

# Living up to the Standards?

Energy networks' performance  
against the Guaranteed Standards  
of Performance in 2015-16



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# Summary

This report examines how energy distribution networks – the companies that transport electricity and gas to our homes and businesses – performed against the Guaranteed Standards of Performance in 2015-16. These standards are regulations that set out minimum levels of services to customers. We find that:

1. Overall performance in meeting these Guaranteed Standards is excellent.
2. In the gas sector, there are pockets of poor performance that need improving.
3. In 2015-16, **energy customers missed out on at least £2.2 million in compensation that they were entitled to.**

This report proposes changes to regulation to ensure that substantially more compensation money is paid to customers in future.

Distribution network companies keep our lights and heating on, maintain and upgrade our energy infrastructure, and provide direct customer support in the event of a power cut or gas leak. This comes at a cost. The average household spends around £229 a year on distribution network costs – that’s 20% of the average dual fuel bill.<sup>1</sup>

Distribution networks are monopolies: customers cannot switch their network provider if they are dissatisfied with their performance. Energy networks also make substantial profits, paid for by customers.<sup>2</sup> In this context, it is crucial that network operators deliver guaranteed services to their customers, pay timely compensation if they don’t, and that the right incentives are in place to encourage performance and the payment of compensation.

## The state of customer compensation

Energy customers are entitled to a set payment<sup>3</sup> if their network fails to deliver against a Guaranteed Standard. Networks paid out £5.4 million in compensation in 2015-16. However, our analysis found that this should have been more:

**1) £1.2 million in compensation for gas customers** was not paid out because they did not claim it and no mechanism for automatic compensation exists.

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<sup>1</sup> Based on Ofgem Infographic: Bills, prices and profits, accessed 11th July 2017 and communications with Ofgem

<https://www.ofgem.gov.uk/publications-and-updates/infographic-bills-prices-and-profits>

<sup>2</sup> Energy Consumers’ Missing Billions (2017) Citizens Advice; our calculations show that distribution network companies make £4.3 billion in unjustified profits over the period of the current 8-year price control.

<https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/energy-policy-research-and-consultation-responses/energy-policy-research/energy-consumers-missing-billions/>

<sup>3</sup> Payments are meant to acknowledge the inconvenience caused, rather than compensate for any loss suffered. These payments only need to be made if no valid exemption applies.

**2) £1 million in compensation did not reach electricity customers** because networks did not identify and compensate them within the required time period.

**Energy customers are therefore missing out on at least 30% of the compensation they are entitled to.** It's impossible to know whether customers are missing out on more because the data that Ofgem asks network companies to submit is limited.

In this report we highlight the weak spots in current regulation and suggest changes to ensure that consumers receive the compensation they are due under the Guaranteed Standards in the future.

### **Are distribution networks living up to the standards?**

Network companies are living up to the standards – most of the time. In 2015-16, electricity customers were served in line with the Guaranteed Standards on most occasions. Performance by gas networks was also very good, especially in gas emergencies. We did, however, find pockets of lower performance among gas networks, particularly where Ofgem has set no performance targets.

But there are gaps in the data that energy networks have to provide to Ofgem. Because of these data limitations, we could not assess the performance of distribution networks against four electricity standards and three gas standards.

### **Recommendations**

- 1) **Ofgem should introduce automatic compensation for all Guaranteed Standards.** This would mean that the onus is always on energy networks to identify failures and compensate their customers. It would also involve removing any requirement for energy customers to submit a claim for compensation.
- 2) **Ofgem should extend the use of penalties against networks that do not pay out the due compensation to cover all standards** so that networks are further incentivised to identify and compensate customers that were not served in line with the Guaranteed Standards.
- 3) **While much performance is outstanding, pockets of poor performance remain.** Network companies should reflect on how they can improve, make customers aware of the standards and share best practice with each other.
- 4) **Ofgem should review its reporting requirements for networks,** ensuring that information about the scale of non-payments is captured and that networks interpret the requirements in the same way.

# 1.Introduction

Twenty percent of the average energy customer's bill goes to their distribution network. It is important to scrutinise whether gas and electricity networks meet the minimum standards required and deliver guaranteed services to their customers. Where they fail to do so, they should pay out compensation in a timely manner.

This report seeks to make network performance more transparent and comparable. We present our analysis of data that energy distribution networks submitted to the electricity and gas regulator Ofgem. The data relates to the performance of electricity distributors and gas transporters against the Guaranteed Standards of Performance in 2015-16.<sup>4</sup>

## 1.1 Distribution networks: what they are and what you pay for them

Distribution network companies operate and maintain the pipes and wires that bring gas and electricity to homes and businesses across Great Britain. They have a significant impact on consumers across the country. They keep our lights and heating on, maintain and upgrade our energy infrastructure, and provide direct customer support in the event of a power cut or gas leak. They are also a significant consumer cost. The average household spends £229 a year on network costs – that's 20% of the average dual fuel bill.<sup>5</sup>

Distribution networks are regional, private monopolies. There are 14 for electricity and 8 for gas (see Appendix B). They are regulated in a different way to consumers' suppliers. Energy suppliers are expected to compete with each other to drive down prices. As there is only one set of pipes and wires, most network activities are monopolies and competition in the services they provide is very limited.

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<sup>4</sup> The report does not cover the performance of transmission network operators, nor of independent network operators. Where we refer to "customers", this includes all domestic and non-domestic customers a network serves.

<sup>5</sup> Based on Ofgem Infographic: Bills, prices and profits, accessed 11th July 2017 and communications with Ofgem  
<https://www.ofgem.gov.uk/publications-and-updates/infographic-bills-prices-and-profits>

## 1.2 What are the Guaranteed Standards of Performance?

One type of regulation governing the activities of electricity and gas networks are the Guaranteed Standards of Performance.<sup>6</sup> These standards set out a minimum level of service that distribution networks should deliver to all of their customers. Energy customers are entitled to a set payment if their network operator fails to deliver against a standard.<sup>7</sup>

Different standards are in place for electricity and gas distribution networks. For each fuel type, there are two sets of standards: one is for activities to do with providing a new or altering an existing connection, and the other relates to interruptions and customer services. The table below provides an overview. A list of all standards and compensation levels can be found in Appendix A.

**Table 1.1 Overview of Guaranteed Standards of Performance**

<b>Electricity: Interruptions and customer services</b>	
Interruptions and reliability of supply	Prescribe how long networks can take to reconnect customers in case of unplanned outages or planned rota disconnections. Set out how to respond to voltage complaints and distributors' fuse failures.
Customer services	Cover when to notify customers of planned interruptions, making and keeping appointments and how quickly to pay compensation.
<b>Electricity: Demand and Generation connections</b>	
Metered connection works	Cover how quickly to provide a quotation, schedule works with the customer, to commence and complete works and energise the connection by agreed date.
Unmetered connection works	Unmetered connections include traffic lights and CCTV cameras. The standards prescribe how quickly to repair faults, to issue a quotation and to complete works by the agreed date.
Compensation	Sets out that compensation need to be paid within 10 working days.
<b>Gas: Interruptions and customer services</b>	
Supply restoration	Prescribe how quickly networks should restore supply to a customer after failure, fault or damage to a pipeline, with special targets for emergencies.
Customer services	Cover when to notify the customer of planned interruptions, how quickly to pay compensation, answer the emergency telephone service, respond

<sup>6</sup> We use this summative term to refer to different pieces of legislation: i) The Electricity (standards of Performance) Regulations 2015, Statutory Instrument (SI) No. 699; ii) The Electricity (Connection standards of Performance) Regulations 2015 Statutory Instrument (SI) No. 698; iii) the Gas Transporter Standard Special conditions D10: Quality of Service standards

<sup>7</sup> These sums are meant to acknowledge the inconvenience for the customer, rather than compensate for any loss suffered as a result of the network not living up to the standard.

	to a complaint, reinstate customer premises after works and provide heating and cooking facilities to a disconnected Priority Services customers. <sup>8</sup>
<b>Gas: Demand connections</b>	
Connection works	Prescribe number of days within which to provide quotations to a customer wanting to get a connection; how quickly to schedule works and respond to enquiries; prescribe to complete works by agreed date.

To be able to compare networks' performance across the different standards, we built on Ofgem's practice of calculating pass rates. A pass rate is a percentage which shows to what extent each network fulfilled each Guaranteed Standard within a given year. Our methodology is described in detail in Appendix C. Chapter 3 summarises what we know about network performance against the standards based on these pass rates, some of which have been calculated for the first time.

### 1.3 Citizens Advice's role

Citizens Advice has a statutory role to represent energy consumers in Great Britain. As part of this we scrutinise the activities of energy networks.

1. **We represent consumers at the negotiating table.** Our consumer advocates understand the technical details and make sure the consumer voice is heard in discussions about energy networks.
2. **We bring complex discussions out into the open.** We write and commission reports — like this one — that make data about networks accessible for a wider audience.

Under the Gas Act 1986 and the Electricity Act 1989, Citizens Advice has a duty to secure the publication of statistical information in respect of the standards of performance.

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<sup>8</sup> Read here what the Priority Services Register (PSR) is how it helps people and who can sign up to it.  
<https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/extra-help-energy-services/priority-services-register-people-need>

## 2. The state of customer compensation

Service failures do happen. Electricity and gas network operators sometimes work under extremely difficult conditions to get their customers back on supply and may not make it within the time limits of the regulation. On other occasions, mistakes are made or systems fail and a consumer is disconnected without prior notice. Whatever the reason, networks will at some point fail to meet a standard.

<sup>9</sup>

In this chapter we review whether energy customers are receiving the compensation they are entitled to when their network operator fails to deliver against a Guaranteed Standard. We also identify two regulatory tools Ofgem should make more use of to ensure that these payments are made: mandating automatic compensation and negative incentives for networks that do not pay out due compensation.

**We outline why automatic compensation – which currently is not in place for all standards – should be the default and how this can be achieved. We also argue Ofgem should introduce a negative incentive in the form of negative revenue adjustments for all network companies and standards.**

### 2.1 Do customers receive the compensation they are entitled to?

Our analysis of compensation payments looked at whether electricity and gas network customers receive the compensation they are entitled to. We are unable to answer this question fully, based on the data that Ofgem asks networks to report.

There are three issues with the data:

- 1) We know that in 2015-16, energy customers received at least £5,360,215<sup>10</sup> in compensation. The actual figure is probably higher because gas networks make voluntary payments that they don't have to report on.

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<sup>9</sup> By failing we mean that the network operator was not able to apply for an exemption. Against many standards a long list of exemptions exist which describe circumstances under which a network does not have to meet a standard. For example, this may be the case when a customer has given wrong information to the network so that a quotation could not be processed; or the customer did not give an engineer access to the premises where works needed to be done. If no exemption applies, then this is a failure. The regulations set out how much compensation a customer should receive under each standard - see Appendix A for the full list.

<sup>10</sup> Gas networks may have made further voluntary payments that are not reported and therefore not included in this figure.



- 2) The number of payments made – because of the way these are reported – do not tell us how many people received compensation. Related to this, we don't always know how many people who should have submitted a claim in order to receive compensation, actually did so.
- 3) Finally, for some standards, networks don't have to report how often they failed to deliver against them.

In this patchwork of data, we don't know to what extent energy customers lose out on compensation they should be receiving. Our recommendations seek to address this.

## 2.2 Why automatic compensation should apply to all standards

Our previous research into consumer detriment<sup>11</sup> shows how important consumer behaviour is in securing compensation.

We found 55% of people do not seek redress or compensation because the process was too long or complicated, consumers didn't think they would succeed, or they were not clear on how to make a complaint.

Many consumers in Great Britain do not know who their gas and electricity network operators are. If they do, it is also unlikely that they know the Guaranteed Standards, their rights to compensation and how to receive it.<sup>12</sup>

Regulation does require distribution networks to publish an annual statement outlining customers' rights under the Guaranteed Standards. But behavioural economics insights tell us why this is unlikely to be effective: consumers may have an optimism bias, meaning they underestimate the likelihood of them ever experiencing a power cut or a gas leak for example; and the timing of information provision is key - if we feel information is not relevant to us at the point when we receive it, we are more likely to forget it.

**If the aim is to ensure consumers are adequately compensated, energy customers should not have to submit a claim in order to receive compensation against any of the standards. We call for regulation that takes into account people's behavioural biases and incentivises network companies to always proactively compensate their customers.**

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<sup>11</sup> "Consumer detriment: Counting the cost of consumer problems." Citizens Advice, September 2016.

[https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Final\\_ConsumerDetriment\\_OE.pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Consumer%20publications/Final_ConsumerDetriment_OE.pdf)

<sup>12</sup> For example, 50% of WPD's customers are aware of who their network operator is.

<https://www.westernpower.co.uk/docs/Stakeholder-info/2017/Jan-2017-stakeholder-workshops-presentation-FINAL.aspx>

Currently, there are two electricity and two gas standards against which most customers are required to submit a claim for compensation.<sup>13</sup> This means, a network company may know that they did not deliver against these Guaranteed Standards but does not have to pay the customer any compensation. See the blue box below for where automatic compensation is already in place and where customers still have to claim.

Due to the limitations of the data that is collected, we were unable to find out how much money people lose out on in total because they failed to submit a claim. We were only able to establish this for one standard:

**Our analysis shows that against one gas standard alone, up to £1.2 million of compensation were not paid out to customers although they did not receive a service that they should be receiving.**<sup>14</sup> These customers — 62,472 in total — did not receive a prior notice before a planned gas supply interruption and were not paid any compensation. The majority of them (98.5%) were domestic customers.<sup>15</sup> Under current regulation, gas networks are not incentivised to proactively contact these customers and pay them the compensation due.

## Where does automatic compensation apply and to whom?

### Electricity networks

- Networks have to compensate all customers on their **Priority Services Register (PSR)** without the customer having to submit a claim. In 2015, 3.6 million customers were on the electricity PSR.
- Non-PSR customers are treated slightly differently. If the network becomes aware that it failed a customer, they “must use reasonable endeavours” to identify and pay the affected customer within three months. But this only applies to six standards that relate to supply restoration.
- Under two standards - customers experiencing multiple interruptions (EGS2A) and sending a notification two days before a planned supply interruption (EGS4) - networks do not have to be proactive in their compensation payments to their customers -they have to claim it.
- Compensation payments have to be made directly to the customer, or the supplier or another network operator for them to pass the payment on to the customer.

<sup>13</sup> In electricity, PSR customers do not have to submit a claim but non-PSR customers do. See blue box for full details.

<sup>14</sup> All calculations and raw data are published on our website alongside this report.

<sup>15</sup> In total, 62,962 customers did not receive prior notification. 490 of these - less than 1% - did receive compensation.

## Gas networks

- Networks have to compensate a customer automatically if they fail to deliver against most standards.
- Two standards still require a customers to claim compensation. These are: if customers on the Priority Services Register (PSR) did not receive cooking and heating facilities when they were off gas (GS3) and if customers were not notified five days in advance before they were disconnected for planned works (GS13). In these cases, compensation is not given automatically for both PSR and non-PSR customers, i.e. they all have to submit a claim within three months to be eligible for compensation payments. In 2015, 3 million customers were on the gas PSR.
- Payments need to be made to the customer directly, or to another gas network or a shipper<sup>16</sup> for them to pass the payment on to the customer.

**We call for the requirement to claim compensation to be removed where regulation still requires it. Ofgem should introduce automatic compensation for all Guaranteed Standards.** Automatic compensation is the norm in the water industry<sup>17</sup> and is currently being considered by Ofcom<sup>18</sup> for landline and broadband customers.

We suggest the following should apply to electricity and gas networks and to all Guaranteed Standards:

*“If a distributor reasonably believes or becomes aware (either through its own systems or a Customer notifying them) that it failed a Customer under any of the standards, they should be required to make a compensation payment. They should then use all reasonable endeavours to identify and pay all affected Customers.”*

This wording is not new: it’s already used in the electricity supply restoration standards. Importantly, this approach ensures that:

- If network operators are aware they failed a customer, they are obliged to pay compensation.
- If network operators are not sure which households were affected or don’t have a customer’s details, they should use “reasonable endeavours” to identify and compensate customers. Ofgem does not define “reasonable endeavours” and for different networks, different actions may be considered “reasonable”.

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<sup>16</sup> The Shipper is the company that arranges for the gas network operator to move the gas from the beach to the consumer.

<sup>17</sup> “The guaranteed standards scheme (GSS)”, Ofwat, 2008.

[https://www.ofwat.gov.uk/wp-content/uploads/2015/10/gud\\_pro\\_gss08.pdf](https://www.ofwat.gov.uk/wp-content/uploads/2015/10/gud_pro_gss08.pdf)

<sup>18</sup> “Compensation for landline and broadband customers when things go wrong”, Ofcom, March 2017.

<https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/automatic-compensation>

- Customers are no longer required to submit a claim in order to receive compensation.

Realistically, moving towards such regulation still does not mean that networks quickly identify all failures against the Guaranteed Standards and that customers automatically receive compensation payments. Network operators face certain barriers that prevent this from happening:

- Networks don't know who is on or off supply at any one time. Their monitoring only extends to substations and feeders (for electricity) and mains gas pipes (for gas). This makes it difficult to know when a Guaranteed Standard has been breached and real-time information from customers about supply interruptions are vital.
- Networks do not have the names and contact details of all of their customers. Electricity networks have been able to overcome this barrier to some extent by sharing data with energy suppliers more effectively and being allowed to hold customer data once they receive it. This is not the case for gas network operators. Therefore letters might be addressed to "the customer" and end up unread.

We agree that these barriers stand in the way of being able to promise automatic compensation to every customer against every standard. But we do not believe that it is acceptable to wait until the national rollout of smart meters has been completed and network operators have access to smart meters' "last gasp" data to inform them when a meter has lost power.<sup>19</sup>

### **2.3 Incentivising networks to pay out compensation: penalties and revenue adjustments**

One way of ensuring that networks make compensation payments is to penalise them for failing to do so. This is already in place for electricity network operators – but this incentive only applies to a limited number of standards. We argue below for expanding the incentive to all electricity standards and to consider its introduction to the gas standards.

The incentive to pay out compensation against the Electricity Guaranteed Standards works as follows: If a network fails to make a compensation payment and no valid exemption applies, an adjustment (the amount of payments they failed to make +20% penalty) will be made to their revenue allowance.

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<sup>19</sup> Ofgem indicated their intention of waiting until "smart meters have been well established" before introducing automatic compensation for electricity distribution companies. (page 51, "Strategy decision for the RIIO-ED1 electricity distribution price control", 2013). <https://www.ofgem.gov.uk/sites/default/files/docs/2013/02/rriiod1decreliabilitysafety.pdf>

In 2015-16, electricity networks had their revenue adjusted by –£1.2 million<sup>20</sup> because they did not identify and compensate customers who had been affected by supply interruptions. This means close to £1 million in compensation did not reach customers who should have received it.

So despite the clawback and penalty, customers are still losing out on compensation. The reasons for this are unclear. Are the “reasonable endeavours” of network companies to identify and compensate their customers not good enough? Are the barriers to doing so too great? Or is the penalty of 20% not high enough?

**Table 2.1 Negative revenue adjustments in 2015-16**

Network	Supply interruption in severe weather	Supply interruption in normal weather	Total
Northern Powergrid Northeast		£33,312	£33,312
Northern Powergrid Yorkshire	£412,992		£412,992
London Power Networks		£184,634	£184,634
South Eastern Power Networks	£79,968	£230,434	£310,402
Eastern Power Networks		£192,000	£192,000
Scottish Hydro Electric Power Distribution		£59,184	£59,184
Southern Electric Power Distribution		£23,922	£23,922
<b>Total</b>	<b>£492,960</b>	<b>£723,486</b>	<b>£1,216,446</b>

Another question is why the incentive only covers standards related to supply restoration.<sup>21</sup> It is not the case that these standards are most frequently failed, or that most compensation is paid out against them. Customers being compensated for guaranteed services they did not receive should be the desired outcome - always and not just in cases of supply restoration. But standards<sup>22</sup>

<sup>20</sup> RIIO-ED1 Annual Report data 2015-16, Chapter 3 Output: Reliability <https://www.ofgem.gov.uk/publications-and-updates/rrio-electricity-distribution-annual-report-2015-16>

<sup>21</sup> Standards covered by the incentive: EGS2, EGS2B, EGS2C, EGS11A, EGS11B, EGS11C which relate to supply restoration in normal and severe weather conditions, as well as rota disconnection.

<sup>22</sup> Standards not covered by the incentive: EGS1 (distributor’s fuse disconnected customer), EGS2A (multiple interruptions), EGS4 (notice of planned supply interruption), EGS5 (voltage complaints), EGS8 (making and keeping appointments) and EGS9 (payments owed under the Guaranteed Standards); as well as all the Electricity Connection Standards and all Gas Standards

such as the handling of voltage complaints, and customer services such as keeping appointments are not covered by the incentive.

**We ask Ofgem to apply the clawback on unpaid compensation and 20% penalty to all electricity standards including the connection standards.** If the guiding principle is that any customer entitled to compensation should receive it, network operators failing to adhere to this principle without a valid exemption should be penalised.

**For the same reason, Ofgem should consider a revenue adjustment incentive to the gas Guaranteed Standards.**

### 3. Are networks living up to the standards?

The standards that gas and electricity companies have to meet are diverse and sometimes complex but they are crucial to delivering a reliable and safe gas and electricity supply to homes and businesses. We are pleased that, overall, the results of our analysis show that networks perform well against the regulations.

- In 2015-16, electricity networks served their customers in line with the Guaranteed Standards the majority of the time. This goes for the standards where performance targets are in place, as well as those where no targets apply and no performance levels had been calculated up to this point.
- Gas customers were also well served, especially in gas emergencies. We did, however, find pockets of low performance, particularly where no performance targets are set by Ofgem.

But there are gaps in our knowledge. We could not assess the performance of networks against four electricity standards and three gas standards. This means we do not know:

- whether gas and electricity customers received compensation as quickly as they should
- whether gas customers had their supply restored within 24 hours following unplanned disconnection
- whether gas customers on the Priority Services Register received cooking and heating facilities when they were off supply
- whether electricity customers were compensated for experiencing multiple interruptions
- whether electricity customers received prior notification of planned supply interruptions.

This is because some of the data that is collected does not lend itself to calculating pass rates.<sup>23</sup> In our recommendations we suggest a review of the reporting forms that networks have to complete which will enable Ofgem and other organisations to analyse how networks are performing against all Guaranteed Standards and identify where customers are potentially losing out on compensation they should be receiving.

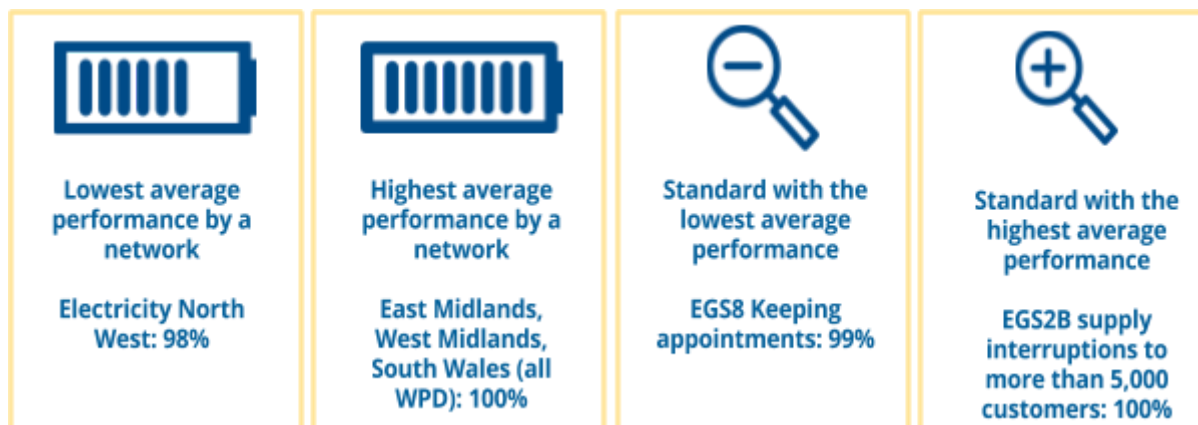
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<sup>23</sup> A pass rate is a percentage, which shows to what extent each network fulfilled each Guaranteed Standard within a given year. It is calculated by dividing the number of times a standard has been met that year, by the number of times a standard applied. See Appendix C for a detailed explanation of how pass rates were calculated.



The next four sections will give an overview of performance in each group of standards in turn. Detailed results of our analysis for every network and every standard will be published as a separate Excel file.

### 3.1 Electricity standards: Interruptions and customer services



On average, all networks met the requirements of this set of Guaranteed Standards between 98 to 100% of the time. These results do not include performance data against three standards for which we were unable to calculate such a pass rate.<sup>24</sup>

In total electricity networks made 24,134 compensation payments<sup>25</sup> to their customers for not meeting a standard in this group, which amounted to £1,519,480. 53% of this (£812,735) were ex-gratia payments, i.e. good-will payments despite not having technically failed a standard.

Table 3.1 shows how each network<sup>26</sup> performed against 10 standards and what their average pass rate is as a result based on our calculations. These averages are shown in the bar chart in Figure 1. The red line in the chart shows average industry performance (99.67%).

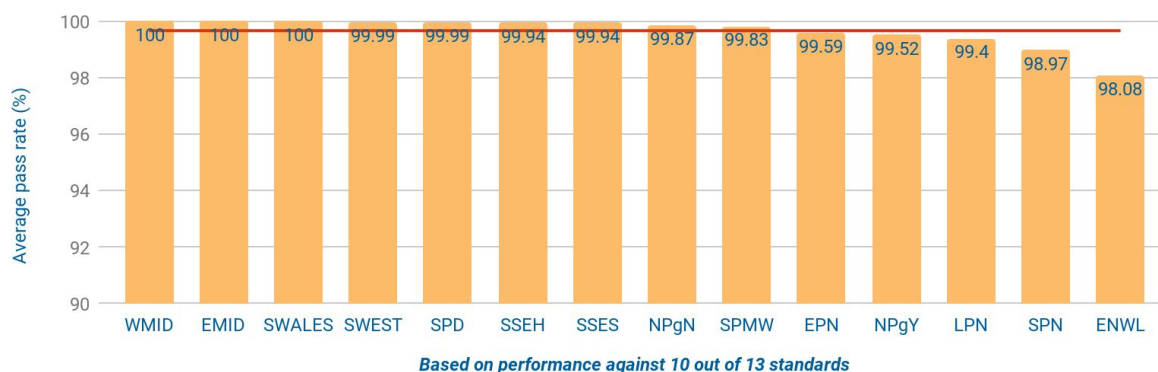
<sup>24</sup> These relate to whether energy customers received prior notification before planned interruptions, were paid compensation on time and had multiple interruptions in a year.

<sup>25</sup> This only refers to the number of individual compensation payment amounts. These amounts are set out in the regulations. This does not equal the number of transactions made (which could contain multiple compensation payments) or the number of customers that received a compensation payment (one customer could receive more than one payment) - as this data is not collected.

<sup>26</sup> *Electricity North West Limited* (ENWL); *Northern Powergrid* (NPgN: Northern Powergrid Northeast; NPgY: Northern Powergrid Yorkshire); *Western Power Distribution* (WMID: West Midlands; EMID: East Midlands; SWALES: South Wales; SWEST: South West); *UK Power Networks* (LPN: London Power Networks; SPN: South Eastern Power Networks; EPN: Eastern Power Networks); *SPEN Energy Networks* (SPD: SP Distribution; SPMW: SP Manweb); *Scottish and Southern Electric Networks* (SSEH: Scottish Hydro Electric Power Distribution; SSES: Southern Electric Power Distribution)



**Figure 1. Average pass rate by network area; Electricity Guaranteed Standards of Performance**

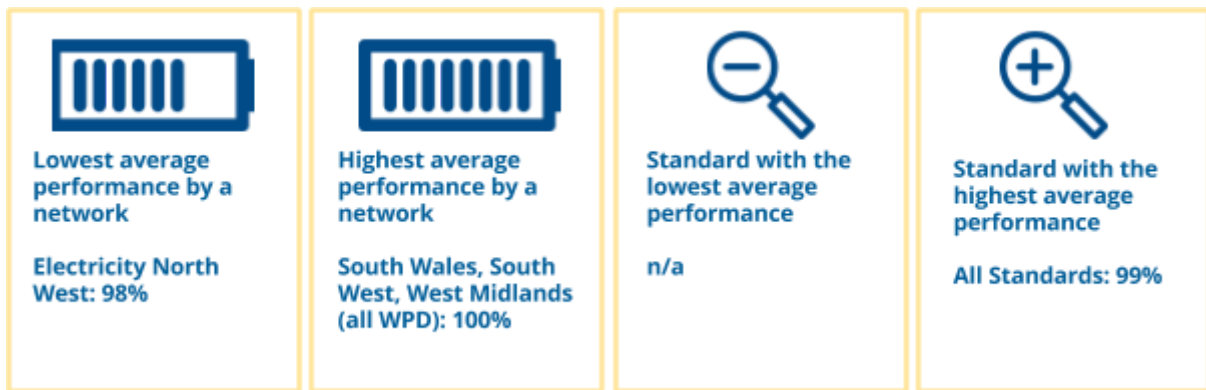


**Table 3.1 Pass rates by network area and by standard: Electricity Guaranteed Standards of Performance<sup>27</sup>**

Network	EGS1	EGS2	EGS 2B	EGS 2C	EGS5	EGS8 (17.3)	EGS8 (17.4)	EGS 11A	EGS 11B	EGS 11C	Average pass rate
WMID	100%	100%	100%	n/a	100%	100%	100%	n/a	100%	n/a	100%
EMID	100%	100%	100%	n/a	100%	100%	100%	100%	n/a	n/a	100%
SWALES	100%	100%	100%	n/a	100%	100%	99.99%	100%	n/a	n/a	100%
SWEST	99.94%	99.99%	100%	n/a	100%	100%	100%	100%	100%	n/a	99.99%
SPD	100%	99.95%	100%	n/a	100%	100%	100%	n/a	n/a	n/a	99.99%
SSEH	99.87%	99.79%	100%	n/a	100%	99.98%	100%	99.90%	99.99%	n/a	99.94%
SSES	99.86%	99.94%	100%	n/a	99.76%	100%	100%	n/a	100%	n/a	99.94%
NPgN	99.95%	99.69%	100%	n/a	100%	100%	99.68%	99.60%	100%	n/a	99.87%
SPMW	99.88%	99.68%	n/a	n/a	99.47%	100%	100%	99.98%	n/a	n/a	99.83%
EPN	99.58%	99.81%	100%	n/a	n/a	100%	98.15%	99.99%	n/a	n/a	99.59%
NPgY	99.99%	99.87%	100%	n/a	100%	100%	99.79%	97.01%	n/a	n/a	99.52%
LPN	99.36%	99.42%	100%	n/a	n/a	100%	98.25%	n/a	n/a	n/a	99.40%
SPN	99.01%	99.67%	100%	n/a	n/a	100%	95.16%	n/a	99.98%	n/a	98.97%
ENWL	100%	99.97%	100%	n/a	100%	95.43%	91.17%	n/a	100%	n/a	98.08%

<sup>27</sup> EGS1: Distributor's fuse disconnected customer; EGS2: Supply restoration - Normal weather; EGS2B: Supply restoration - Normal weather affecting 5,000 or more premises; EGS2C: Supply restoration after rota disconnection; EGS5: Voltage complaints; EGS8, Reg. 17.3 Offering appointments; Reg 17.4 Keeping appointments; EGS11A: Supply restoration - category 1 severe weather; EGS11B: Supply restoration - category 2 severe weather; EGS11C: Supply restoration - category 3 severe weather. N/A indicates that a network had no instances where that standard would have applied.

## 3.2 Electricity standards: Connections



Network companies have to meet certain targets against the “Electricity Connection Standards of Performance”. Bundled into three groups<sup>28</sup>, each network has to meet each group of standards 90% of the time. In 2015-16, all networks met this target.

Looking at the standards individually, distribution networks delivered services that meet the Connection standards between 89 and 100% of the time. There is one standard which has no target attached to it: paying compensation within 10 working days. We were unable to calculate to what extent networks deliver against this standard.

In total, 1,335 compensation payments<sup>29</sup> were made by networks amounting to £252,240.

Table 3.2 shows how each network<sup>30</sup> performed against seven standards and what their average pass rate is as a result based on our calculations. These averages are shown in the bar chart in Figure 2. The red line in the chart shows average industry performance (99.72%).

<sup>28</sup> The groups are: “all metered standards related to budget estimates and quotations”; “the rest of metered standards”; “all unmetered standards”.

<sup>29</sup> This only refers to the number of individual compensation payment amounts. These amounts are set out in the regulations. This does not equal the number of transactions made (which could contain multiple compensation payments) or the number of customers that received a compensation payment (one customer could receive more than one payment) - as this data is not collected.

<sup>30</sup> *Electricity North West Limited* (ENWL); *Northern Powergrid* (NPgN: Northern Powergrid Northeast; NPgY: Northern Powergrid Yorkshire); *Western Power Distribution* (WMID: West Midlands; EMID: East Midlands; SWALES: South Wales; SWEST: South West); *UK Power Networks* (LPN: London Power Networks; SPN: South Eastern Power Networks; EPN: Eastern Power Networks); *SPEN Energy Networks* (SPD: SP Distribution; SPMW: SP Manweb); *Scottish and Southern Electric Networks* (SSEH: Scottish Hydro Electric Power Distribution; SSES: Southern Electric Power Distribution)

**Figure 2. Average pass rate by network area; Electricity Connection Guaranteed Standards of Performance**

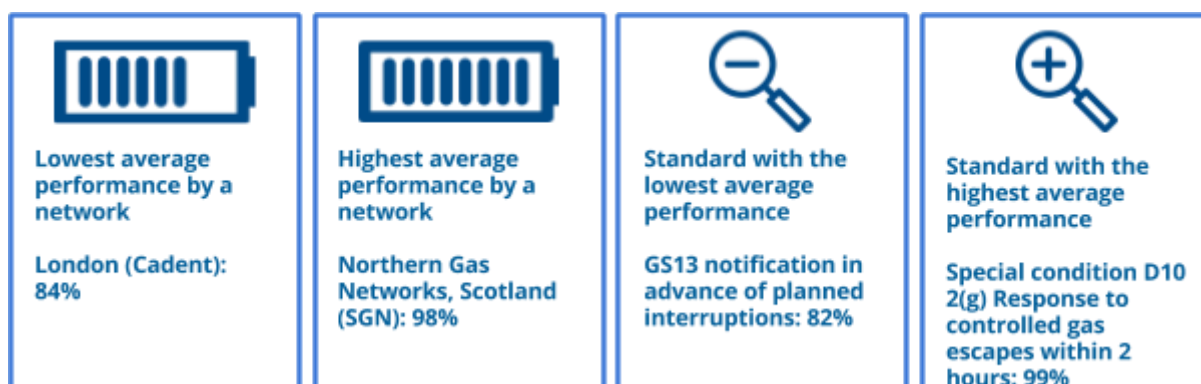


**Table 3.2 Pass rates by network area and by standard: Electricity Connection Guaranteed Standards of Performance<sup>31</sup>**

Net-work	ECGS							Average pass rate
	ECGS 1A, B	ECGS 2A, B; 3A-C	ECGS 4A, 6A	ECGS 4 B-D, 5, 6 B-D, 7A-C	ECGS8	ECGS9	ECGS 10A, B	
WMID	100%	100%	100%	100%	100%	100%	100%	100%
SWALES	100%	100%	100%	100%	100%	100%	100%	100%
SWEST	100%	100%	100%	99.98%	100%	100%	100%	100%
EMID	99.89%	100%	100%	100%	100%	100%	100%	99.98%
SSEH	99.92%	99.85%	100%	99.97%	100%	99.69%	100%	99.92%
SSES	99.80%	99.91%	99.97%	99.96%	99.82%	99.96%	100%	99.92%
SPMW	99.42%	99.88%	99.98%	100%	100%	100%	100%	99.90%
NPgY	99.60%	99.89%	99.85%	99.94%	100%	99.96%	100%	99.89%
LPN	99.87%	99.43%	99.98%	99.95%	99.69%	100%	100%	99.85%
NPgN	98.99%	99.84%	99.91%	99.83%	100%	100%	99.99%	99.79%
SPN	99.90%	99.49%	99.77%	99.32%	99.72%	100%	100%	99.74%
SPD	99.85%	99.91%	100%	100%	99.35%	100%	98.93%	99.72%
EPN	99.67%	99.54%	99.59%	99.86%	99.39%	100%	100%	99.72%
ENWL	89.49%	99.02%	99.52%	97.46%	99.78%	99.79%	99.17%	97.75%

<sup>31</sup> Metered connections: ECGS 1A,B: Provision of budget estimates; ECGS 2A, B; 3A-C: Provision of quotation; ECGS 4A, 6A: Post-acceptance scheduling and completion of works: single LV service demand connections and small project demand connections; ECGS 4B-D, 5, 6B-D, 7A-C: Post-acceptance scheduling, commencement, and completion of works relating to LV demand connection, HV demand connection, EHV demand connection, and Distributed Generation. Energisation relating to all demand and DG connections. Unmetered connections: ECGS 8 A-E: Fault repairs; ECGS 9: Provision of quotations for new works; ECGS 10A, B: Completion of new works.

### 3.3 Gas standards: Interruptions and customer services



Gas customers receive a very good service in emergency situations. Special licence conditions<sup>32</sup> prescribe how quickly gas networks have to respond to emergency phone calls and gas escapes and give targets for how often networks have to fulfil these conditions. All networks exceeded these targets in 2015-16.

Across the other gas standards<sup>33</sup> relating to interruptions and customer service, performance varied between the networks. For the most part, pass rates were 93% and above, apart from in gas network areas run by Cadent. Cadent customers received non-emergency services 77% of the time on average, which is low considering these are services that customers are guaranteed to receive. 43% of their London customers whose gas supply was interrupted for planned works, did not received prior notice. 24% of customers in the West Midlands that had made a complaint, waited over 10 days for a response.

We were not able to calculate pass rates for three further standards as the data that gas networks have to report to Ofgem is too limited.<sup>34</sup>

In total, gas networks made 99,945 compensation payments<sup>35</sup>, amounting to £3,042,400. It is not clear how many mandatory versus voluntary payments are included in this figure, as some gas networks include the latter in their reporting and some do not. This means we cannot paint a complete picture of consumer compensation and detriment.

<sup>32</sup> D10(2)(f) Responding to telephone calls within 30 seconds, 90% of the time; D102(g) Response to uncontrolled escapes within 1 hour and to controlled escapes within 2 hours, 97% of the time

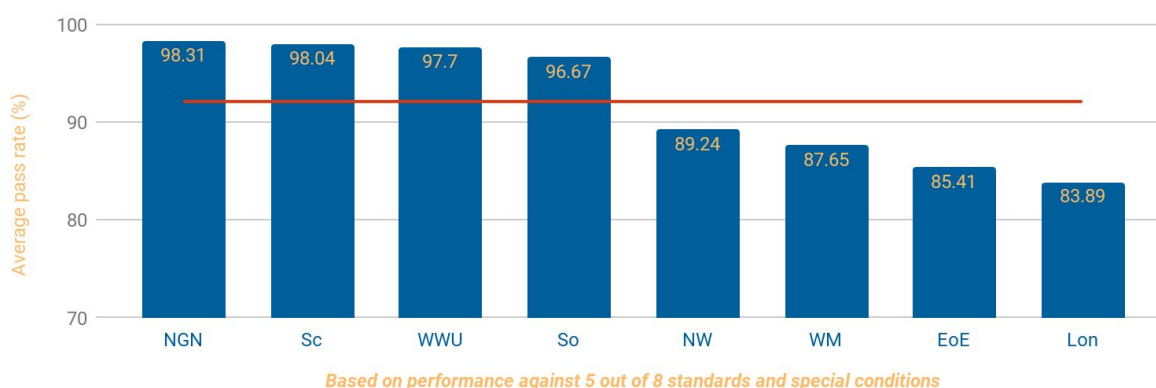
<sup>33</sup> Figures only relate to: GS2: reinstatement of customer premises, GS13: notification in advance of planned interruptions and GS14: responding to complaints.

<sup>34</sup> Performance against the following standards is not known: GS1: supply restoration; GS3: heating and cooking facilities for priority domestic customers; GS12: notification and payments under the Guaranteed Standards

<sup>35</sup> This only refers to the number of individual compensation payment amounts. These amounts are set out in the regulations. This does not equal the number of transactions made (which could contain multiple compensation payments) or the number of customers that received a compensation payment (one customer could receive more than one payment) - as this data is not collected.

Table 3.3 shows how each network performed against five standards and what their average pass rate is as a result based on our calculations. These averages are shown in the bar chart in Figure 3. The red line in the chart shows average industry performance (92.11%).

**Figure 3. Average pass rate by network area; Gas Guaranteed Standards of Performance (non-connection) and Standard Special Conditions<sup>36</sup>**

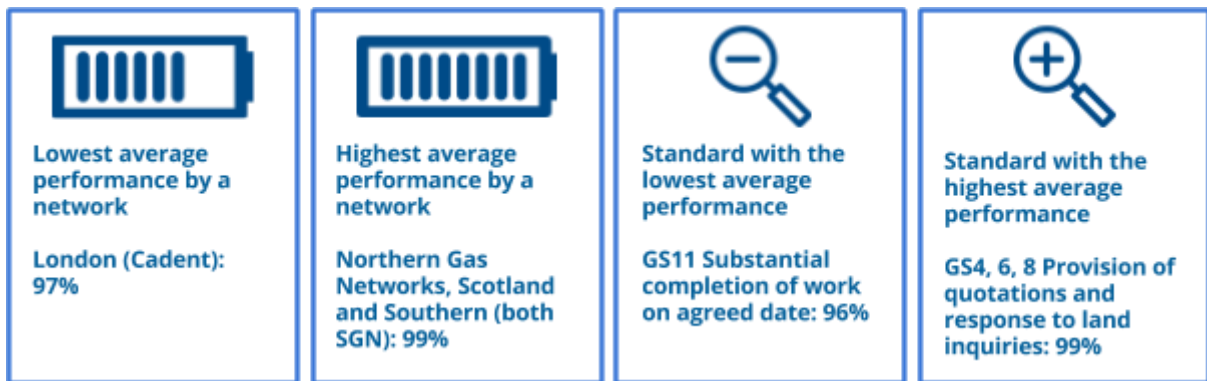


**Table 3.3 Pass rate by network area and standard; Gas Guaranteed Standards of Performance (non-connection) and Standard Special Condition D10**

Net-work	GS2	GS13	GS14	D10 2(f)	D10 2(g) 1	D10 2(g) 2	Average pass rate
NGN	99.63%	98.02%	99.87%	92.59%	99.76%	99.96%	<b>98.31%</b>
Sc	97.39%	100%	100%	92.59%	98.65%	99.61%	<b>98.04%</b>
WWU	97.38%	98.16%	99.89%	92.59%	98.59%	99.60%	<b>97.70%</b>
So	93.01%	97.06%	99.88%	92.59%	98.27%	99.20%	<b>96.67%</b>
NW	97.40%	71.71%	76.08%	92.59%	98.52%	99.14%	<b>89.24%</b>
WM	91.33%	68.32%	75.95%	92.59%	98.63%	99.10%	<b>87.65%</b>
EoE	72.33%	69.98%	80.83%	92.59%	97.94%	98.77%	<b>85.41%</b>
Lon	88.10%	56.60%	69.39%	92.59%	98.04%	98.64%	<b>83.89%</b>

<sup>36</sup> Cadent (EoE: East of England; Lon: North London; NW: North West; WM: West Midlands); Northern Gas Networks (NGN); SGN (Sc: Scotland; So: Southern); Wales & West Utilities (WWU)

### 3.4 Gas standards: Connections

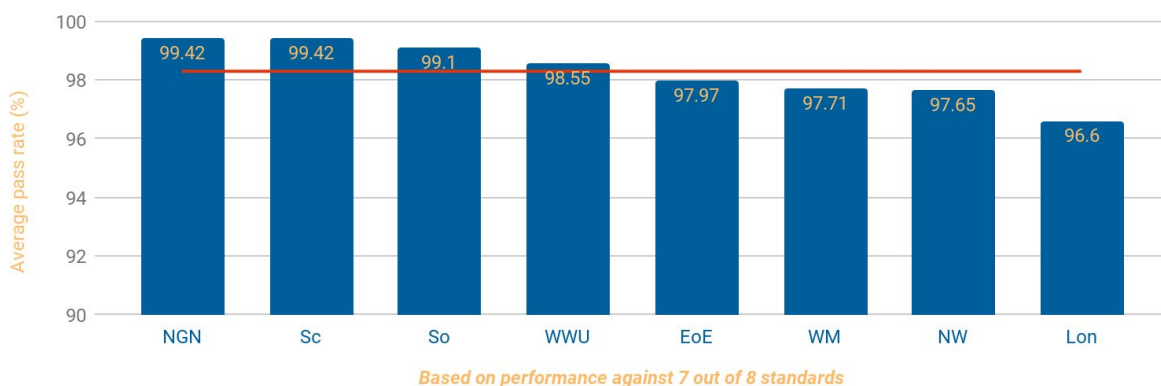


All networks performed very well against the “Gas Guaranteed Standards of Performance” that relate to connection activities, for which a performance target of 90% is in place.

In total, 21,719 compensation payments<sup>37</sup> were made amounting to £546,095, though again it is not clear how many voluntary payments are included in this figure.

Table 3.4 shows how each network performed against seven standards and what their average pass rate is as a result based on our calculations. These averages are shown in the bar chart in Figure 4. The red line in the chart shows average industry performance (98.30%).

**Figure 4. Average pass rate by network area; Gas Guaranteed Standards of Performance (Connections)<sup>38</sup>**



<sup>37</sup> This only refers to the number of individual compensation payment amounts. These amounts are set out in the regulations. This does not equal the number of transactions made (which could contain multiple compensation payments) or the number of customers that received a compensation payment (one customer could receive more than one payment) - as this data is not collected.

<sup>38</sup> *Cadent* (EoE: East of England; Lon: North London; NW: North West; WM: West Midlands); *Northern Gas Networks* (NGN); *SGN* (Sc: Scotland; So: Southern); *Wales & West Utilities* (WWU)

**Table 3.4 Pass rate by network area and standard; Gas Guaranteed Standards of Performance (Connections)<sup>39</sup>**

Net-work	GS4	GS5	GS6	GS8	GS9	GS10	G11	Average pass rate
<b>NGN</b>	99.98%	99.98%	100%	100%	99.97%	97.59%	98.42%	<b>99.42%</b>
<b>Sc</b>	99.72%	99.33%	99.78%	100%	99.85%	99.06%	98.22%	<b>99.42%</b>
<b>So</b>	99.55%	98.22%	98.18%	100%	99.90%	99.28%	98.58%	<b>99.10%</b>
<b>WWU</b>	99.70%	98.74%	98.52%	98.72%	99.95%	100%	94.24%	<b>98.55%</b>
<b>EoE</b>	99.95%	98.15%	99.14%	98.37%	97.73%	98.04%	94.41%	<b>97.97%</b>
<b>WM</b>	99.94%	98.88%	100%	98.83%	97.86%	95.45%	92.99%	<b>97.71%</b>
<b>NW</b>	99.90%	99.34%	100%	98.52%	98.07%	90.63%	97.06%	<b>97.65%</b>
<b>Lon</b>	99.90%	97.94%	98.98%	98.73%	93.30%	93.42%	93.89%	<b>96.60%</b>

### 3.5 Are networks making the grade?

Network companies are living up to the standards – most of the time and especially when looking at average figures. But there are improvements to be made by some networks. Pass rates of 100% will not always be possible but we expect networks to be ambitious and to strive to consistently meet high levels of service. Energy is an essential service and the “Guaranteed Standards” should mean that these are minimum service levels that every customer should receive when dealing with their network.

<sup>39</sup> GS4: provision of standard connection quotation equal or under 275kWh; GS5: provision of non-standard connection quotation equal or under 275kWh; GS6: provision of non-standard connection quotation larger than 275kWh; GS8: response to land inquiries; GS9: Offering a date for commencement and substantial completion of connection works (equal or smaller than 275kWh); GS10: Offering a date for commencement and substantial completion of connection work (greater than 275kWh); GS11: substantial completion by agreed date



## 4. Explaining different performance levels

Comparing performance across a diverse set of distribution networks in a fair manner is not easy. The networks have hugely different characteristics. For example, Scottish Hydro Electricity Power Distribution covers a quarter of the UK's land mass including most Scottish islands and has a comparatively small number of customers. On the other hand, London Power Networks covers a comparatively small area but is responsible for a large number of customers. This affects the number and type of issues these networks will have to resolve for their customer.

This chapter attempts to list factors which influence networks' performance and may be partially responsible for the fact that performance against the Guaranteed Standards varies between distribution networks. It also includes factors which create inconsistencies in the performance data which Ofgem in collaboration with networks should aim to address. These factors are based on our own research as well as valuable comments from network companies themselves.

### External factors

- Physical makeup of the networks (eg. age, asset size)
- Geographic location of the network (eg. weather patterns, landscape, rural/urban)
- Size of customer base (see Appendix B how many customers each network had in 2015-16)
- Volumes of issues arising vary (eg. how many customer request a generation connection to put a solar panel on their roof)

### Network practices

- **Applying clock-stopping to the Electricity Guaranteed Standards<sup>40</sup>.**  
This is a practice reserved for the Interruption Incentive Scheme and should not be applied to the Guaranteed Standards. Our research showed that not all networks are aware of this difference which leads to them reporting lower figures for how often a standard applied to them.

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<sup>40</sup> Under the Interruption Incentive Scheme networks are allowed to "stop the clock" when counting the hours a customer has been off supply if there have been valid reasons why they could not reconnect a customer during a period of time, e.g. not being able to access equipment. Under the Guaranteed Standards however, networks should not "stop the clock" but count the genuine hours a customer was off supply. Retrospectively they can then apply an exemption if they had a valid reason for being unable to fulfil it.



- **Defining voluntary and mandatory payments.** Among electricity networks, there is still a lack of clarity around what is considered as a voluntary or mandatory payment and how this might be affected by whether a customer submits a claim after or before a voluntary payment is made. We also found that among gas networks, some include and others exclude discretionary payments when reporting their overall number of payments.
- **Defining “restoration of supply”.** We were told that some electricity networks may interpret the supply of a suitcase generator which temporarily puts a customer back on supply as having fulfilled the restoration standards whereas others see it as the complete repair of a supply connection.

### Data-related factors

- **Understanding the reporting template.** We worked closely with network companies to validate the data they had submitted to Ofgem. It became clear that there is sometimes too much room for interpretation in what the reporting template is asking networks to report which leads to the data not being perfectly comparable.
- **Damage caused by a third party to a gas pipe.** When gas networks report on the supply interruption standard it is not taken into account how many interruptions were caused by third parties. This makes it difficult to compare performance across networks on this standard. For example burst water mains will cause interruptions on the gas network, with the operator having no power over how quickly repairs are conducted. One gas network told us that 30% of their interruptions were due to third parties in 2015-16.

## 5. Recommendations

Based on our analysis of network performance and consumer compensation, we make the following recommendations to network operators and Ofgem:

### 5.1 For Networks

- We hope that networks will use the results of this report to reflect upon their performance against the Guaranteed Standards. Some operators clearly deliver an outstanding service to their customers, pay due compensation on time or go beyond the regulation by making further voluntary compensation payments. **We encourage the others to seek to further minimise the number of times they fail to meet the standards.** These are minimum service requirements that should be delivered to all customers.
- **Share best practice** among gas, electricity and even water companies about how to best deliver guaranteed services to customers, including how to overcome barriers around network visibility, lack of customer data, and communicating the Guaranteed Standards to customers.
- **Work towards improving awareness of the Guaranteed Standards** among customers by drawing on behavioural insights. Our research shows that people need short and digestible information for it to be helpful and it should be provided when it is relevant to them.<sup>41</sup> Trials could help determine what works best in this area.
- **Work with Ofgem and Citizens Advice to identify how reporting against the Guaranteed Standards can be improved** to give a fuller picture of performance.

### 5.2 For Ofgem

- **Ofgem should introduce automatic compensation for all Guaranteed Standards. Ofgem should remove any requirement for customers to submit a claim for compensation** and instead put the onus on energy networks to identify failures and compensate their customers. This is currently not in place for all standards.

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<sup>41</sup> Against the clock: why more time isn't the answer for consumers (2016) Citizens Advice <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/consumer-policy-research/consumer-policy-research/against-the-clock-why-more-time-isnt-the-answer-for-consumers/>  
Applying behavioural insights to regulated markets (2016) Citizens Advice <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/consumer-policy-research/consumer-policy-research/applying-behavioural-insights-to-regulated-markets/>

- **Extend the use of negative incentives to penalise networks for not paying out due compensation to their customers.** Currently this incentive is only in place for a limited number of electricity standards. If the guiding principle is that any consumer entitled to compensation should receive it, network operators failing to adhere to this principle without a valid exemption should be penalised. This should apply to all electricity standards as well as gas standards.
- **Review the Guaranteed Standards reporting forms.** Reporting should provide the data that is needed so that external parties can understand how networks are performing against all Guaranteed Standards and identify where customers are potentially losing out on compensation they should be receiving.
- **Ensure all networks interpret the reporting forms in the same way.** The forms sometimes use complicated language and the regulatory instructions and guidance do not provide sufficient clarification on how to interpret the standards. We know that this leads to different networks interpreting the reporting requirement differently or making mistakes when filling in the forms. Ofgem setting up a Working Group on Quality of Service for DNOs is a step in the right direction and should be replicated in the gas sector.

# Appendix A: List of Guaranteed Standards of Performance and compensation levels

Table A.1 Electricity Distributors' Guaranteed Standards of Performance<sup>42</sup>

<p><b>EGS 2</b> Supply restoration – Normal weather conditions</p>	<p>Distribution companies have 12 hours to restore electricity supply if it fails during normal weather conditions.</p>	<p>£75 for domestic customers and £150 for non-domestic customers. A further £35 will be paid for each additional period of 12 hours in which supply is not restored.</p>
<p><b>EGS 2B</b> Supply restoration – Normal weather affecting 5,000 or more premises</p>	<p>Distribution companies have 24 hours to restore electricity supply if it fails during normal weather conditions. The standard only applies if supplies to 5,000 or more premises are interrupted by a single fault.</p>	<p>£75 for domestic customers and £150 for non-domestic customers. A further £35 will be paid for each additional period of 12 hours in which supply is not restored (up to a cap of £300 in total).</p>
<p><b>EGS 11A</b> Supply restoration – category 1 severe weather conditions<sup>43</sup></p>	<p>Distribution companies have 24 hours to restore electricity supply if it fails due to a storm causing between eight and 12 times the daily average number of faults in a 24 hour period. They have 24 hours to restore supply if it fails when lightning causes more than eight times the daily average number of faults in a 24 hour period.</p>	<p>£70 for domestic and non-domestic customers. A further £70 will be paid for each additional period of 12 hours in which supply is not restored (up to a cap of £700 in total).</p>
<p><b>EGS 11B</b> Supply restoration – category 2 severe weather conditions</p>	<p>Distribution companies have 48 hours to restore electricity supply if it fails due to a storm causing more than 12 times the daily average number of faults in a 24 hour period.</p>	<p>£70 for domestic and non-domestic customers. A further £70 will be paid for each additional period of 12 hours in which supply is not restored (up to a cap of £700 in total).</p>

<sup>42</sup> Based on Ofgem (2016) Know your rights: power cuts [https://www.ofgem.gov.uk/system/files/docs/2016/12/ofg581\\_guarantee\\_standards\\_booklet\\_updated\\_dec16.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/12/ofg581_guarantee_standards_booklet_updated_dec16.pdf)

<sup>43</sup> Under categories 1 and 2, customers must be off supply for 24 or 48 hours continuously to qualify for payments. Where distribution companies are prevented by flooding from gaining access to their equipment or the customer's premises, the 24 or 48-hour period may not start running until it is reasonably practicable for the company to reconnect the customer.

<p><b>EGS 11 C</b>  <b>Supply restoration</b>  <b>– category 3 severe weather conditions</b></p>	<p>The length of time without supply before a payment may be due depends on the scale of the impact of the weather (this is determined by the number of customers interrupted relative to pre-defined thresholds).</p>	<p>£70 domestic and non-domestic customers. A further £70 will be paid for each additional period of 12 hours in which supply is not restored (up to a cap of £700 in total).</p>
<p><b>EGS 2C</b>  <b>Supply restoration after rota disconnection</b>          (This relates to the deliberate disconnection of customers' electricity supplies by the relevant distributor for a set duration on a rota basis so as to reduce the demand for electricity to the level of capacity that is available)</p>	<p>Electricity supply shortages leading it to be interrupted deliberately on a rota basis in order for available supply to be shared fairly. Customers who are off for 24 hours or longer may be eligible.</p>	<p>£75 for domestic customers and £150 for non-domestic customers.</p>
<p><b>EGS 2A</b>  <b>Supply restoration – multiple interruptions<sup>44</sup></b></p>	<p>Electricity supply failing (due to the distribution system) for three hours or more, on at least four different occasions in a 12 month period (starting 1 April every year).</p>	<p>£75 for domestic and non-domestic customers.   <b>NOTE – compensation must be claimed within three months of the end of the year in which the four or more interruptions have been experienced (a year runs from the 1st April to 31st March)</b></p>
<p><b>EGS 1</b>  <b>Distributor's fuse disconnected customer</b></p>	<p>If a distribution company's fuse is stopping supply to the customer's property then an appropriate professional must attend the scene within three hours (working days) or four hours (other days) if the</p>	<p>£30 for domestic and non-domestic customers.</p>

<sup>44</sup> In identifying the four different occasions, an interruption to electricity supply covered by regulation 5, 6, 7, 8 or 11 is not included.

	customer notified the distribution company during working hours.	
<b>EGS 4</b> <b>Notice of planned supply interruption</b>	Distribution companies are required to give customers at least two days' notice for planned power cuts.	£30 for domestic customers and £60 for non-domestic customers if distribution company fails to give the required notice or interrupts energy supply on a different day.  <b>NOTE – compensation must be claimed within one month of the end of the year in which the notice should have been provided (a year runs from the 1st April to 31st March)</b>
<b>EGS 5</b> <b>Voltage complaints</b>	If a customer reports a problem with the voltage of the electricity coming into their property, the distribution company must: send out a written letter explaining the issue within 5 working days or offer to visit the customer's property within 7 working days	£30 for domestic and non-domestic consumers if the company fails to keep or make an appointment or send an explanatory letter.
<b>EGS 8</b> <b>Making and keeping appointments</b>	This standard is applicable if the distribution company needs to visit the customer, or the customer requests for the company to visit. The distribution company must offer a timed appointment – AM (before 1pm) or PM (after 12PM) or a specific time two-hour timeband	£30 for domestic and non-domestic customers if company fails to keep or make an appointment.
<b>EGS 9</b> <b>Payments owed under the guaranteed standards</b>	Distribution companies have 10 working days to make a payment for failing to meet any of the guaranteed standards. For guaranteed standard 7, they must make payment as soon as reasonably practical.	£30 for domestic and non-domestic customers
<b>Please note there are a number of exemptions that may apply.</b>		

**Table A.2 Electricity Distributors' Connection Standards of Performance**

<b>Services and Standards for Metered Connections</b>		
<b>ECGS and ECDGS 1A, 1B</b> <b>Provision of budget estimates</b>	If a customer requests a budget estimate from an electricity distributor regarding a demand or generation connection of the customer's premises, the distributor has 10 working days (in case the requests is less than 1MVA) or 20 working (if the requests is 1MVA or more). In this budget estimate, the distributor has to describe the assumptions on which the estimate is based.	If the distributor fails, customers will receive £65.
<b>ECGS 2A, 2B; ECDGS 3A</b> <b>Provision of quotations: single LV<sup>45</sup> service demand connections and small project demand connections; single LV generation</b>	A distribution company has to provide a quote to a customer i) within 5 working days in case of a single LV service demand connection request; within 15 day in case of a small project demand connection request; ii) within 45 working days for an LV generation connection	i) £15 for each working day ii) £65 for each working day
<b>ECGS 3A, 3B, 3C; ECDGS 3B, 3C</b> <b>Provision of quotations: other than single LV service demand connections, small project demand connections and LV generation connections</b>	A distribution company has to provide a quote to a customer within i) 25 working days in case of an LV demand connection request; ii) within 35 working days in case of a HV demand connection request; iii) within 65 days in case of an EHV demand connection request; iv) within 65 working days for an HV generation connection request; v) within 65 days for an EHC generation request	If the distributor fails on this standard, you are entitled to i) £65 for each working day ii) £135 for each working day iii) £200 for each working day iv) £135 for each working day v) £200 for each working day after the prescribed period
<b>ECGS 11A, 11B</b> <b>Accuracy of quotation</b>	Customers can challenge their distribution company if you think it provided them with an inaccurate or	Beyond refunding the customer any amount of any overpayment, the

<sup>45</sup> **LV** = low voltage, which is voltage not exceeding 1,000 volts; **HV** = high voltage, which is voltage of more than 1,000 volts but not more than 22,000 volts; **EHV** = extra high voltage, which is voltage of more than 22,000 volts up to and including 132,000 volts in England and Wales and up to but excluding 132,000 volts in Scotland;

	<p>incomplete quotation. If this is the case, it must refund to the customer the amount of any overpayment made by the customer. In addition it has to pay a prescribed compensation sum.</p> <p>You should contact your distributor for further information on their accuracy scheme.</p>	<p>distributor has to pay the following in compensation:</p> <p>£335 if the quote related to a single LV service demand connection;</p> <p>£670 if the quote related to a small project demand connection.</p>
<p><b>ECGS 4A, 6A</b></p> <p><b>Post-acceptance scheduling and completion of works: single LV service demand connections and small project demand connections</b></p>	<p>After a customer accepted a quotation and has made necessary payments, the distributor has 7 working days to contact the customer to agree a <b>schedule</b> of dates for completion of works.</p> <p>Where the date has been agreed and the distributor fails to <b>complete</b> the works (or a phase of the works), the customer has to be paid a prescribed sum.</p>	<p>If the distributor fails to schedule works within the prescribed timeframe, you will receive £15 for each working day after prescribed period up to and including the day on which contact occurs.</p> <p>For non-completion of agreed works, you will receive £35 for each working day after the agreed date up to and including the date on which the works are completed.</p>
<p><b>ECGS and ECDGS 4B, 4C, 4D, 5, 6B, 6C, 6D, 7A, 7B, 7C</b></p> <p><b>Post-acceptance scheduling, commencement, completion of works and energisation relating to LV demand connection, HV demand connection, EHV demand connection, and Distributed Generation.</b></p>	<p>After a customer accepted a quotation and has made necessary payments, the distributor has i) 7 working days in case of an LV demand or generation connection; ii) 10 working days in case of an HV demand or generation connection; iii) 15 working days in case of an EHV demand or generation connection to <b>contact the customer to agree a schedule</b> of dates for completion of works.</p>	<p>If the distributor fails on this standard, you are entitled to:</p> <p>i) £65 for each working day</p> <p>ii) £135 for each working day</p> <p>iii) £200 for each working day</p> <p>after the prescribed period.</p>
	<p>If the distributor fails to <b>commence</b> works at or in relation to the premises by the agreed date, it has to pay the prescribed sum.</p>	<p>£25 for each working day after the agreed day</p>



	<p>If the distributor fails to <b>complete</b> the works by the agreed date, it has to pay the prescribed sum, depending on whether the works relate to i) an LV demand or generation connection; ii) an HV demand or generation connection; iii) an EHV demand or generation connection.</p>	<p>If the distributor fails on this standard, you are entitled to:</p> <ul style="list-style-type: none"> <li>i) £135 for each working day</li> <li>ii) £200 for each working day</li> <li>ii) £270 for each working day</li> </ul> <p>after the agreed date.</p>
	<p>If the distributor fails to <b>energise</b> the connection by the agreed date, it has to pay the prescribed sum, depending on whether the connection is: i) an LV demand or generation connection; ii) a HV demand or generation connection; iii) an EHV demand or generation connection.</p>	<p>If the distributor fails on this standard, you are entitled to:</p> <ul style="list-style-type: none"> <li>i) £135 for each working day</li> <li>ii) £200 for each working day</li> <li>ii) £270 for each working day</li> </ul> <p>after the agreed date.</p>
<b>Unmetered connections</b>		
<p><b>ECGS 8A, 8B, 8C, 8D, 8E</b> <b>Fault repairs</b></p>	<p>Distributors are responsible for repairing faults in unmetered connections in their area. Depending on the type of fault, the following prescribed time period apply:</p> <ul style="list-style-type: none"> <li>i) emergency response – attend site within 2 hours</li> <li>ii) high-priority fault repair involving traffic lights – complete within 2 calendar days</li> <li>iii) high-priority fault repair (all but traffic lights) – complete within 10 working days</li> <li>iv) multiple-unit fault repair – complete within 20 working days</li> <li>v) single-unit fault repair – complete within 25 working days</li> </ul>	<p>If the distributor fails on this standard, the relevant authority will receive:</p> <ul style="list-style-type: none"> <li>i) £65 the working day after the day on which the emergency attendance should have taken place</li> <li>ii) £15 for each working day after the end of the 2 calendar days</li> <li>iii) £15 for each working day after the end of the 10 calendar days</li> <li>iv) £15 for each working day after the prescribed period</li> </ul>

		v) iv) £15 for each working day after the prescribed period
<b>ECGS 9 Provision of quotations for new works</b>	Distributors have to provide a quote to a relevant authority that requests to make a new unmetered connection within 25 working days.	If the distributor fails, the relevant authority will receive £15 for each working day after the end of the prescribed period up to and including the day the quotation is dispatched.
<b>ECGS 10A, 10B Completion of new works</b>	If the distributor fails to complete the works by the agreed date, it has to pay the prescribed sum,	If the distributor fails, the relevant authority will receive £15 for each working day after the end of the agreed date
<b>Other</b>		
<b>ECGS 12 Payments</b>	A distributor has to make the above mentioned payments to a customer or relevant authority within 10 working days, otherwise they have to pay the prescribed sum.	If the distributor fails, the customer or relevant authority will receive £65
Please note there are a number of exemptions that may apply.		

**Table A.3 Gas Transporters' (GT) Guaranteed Standards of Performance – non-connection<sup>46</sup>**

<b>GS1 Supply restoration</b>	If you are a domestic customer and your gas supply is interrupted as a result of a failure, fault or damage to your GTs pipeline system you will be reconnected/gas will be available at your property within 24 hours.	If the GT fails you will receive a payment of £30 if you are a domestic customer, and £30 for each additional complete 24 hours you are without gas up to a maximum of £1000.  If you are a non-domestic customer, (and your annual gas consumption does not exceed 73,200kWh) the payment will be £50 for the failure and £50 for each additional complete 24
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<sup>46</sup> Based on Gas Transportation Customer Standards of Performance 2015/16, Energy Networks Association  
<http://www.energynetworks.org/assets/files/gas/regulation/2016/Notice-Of-Rights-2016%20FINAL.PDF>

		hours you are without gas up to a maximum of £1000.
<b>GS2</b> <b>Reinstatement of customer's premises</b>	If the GT initiates work on your premises, your premises will be permanently reinstated within 5 working days of the completion of the engineering work.	If the GT fails you will receive a payment of £50 if you are a domestic customer, and £50 for each succeeding period of 5 working days thereafter. If you are a non-domestic customer the payment will be £100 for the failure and £100 for each succeeding period of 5 working days thereafter.
<b>GS3</b> <b>Heating and cooking facilities for priority domestic customers</b>	If you are registered on your supplier's Priority Services Register and your gas supply is interrupted, you will be provided with alternative heating and cooking facilities within 4 hours, or if more than 250 customers are affected, within 8 hours. (8pm-8am excluded).	If the GT fails and you inform them of their failure within 3 months of the interruption you will receive a payment of £24. <b>NOTE – compensation must be claimed within 3 months after the incident.</b>
<b>GS12</b> <b>Notification and payments under the Guaranteed Standards</b>	Where a GT has failed any of the above Guaranteed Standards or the Connections Guaranteed Standards they will write to inform you (or your supplier) and make the payment within 20 working days of compensation becoming due.	If the GT fails to contact you and make required payment in time you will receive a payment of £20 in addition to any payments made under the other Guaranteed Standards.
<b>GS13</b> <b>Notification in advance of planned supply interruptions</b>	When the GT carries out planned work to replace pipes or maintain the integrity of the gas system, they may need to interrupt your gas supply, If so, your GT will inform you of the date they expect to interrupt you and the reason why your supply needs to be interrupted, at least 5 working days before the interruption occurs.	If the GT fails and you inform them of their failure within 3 months of the interruption you will receive a payment of £20 if you are a domestic customer and £50 if you are a non-domestic customer. <b>NOTE – compensation must be claimed within 3 months after the incident.</b>
<b>GS14</b> <b>Responding to Complaints</b>	If you complain to a GT in writing or over the telephone, the GT will respond substantively to your complaint within 10 working days of receiving your complaint. However if a visit to your premises or additional information from a 3rd party is required to enable resolution	If the GT fails you will receive a payment of £20 and £20 for each succeeding period of 5 working days thereafter, up to a maximum of £100. If the 20 day extension has been applied and the GT fails to

	of the complaint, the GT will issue an initial written response within 10 working days of receiving your complaint to explain this situation and will then respond substantively within 20 working days from receipt of the complaint.	meet it, you will receive the compensation amount.
<b>Paragraph 2(f) Responding to telephone calls</b>	Telephone calls to the National Gas Emergency Service (which operates 24 hours a day), the general enquiry line and the meter point reference number helpline (during the hours which they operate) shall be answered within 30 seconds of the call being connected.	
<b>Paragraph 2(g) - Responding to gas emergencies</b>	Where the GT received a report of a gas escape or other gas emergency, including significant escape of carbon monoxide or other hazardous situations, it shall attend as quickly as possible within the following timescales: <ul style="list-style-type: none"> <li>(a) All uncontrolled escapes/gas emergencies within 1 hour.</li> <li>(b) All controlled escapes/gas emergencies within 2 hours.</li> </ul>	
<b>Please note there are a number of exemptions that may apply.</b>		

**Table A.4 Gas Transporters' (GTs') Guaranteed Standards of Performance – Connections**

<b>GS4 Provision of standard connection quotations (up to 275kWh)</b>	If you request a standard quotation from your GT for a new connection or an alteration to an existing connection up to and including a rate of flow of 275kWh, the GT will issue it within 6 working days.	If the GT fails you will receive a payment of £10 and an additional £10 for each succeeding working day up to the quotation sum or £250 whichever is lowest.
<b>GS5 Provision of non-standard connection quotations (up to 275kWh)</b>	If you request a non-standard quotation from your GT for a new connection or an alteration to an existing connection up to and including a rate of flow of 275kWh, the GT will issue it within 11 working days.	If the GT fails you will receive a payment of £10 and an additional £10 for each succeeding working day up to the quotation sum or £250 whichever is lowest.
<b>GS6 Provision of non standard quotations (greater than 275kWh)</b>	If the GT fails you will receive a payment of £10 and an additional £10 for each succeeding working day up to the quotation sum or £250 whichever is lowest. GS6 Provision of non standard quotations (greater than 275kWh). If you request a non-standard quotation from your GT for a new connection or an alteration to an existing connection exceeding a	If the GT fails you will receive a payment of £20 and an additional £20 for each succeeding working day up to the quotation sum or £500 whichever is lowest.

	rate of flow of 275kWh, the GT will issue it within 21 working days.	
<b>GS7</b> <b>Accuracy of quotation</b>	<p>If the quotation is found to be inaccurate in accordance with the GTs published accuracy scheme, the GT will reissue you with a correct quotation and any overcharge paid will be refunded.</p> <p>You can contact your GT on the details provided for further information on their accuracy scheme.</p>	If the quotation is found to be inaccurate in accordance with the GTs published accuracy scheme then you will be entitled to payment(s) until an accurate quote is issued.
<b>GS8</b> <b>Response to land inquiries</b>	If you ask for a Land Enquiry from your GT in relation to a new connection or an alteration to an existing connection the GT will issue a response within 5 working days.	If the GT fails you will receive a payment of £40 and an additional £40 per working day thereafter up to a maximum of £250 for connections up to and including 275kWh and £500 for connections exceeding 275kWh.
<b>GS9</b> <b>Offering a date for commencement and substantial completion of connection works (up to 275kWh)</b>	If the GT receives an accepted quotation for a new connection or an alteration to an existing connection up to and including a rate of flow of 275kWh, it will offer a planned date within 20 working days for commencement and substantial completion of this work.	If the GT fails you will receive a payment of £20 and an additional £20 per working day thereafter up to the quotation sum or £250 whichever is lowest.
<b>GS10</b> <b>Offering a date for commencement and substantial completion of connection works (greater than 275kWh)</b>	If the GT receives an accepted quotation for a new connection or an alteration to an existing connection exceeding a rate of flow of 275kWh, it will offer a planned date within 20 working days for commencement and substantial completion of this work.	If the GT fails you will receive a payment of £40 and an additional £40 per working day thereafter up to the quotation sum or £500 whichever is lowest.
<b>GS11</b> <b>Substantial completion on agreed date</b>	Where the GT has agreed a substantial completion date for a new connection or an alteration to an existing connection it will meet that date. However, this does not necessarily mean that gas will be available for use inside the premises as the fitting of a meter, which will enable the flow of gas, must be	If the GT fails, you will receive a payment related to the value of the contract and a payment for each working day thereafter up to a maximum level. Your contract will be allocated to one category of the table below and payments will be made in line with that category up to the relevant cap.

	arranged by you and your chosen gas supplier.	
<b>Contract Value</b>	<b>Payment</b>	<b>Cap</b>
Up to & incl. £1k	£20	The lesser of £200 or the contract sum
Up to & incl. £4k	Lesser of £100 or 2.5% of contract sum	25% of the contract sum
Up to & incl. £20k	£100	25% of the contract sum
Up to & incl. £50k	£100	£5k
Up to & incl. £100k	£150	£9k
<b>Please note there are a number of exemptions that may apply.</b>		

## Appendix B: Network companies and the number of customers they serve

Table B.1 Electricity distributors and customer figures

Company	Electricity Distribution Network (DNO)	Number of customers in 2015-16
Electricity North West Limited	Electricity North West Limited (ENWL)	2,381,080
Northern Powergrid	Northern Powergrid Northeast Limited (NPgN)	1,596,374
	Northern Powergrid Yorkshire plc (NPgY)	2,291,522
Western Power Distribution	Western Power Distribution – West Midlands (WMID)	2,463,217
	Western Power Distribution – East Midlands (EMID)	2,622,449
	Western Power Distribution – South Wales (SWALES)	1,122,920
	Western Power Distribution – South West (SWEST)	1,590,050
UK Power Networks	London Power Networks plc (LPN)	2,311,906
	South Eastern Power Networks (SPN)	2,281,009
	Eastern Power Networks plc (EPN)	3,599,594
SPEN Energy Networks	SP Distribution plc (SPD)	2,002,257
	SP Manweb plc (SPMW)	1,503,914
Scottish and Southern Electricity Networks	Scottish Hydro Electric Power Distribution plc (SSEH)	762,398
	Southern Electric Power Distribution plc (SSES)	3,016,250

Table B.2 Gas transporters and customer figures

Company	Gas Transporter (GT)	Number of customers in 2015-16
Cadent (previously National Grid Gas Distribution)	East of England (EoE)	4,200,000
	North London (Lon)	2,100,000
	North West (NW)	2,700,000
	West Midlands (WM)	1,900,000
Northern Gas Networks Limited	Northern (NGN)	2,700,000
SGN	Scotland (Sc)	1,800,000
	Southern (So)	4,100,000
Wales & West Utilities Limited	Wales and West (WWU)	2,500,000



# Appendix C: Methodological note: Performance data calculations

A key objective in the analysis of the Guaranteed Standards of Performance (GSoPs) data was to be able to say to what extent energy customers have received guaranteed services. In detail this means finding out how many times in a given year each electricity and gas distribution network operator fulfilled each Guaranteed Standard.

In developing our methodology, we built on Ofgem's practice of calculating pass rates. **A pass rate is a percentage, which is calculated by dividing the number of times a standard has been met by the number of times a standard applied in a given year** (see Table 2 below for an example). In the electricity and gas connection standards, a target pass rate of 90% applies. This is why pass rates are calculated and published for these standards each year. No equivalent exists for the remaining standards: Electricity Standards of Performance and Gas non-connection standards.

**In our analysis we set out to calculate pass rates for all GSoPs to be able to report on performance against each standard by each distribution network operator (DNO) and gas transporter (GT).**

We consulted various parties to develop our methodology. Ofgem shared with us their methodology for calculating pass rates for the electricity and gas connection standards, which we then applied to the Electricity Standards of Performance and Gas non-connection standards. After developing our methodology for these remaining standards, we shared our results with all DNOs and GTs. Each company only received their own results and had the opportunity to comment on our model.

## Scope

Our analysis covers the performance of all DNOs and GTs in Great Britain in 2015/16. It is based on data that network operators submit to Ofgem on a yearly basis using standardised reporting templates. The data relates to the four sets of standards: Electricity Standards of Performance, Electricity Connection Standards of Performance, and the Gas Transporters Guaranteed Standards of Performance (connection and non-connection). Independent DNOs and GTs are not covered since performance data from them is not available.

## Areas of analysis

Broadly, the analysis looked at three areas: meeting of standards, the value of compensation payments and the number of compensation payments made if a standard was not met. The table below lists all measures of performance we aimed to identify for each standard and each network.

**Table C.1 List of measures of performance**

Measure of performance	Explanatory note
Total number of cases where a standard applied	
Total number of cases where a standard was met	
Total number of cases where a standard was not met	
Total number of exemptions invoked	Only applies to Electricity Standards of Performance. In the reporting forms for the remaining standards, exemptions are already accounted for in the “total number of cases where a standard applied”.
<b>% of total cases where standard was not met</b>	This was calculated using the above information
<b>% of total cases where standard was met (pass rate)</b>	This was calculated using the above information
Total value of voluntary payments	Only applies to Electricity Standards of Performance
Total value of mandatory payments	
<b>Total value payments made</b>	Sum of the value of voluntary and mandatory payments above
Number of voluntary payments	Only applies to Electricity Standards of Performance
Number of mandatory payments	
<b>Total number of payments made</b>	Sum of the number of voluntary and mandatory payments above

## Calculating pass rates

Pass rates are percentages which are calculated using two components: the number of times a network had to comply with a given standard, and the number of times they successfully met that standard. Most of the time, however, the performance reporting templates ask networks to report the number of times they did *not* meet a standard. The formula to calculate a pass rate is therefore as follows:

$$\text{Pass rate} = 1 - (\text{total number of cases where a standard was not met} / \text{total number of cases where a standard applied})$$

There can be instances where a network does not have to or cannot fulfil a standard, such as if a customer has provided wrong information or if an engineer could not gain access to a property. These instances then count as exemptions. In the Electricity GSoPs these exemptions are reported separately and necessitate a slightly different pass rate formula:

$$\text{Pass rate} = 1 - ([\text{total number of cases where a standard was not met} - \text{total number of exemptions}] / \text{total number of cases where a standard applied})$$

The table below shows an example of a pass rate calculation. The result shows that the DNO has restored electricity supply to its customers within 12 hours 99.84% of the time.<sup>47</sup>

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<sup>47</sup> Note: this standard relates to disconnection in normal weather conditions and with less than 5,000 customers of that DNO being affected.

**Table C.2: Electricity Standards of Performance**  
**Standard 5: Supply restoration – Normal weather conditions**

Measure of performance	Indicator (from reporting template)	Data
Total number of cases where a standard applied	Number of premises affected by those interruptions	813,760
Total number of cases where a standard was met	<i>(not reported through the template)</i>	Data not collected
Total number of cases where a standard was not met	Number of failures to restore supply to premises within 12 hrs	1,319
Total number of exemptions invoked	Total number of exemptions invoked	1,063
% of total cases where standard was not met		0.03%
% of total cases where standard was met (pass rate)		99.969%

## Limitations

### Patchwork of data

The reporting templates do not ask for all the information we needed to determine the results for all our measures of performance. This meant that for four standards across the gas and electricity GSoPs we were unable to calculate pass rates. On other occasions, we had to use proxy indicators. For example, where the reporting template did not ask networks to report the “number of times a standard was not met”, we used the “number of payments made” instead. This limits the accuracy of the pass rates and the extent to which we can determine whether energy customers received guaranteed services.

### Other limitations

We were not able to find out to what extent domestic customers and non-domestic customers of networks were served differently by their network operator. Most of the reporting templates do not ask for such differentiated reporting on performance.

This analysis is also unable to shed light on whether customers served by IDNOs and IGTs are receiving guaranteed services since these companies are not required to report against the GSoPs.

# Appendix D: Data

We will publish individual networks' performance data as well as calculations which underpin our analysis in a separate Excel spreadsheet on our website alongside this report.

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