

UK Power Networks

Business plan (2015 to 2023)

Annex 4: Customer Satisfaction Strategy

March 2014

“ A reliable... an innovative...
and the lowest price electricity
distribution group. ”



Contents

1	Executive summary	3
1.1	UK Power Networks' vision	3
1.2	Customer Service – UK Power Networks' targeted performance	4
1.3	UK Power Network's past customer service	5
1.4	UK Power Networks' customer satisfaction strategy	7
2	Journey to improving customer service	8
2.1	Customer Service performance measures: the Ofgem telephony survey	8
2.2	Customer insight and mapping customer journeys: pain points	10
2.3	Actions taken to improve customer service	13
2.4	Performance achieved and customer satisfaction targets for the remainder of DPCR5	16
3	A step change in customer service performance	19
3.1	UK Power Networks' customer service challenges	19
3.2	A long-lasting change in UK Power Networks' customer service performance	19
3.3	Delivering a better service experience – the Business Transformation Programme	21
3.4	Particular customer groups and our proposed service offerings	21
3.5	The challenge of our London network	22
4	Conclusion	25
4.1	UK Power Networks' forecast customer service outcomes for RIIO-ED1	25

This annex has been updated to reflect UK Power Networks' March 2014 business plan. We have a tracked change version for the purpose of informing Ofgem of all revisions to July 2013 business plan, should this be required.

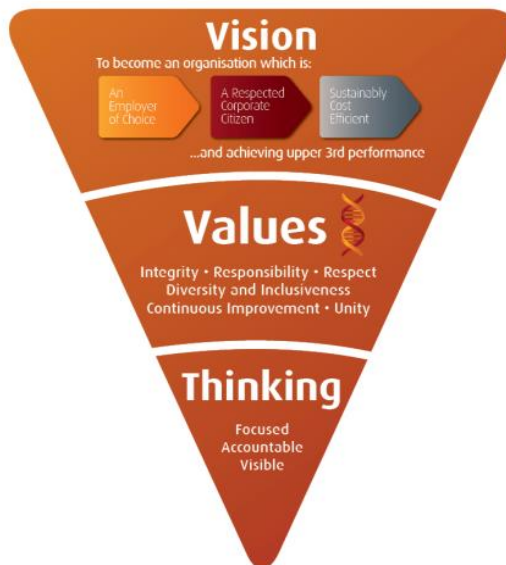
1 Executive summary

1.1 UK Power Networks' vision

Customer service remains one of UK Power Networks' highest priorities. Our vision is to be:

- A respected corporate citizen
- An employer of choice, and
- Sustainably cost efficient

Figure 1 UK Power Networks' vision, values and behaviours



A key element of being a respected corporate citizen is being known and recognised for delivering great service to customers.

Historically, electricity distribution network operators (DNOs) have not been known as leaders in customer service, being regional monopolies. However, for UK Power Networks, this has changed due to forces from both within and external pressures:

- Under new ownership, with the CKI group now shareholders for the UK Power Networks DNOs, there has been a rigorous review and refocus of the organisation, with particular emphasis now on providing a very high level of service for our customers
- The industry regulator, Ofgem, has also ensured that there is a step change in the customer service performance of DNOs, widening the scope of the customer service incentives in the current DPCR5 regulatory framework with the introduction of the Broad Measure of Customer Satisfaction incentive. Revisions to this incentive mechanism under the next price control review, RIIO-ED1, will see even greater service measures placed upon DNOs

1.2 Customer Service – UK Power Networks’ targeted performance

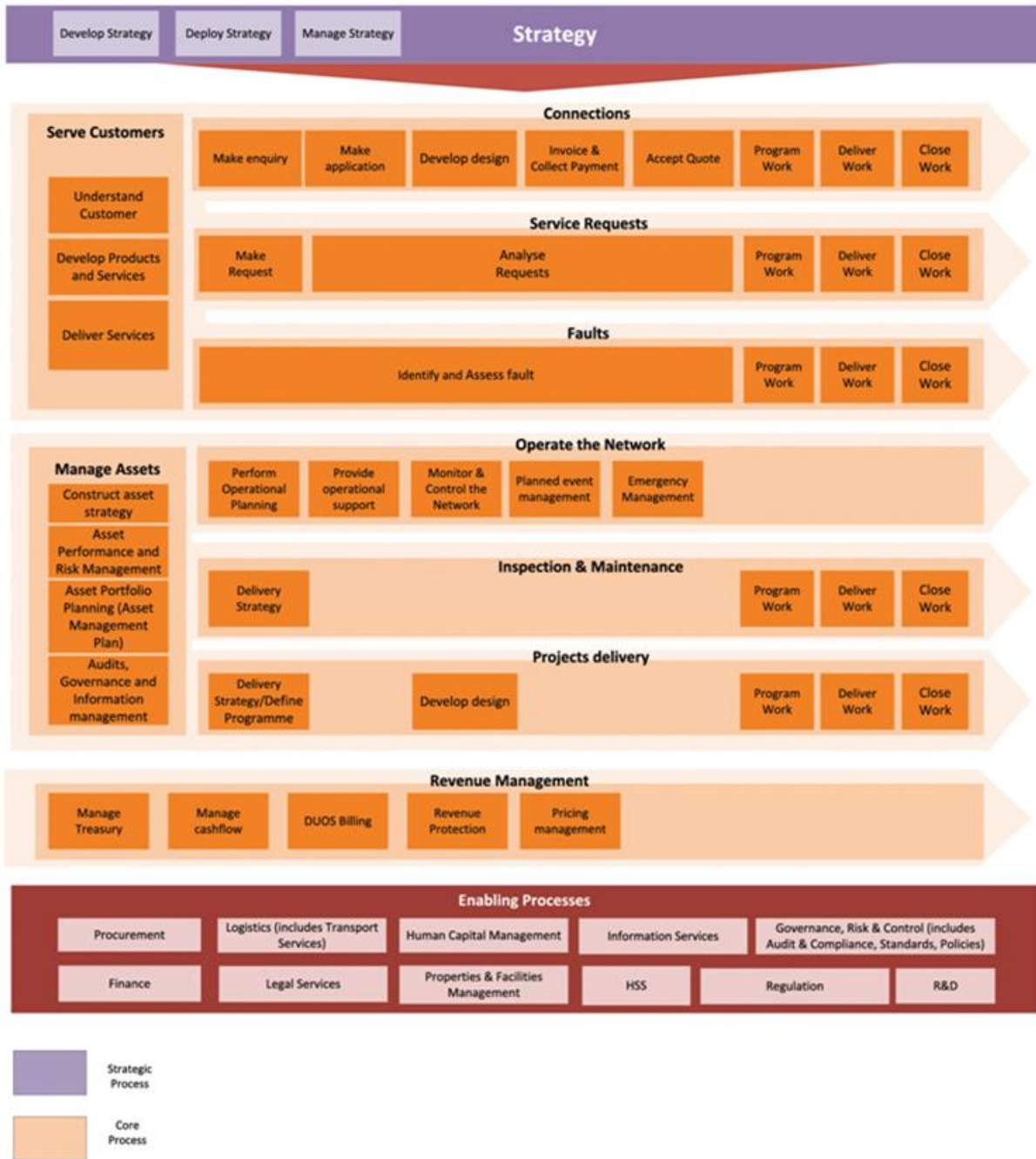
In order to deliver the vision of upper third performance in customer service, UK Power Networks’ is using the regulatory Broad Measure of Customer Satisfaction framework as a performance measurement framework, and is targeting the following levels of performance for the remainder of the current distribution price control period (DPCR5, until end March 2015):

Table 1 UK Power Networks’ customer satisfaction targets for the remainder of DPCR5

	EPN	LPN	SPN
Broad Measure of Customer Satisfaction: Survey score (2013/14)	8.1	7.9	8.1
Broad Measure of Customer Satisfaction: Survey score (2014/15)	8.3	8.1	8.3
Complaints: Unresolved after 1 day	< 30%	< 30%	< 30%
Complaints: Unresolved after 31 days	< 5%	< 5%	< 5%
Complaints: Repeats	< 1%	< 1%	< 1%
Complaints: Ombudsman	0%	0%	0%

Serving customers, interlinked with intelligent development and maintenance of our assets, are central to delivering our vision and our customer service targets. This can be seen in Fig 2 below – serving customers and maintaining assets are the drivers for all other activities within UK Power Networks, and are at the core of our business strategy. This is demonstrated by the considerable investments now being made by UK Power Networks to improve customer service, in addition to asset investment programmes.

Figure 2 The operating model for UK Power Networks



1.3 UK Power Network’s past customer service

1.3.1 Customer Satisfaction

During DPCR5, UK Power Networks has made a number of targeted improvements to enhance its customer service performance, making changes to the operating model, processes, systems and service offerings in response to feedback from customers. This has resulted in increasing levels of customer satisfaction, with monthly customer satisfaction survey scores having increased for UK Power Networks’ DNOs as follows, during the first regulatory year of the operation of the Broad Measure of Customer Satisfaction incentive:

Table 2 Customer Satisfaction scores April 2012 and at regulatory year end March 2013

DNO	April 2012 score (out of 10)	March 2013 cumulative year score (out of 10)
Eastern Power Networks (EPN)	7.54 in April 2012	7.82
South Eastern Power Networks (SPN)	7.4 in April 2012	7.78
London Power Networks (LPN)	6.46 in April 2012	7.29

However, we need to appreciate and take into account what customers consider to be a good level of service. ¹The benchmark for a good level of service is approximately 82%, the upper quartile rating when looking across industries from surveys undertaken by the Institute of Customer Service (ICS)*, we are still below the standard of service customers want, expect and deserve.

A particular challenge has been in our ability to satisfy connection customers, as evidenced by our customer satisfaction survey scores. Again, while connections scores have been in line with the overall score trend of improvement, the regulatory year-end cumulative connections scores were below 8.0 out of 10 for the first year of the operation of the Broad Measure of Customer Satisfaction survey:

Table 3 UK Power Networks 2012/13 regulatory year-end satisfaction scores

DNO	Supply Interruptions (out of 10)	Connections (out of 10)	General Enquiries (out of 10)
EPN	8.11	7.34	8.23
SPN	7.92	7.47	8.11
LPN	7.56	7.23	6.87

1.3.2 Customer complaints

The service improvement actions implemented by UK Power Networks have not only improved the customer satisfaction survey scores, but also improved complaints handling performance.

Below is a full regulatory year comparison (2012/13 compared to 2011/12) of UK Power Networks' complaints performance, in terms of an assessment of our performance in handling complaints (in line with the Broad Measure of Customer Satisfaction complaints handling categories):

Table 4 Comparison of 2011/12 and 2012/13 complaints handling performance: EPN

Regulatory year	% repeats	% unresolved within day	% unresolved within 31 days	% Ombudsman
2011/12	6.5	60.8	8.6	17.4
2012/13	0.1	58.6	9.7	0

¹ ICS January 2013 6-monthly customer satisfaction survey results

Table 5 Comparison of 2011/12 and 2012/13 complaints handling performance: SPN

Regulatory year	% repeats	% unresolved within day	% unresolved within 31 days	% Ombudsman
2011/12	15.7	61.0	7.0	33.3
2012/13	0.1	58.0	12.3	0

Table 6 Comparison of 2011/12 and 2012/13 complaints handling performance: LPN

Regulatory year	% repeats	% unresolved within day	% unresolved within 31 days	% Ombudsman
2011/12	16.7	62.6	10.35	45.45
2012/13	0.1	59.7	12.6	33

1.3.3 Meeting our social obligations

Delivering against our social obligations has typically been focussed on identifying and registering “priority service” customers. UK Power Networks’ network control system incorporates functionality to allow us to “flag” points where we have vulnerable customers connected to our network. When customers contact us regarding a power cut, we proactively seek to identify if the customer is vulnerable, or knows of any vulnerable customers (such as neighbours) who are impacted by the power cut. We then record this on our network control system for future reference. We offer a number of specialised services to known vulnerable customers, including the offer of onsite support during a power cut, and a priority phone contact number.

However, we know we still haven’t gone far enough to serve the needs of our vulnerable customers, as customer feedback tells us we need to more in terms of both identifying customers and the services we make available to vulnerable customers.

1.4 UK Power Networks’ customer satisfaction strategy

Our performance to-date, and importantly, customer feedback, tells us we have more work to do to deliver service to the standards sought by our customers. We have utilised a wide variety of ways to obtain feedback from customers, through customer and stakeholder panels, with root cause analysis of our complaints, focus groups of customers, and regular detailed review of customer scores and comments in satisfaction surveys. We’ve also mapped the journeys our customers go through, to understand our performance and their points of both satisfaction and pain, when they experience our service.

In doing so we’ve identified:

- The key drivers of customer satisfaction
- The investment and changes we need to make, given the gaps in the service we are currently offering, and the service our customers expect

As a result, UK Power Networks is making an investment in the order of £50m of shareholder funds, to change its processes and systems, in order to make a step change improvement in the service we provide to our customers (UK Power Networks’ Business Transformation Programme). The Business Transformation programme, commenced in March 2013, and will be completed during the remaining period of DPCR5.

There are a number of measurable outcomes, principally:

- Upper quartile customer service performance (customer satisfaction survey scores which meet cross-industry upper quartile performance and handling of customer complaints in line with upper quartile performance)
- Maintaining cost efficiency
- Engaged employees, to ensure that the delivery of improved customer service endures

As noted in Section 2, to-date, LPN has not made the degree of improvement in customer service which UK Power Networks’ other two DNOs (EPN and SPN) have made. This, is due to DNO-specific characteristics, which we can demonstrate and believe warrant consideration and an associated adjustment to targets.

2 Journey to improving customer service

2.1 Customer Service performance measures: the Ofgem telephony survey

Prior to the introduction of the Broad Measure of Customer Satisfaction incentive, a DNO's customer service performance was measured via a telephone survey. This survey applied only to faults customers, and measured the usefulness of information, the accuracy of information, and the politeness of the advisor who the customer spoke with on the telephone.

Under this measurement framework, the performance of UK Power Networks' DNOs was poor, with its DNO rankings in 2010 occupying the last three positions in the service league table (12th, 13th and 14th).

It was against this level of performance that UK Power Networks commenced its journey to service improvement. With the purchase of the three DNOs EPN, LPN and SPN in October 2010, UK Power Networks sought to transform the service performance from being a laggard to a leadership position, targeting "upper third" customer service performance.

When considering service improvements required, we had to take account of external factors which will influence service expectations:

- General customer trends
- Network distribution companies and the role of regulation
- The UK's carbon agenda
- The increasing uptake and importance of social media

General customer trends

- In general, customer satisfaction is dropping and complaints are rising
- Where customers are dissatisfied, there is a greater likelihood that they will share this information with counterparts using a range of media channels

Network distribution companies and the role of regulation

- UK Power Networks is a regional monopoly and this places the company in a unique position as customers are unable to secure electricity from an alternative provider
- In its role as the regulator of the British gas and electricity markets, Ofgem administers a regulatory framework intended to create DNO incentives to focus on delivery of key outputs that are important to consumers
- In recent years, Ofgem has placed increasing emphasis on the importance of high levels of customer service and increasing responsiveness to the needs of consumers, and a drive to simulate a competitive operating environment for DNOs. To this end, Ofgem developed the Broad Measure of Customer Satisfaction incentive (BMoCS). The BMoCS was implemented 1 April 2012 and Ofgem has indicated that the mechanism will remain largely the same under the upcoming RIIO price control
- The BMoCS represents a real opportunity for UK Power Networks to demonstrate its customer-centric credentials and to innovate in the provision of customer satisfaction to go "above and beyond" the requirements of the BMoCS and deliver exceptional levels of customer satisfaction

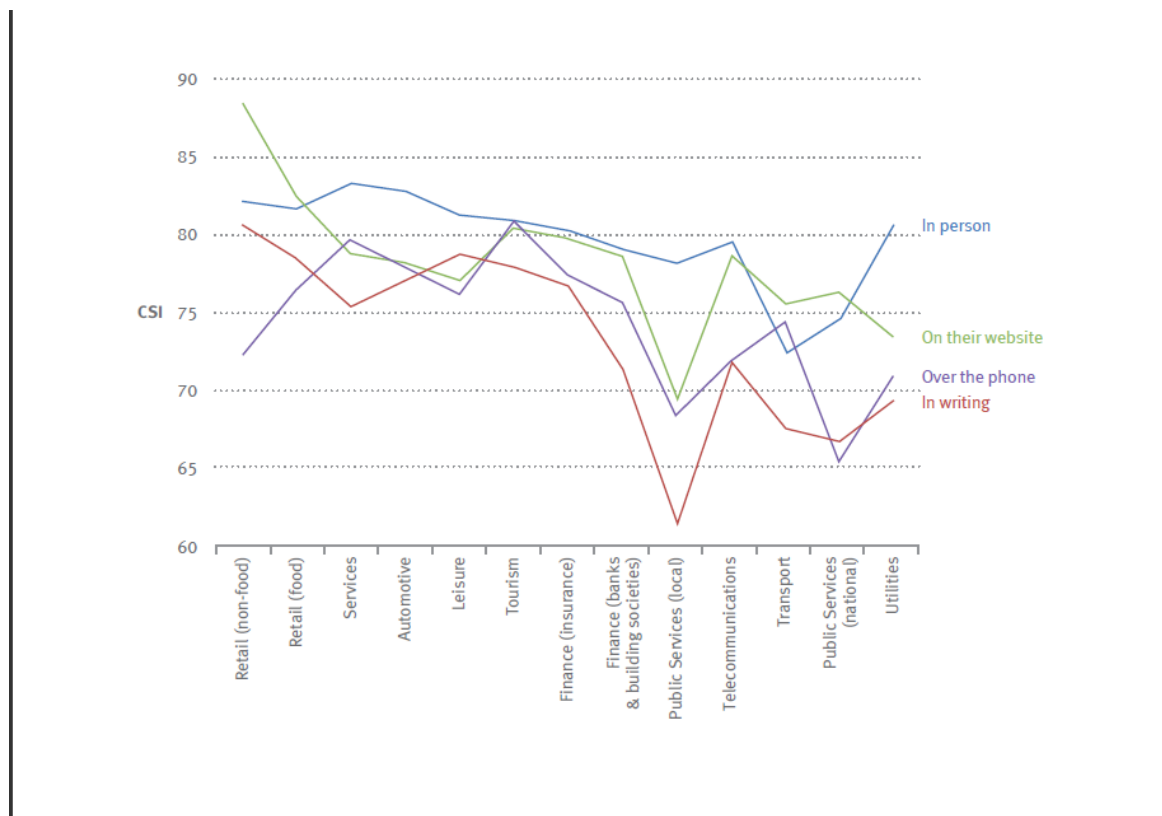
UK carbon agenda

- The UK government has committed to ambitious targets related to carbon emission reductions and the deployment of renewables
- DNOs could play a significant role in the achievement of these targets by facilitating low carbon solutions. For example, customers are likely to become increasingly aware of distributed generation (DG) and we need to play a full role in providing support to consumers to allow them to make an informed decision on these assets
- With the rollout of smart meters and the development of smart technology, we need to be well placed to respond and secure benefits from these technologies, providing service that customers value

Increasing role of social media

- Social media and customer communities provide a huge opportunity to companies to build their brands where customers have positive experiences using their products but could lead to brand destruction in cases where customers are dissatisfied with the service they receive
- Company marketing is increasingly being replaced by customer-owned content which may be perceived as more truthful than the company line
- While the phone remains the top choice for consumers when engaging in complex or important interactions, the plethora of alternative channels and self-service interactions is growing rapidly
- In addition, customer satisfaction varies across contact channels (see Fig 3 below)
- Many businesses are trying to understand how to integrate social media and emerging communication channels with traditional customer service efforts

Figure 3 Customer satisfaction across different contact channels (Institute of Customer Service)



2.2 Customer insight and mapping customer journeys: pain points

In order to therefore make the necessary step change in customer service performance, UK Power Networks had to take into account the external factors, understand who its customers are, and consequently what customers expected in terms of the service offering. From there, we were able to understand how the service experience in practice compared to the service experience which customers expected, particularly the gaps or points of pain.

The different types of customers served by UK Power Networks are shown below in Figure 4 below:

Figure 4 Customer types and their preferences

	Disrupted	Active		Passive
Attributes	Have been, or will be, impacted by UKPN work	Have work in progress	Require a quote	Connected to the network with no disruptions
Preferences	<ul style="list-style-type: none"> Prior notice of work we intend to initiate Understanding of what we are doing, why and how long they will be impacted Understanding of how we will minimise disruption Compensation for unreasonable disruptions 	<ul style="list-style-type: none"> Clear, simple and convenient service delivery model A reliable service that represents value for money Personalised technical support Options in terms of products and solutions 		<ul style="list-style-type: none"> A DNO that remains in the background, unknown and 'invisible' until we are needed If they do need us, they need to have clear, simple information on how to contact us We need to be readily available
Aftercare	<ul style="list-style-type: none"> Customers that have a complaint or an issue that requires resolution This could be a separate transaction or an issue arising from previous interaction The customer will want to contact the part of the organisation dedicated to resolution <ul style="list-style-type: none"> The process should be clear, readily accessible and fast 			

Prior to the commencement of the Broad Measure of Customer Satisfaction survey, UK Power Networks had already been undertaking a customer satisfaction survey, and we supplemented this with targeted market research, asking customers to prioritise their service requirements. In distilling the results, we found that customers of UK Power Networks had the following six key requirements of our services – they wanted:

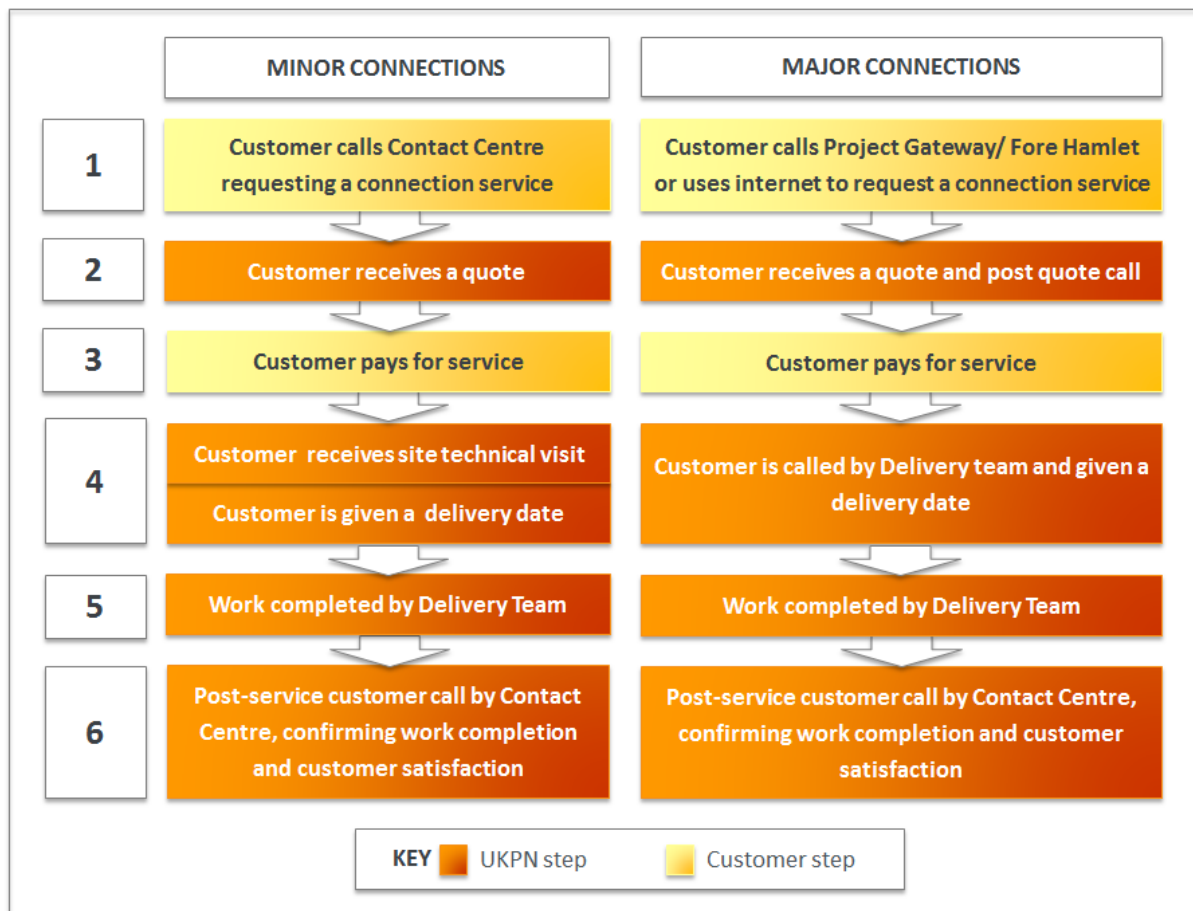
Table 7 The service expectations of UK Power Networks' customers

Service expectation	For us to.....
Agilitybe quick and efficient – when they contacted us, or we contacted them, in delivering service and resolving issues
Personalised carebe familiar with each customer's particular situation/circumstances
A proactive approachinform customers and provide updates proactively, not with customers having to chase
Simplicitymake it easy for customers to deal with us, with not many steps in our processes, and not having to contact many different people and departments for information or to resolve an issue
Flexibilityprovide customers with choice, so that they can contact us and transact with us, and have service delivered at a time and in a way which they meets their individual needs
Responsivenessrealise that circumstances and requirements change, and adapt our service offerings to meet customers changing requirements, on a per customer basis and for our service offering in general – listening to and acting upon feedback

We then mapped the customer experience through customer journeys, as set out below.

2.2.1 Connections Customer Journeys

Figure 5 The journey for UK Power Networks' connections customers, 2012

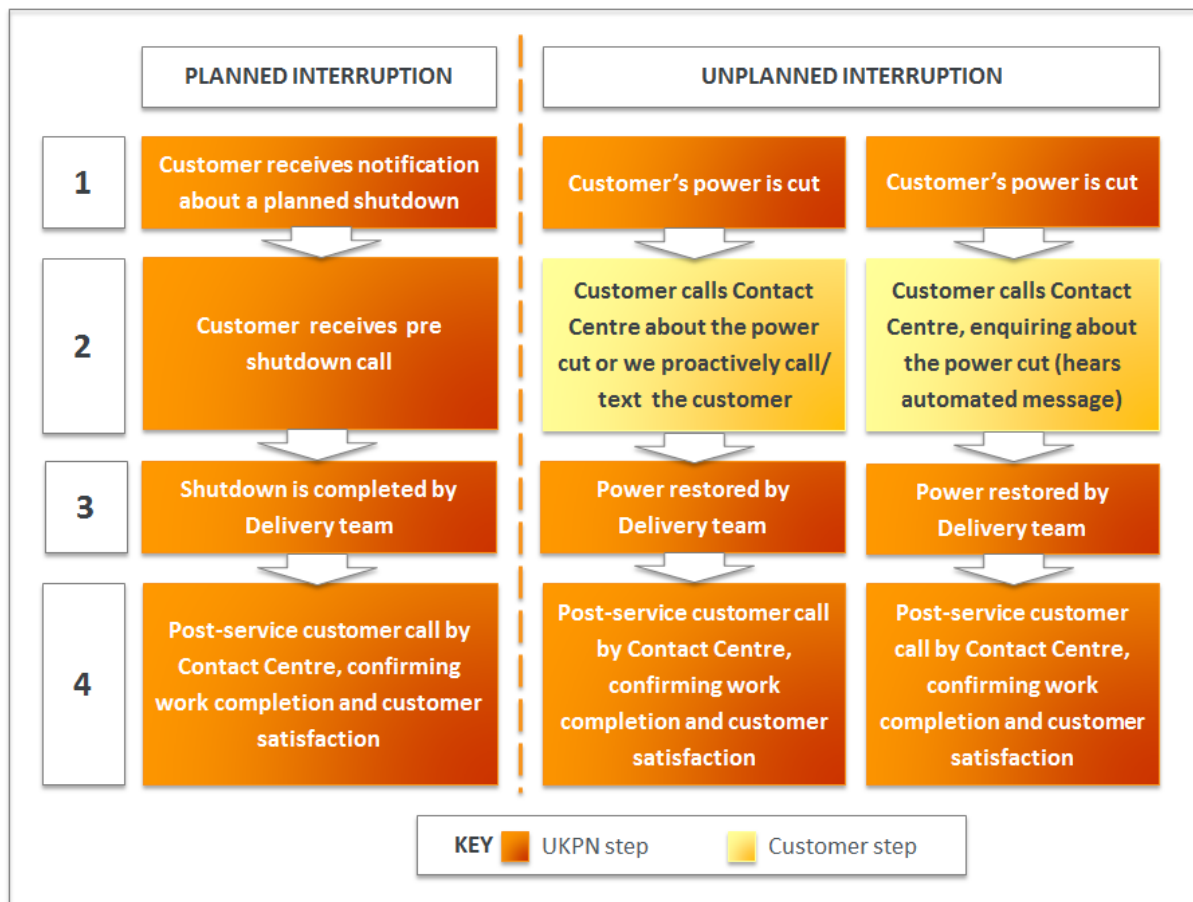


To summarise, the points of pain our connections customers felt in the service experience were:

- It could be difficult to make contact, to know how to contact us
- There were too many steps and hand-offs in the process, involving multiple people and teams, with a real lack of ownership of the experience for a customer
- It took too long to deliver the work
- The process was too rigid, no flexibility to individual circumstances
- Minor connection customers felt the overall service experience did not always deliver value for money

2.2.2 Supply Interruptions Customer Journeys

Figure 6 The journey for UK Power Networks' supply interruption customers, 2012

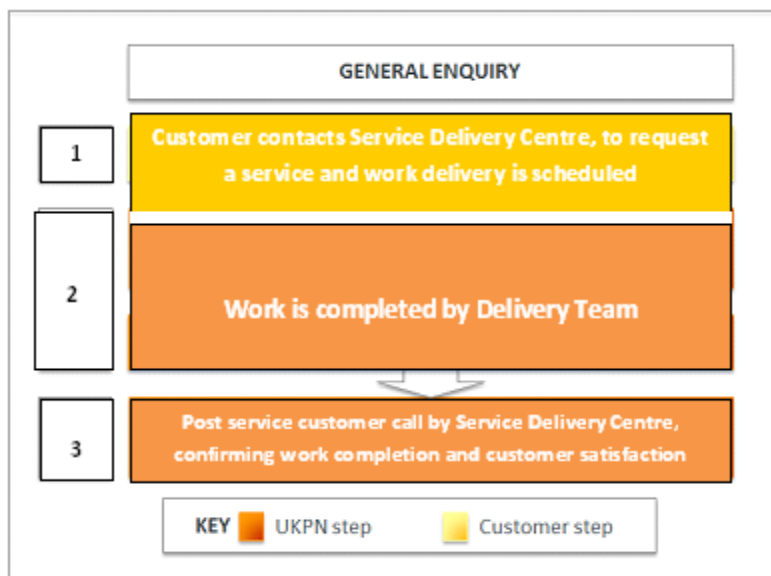


To summarise, the points of pain our supply interruption customers felt in the service experience were:

- It could be difficult to make contact, to know how to contact us
- Information given did not provide the correct power restoration times (and start times, for planned power cuts)
- The reason for the power cut was not particularly informative
- It was one power cut too many, for customers who had experienced repeat interruptions
- Customers not being notified, for planned power cuts
- Vulnerable customers expected more than the service we were providing

2.2.3 General Enquiries Customer Journeys

Figure 7 The journey for UK Power Networks' general enquiry customers, 2012



To summarise, the points of pain our connections customers felt in the service experience were:

- It could be difficult to make contact, to know how to contact us
- There were too many steps and hand-offs in the process, involving multiple people and teams, with a real lack of ownership of the experience for a customer
- It took too long to deliver the work
- The process was too rigid, no flexibility to individual circumstances

2.3 Actions taken to improve customer service

A targeted action plan was put in place at the beginning of 2012, to begin to close the gaps in the service experience, and address customer pain points. This plan was the Customer Satisfaction improvement plan, and addressed strategy, process, systems and culture, as follows.

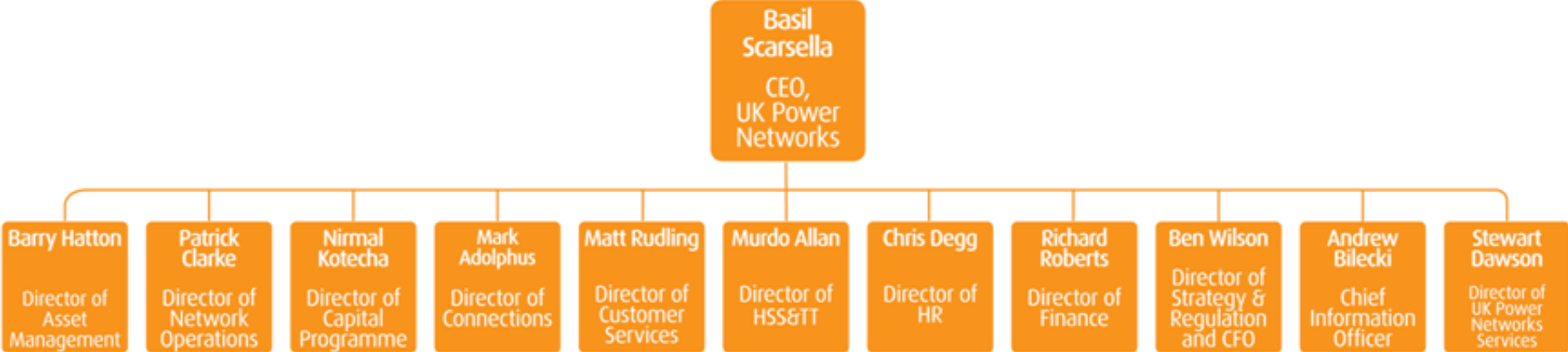
Five key actions to improve service have been implemented over the past 12 months:

1. Introduction of Customer Service governance in UK Power Networks, with executive level sponsorship
2. Introduction of service-related performance targets
3. Delivery of improved communication with our customers, and giving customers greater choice of contact channels
4. Process changes to improve our times for delivering work for our customers
5. Asking customers to give us feedback about their service experiences, and providing them with more ways to comment

2.3.1 Introduction of Customer Service governance, with executive level sponsorship

The very first step taken was to ensure that there was executive level sponsorship within UK Power Networks, introducing the new role of Director of Customer Services, reporting directly to the CEO, as below:

Figure 8 UK Power Networks' executive management team



To support this new function, a **UK Power Networks Customer Service governance group** was established chaired by Director of Customer Services, with CEO, Executive and Senior Management representatives, to review progress of actions to deliver our customer service strategy.

We have also established a Service Delivery Centre, to manage and own all customer contact, phone, web, SMS, email, both inbound and outbound.

2.3.2 Introduction service-related performance targets

Our employees now have greater personal ownership and accountability for delivering great customer service. We are striving to achieve this with the introduction of key performance indicators related to service, individual service performance targets, service reward and recognition schemes, and the rollout of a business-wide customer service training programme to improve service skills and capabilities of our employees.

We identified the critical performance indicators as those measurable activities which have greatest impact on the pain points in our customer journeys. The critical performance indicators for service are listed below:

Key Performance Indicator (KPI)	Connections	Unplanned Interruptions	Planned Interruptions	General Enquiries
Connections				
% of calls answered within 15 seconds	✓			
% of minor connection post-quote calls made	✓			
% of major connection post-quote calls made	✓			
Planned interruptions				
Customers not notified of planned shutdown			✓	
Customer satisfaction with accuracy of start times			✓	
Customer satisfaction with accuracy of finish times			✓	
Customer satisfaction with reason for shutdown			✓	
Unplanned interruptions				
% of calls answered within 20 seconds	✓	✓		✓
Average time to answer the phone	✓	✓		✓
Customer satisfaction with the politeness of the member of staff who handled your call		✓		
% of fault jobs raised in ENMAC (UK Power Networks' network control and management IT system) incorrectly		✓		
% of customers that spoke to a customer advisor after hearing an automated message		✓		
Accuracy of Estimated Time to Restore power (ETR)		✓		
% customers experiencing a repeat power cut				
Customer satisfaction with overall workforce professionalism	✓	✓		
% of customers contacted within 24 hours of work completion		✓		
General Enquiries				

Key Performance Indicator (KPI)	Connections	Unplanned Interruptions	Planned Interruptions	General Enquiries
% of calls answered within 20 seconds	✓	✓		✓
Average time to answer the phone	✓	✓		✓
% of customers contacted via a proactive call within 24 hours of work completion				✓
Complaints (in line with the Broad Measure of Customer Satisfaction complaints handling metrics)				

2.3.3 Delivery of improved communication with our customers, and giving customers greater choice of contact channels

We offering numerous options to customer, so that they can choose their channel of choice:

- Customer champions available to support customers on site during power cuts, providing advice and restoration updates
- Phone support to assist customers in navigating through our processes, including “connections co-ordinators” as dedicated single points of contact for connections customers
- Advisory services for connections customers, with our phone and email “ask the expert” service
- Improvements in how we notify customers about planned power cuts, with our new, simplified notification materials, available in different formats and languages (including braille)
- Providing customers with easier access and capabilities to helpful information through our improved website, twitter and facebook, and “help” videos; this includes offering some transactional capabilities

2.3.4 Process changes to improve our times for delivering work for our customers

This includes proactive contact to keep customers up to date as we deliver our services, both during the process of delivering services and at the end of the process, to ensure that there are no outstanding issues for customers and that they are satisfied with our service.

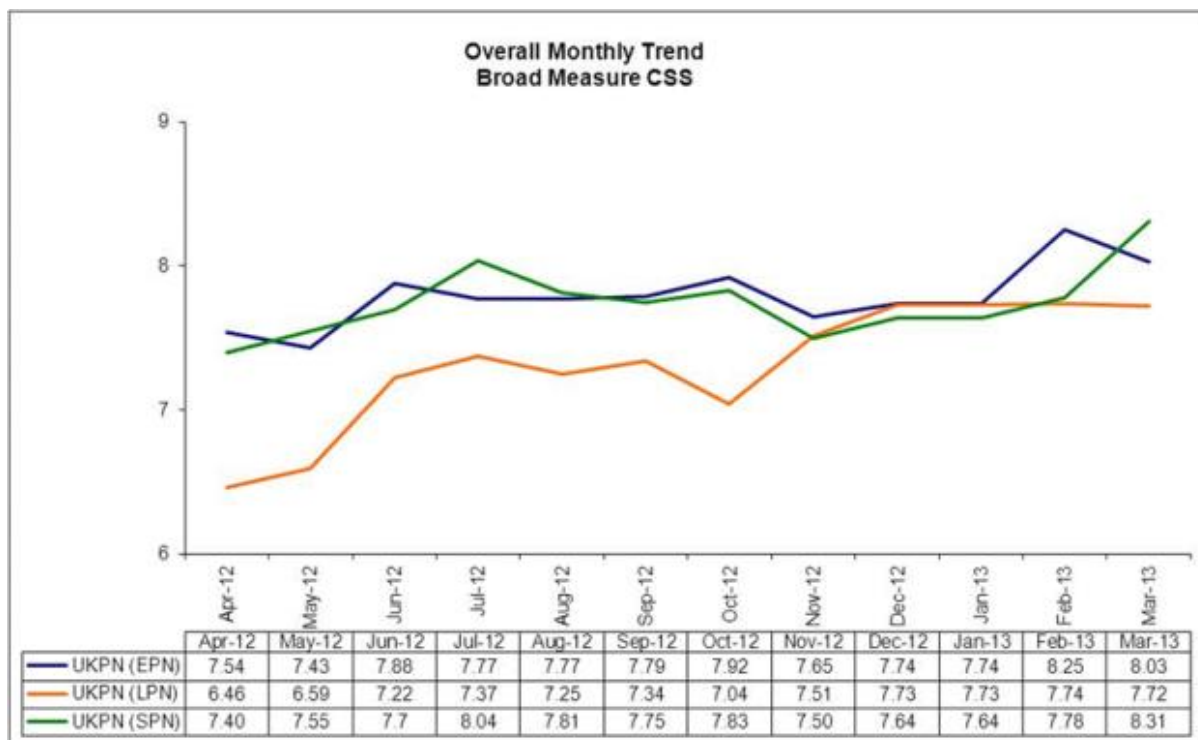
2.3.5 Asking customers to give us feedback about their service experiences, and providing them with more ways to comment

The Broad Measure of Customer Satisfaction survey provides rich insight into customer satisfaction, which is analysed and acted upon each month. In addition, we undertake more in-depth research, and every day we receive feedback via customer feedback cards which our employees give to customers when they complete their work.

2.4 Performance achieved and customer satisfaction targets for the remainder of DPCR5

As a result of improvement actions taken over the first regulatory year of the operation of the Broad Measure of Customer Satisfaction, there has been a clear trend of improvement in customer service performance for UK Power Networks’ DNOs (Figure 9).

Figure 9 UK Power Networks' Broad Measure of Customer Satisfaction monthly survey scores, April 2012 to March 2013



We are targeting further improvement, as set out in the table below:

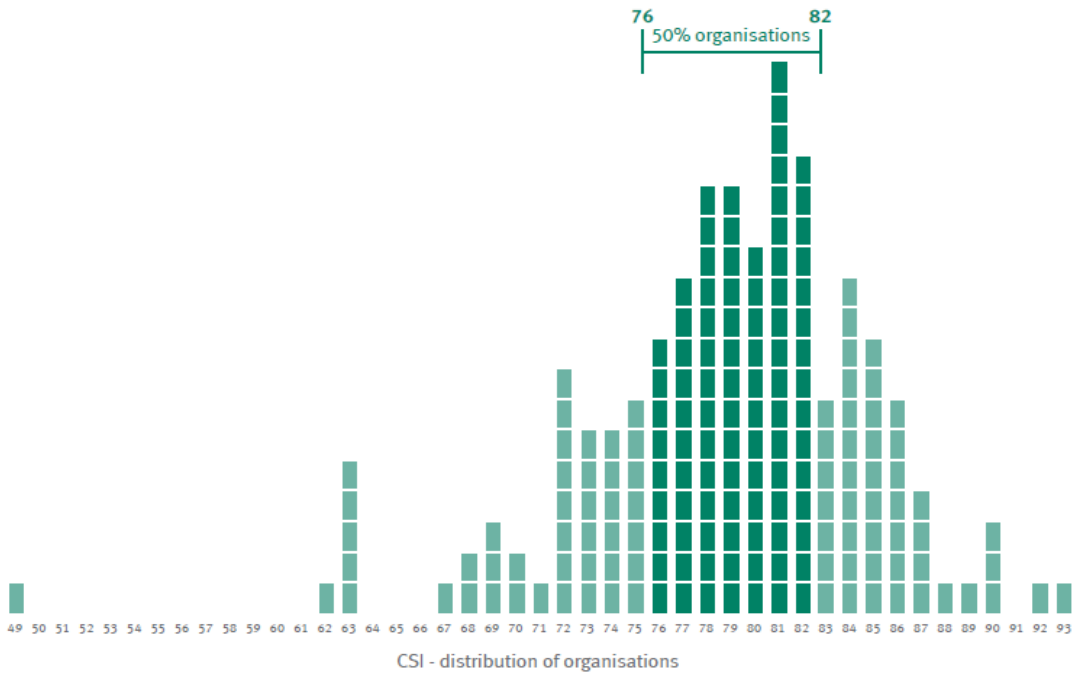
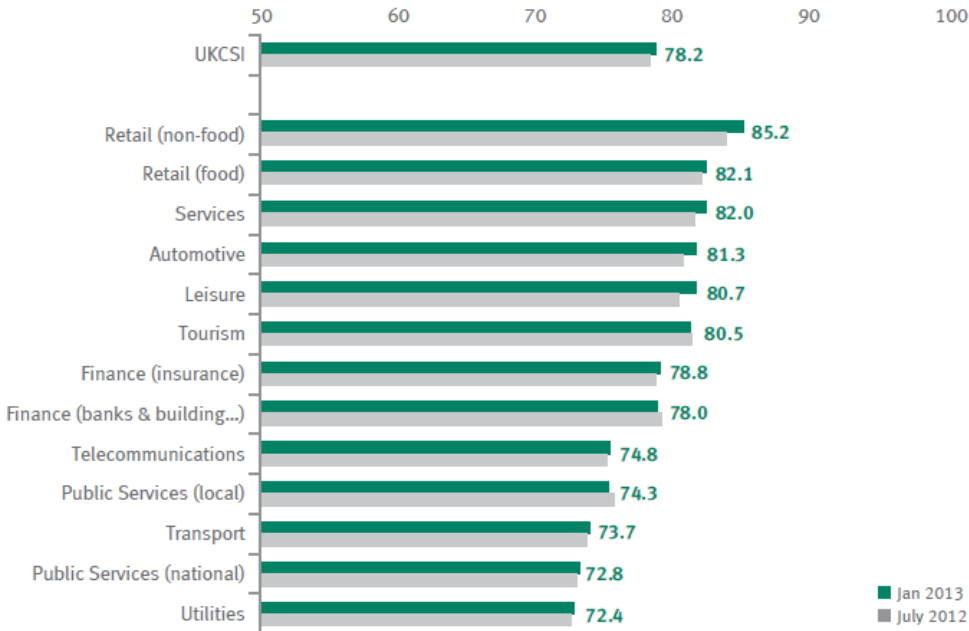
Table 8 UK Power Networks' customer satisfaction targets for the remainder of DPCR5

	EPN	LPN	SPN
BMoCS: Survey score (2013/14)	8.1	7.9	8.1
BMoCS: Survey score (2014/15)	8.3	8.1	8.3
Complaints: Unresolved after 1 day	< 30%	< 30%	< 30%
Complaints: Unresolved after 31 days	< 5%	< 5%	< 5%
Complaints: Repeats	< 1%	< 1%	< 1%
Complaints: Ombudsman	0%	0%	0%

We have based the customer satisfaction target setting approach upon cross-industry best practice.

Figure 10 UK Customer Satisfaction Index (UKCSI, Institute of Customer Service)

UKCSI January 2013 and July 2012 compared.



NB: upper quartile cross-industry performance with July CSI is a customer satisfaction score of 8.2 out of 10

3 A step change in customer service performance

3.1 UK Power Networks' customer service challenges

While improvements have been made in UK Power Networks' customer service performance during DPCR5 by making adjustments across all the levers of strategy, process, systems and behavioural change, a much more significant investment and programme of change is required to deliver an enduring step change in customer service performance. This is because:

- We have multiple IT systems, a legacy of the various previous ownerships of UK Power Networks' three DNOs, which means it's difficult for our employees to operate our processes and no single view of our customers and the service experiences they have had
- It is difficult to manage and maintain data, particularly customer data, as a consequence of the various systems
- Different individuals/teams operate these various systems, making it difficult to have a single view of a customer (their experience, status, issues, linkages to our network assets) and also means that process hand-offs between teams lead to a disjointed and lengthy customer service process
- Local teams have introduced local practices and processes to overcome system difficulties, which can mean different ways of working in different DNOs, and therefore an inconsistent service experience for customers
- The age and nature of IT systems also makes it challenging to enable the digital contact and transactional channels increasingly being expected by customers

3.2 A long-lasting change in UK Power Networks' customer service performance

Therefore, to address these issues, and achieve a step change in customer service performance, UK Power Networks has decided to invest over £50m of shareholder funds in its Business Transformation programme, which commenced in March 2013, and will be completed during the remaining period of DPCR5. The key outcome of Business Transformation is that it will deliver a business which addresses customer pain points and meets customer expectations (see Section 2.2, Table 7) of being:

- **Agile** – we will reduce lead times, both the average time to connect for our connections customers and the time to complete general enquiries.
- **Personal** – by having a single view of our customers across the entire organisation, including current work in progress and historical work/concerns/requirements/circumstances, we will take account of a customer's personal situation in all future communications and offerings
- **Proactive** – we will not wait for customers to enquire, but instead proactively keep customers informed through their communication channel of choice
- **Simple** – We will provide customers with appointment times which are convenient for them. Service will be easy for customers with less steps in our processes, and any internal hand-offs being invisible to customers.
- **Flexible** – we will give customer choice about how they contact us, and transact with us, 24/7

- **Responsive** – our processes and IT platforms will mean we can continue to accommodate future requirements for contact, communication and transaction channels, and new services sought by customers

These outcomes will not be achieved at the expense of efficiency. It is a mandate that the business continues to be efficient, at the same time as providing a much better service experience to customers. In addition, we appreciate and that, if such a step change in service performance is to be sustained, Business Transformation must also make it easier for employees to deliver this much improved service to customers (and therefore “user acceptance” is also an expected programme outcome).

To summarise, Business Transformation will mean:

- Greatly improved customer service
- Ongoing efficient operations and
- Engaged employees to deliver this great service to customers

We have articulated what greatly improved customer service means, in the form of a customer charter, as shown below. This will be the future standard of service, which will result from the delivery of Business Transformation programme:

Table 9 UK Power Networks’ Customer Charter: our future commitments to our customers

Your needs drive what we do – we run our network for our customers

1. We will take the time to understand your personal situation and requirements.
2. We will do everything we can to give you an appointment time that suits your needs

We make things easy for you

3. You can contact us 24 hours a day, 7 days a week
4. We will always keep you updated on the progress of your request in the way that best suits you
5. We will help you with any preparatory activity that you need in order for us to successfully complete our work

We are honest and upfront with you

6. We will provide easy-to-understand useful information about the services we provide and the options available to you, including telling you about other companies that can help with your request

We run a safe and reliable network

7. We will get the lights back on for 90% of HV power cuts within 2 hours
8. We will give you multiple ways to stay regularly updated on the estimated time to get your electricity back on and we will tell you as and when this changes
9. If you are one of our registered vulnerable customers, we will proactively call you to offer support if you are without power

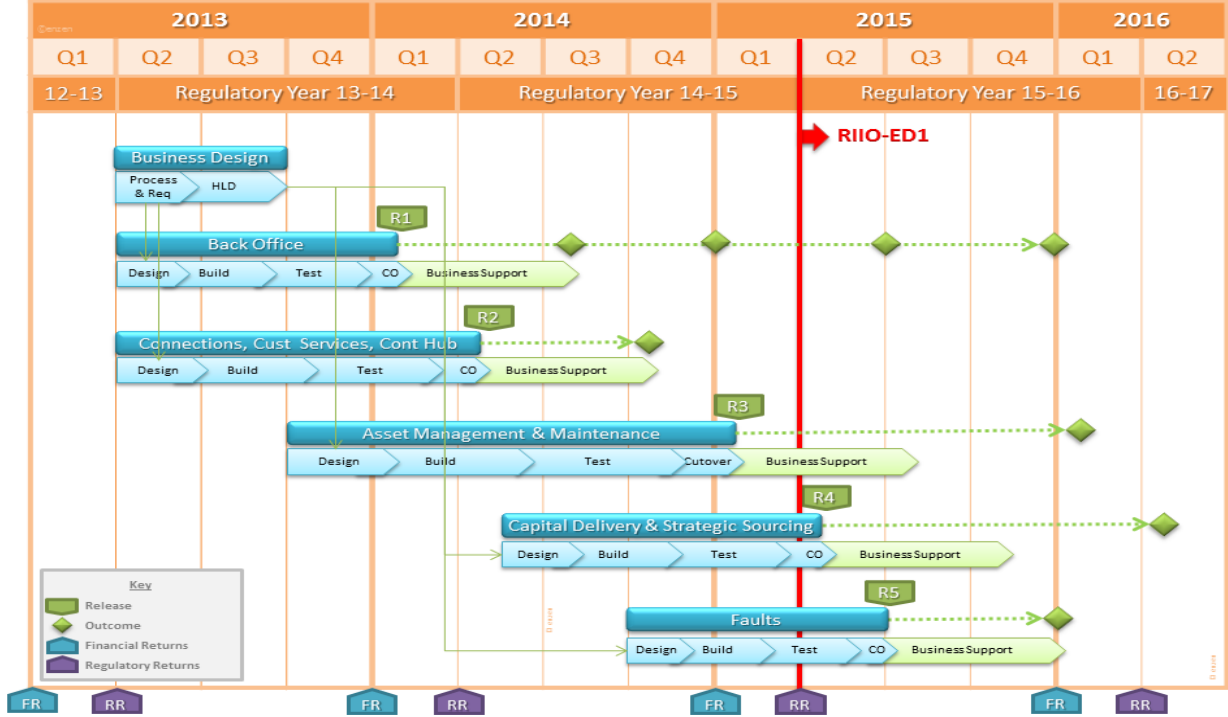
We continually improve our service to you

10. Your satisfaction with the quality of our service will be a key part of how we reward our staff
11. We will listen to your feedback and act upon it
12. We will proactively engage with communities and stakeholders

3.3 Delivering a better service experience – the Business Transformation Programme

UK Power Networks’ Business Transformation programme will have a phased implementation, with all of the key customer-serving processes planned to deliver the service improvement outcomes by April 2015, as set out in the high level programme plan below:

Figure 11 The Business Transformation high level programme plan



3.4 Particular customer groups and our proposed service offerings

We have underperformed in service for our connection customers, and realise vulnerable customers have specific needs during a power cut. It is for these reasons we have identified specific services for:

- Vulnerable customers
- Connection customers

These service offerings will be further enabled and enhanced through the investments and business changes we are making through our Transformation Programme

3.4.1 Future services for our vulnerable customers

We realise the significance of a constant and reliable supply has to our vulnerable customers, and are committed to providing targeted support services to our vulnerable customers that are relevant to their needs in the event of a power cut. We will continue to develop and build upon these services to vulnerable customers, this means:

Providing on-site face-to-face support with our Customer Champions – we already offer our customers on-site support during extreme power cuts, and will further develop this model, so that we are targeting vulnerable customers. This on-site support includes giving advice about what to do given their circumstances, make contact with emergency/community services and offer meals, drinks and accommodation allowances as appropriate. This supplements the support we already offer our vulnerable customers onsite via our collaboration with the British Red Cross In addition, we are now offering analog telephones to our vulnerable customers, given digital phones may not operate during a power cut..

In future: we will be extending the Customer Champion model, to have more customer champions and located in line with demand patterns

Providing priority access to contact channels – we offer our vulnerable customers an alternative high priority dedicated phone number.

In future: we will provide notifications/literature in multi lingual format, and Braille format. This will include improvements to our telephone system so that we can proactively keep vulnerable customers updated.

Making contact with a customer’s existing support network – we currently are able to include a customer’s key contacts on our priority service register notes

In future: we will improve the quality and quantity of our customer data, and will be liaising with agencies and institutions such as neighbourhood watch, local authorities and medical services. We will be improving systems so that customer records are updated to include a customers care network.

Promoting our services to vulnerable customers – we currently identify vulnerable customers when they contact us, or via our field employees when they are out on site.

In future, we will be improving our welcome pack to customers when they join our priority service register, and we are also planning to work with agencies and institutions (the customer’s care network) to promote our services

3.4.2 Future services for our connections customers

For Connections customers, we have segmented our customers on the basis of their use of our services, from no/limited experience to significant experience/knowledge and tailored service offerings so that they are adjusted to meet the needs of the different customer segments:

Proactive care, advice and support – for our connections minor customers we offer a Connections Coordinator, who provides a single point of contact to a customer to make it easier for them navigate through our processes. We also offer an “ask the expert” service for our connections customers, to enable them to access advice before and throughout the service process

Improved customer information – we’ve made it simpler for customers to access our services, by providing information packs and videos online, as well as making our customer literature clearer and easier to understand. We have also extended our contact centre opening hours, making it easier for customers to contact us by phone.

Customer options and choice – customers can now have choice in using the contact channels which is most convenient to them, phone, email or via the internet. We will be making contact channels increasingly available, and including ability to transact via these additional channels, as well as being a means for contact and communication

Process improvements – through a focus on our KPIs and reviewing our end-to-end processes, we’ve improved our delivery times and ability to deliver service on the planned appointment date

3.5 The challenge of our London network

UKPN recognises we are not yet meeting our ambition of providing excellent customer service in all areas and we accept this challenge and are transforming our business, at shareholder cost. However, exogenous factors (network characteristics) negatively impact LPN’s interruption service. Other incentives in the RIIO package (IIS) take account of network characteristics but at the moment they are not recognised within the Broad Measure of Customer Satisfaction target setting methodology.

A constant differential in interruptions score for London is observable to UK Power Networks’ other networks. It is 0.46 lower in LPN when compared to EPN/SPN average & 0.64 lower in LPN when compared to the industry average (Table 10).

Table 10 Average Broad Measure of Customer Satisfaction Scores, April 2012 to February 2013 (scores out of 10)

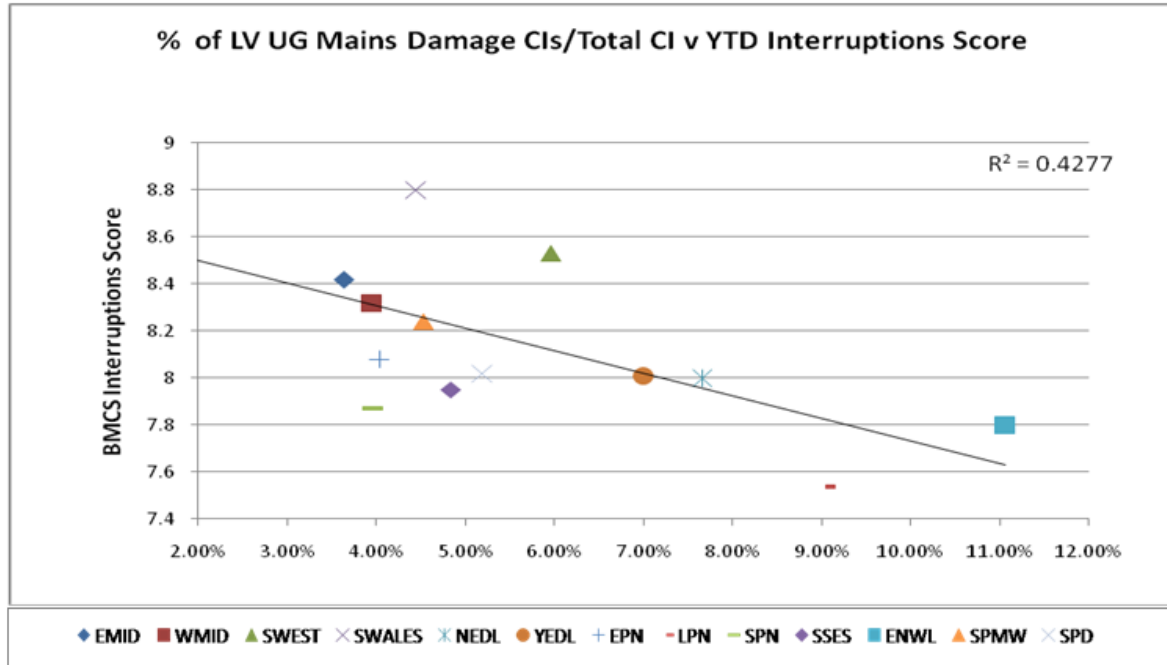
	Overall Mean	Interruptions	Connections	General Enquiries
UK Power Networks plc (LPN)	7.25	7.55	7.17	6.80
UK Power Networks plc (SPN)	7.73	7.91	7.40	8.04
UK Power Networks plc (EPN)	7.81	8.11	7.32	8.18
14 DNO Average	7.98	8.19	7.74	8.03

This outcome is also inconsistent with UK Power Networks’ business model as there is a single point of customer service delivery across all three networks. It is recognised that not all of the differential in performance levels in London can be attributed to externalities.

3.5.1 Network characteristics: identification of externalities driving customer satisfaction

UKPN has been reviewing the potential causes of this inconsistency through statistical analysis of external drivers to customer satisfaction. We have identified a strong correlation between % of LV UG Mains Damage CIs as a proportion of total CI plotted against the overall Interruptions Score (Figure 12 below). This analysis has now been shared with all of the DNOs.

Figure 12 LV underground faults (UG) / total faults compared to Broad Measure of Customer Satisfaction interruptions score



This driver is a reflection of the longer time it takes on average to restore an LV underground fault. UKPN compares well on average on the time to restore an underground fault but a network with a high level of dense urban areas has a much higher proportion of LV underground faults which take longer to restore across the industry than other types of faults.

Proposed company specific adjustments

Based on this analysis UKPN developed an example adjustment matrix to the customer interruption target. Two possible approaches were reviewed:

- a single adjustment for London where there continue to be a consistent 0.5 historic score differential between LPN and UKPN's two other networks despite a common customer service; and
- an adjustment to all DNO scores based upon the level of LV underground networks. To be consistent with other incentives we have adjusted the target score based on the regression of underground network to customer satisfaction whilst keeping the average DNO target remains equal to the base target (8.2). (Table 11)

Table 11 Example Broad Measure of Customer Satisfaction target adjustment mechanism

	EMID	WMID	SWEST	SWALES	NEDL	YEDL	EPN	LPN	SPN	SSES	SSEH	ENWL	SPMW	SPD
Percentage of LV UG Mains	3.64%	3.95%	5.96%	4.44%	7.66%	7.00%	4.04%	9.05%	3.96%	4.84%	1.74%	11.06%	4.53%	5.18%
Base Target	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Adjusted Broad Measure Target	8.34	8.31	8.12	8.27	7.96	8.02	8.31	7.82	8.31	8.23	8.53	7.63	8.26	8.20
Adjustment made	-0.14	-0.11	0.08	-0.07	0.24	0.18	-0.11	0.38	-0.11	-0.03	-0.33	0.57	-0.06	0.00

After discussions with Ofgem, UK Power Networks recommended that something similar to the second approach should be used within RIIO-ED1.

3.5.2 Services we will offer to improve our London customer service performance

While we are seeking an adjustment to the customer satisfaction survey target for our London network, on the basis of network characteristics, we are also proactively making significant changes to the services that we offer, to help to close the gap between the service customers expect and the service we provide to our London customers. Key to these changes is our Central London plan. The Central London plan involves the creation of a function located within Central London (the West End) that includes:

- **Engineers and field employees**, who can rapidly respond to and resolve power cuts within Central London, as well as deliver maintenance work to improve network reliability
- **Customer service employees**, who can provide on-site support to Central London customers during a power cut, as well as co-ordinate across UK Power Networks on any follow-up required to resolve customer issues
- **Asset management employees**, to understand and assess network investment plans at a more micro level and in real time, so that infrastructure investment activities take account of both the immediate and longer term network reliability issues that drive customer dissatisfaction

Establishment and location of the function will commence from mid 2013, and will continue to be developed given customers' response to the service and future requirements.

4 Conclusion

4.1 UK Power Networks' forecast customer service outcomes for RIIO-ED1

To summarise, with the improvement initiatives already underway, and the step change in performance expected with the delivery of the Business Transformation programme, UK Power Networks is targeting customer service performance levels for the RIIO-ED1 period as set out below:

	EPN	LPN	SPN
BMoCS: Survey score (2013/14) – out of 10	8.1	7.9	8.1
BMoCS: Survey score (2014/15) – out of 10	8.3	8.1	8.3
BMoCS: Survey score (glide path to 2023)	8.5+	8.5+	8.5+
Complaints (glide path to 2023): Unresolved after 1 day	< 20%	< 20%	< 20%
Complaints (glide path to 2023): Unresolved after 31 days	< 3%	< 3%	< 3%
Complaints (glide path to 2023): Repeats	< 1%	< 1%	< 1%
Complaints (glide path to 2023): Ombudsman	0%	0%	0%

We will be improving our services to all customers, with considerable shareholder investment to transform our systems and processes. We appreciate we must deliver to the needs of all customers, and in particular our vulnerable customers, and connection customers, where we have underperformed.

While service will improve and have targeted service offerings for London, we are seeking an adjustment on our customer satisfaction targets for London, given exogenous factors (network characteristics).

