan to meet the needs and expectations of our customers and stakeholders.	<p>We asked respondents to rank each of the following principles, in relation to their electricity supply, on a scale of 1-10 (where 1 was not at all important; and 10 was very important):</p> <ul style="list-style-type: none"> • a reliable supply of electricity • a safe supply of electricity • good customer service • value for money • that activities are not carried out at the expense of the environment. • Other <p>We then used the net promoter score methodology² to identify what our customers viewed as highly important.</p>	<p>Using the net promoter score system:</p> <ul style="list-style-type: none"> • 87% prioritised a reliable supply of electricity • 83% prioritised a safe supply of electricity • 76% prioritised good customer service • 71% prioritised value for money • 43% prioritised that activities are not carried out at the expense of the environment. <p>Many comments illustrated the importance of continuity of supply for “normal daily life” and to “run our businesses”. Customers’ main concerns related to the more vulnerable groups living in our communities who are dependant on a reliable supply.</p> <p>‘Other’ priorities identified by respondents included: offering customers yearly reviews, smart meters; Arrange with other utilities for “digging” work to minimise traffic disruption; keep customers informed</p>	<p>Our customers value a reliable supply of electricity as most important followed by a safe supply, good customer service, value for money and finally that activities are not carried out at the cost of the environment.</p> <p>We believe that we have a duty to provide a safe reliable supply of electricity and good customer service for the lowest possible cost under a stable and predictive charging regime.</p> <p>This will be a key theme we consult on in Our First Consultation Paper.</p>

² This is explained in Appendix 1.

Question	Why we asked	What we asked	What you told us	Our response
3	<p>Sometimes our customers want to get in touch with us for instance during a power cut or to find out how their connection application is progressing.</p>	<p>We asked respondents to rank how acceptable the following methods of getting back to them were on a scale of 1-10 (where 1 was highly unacceptable; and 10 was very acceptable):</p> <ul style="list-style-type: none"> • a person answering your telephone call • a recorded message to answer your telephone call • response by text message • response by email • online via our website including live chat • social media (e.g. twitter or Facebook) with social media response • postal response to letter • other <p>We then used the net promoter score methodology³ to identify what our customers viewed as highly acceptable.</p>	<p>When it comes to communicating with us the majority of our stakeholders continue to prefer to speak to a member of staff on the telephone (73%).</p> <p>All other methods of communication scored as detractors.</p>	<p>We deliver electricity to 3.7 million homes and business in the south of England and north of Scotland. This means that we have to offer a range of ways to interact with us to ensure that we easy to contact. However, we note that people value being able to talk to someone.</p> <p>Our First Consultation Paper will set out our commitment to:</p> <ul style="list-style-type: none"> • Being easy to contact: we offer a range of ways to get in tough with us • Listening to everyone fairly and equally: we want to hear everyone’s views • Providing timely responses: when you ask us a question one of our locally based colleagues will be in touch within five working days to provide a clear and accurate response • Showing how your views have informed our approaches: we will be analysing and considering every response we receive. We will then publish how we have incorporated have incorporated key themes within our business.

³ This is explained in Appendix 1.

Question	Why we asked	What we asked	What you told us	Our response
4	<p>We recover our costs through the charges we make to users of the electricity distribution network through the bills they pay to their electricity supplier.</p> <p>The amount we charge is controlled by Ofgem who set the amount that we are allowed to ask customers to pay⁴.</p> <p>We wanted to know if they would be willing, in principle to pay more for a more reliable supply.</p>	<p>We asked respondents if they would be willing to pay more for a reliable supply.</p>	<p>The majority of customers surveyed (74%) are unwilling to pay more for an increased level of reliability in their electricity supply.</p> <p>Respondents regularly commented that there is no need to have to pay more to improve supply or that the cost is already high enough.</p> <p>However, just under a quarter of respondents (23%) are willing to pay more to improve their supply; and a further 3% are undecided.</p>	<p>We aim to deliver a reliable supply of electricity whilst keeping the costs associated with this to a minimum.</p> <p>We aim to do this by ensuring our business operates efficiently and that we develop innovative solutions.</p> <p>Our First Consultation paper will contain more information about our views on costs and efficiency.</p>
5	<p>We wanted to understand our customers' views on what support they would value during lengthy power outages of more than 12 hours (which generally happen during storm situations).</p>	<p>Apart from regular progress reports, should we do more to assist customers affected by lengthy power cuts, (where customers may be off for over 12 hours), and if so what should we do?</p>	<p>Just over a third of customers indicated that regular and accurate updates of progress to restore supplies are sufficient. However, the remaining respondents (63%) felt that we should do more to assist customers who are off supply for longer than 12 hours.</p> <p>Those customers who thought we should do more highlighted concern for the vulnerable and elderly, as well as the need for portable generators and mobile catering facilities.</p> <p>Another issue raised by customers is the requirement to pay compensation where we fail to deliver certain services.</p>	<p>We recognise the importance customers place on receiving regular and accurate progress reports on our work to restore electricity supplies, and that they are often dependent on an electricity supply to receive updates. We have recently introduced telephone, text and Twitter and Facebook messaging services for keeping customers informed.</p> <p>We also deploy portable generators when we become aware that repair work and restoration will not be completed in a reasonable timescale. During storms we co-ordinate our response with local authority emergency planners to make the best use of our joint facilities.</p> <p>During Our First and Second Consultations we will be seeking customer's views on what more we can do and the payment of compensation.</p>

⁴ The concept of additional costs being “socialised” and shared between all customers was considered too complex for this survey.

Question	Why we asked	What we asked	What you told us	Our response
6	<p>Ofgem have asked what distribution companies could do to help those customers who have difficulty paying for their heating.</p> <p>We are interested in our customer's ideas on how they think that we could help.</p>	<p>Do you believe we should assist customers who have difficulty paying to heat their homes and, if so, what type of assistance should we provide?</p>	<p>The majority of respondents (73%) believe we should assist customers who genuinely struggle to pay to heat their homes. However, respondents were less clear on what distribution companies could actually do help. A number of respondents suggested that we provide advice on improve energy efficiency of homes etc. Of the remaining respondents, 24% did not think we should provide assistance to fuel poor customers; and 2% were undecided.</p> <p>Many respondents indicated that they felt fuel poor customers required further assistance from government, social services and energy suppliers. This help could include access to reduced tariffs and special payment arrangements.</p>	<p>Traditionally assistance to fuel poor and vulnerable consumers has been delivered by electricity supply companies because they have a direct relationship with them. This help includes: free energy efficiency advice to help reduce bills further; energy efficiency measures; some of these are free; a free benefit entitlement check; and rebates to eligible customers through the Warm Home Discount scheme</p> <p>We will continue to engage with consumer representatives to seek their views on how we, as a distribution network operator, can provide assistance to the fuel-poor.</p>
7	<p>We wanted to gain an understanding of our customers' views on the importance of supporting vulnerable customers such as the elderly or disabled.</p>	<p>We asked them to score how important they felt it was that we supported vulnerable customers on a scale of 1-10 where 1 was low importance and 10 was highly important.</p>	<p>Respondents showed strong support for the elderly and disabled, with over 90% scoring 8 or more.</p> <p>Customers were less clear on what network operators can do for vulnerable customer groups, other than to consider how we might provide additional help during power outages. Respondents indicated that government agencies should provide additional help.</p>	<p>We would like to work in conjunction with local authorities, government and consumer representatives to gain an understanding of how we could best target any support we provide targeted help to vulnerable consumers.</p>

Question	Why we asked	What we asked	What you told us	Our response
8	We wanted to understand our customer’s general views on the need to move to a low carbon economy.	We asked respondents to score how important is it that the UK, as a whole, should reduce its carbon emissions by making more use of renewable sources of energy and other low carbon technologies on a scale of 1-10 where 1 was low importance and 10 was highly important.	<p>The majority (79%) of respondents scored this statement as 8 or more. This shows that they feel it’s important that the UK, as a whole, should reduce its carbon emission by making use of renewable sources or energy and other low carbon technologies. However, there was concern around the impact that this would have on their energy bills.</p> <p>There were also strong views expressed about the advantages and disadvantages of the different energy sources. The majority of stakeholders indicated that it was important to have a mix of renewable energy sources in order to ensure we can continue to provide a reliable and sustainable supply of electricity.</p> <p>Many indicated that we should be taking action now to benefit future generations.</p>	<p>One of the biggest challenges for network operators is to accommodate the connection of renewable and low-carbon technology by ensuring that there is adequate capacity on the network.</p> <p>Our view is that we should take action early to reinforce relevant sections of our high voltage networks in anticipation of these types of connection, with the costs associated with this reinforcement being recovered from the individual businesses benefiting from the investment.</p> <p>During Our First and Second Consultations we will be seeking customer’s views on this.</p>
9	We wanted to understand our customers’ general views on the undergrounding of power lines.	We asked respondents to score how strongly they agreed or disagreed with the statement that we should do more to improve the overall visual appearance of our countryside by gradually replacing power lines with underground cable on a scale of 1-10 where 1 was strongly disagree and 10 was strongly agree).	Over 50% of respondents scored replacing overhead lines with underground cables (especially in protected landscapes) 8 or above. However, concerns were expressed around the high costs associated with this work. A number of customers suggested that the business case for undergrounding should also include the benefits of improved reliability and safety.	We understand the importance of being selective when identifying sections of our electricity network where we replace overhead lines with underground cables. Outside protected areas our approach is to only underground sections where this is the only reasonable option. We regularly review our criteria for selecting locations in order to ensure our customers receive good value for the investment.

Question	Why we asked	What we asked	What you told us	Our response
10	We wished to understand how concerned our customers were about environmental issues.	We asked respondents to score how strongly they agreed or disagreed with the statement that we should put more effort into reducing the overall environmental impact of operating our electricity networks by, for example, reducing our carbon footprint on a scale of 1-10 where 1 was strongly disagree and 10 was strongly agree)	The majority of respondents (69%) scored this statement as 8 or more. This shows that they would like us to further reduce the environmental impact of our business. They also indicated that this should be achieved without increasing their electricity bills.	<p>One of our core values is sustainability. This means operating ethically and taking the long term view.</p> <p>We believe that reducing our environmental impact is the right thing to do and need not add to the cost of serving our customers.</p> <p>We will seek to identify initiatives that promote best environmental practice across the industry while avoiding increases in customer bills.</p>
11	We wanted to understand how prepared customers were to change their normal usage of electricity.	We asked respondents to score how acceptable they found the idea of altering their pattern of electricity consumption to make more use of off-peak periods ⁵ if this resulted in cost savings on a scale of 1-10 (where 1 was highly unacceptable and 10 was highly acceptable)	<p>Almost 60% of respondents scored this as an 8 or more. This indicates that respondents are receptive to altering their pattern of electricity use where it results in cost savings.</p> <p>A number of stakeholders identified the following concerns relating to the use of electrical appliances over night:</p> <ul style="list-style-type: none"> • risk of fires • disturbing babies, children and neighbours (particularly for those living in multiple-occupancy buildings) <p>Respondents also highlighted that using technology (e.g. automatic timers) to control appliances would be necessary to make this a realistic proposition.</p>	<p>We have included more information about the need for changes to our traditional approach to electricity use in Our First Consultation Paper.</p> <p>If stakeholders are willing to alter their electricity use, this could help us to reduce the number of areas that we have to reinforce the network, resulting in cost savings, because it will reduce peak capacity.</p>

⁵ For instance, only using washing machines and tumble driers overnight

Question	Why we asked	What we asked	What you told us	Our response
12	<p>Although we anticipated that the majority of customers view the cost of their utility bills as important to them we wished to quantify this and validate our assumptions, but without complicating the question by explaining the energy and distribution components of their bills.</p>	<p>We asked respondents to score how strongly they agreed or disagreed with the statement that we should keep the cost of your electricity as low as possible on a scale of 1-10 where 1 was strongly disagree and 10 was strongly agree)</p>	<p>Stakeholders are clearly concerned with rising charges for their energy, with 92% scoring 8 or more in agreement, and have provided a very clear message that the cost of electricity must be kept as low as possible.</p>	<p>Although many of our customers will have responded to this question without knowing that the cost of operating distribution networks only represents 18% of a typical domestic bill, it is clear that cost is a major concern for most customers.</p> <p>Our view is that all network operators have a responsibility to minimise the costs of transporting electricity across their distribution networks.</p> <p>In our future business plan our focus is on doing things as efficiently as we can to keep our part of a customers bill as low as possible.</p> <p>In addition to operating our business as efficiently as possible we also plan to develop innovative solutions to make our existing operations more efficient and as far as possible respond to future challenges without increasing costs to our customers.</p>

Question	Why we asked	What we asked	What you told us	Our response
13	We asked this question to establish our customer's preference for methods of consultation.	<p>We asked respondents to indicate which single method of consultation they preferred:</p> <ul style="list-style-type: none"> • Phone • Website • Postal • Large seminar • Small focus group • Not at all • Other • Undecided • Email • Street 	<ul style="list-style-type: none"> • 17% phone • 22% website • 28% postal • 2% large seminar • 7% small focus group • 10% not at all • 7% other • 0% undecided • 3% email • 4% street <p>Stakeholders indicated a preference towards the traditional communication methods of postal service, website and telephone as their top methods of participating in consultations.</p>	We offer a range of ways to engage when we are seeking your views including interviewer administered surveys, written consultation documents; audio recorded focus groups with electronic audience response system; on-line surveys; structured interviews with stakeholders; stakeholder meetings, events, fora and workshops; customer voice groups.
14	Following on from the previous question we sought views on the frequency of consultation.	<p>In general, how often do you think we should consult with our customers and other interested parties:</p> <ul style="list-style-type: none"> • Only when developing new business plans • Once a year • Not at all • Other • undecided 	<p>The majority of stakeholders said they would like to be consulted with, the favoured timescale being once a year, followed by the option of only when developing new business plans.</p> <ul style="list-style-type: none"> • 22% only wanted to be consulted when we are developing new business plans • 62% indicated they only wanted to be consulted once a year • 4% indicated that they did not wish to be consulted at all • 11% indicated another frequency (which included quarterly, once a month, every 6 months, at the request of customers, when practical and necessary, 2/3 times a year, when relevant, when prices go up, when changes affect customers, on each statement, every 2/3 years). • 1% indicated that they were undecided 	We will try to design consultation processes to minimise stakeholder fatigue.

Appendix 1: Overview of the Net Promoter Score Methodology

The Net Promoter Score or NPS®, is based on the fundamental perspective that customers can be divided into three categories: Promoters, Passives, and Detractors.

- Promoters (score 9-10) are loyal enthusiasts who will be advocates.
- Passives (score 7-8) are satisfied but unenthusiastic customers who are vulnerable to competitive offerings.
- Detractors (score 0-6) are unhappy customers who can damage your brand and impede growth through negative word-of-mouth.

To calculate your company's NPS, take the percentage of customers who are Promoters and subtract the percentage who are Detractors.

