

Summary Report:

SMR Focus groups and interviews – November 2012

1. Introduction

Scottish and Southern Energy Power Distribution (SSEPD) appointed Social Market Research (SMR) to conduct a customer and stakeholder engagement programme to support and inform its ED1 Business Plan for the period 1 April 2015 to 31 March 2023. A total of 117 customers and stakeholders took part in focus groups and depth one-to-one interviews with those taking part reflective of all SSEPD's customer and stakeholder segments. The engagement programme was conducted in November and December 2012.

2. Context

In October 2012, Scottish and Southern Energy Power Distribution (SSEPD) appointed Social Market Research (SMR) to conduct a customer and stakeholder engagement programme to inform their RIIO-ED1 business planning process. SSEPD are treating customer and stakeholders' needs as central to their business planning process.

The stakeholder engagement programme is being implemented in three phases:

- Phase 1: Empirical research with customers and wider stakeholders;
- Phase 2: Seminars and collaborative events; and,
- Phase 3: Customer Panels.

This report presents the findings from Phase 1 (November – December 2012).

The approach to Phases 2 and 3 respectively will be informed by the findings from Phase 1.

3. Consultation Findings

Phase 1 of the Engagement Programme consisted of the following elements:

- Major Connections (2 focus groups: Aberdeen and London);
- Minor Connections (1 focus group: Perth);
- Organisations in the Innovation Field (2 groups: Aberdeen and London);
- Customers in the Islands (2 groups: Islay)
- Customers in the Islands (2 groups: Shetland)
- Customers in England (2 groups: Henley-on-Thames);
- Environment (2 groups: Edinburgh and London);
- Environment Interviews (5 depth telephone interviews);
- Customer Representative Group (4 depth face-to-face interviews);

The outcomes from the consultation process are presented under four key themes which reflect SSEPD's commitment to good customer service: a reliable supply of electricity; providing an essential service; our commitment to the environment; and, maintaining and upgrading our network as efficiently and as cost effectively as possible.

A Reliable Supply of Electricity

Undergrounding

- Most (52%) customers and stakeholders consulted agree that SSEPD should invest more in underground lines to reduce the risk of power cuts due to severe weather in future, with 24% disagreeing and 24% undecided.

Power Cuts

- In the event of a power cut, one third (33%) of customers and stakeholders consulted want to be provided with information updates every 3 hours, 29% preferred updates every hour and 16% every 6 hours. Eleven percent expressed a preference for updates twice a day, 2% once a day with 10% preferring other timescales for updates.
- During power cuts, 40% of customers consulted are happy to call SSEPD and be kept up-to-date by hearing a recorded telephone message; with 17% preferring to speak to someone in SSEPD's call centre. A further 27% would like SSEPD to proactively text them.
- In the event of a customer being eligible for compensation due to a power cut, most (59%) customers consulted would prefer to receive the compensation in the form of a rebate to their electricity account.
- 53% of customers and stakeholders consulted believe that SSEPD should use mobile generators to maintain supply when customers have a particular requirement (e.g. for their business). Almost one third (32%) believe that SSEPD should take the lowest cost option and always disconnect supplies after providing adequate notice, with 16% saying SSEPD should use mobile generators whenever possible regardless of cost.

- Where there is an alternative feed, to supply power from an alternative source during power cuts, 75% (3 out of 4 stakeholders) are supportive of us using automated switching.
- 50% (2 out of 4 stakeholders) said they are prepared to pay more so that all customers can be connected to an alternative feed (with 2 out of 4 stakeholders undecided on this point).

A Resilient Network

- The majority (55%) of customers consulted agree that SSEPD are doing enough to keep the power on.
- 70% of participants asked, said they favoured SSEPD investing to improve network reliability at an average cost of £15 per year to each customer. Just over a quarter (27%) favoured paying compensation to avoid increasing customers' bills. A further 3% of this group thought that those living in remote rural areas should expect a less reliable supply.
- 73% of our worst served customers consulted believe that SSEPD should spend more on replacing all aging equipment with new equipment at a cost of approximately £1 per customer per year. Around one in five (21%) of worst served customers consulted believe there should be no change in our current expenditure and that SSEPD should fix or replace existing equipment at the end of its life.
- To facilitate faster cheaper connections to the network, and to maintain network reliability, approximately 2 out of 3 customers and stakeholders consulted (67%) said they are interested in developing schemes where in return for a faster, cheaper connection they may occasionally have to stop generating.

Upgrading Old Networks

- 71% of customers and stakeholders consulted believe that the cost of upgrading connections should be shared among all customers to allow the vision of a low carbon future to be realised.

Changing Behaviour to Manage Demand

- 70% of worst served customers consulted said they would be willing to change their energy use pattern in order to reduce emissions and avoid network upgrade costs.

Providing an Essential Service

Readiness for a Low Carbon Future

- The vast majority (83%) of customers and stakeholders that we consulted are supportive of SSEPD plans to make the network ready for 'a low carbon future'.
- 82% of major and minor connections customers participating in the groups would like SSEPD to prioritise network upgrades where it is expected that there will be lots of large renewable technologies connecting.
- The majority of major and minor connections customers consulted in the groups said that SSEPD should look to local authorities (73%), developers (73%) and national government (68%) for help in forecasting demand for the uptake of renewable technologies, with 41% suggesting SSEPD look to local communities for help [note that participants were provided with a number of different response options and were asked to indicate as many as they wished].

Environmental Standards

Reducing oil and SF6 Leaks

- All stakeholders who we asked to reflect on approaches to addressing problems with leaks said that SSEPD should be reducing or eliminating all leaks at an average cost of 12p per customer in SSEPD's Northern Region and 15p per customer in SSEPD's Southern Region.

Rewarding being Greener

- The vast majority of those consulted on environment issues (83%) believe that Distribution Network Operators (DNOs) should be incentivised by Ofgem to become 'greener'. In the same way that the Environmental Discretionary Reward offered through RIIO-T1.

Undergrounding for Visual Amenity

- All the environment stakeholders consulted believed that undergrounding for visual amenity is important.
- All the environment stakeholders consulted are supportive of SSEPD helping communities to identify if an area is suitable for undergrounding. Most environment stakeholders consulted believed that SSEPD would act as an 'honest broker' in this context.

Ofgem's undergrounding scheme in the DPCR5 period 2010-2015

- All environment stakeholders consulted said they are uninformed about the aims of Ofgem's undergrounding scheme within DPCR5 period, with all also saying they are uninformed about how much funding is available. All believed that it is important that this type of funding is available.

Efficiency, Innovation and Customer Focus

Quotations for Connections

- 37% of major and minor connections consulted agreed that SSEPD should be financially rewarded for reducing the number of days it takes to connect minor customers, with 42% disagreeing and 21% undecided.
- All major connections customers consulted agreed that rather than simply reducing the time to connect them, SSEPD should match their connection times with their individual project needs and priorities.
- 83% of minor and major connections customers consulted want their quote to be valid for 90 days with options to revalidate and extend.
- Almost two thirds (64%) of our major and minor connections customers consulted believe that SSEPD should provide a service to those customers who want to speed up the quotation turnaround time but pass the cost directly to them.

- Most (60%) major connections customers consulted are undecided in relation to whether or not design costs should be shared across everyone rather than only those projects that go ahead (20% are supportive and 20% opposed).
- All major connections customers taking part in the consultation believed that SSEPD should provide quotations with separate quotes for both the costs for competitive works; and the element that SSEPD have to do.
- 82% of major connections customers consulted agree that it is important to be able to tell Ofgem how their connection project went.
- All major connections customers consulted would still want to tell Ofgem how their connection project went even in an openly competitive market.

Applications for Connections

- All major connections customers asked about SSEPD's online application process, said they would be willing to participate in a trial of the service, with the proviso that they are provided with feedback.
- All major connections customers consulted said they would like to be able to access the following on SSEPD's website: network information and indicative costs, application forms, acceptance and payment, project progress, project progress, designer/engineer contact details and base information.

Innovation

- Half of those consulted on innovation want SSEPD to focus on putting SSEPD innovations into action.
- Innovation stakeholders consulted believe that SSEPD need to consider the following factors in relation to their innovation focus: demography, development and planning, customer support services, international experience, behaviour, localised agenda, public education, promoting benefits to customers and sharing the network.
- Half of those consulted on innovation believe that managing energy demand is the most important focus for them. Faster, lower cost, generation connections is perceived to be the area least important to focus on.
- 86% of those consulted on innovation issues believe that any licensed operator should be able to own and operate large scale energy storage equipment with all interested in providing energy storage facilities if financial incentives existed. However, initial cost was cited as the single biggest concern by almost half of those consulted.
- 92% of innovation stakeholders said that if they could save money, they would be likely to alter / reduce their energy use at certain times, with most (64%) identifying personal (or organisational) financial benefits as being their main motivation to do so.
- 92% of innovation stakeholders consulted said they would be interested in developing a scheme where the energy generated is mainly used onsite.
- Almost all (92%) of innovation stakeholders consulted are supportive of integrating energy networks to minimise energy loss / waste.

- Almost half of innovation stakeholders (46%) consulted believed that SSEPD providing a dedicated member of staff for their innovation would be the single most important way that SSEPD can help them to innovate. Other suggestions included exploring the following to help organisations be 'energy-innovative; customer orientation, more customer and stakeholder consultation and engagement, brand image and public relations activity, staff and skills, access to data, energy education, incentives, power network, more collaboration including links with local authorities and universities, the distribution network, network regulation and different technologies.
- It was suggested by those consulted on innovation issues that energy storage technologies should be seen in the context of being opportunities for both ourselves and local authorities to meet their social obligations given the potentially positive impact that these types of technologies can have on addressing the broader issue of affordable warmth.

Assessment of Consultation and Engagement Process

- 96% of customers and stakeholders consulted said that SSEPD's approach to this consultation was either very useful or useful.
- 99% of our customers and stakeholders consulted said that taking part had been an enjoyable or very enjoyable experience.
- Prior to this current consultation, 29% of customers and stakeholders consulted rated SSEPD as effective at engaging with them as a customer or stakeholder, 32% rated SSEPD as neither effective nor ineffective and 40% rated SSEPD as ineffective.
- Moving forward, 27% of customers and stakeholders participating in this engagement exercise want to be consulted via focus groups with 27% expressing a preference for seminars and conferences.
- Finally, 82% of customers and stakeholders consulted believe that SSEPD should be doing more to promote our role as a DNO among customers and stakeholders.