



Commission for Energy Regulation

An Coimisiún um Rialáil Fuinnimh

Gas Networks Ireland Customer Performance Indicators

Decision Paper

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Regulating Water, Energy and Energy Safety in the Public Interest

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Executive Summary

The Commission for Energy Regulation (CER) is the independent regulator of Gas Networks Ireland (GNI). As GNI is a regulated network operator responsible for building and maintaining the natural gas network in Ireland, the revenues it is allowed to recover and the tariffs it is allowed to charge customers are subject to regulatory oversight.

Network companies such as GNI and ESB Networks are subject to revenue control periods which set out the amount of revenue they can recover over a certain period of time. The period is five years in the case of electricity and gas. These revenues are recovered via network charges which form part of energy customers' bills. These revenue setting periods are known as Price Controls in gas and Price Reviews in electricity.

GNI is in its third Price Control (PC3) which will finish in September 2017, at that time a new Price Control (PC4) will take effect. This will set out the revenues that GNI will be allowed to recover in order to maintain and operate the natural gas network for over 660,000 gas customers¹,

As part of the price control PC4, the CER will incentivise GNI with respect to key customer performance indicators. To date, the CER has received customer performance data on an annual basis from GNI and has reviewed this to ensure that GNI are in compliance with their licence conditions. Additionally, the CER also monitors the performance of GNI with regard to safety on the basis of a set of key safety performance indicators (KPIs) which are submitted quarterly to the CER for review. The outputs from this data are included in the CER's Energy Safety Report that is published each year.

As part of the next Price Control, the CER has decided that some of the revenues that GNI are allowed to recover will be specifically linked to how well it performs against certain customer performance data. With this in mind, the CER consulted on proposals to incentivise GNI in key areas of its customer service. These proposals included incentives around GNI's call centre, complaints metrics and the results from an annual customer survey to be carried out by an independent research company engaged by GNI, with the CER having an oversight role. The incentives are a mixture of qualitative² and quantitative³ metrics.

¹ GNI's customers include residential customers, businesses and power plants.

² Qualitative indicators – deal with the quality or characteristics of what is being discussed i.e. "Overall, how satisfied were you with the outcome of your complaint?"

³ Quantitative – deal with numbers or quantity i.e. the number of complaints.

The CER invited comment on the following areas in the consultation paper:

- (1) The weightings to be attributed to the qualitative versus quantitative elements of the customer performance indicators.
- (2) Positive versus negative financial incentives.
- (3) The proposed weighting of the KPIs, including the proposal of applying an equal weighting to each of the KPIs as a first step.

Respondents were broadly in favour of introducing incentives associated with GNI's customer performance. However, concern was raised by one respondent that consistent terminology and refined reporting processes will need to be put in place by GNI prior to the introduction of any performance indicators.

The CER agrees that any key performance indicators (KPIs) will need to be accurately reported so as to allow for a meaningful assessment to take place. Therefore, the CER at this juncture, is deciding upon the key performance indicators and will consult on the financial incentives within the gas Price Control (PC4) consultation process due to commence in May 2017.

As part of the GNI Customer Performance Indicators Consultation Paper, the CER reviewed the financial mechanisms in place across a range of utilities, these included mechanisms which carried a reward only, a penalty only, an equal reward and penalty on both sides whilst others carried a higher penalty than reward and vice versa.

The CER has decided that there will be three main areas against which performance indicators will be measured, these are:

- i) **Call Centre Response**
- ii) **Complaints Metric**
- iii) **Customer Survey**

The CER consulted on eight associated incentive indicators across these areas as depicted in Table 1 below. The CER has decided, based on responses received, to remove two of the incentive indicators associated with (i) Call Centre Response and (ii) Complaints Metric, namely, ***First Contact Referral***⁴ & ***Number Customer Complaints referred to the CER***. In

⁴ First Contact Referral - The percentage of calls that are dealt with in one phone call.

terms of the *First Contract Referral* indicator, a respondent highlighted that site visits are often required to resolve customer issues and as a result it is often not possible for GNI to resolve and close out an issue within one phone-call. The CER is of the view that GNI's business differs from other utilities, whereby GNI has a legislative obligation to ensure that the gas network is maintained to the highest safety levels possible to protect the public. It is therefore essential that GNI are afforded the opportunity to deal with a call appropriately to ensure that any potential safety issues are resolved correctly. Therefore a call may lead to a site visit to resolve the customer issue(s). The CER would have concerns that the introduction of such an incentive could have the unintended consequence of key safety information from a caller being missed. On that basis he CER has decided to remove *First Contract Referral* from the incentive mechanism.

The CER has decided to remove the indicator *Number of complaints referred to the CER where GNI is party to the complaint*, as the volume of complaints referred to the CER is too low to meaningfully incentivise GNI to improve customer performance; however the CER will continue to monitor this report through the CER Customer Care Team's Customer Contacts and Complaint Report.

Incentive	Description	Consulted Upon	Decision
(1) Call Centre Response			
First contact referral	The percentage of calls that are dealt with in one phone call.	✓	✗
Call abandonment rate	Total number of calls who abandon their call before it is answered by a Customer Service Representative.	✓	✓
Speed of telephone response <20 secs	Calls picked up by an agent within 20 seconds in the queue / Total number of calls.	✓	✓

(2) Complaints Metric			
Total number of complaints raised	⁵ Complaints refers to the to the expression of a customer’s dissatisfaction made to GNI regardless of form – letter, email, phone call, in person – during the reporting period. Only complaints requiring some form of follow-up should be included. Customer complaints referred to GNI by other stakeholders (e.g. suppliers) should be recorded here.	✓	✓
Percentage resolved within 10 working days	Number of complaints closed out in 10 working days/ Total number of complaints.	✓	✓
Percentage resolved within 30 working days	Number of complaints closed out in 30 working days/ Total number of complaints.	✓	✓
Number of complaints referred to the CER where GNI is party to the complaint	Number of complaints escalated to the CER/Total number of complaints.	✓	x
(3) Customer Survey			
Customer Survey	The customer survey is carried out by an independent research company. The calls are selected randomly and customers are asked questions on their call experience.	✓	✓

Table 1 Customer Performance Incentives

⁵ As per the CER’s Market Monitoring Framework.

As outlined in Figure 1 below, the CER has decided that the three main incentive areas will be weighted evenly. In addition, each of the three areas will have associated indicators with individual weightings attached.

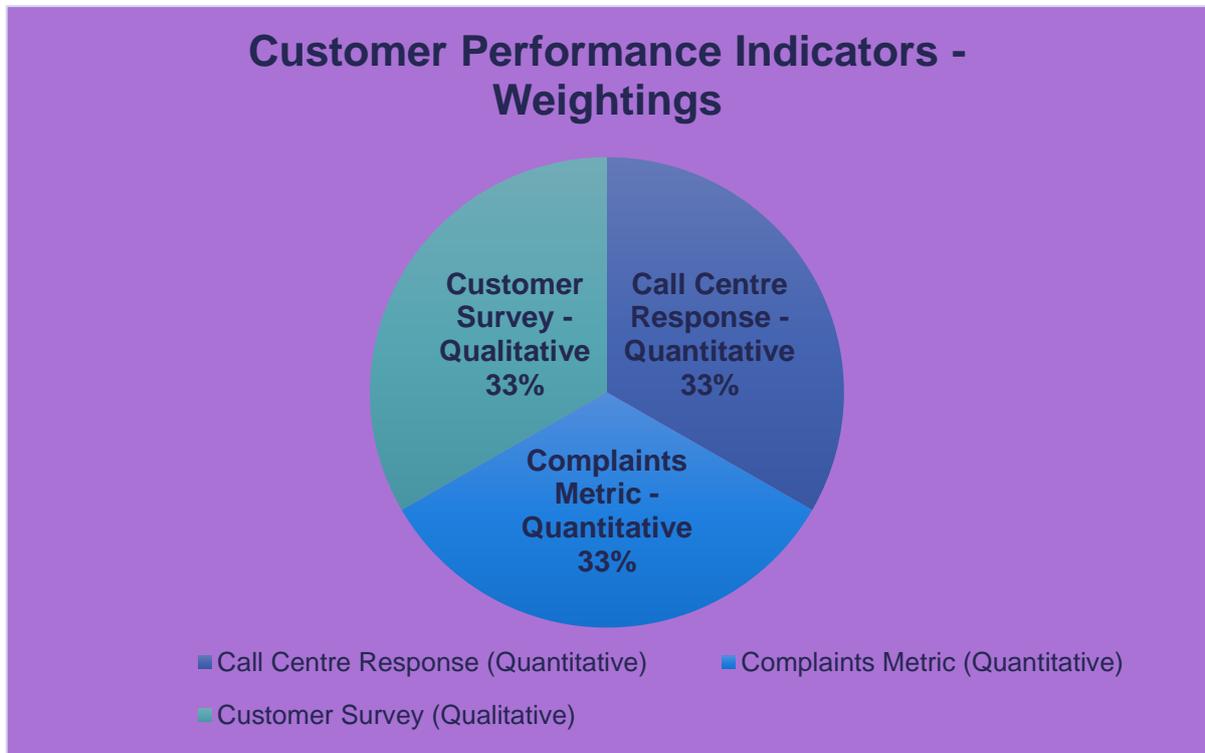


Figure 1 Customer Performance Indicators – Weightings

This paper summarises comments received from interested parties together with the CER’s decision. The CER intends to put the final indicators in place for the period of the price control, with the aim of reviewing at the end of the price control period to establish if they are the appropriate and meaningful indicators. The final performance indicators will be reported on annually within GNI’s Customer Performance Report, allowing gas customers to see how GNI are performing year-on-year. It is intended that the KPIs will have a financial penalty and or a reward associated with each, the level at which the penalty or reward will be set will be consulted upon within the PC4 consultation paper. This paper is due for publication in May 2017.

Public Impact Statement

In 2017, a new Price Control (PC4) will take effect which will set out the revenues that GNI will be allowed to recover to maintain and operate the natural gas network for over 660,000 gas customers. As part of this process, the CER intends to measure on an annual basis how effectively GNI deals with its customers. This will include an incentive mechanism to ensure GNI are incentivised to deliver a high standard of customer service. The CER intends to measure and incentivise GNI's performance in line with the best interests of consumers. The CER will do this through the following:

- Require GNI to monitor and collect specified customer performance indicators which will measure how effectively the company deals with its customers;
- Ensure GNI strives for continuous improvement in how effectively and efficiently it deals with customer queries;
- Motivate GNI to deal effectively with the overall number of complaints they receive;
- Ensure GNI maintain the commitments outlined in the GNI Customer Charter; and
- Allow customers and suppliers to have a role in determining how GNI are incentivised as part of its Price Control.

As the financial element of the incentive mechanism was not consulted upon, the financial impact on customers is not yet quantified. The financial element will be consulted on as part of the PC4 consultation process due to take place in May 2017.

Table of Contents

Executive Summary	i
Public Impact Statement	vi
Table of Contents	vii
Glossary of Terms and Abbreviations	viii
1 Introduction	1
1.1 Commission for Energy Regulation	1
1.2 Context	2
1.3 Related documents	3
1.4 Structure of this paper	3
2 Background	4
2.1 Consultation Background	4
2.2 Legislative Basis	6
3 The CER Decision – Customer Performance Indicators	7
3.1 Key Customer Performance Indicators.....	8
3.1.1 Call Centre Response.....	8
3.1.2 Complaints Metric	9
3.1.3 Customer Survey	9
3.2 Financial Incentives and Weightings	11
4 Responses and Comments Received	12
4.1 Gas Networks Ireland Response.....	12
4.2 Bord Gáis Energy Response.....	14
4.3 SSE Response.....	17
4.4 IOOA Response.....	17
5 Conclusion & Next Steps	18

Glossary of Terms and Abbreviations

Abbreviation or Term	Definition or Meaning
SEM	Single Electricity Market
GNI	Gas Networks Ireland
PC	Price Control
IRV	Interactive Voice Response
KPI	Key Performance Indicator
SMART	Specific, Measurable, Assignable, Realistic, Time Related

1 Introduction

1.1 Commission for Energy Regulation

The Commission for Energy Regulation (CER) is Ireland's independent energy and water regulator. The CER was established in 1999 and now has a wide range of economic, customer protection and safety responsibilities in energy. The CER is also the regulator of Ireland's public water and wastewater system. At a high-level, the CER's overall mission is to act in the interests of consumers and to ensure that:

- energy and gas are supplied safely,
- the lights stay on,
- the gas continues to flow,
- there is a reliable supply of clean water and efficient treatment of wastewater,
- the prices charged are fair and reasonable,
- the environment is protected, and
- regulation is best international practice.

The purpose of this paper is to set out the CER's decision to implement certain key performance indicators (KPIs) against which Gas Network Ireland's ongoing customer service will be measured. It is intended that financial incentives will be linked to each of the KPIs outlined in this paper and will be implemented in the next five year gas price control (PC4) beginning in October 2017. The detailed financial mechanism setting out the level of the financial penalty and or reward will be consulted upon within the PC4 consultation process.

Further information on the CER's role and relevant legislation can be found on the CER's website at www.cer.ie.

1.2 Context

As part of PC4, the CER is aiming to deliver an increased focus on GNI's customer service by evaluating certain indicators linked to GNI's performance.

As with previous price controls, PC4 will set out the revenues that GNI can recover over a five year period. This includes the operating expenditure required to run the gas network, the capital expenditure required for new assets built on the network and the rate of return that GNI can earn on capital projects. Each Price Control contains incentives for GNI to improve efficiency which benefits customers. As part of PC4, the CER has decided that some of the revenues that GNI obtain will be specifically linked to how it performs against certain customer performance data this will mean that GNI may obtain a financial reward or conversely a penalty depending on how they perform against a KPI, the details of this financial mechanism will be determined during the PC4 consultation process. The introduction of such a financial incentive mechanism linked directly to customer performance KPIs will be new to GNI.

To date, the CER has received customer performance data on an annual basis from GNI and has reviewed this to ensure that GNI are in compliance with their licence conditions. The CER also monitors the performance of GNI with regard to safety on the basis of a set of key performance indicators (KPIs) which are submitted quarterly. This data is included in the CER's Energy Safety Report that is published each year.

In 2016, the CER worked with GNI to review the current annual reporting structure of GNI's Transmission and Distribution System Performance Report to make it more accessible for GNI customers and the public. This included dividing the report into two standalone documents (i) Customer Performance Report and (ii) System Performance Report. It is intended that the final performance indicators will be reported on annually within GNI's Customer Performance Report, allowing gas customers to see how GNI are performing year-on-year.

1.3 Related documents

- [CER/16/243](#) Consultation on GNI's Customer Performance Indicators
- [CER/16/173](#) Consultation on the Irish Water Performance Assessment
- [CER/10/198](#) Decision on 2011 to 2015 Distribution Revenue for ESB Networks Ltd
- [CER/12/196](#) Decision on October 2012 to September 2017 Transmission Revenue for Bord Gáis Networks
- [CER/12/194](#) Decision on October 2012 to September 2017 Distribution Revenue for Bord Gáis Networks

1.4 Structure of this paper

This consultation paper is structured as follows:

- **Section 2**, provides the background to the CER's decision;
- **Section 3**, sets out the CER's decision on the customer performance indicators;
- **Section 3**, summarises comments received and the CER's response; and
- **Section 4**, outlines conclusions and next steps.

2 Background

2.1 Consultation Background

On the 22 August 2016, the Commission for Energy Regulation (CER) published a Consultation Paper that sought the views of interested parties regarding a set of proposed customer performance indicators which would apply to certain areas of customer service provided by GNI. As part of the consultation process, the CER Gas Networks team engaged internally with the CER Customer Care team to get an understanding of the number and nature of customer complaints referred to the CER. The customer performance indicators used for ESB Networks and those proposed for Irish Water were also considered, analysis was undertaken on the customer incentive mechanisms used in Great Britain by Ofwat (the water regulator) and Ofgem (the energy regulator).

The CER assessed indicators that are in place across a range of utilities. This assessment was conducted with a view to consulting on indicators which the CER view as **Specific, Measurable, Assignable, Realistic** and **Time Related** (SMART).

Specific	Measurable	Assignable	Realistic	Time related
Is the indicator specific enough that it is clear what is being captured?	Can the indicator be quantified by the call centre or GNI staff?	Is it clear who will be responsible for collecting the data?	Is the indicator representing a realistic target and balancing value for money?	Is the indicator being collected within a specific time period?

Table 2 SMART Objectives

The Consultation Paper also outlined each of the proposed indicators, the principles around the financial incentives and the weightings which it is proposed will apply to the indicators. The financial principles that could underpin such an approach include those that carry a reward only, a penalty only, an equal reward and penalty on both sides, whilst others carry a higher penalty than reward and vice versa. The incentive mechanism which is comprised of three main parts (i) Call Centre Response (ii) Complaints (iii) Customer Survey and the associate incentive measures under each is reflected in Table 3 below.

Incentive	Description	Consulted Upon	Decision
(1) Call Centre Response			
First contact referral	The percentage of calls that are dealt with in one phone call	✓	✗
Call abandonment rate	Total number of calls who abandon their call before it is answered by a Customer Service Representative.	✓	✓
Speed of telephone response <20 secs	Calls picked up by an agent within 20 seconds in the queue / Total number of calls	✓	✓
(2) Complaints Metric			
Total number of complaints raised	⁶ Complaints refers to the to the expression of a customer's dissatisfaction made to GNI regardless of form – letter, email, phone call, in person – during the reporting period. Only complaints requiring some form of follow-up should be included. Customer complaints referred to GNI by other stakeholders (e.g. suppliers) should be recorded here.	✓	✓
Percentage resolved within 10 working days	Number of complaints closed out in 10 working days/ Total number of complaints.	✓	✓

⁶ As per the CER's Market Monitoring Framework.

Percentage resolved within 30 working days	Number of complaints closed out in 30 working days/ Total number of complaints.	✓	✓
Number of complaints referred to the CER where GNI is party to the complaint	Number of complaints escalated to the CER/Total number of complaints.	✓	✗
(3) Customer Survey			
Customer Survey	The customer survey is carried out by an independent research company. The calls are selected randomly and customers are asked questions on their call experience.	✓	✓

Table 3 Customer Performance Incentives

The CER received responses from four parties:

- SSE
- Bord Gáis Energy
- Irish Offshore Operators Association (IOOA)
- Gas Networks Ireland

Each of these responses is published alongside this document.

2.2 Legislative Basis

The CER's legislative role is outlined in the Gas (Interim) (Regulation) Act, 2002, as amended (the Act). Under the Act, the CER is responsible for regulating charges in the natural gas market. Under Section 10A of the Gas Act 1976 (the Act) the CER may direct the transmission and distribution businesses on the basis for charges for transporting gas through the system.

3 The CER Decision – Customer Performance Indicators

This section sets out the CER’s decision on the Customer Performance Indicators to apply to GNI, which will measure the level of customer service they provide. It should be noted that the specifics of the financial incentive mechanism associated with the KPIs outlined in this paper will be consulted upon within the context of the PC4 consultation process. Following responses received the CER has decided to progress the following indicators along with the individual weightings as set out in Table 4 below.

	Indicators	Description	Weighting
(1) Call Centre Response			
Quantitative	Call abandonment rate	Total number of calls who abandon their call before it is answered by a Customer Service Representative.	50%
	Speed of telephone response	Calls picked up by an agent within 20 seconds in the queue / Total number of calls.	50%
(2) Complaints			
Quantitative	Total number of complaints raised	⁷ Complaints refers to the to the expression of a customer’s dissatisfaction made to GNI regardless of form – letter, email, phone call, in person – during the reporting period. Only complaints requiring some form of follow-up should be	25%

⁷ As per the CER’s Market Monitoring Framework.

		included. Customer complaints referred to GNI by other stakeholders (e.g. suppliers) should be recorded here.	
	Percentage of complaints resolved within 10 days	Number of complaints closed out in 10 working days/ Total number of complaints.	25%
	Percentage of complaints resolved within 30 days	Number of complaints closed out in 30 working days/ Total number of complaints.	50%
(3) Customer Survey			
Qualitative	Customer Survey	The customer survey is carried out by an independent research company. The calls are selected randomly and customers are asked questions on their call experience.	100%

Table 4 Customer Performance Indicators & Weightings

3.1 Key Customer Performance Indicators

As stated above, the incentive mechanism will be comprised of three main parts with six customer performance indicators. These are outlined below.

3.1.1 Call Centre Response

The CER intends to use the indicators relating to the Call Centre Response i.e. Call Abandonment Rate and Speed of Telephone Response. These indicators are internationally accepted as objective measures of the level of customer service provided by a call centre.

3.1.2 Complaints Metric

Based on the responses received to the consultation, the CER recognises that consistent terminology and refined reporting processes will need to be put in place prior to the introduction of indicators to measure GNI's complaint handling processes, specifically in relation to the following indicators:

- Total number of complaints
- Percentage of complaints resolved within 10 days
- Percentage of complaints resolved within 30 days

Concern was raised regarding GNI's acceptance of the industry standard definition of a complaint as outlined in the Supplier Handbook, that GNI record a complaint earlier in the escalation process and finally that GNI need to put in place a singular central point of contact for complaints, with the inclusion of shipper complaints. The relevant teams within the CER are actively engaging with GNI to ensure that processes and structures are put in place to ensure accurate and meaningful reporting. With this in mind the CER considers it appropriate that GNI's definition of a complaint is aligned with that outlined in the CER Electricity and Natural Gas Supplier Handbook⁸. A complaint is defined as:

“The expression (through various possible channels, letter, email, phone call, physical claim) of a customer's dissatisfaction and his/her explicit expectation for a response or resolution”.

This will ensure that both GNI and suppliers define a complaint in the same manner leading to a consistent approach to the benefit of customers.

3.1.3 Customer Survey

The CER intends to incentivise GNI to provide a quality service to all gas customers that contact the call centre. In order to measure GNI's performance a Customer Survey will be carried out by an independent research company with the CER having an oversight role. The CER is considering using the survey to measure GNI's performance against service levels set out in its Customer Charter, namely, questions posed in the survey will be centred on some of the commitments made in the GNI Customer Charter and customers' interaction with GNI. The

⁸ CER Electricity and Natural Gas Supplier Handbook <http://www.cer.ie/docs/000484/cer12081.pdf>

CER recognises that some of the commitments will already be measured through the Call Centre Response and Complaints Metric. The CER has decided that the service levels highlighted in Figure 2, form the basis of the Customer Survey questions.

The GNI Customer Charter is a written commitment made by GNI to its customers to deliver a high level of customer service. It sets out ten performance guarantees and offers compensation payments to customers for failure to meet the guarantee. These are set out in Figure 2 below.



Figure 2 GNI Customer Charter

As stated above, the CER is minded to use the Customer Survey as a basis for measuring customers’ satisfaction in respect of GNI meeting some of its performance guarantees. The GNI Customer Charter will provide a framework against which questions can be asked of the

customer. The aim is to encourage GNI to continue improving the level of service provided to its customers particularly around the areas of quotations turnaround, appointment granting, appointment keeping and reinstatement commitment as highlighted above. Customers need to be fully educated of the service level guarantees made by GNI under the Customer Charter. To this end, the CER will require GNI to publish this document clearly on its website.

3.2 Financial Incentives and Weightings

As outlined in Table 2, the CER has set out three areas related to GNI activities from which key performance indicators can be set namely;

- (1) Call Centre Response
- (2) Complaints Metric
- (3) Customer Survey

The CER has decided, following a review of responses received, that at this juncture the weightings will be applied equally across each of the three areas as shown in Figure 3.

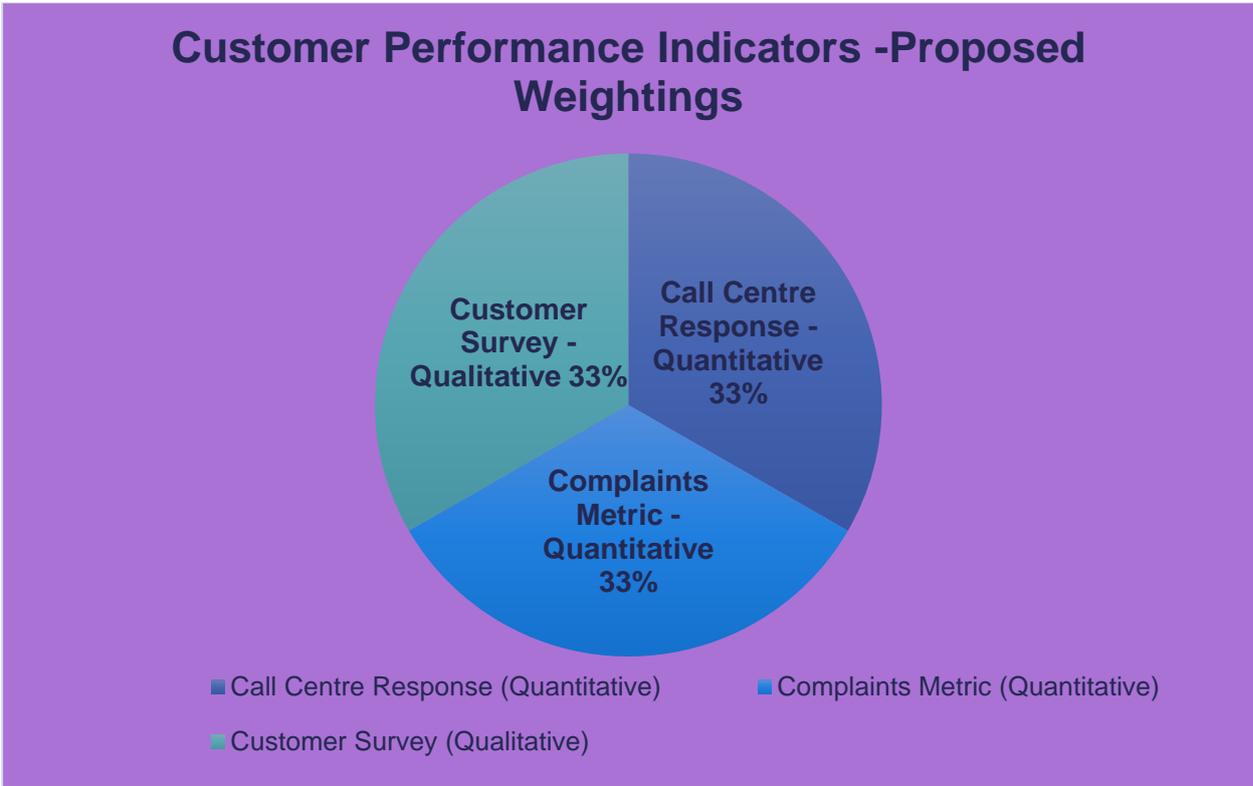


Figure 3 Customer Performance Indicators –Weightings

The specific financial rewards and penalties that may apply to these areas will be decided upon as part of the PC4 consultation process. The financial incentive to be applied to the indicators will be linked to what is considered to be important to customers.

4 Responses and Comments Received

This section summarises the comments received and sets out the CER's response to those comments. All responses are available on the CER website⁹.

4.1 Gas Networks Ireland Response

Gas Networks Ireland (GNI) provided comments on each of the proposed indicators set out in the Consultation Paper. These are summarised below, followed by the CER's response.

Customer Contact Centre

GNI is of the opinion that *First Contact Referral (FCR)*¹⁰ does not fit the SMART criteria and therefore the proposal to include it as an indicator of customer performance is inappropriate. Customer Support within GNI has encountered difficulties with the definition of FCR. Often site visits are required by GNI to resolve a customer issue and therefore phone resolution is not always possible.

On the other hand, GNI is of the view that the current methodology used and target rate of *Call Abandonment Rate* is SMART and appropriate to include as an indicator of customer performance. Similarly, GNI support the *Speed of Telephone Response* indicator and are of the view that the current methodology used and the target rate of call response is SMART.

CER Response

In terms of the *First Contract Referral* indicator, site visits are often required to resolve customer issues and as a result it is often not possible for GNI to resolve and close out an issue within one phone-call. The CER is of the view that GNI's business differs from other utilities, whereby GNI has a legislative obligation to ensure that the gas network is maintained to the highest safety levels possible to protect the public. It is therefore essential that GNI are afforded the opportunity to deal with a call appropriately to ensure that any potential safety issues are resolved correctly. Therefore a call may lead to a site visit to resolve the customer issue(s). The CER would have concerns that the introduction of such an incentive could have the unintended consequence of key safety information from a caller being missed. On that basis

⁹ <https://www.cer.ie/document-detail/Gas-Networks-Ireland-Price-Control-4/1102/8318>

¹⁰ The percentage of calls that are dealt with and closed out within one call.

the CER has decided to remove *First Contact Referral* from the incentive mechanism. The CER intends to proceed with the other indicators as outlined under Call Centre Response.

Complaints Metric

GNI is of the view that the indicators *Complaints Resolved within 10 Days* and *Complaints Resolved within 30 Days* fit the SMART criteria. On the other hand, GNI is of the view that *Total Number of Complaints* should not be included as an indicator, as the number of complaints may vary depending on the extent of the field work and construction work and whether or not they are valid complaints. GNI suggest that clear definitions and criteria would need to be established.

Finally, GNI is of the opinion that adding additional incentives in the form of *Complaints Referred to the CER* could have an undesired effect of undermining the relationship between the CER, GNI and consumers.

CER Response

The CER agrees that some preliminary work needs to be put in place before such indicators can be finalised. The CER does not agree that the *Total Number of Complaints* should be excluded from the incentive mechanism, whilst the CER recognises that the number of complaints may vary, it is of the view that aiming to minimise the number of complaints received, would incentivise GNI to improve their level of customer service through which the customer would derive benefit. The CER intends to proceed with the three customer performance indicators under the complaint handling area: (1) Total Number of Complaints; (2) Percentage of Complaints Resolved within 10 Days; and (3) Percentage of Complaints Resolved within 30 Days.

Finally, the CER acknowledges GNI's concern regarding an incentive for *Complaints Referred to the CER*. After further internal discussion, the CER has decided to remove this indicator as the volume of complaints referred to the CER is too low to meaningfully incentivise GNI to improve customer performance.

Customer Survey

GNI is of the view that this indicator is subjective and therefore does not match the SMART criteria, however, GNI welcomes the opportunity to discuss this metric as part of the PC4 process.

CER Response

The CER recognises that the *Customer Survey* does not meet all of the SMART objectives. The *Customer Survey* is designed to assess specifically a customer's satisfaction and experience in and is by definition a subjective assessment. The CER is of the view that an assessment of customer service should be based on a combination of both qualitative and quantitative indicators.

4.2 Bord Gáis Energy Response

Response to Consultation Question 1

In terms of the specific questions outlined in the paper, Bord Gáis Energy (BGE) is of the view that any assessment of GNI performance should involve a direct assessment of GNI's speed and effectiveness of service of delivery. This should be based on direct indicators such as number of site visits rather than relying on the customer's perception of acceptable service delivery alone.

CER Response

As outlined above, the *Customer Survey* is designed to assess specifically a customer's satisfaction and experience and is by definition a subjective assessment. The CER does not agree that an assessment of customer service should be based on direct indicators but rather a combination of both qualitative and quantitative indicators.

Response to Consultation Question 2

In terms of the financial incentive and weightings applied, BGE is of the view that the weightings put in place should be meaningful figures that would bring about change. BGE's initial thinking is that Ofgem's granular approach to applying financial incentives is considered appropriate as it provides suitable scales for each indicator. BGE pointed out that the weightings attributed to each of the three incentive mechanism parts should reflect what is of most value to the customer.

CER Response

The CER has decided that each of the three aspects of the incentive mechanism; (1) Call Centre Response; (2) Complaints Metric; and (3) Customer Survey will carry equal weightings. Each of the three areas will have associated indicators with weightings attached. The financial rewards and penalties to apply will be decided on as part of the PC4 consultation process.

Response to Consultation Question 2

BGE commented that although the customer generally appreciates a speedy response, the effectiveness of complaint handling is thought to be of most importance. Clarification was sought on the rationale behind the speed of the telephone response figure of 20 seconds. Similarly, BGE sought clarity on the definition of the measure '*Complaints referred to CER where GNI is party to the complaint*' specifically, 'party to' to prevent any confusion over what type of complaints will be included. Finally, BGE questioned how frequently the indicators would be reviewed.

CER Response

In response to BGE's query on the rationale behind the telephone response figure of 20 seconds, this is the percentage of calls that are in a queue waiting to speak to a customer service representative (after being placed in the queue by either the Interactive Voice Response (IVR)¹¹ or by a customer service representative) that are answered within 20 seconds. This metric places emphasis on the time spent by callers in the queue waiting to speak to a customer service representative and stops when the call is answered by a customer service representative. It creates an incentive for GNI to reduce this wasted time which can be the cause of much frustration for customers. The CER has decided to exclude the customer performance indicator '*Complaints referred to CER where GNI is party to the complaint*' from the incentive mechanism. As explained earlier, the level of complaints referred to the CER is low; however the CER will continue to monitor this into the future through the CER Customer Care Team Customer Contacts and Complaints Report.

The CER will monitor the customer performance indicators annually. The CER intends to put the final indicators in place for the period of the price control, with the aim of reviewing at the end of the price control period to establish if they are the appropriate indicators.

BGE also raised a number of issues in their response, outside of the questions asked. A summary of these issues are outlined below, followed by a CER response.

Complaint Handling Process

BGE is supportive of the introduction of an incentive mechanism to encourage GNI to achieve higher standards of customer performance. However, BGE are of the opinion that a number of

¹¹ IVR – Interactive Voice Response is a computerised telephone system that allows a caller to respond to a menu of choices (spoken by an 'electronic voice') by pressing the appropriate button on the phone. For example, "press one to input your meter reading".

changes to the GNI complaint handling process must be put in place before the introduction of an incentive mechanism.

- BGE suggested that GNI accept the industry standard definition of a complaint as defined by the Supplier Handbook¹².
- BGE requested a singular centralised point of contact, with the inclusion of complaints from suppliers that should be put in place with end to end complaint handling and appropriate resolution times.
- BGE are of the view that complaints should be recorded earlier in the escalation process where it is clear the customer is making a complaint. The application of a complaint reference number, date and time stamp should also be used to aid turnaround time.

CER Response

The CER acknowledges BGE's concerns and agrees that appropriate monitoring and reporting structures need to be in place so that performance against each of the indicators can be assessed accurately. The relevant teams within the CER are actively engaging with GNI to ensure that processes and structures are put in place to ensure accurate and meaningful reporting, this has been discussed at the GMARG meetings and has been discussed directly between the CER and GNI. The gas networks team within the CER will continue to engage directly with GNI on the issues identified.

Incentivising Efficient Siteworks

BGE proposed including incentives to improve efficiencies by reducing the amount of visits to premises in terms of special reads, meter locks, meter exchange and revenue protection purposes. BGE are of the opinion that at present price per visit for various GNI siteworks can be costly and ineffective for customers and suppliers, and that repeated visits to complete siteworks is not in the interest of the consumer.

CER Response

The CER recognises that given the nature of GNI's business, a number of processes require site visits. Whilst the CER acknowledges that the efficiency of this process is of high importance to customers, given the nature of gas and the risks associated with it, the CER do not consider it appropriate to set a cap on the number of site visits. There may be valid reasons as to why a number of site visits have occurred. However, the CER will include GNI's commitments as outlined in GNI's Customer Charter as a framework against which questions

¹² CER Electricity and Natural Gas Supplier Handbook <http://www.cer.ie/docs/000484/cer12081.pdf>

can be asked as part of the *Customer Survey*. GNI's Customer Charter includes commitments on areas such as reinstatement of works and appointment granting.

4.3 SSE Response

SSE is of the view that the proposed incentives seem reasonable but that the scope of the application seems limited. SSE is of the opinion that given the substantial role of GNI in operating the transmission network, satisfaction levels of large customers and network users should be also included in any performance evaluation. SSE proposed that appropriate incentives directly related to GNI's interactions with Shippers should be considered for PC4. SSE pointed out that the GNI Code of Operations has set timelines for outage management. This is an area that SSE believe an incentive may be appropriate and would encourage the CER to examine other operational areas where incentives may be beneficial.

CER Response

The focus of this paper is on domestic customers. However, the CER is mindful of SSE's concerns. This particular issue on outages is now being dealt with within the context of the Code Modification Forum, a code modification has recently been approved by the CER for implementation. The CER will continue to work with GNI to ensure that an appropriate level of service is provided to suppliers.

4.4 IOOA Response

IOOA are of the view that the customer performance indicators proposed by the CER in the consultation paper should be expanded to incentivise the provision of good information and punish the provision of poor information by GNI to industry.

CER Response

The CER notes the respondent's concern however considers that it is outside the scope of this paper. The CER is of the view that the provision of information is currently being addressed through the Code Modification Forum and can be dealt with through this forum.

5 Conclusion & Next Steps

The CER has embarked upon the next 5 year price control (PC4) for GNI which will run from 2017-2022. The CER will determine through the PC4 process the revenue allowances that GNI will be permitted to recover over the period to operate and maintain the gas network business. As part of the PC4 consultation process, the CER will seek further comment on the detailed financial incentive to be applied to the KPIs set out in this decision paper. Comment will be sought on the following areas:

- The level of revenue that should be put at risk
- Whether the financial incentive should carry a reward only, a penalty only, an equal reward, penalty on both sides or a higher penalty than reward and vice versa

This is a new approach by the CER in terms of incentivising GNI. The CER intends to put the final indicators in place for the period of the price control, with the aim of reviewing at the end of the price control period to establish if they are the appropriate and meaningful indicators. GNI's performance against the set of KPIs outlined in this paper will be published in the GNI annual Customer Performance Report.

The CER will continue to engage with GNI to ensure that appropriate monitoring and reporting structures are in place so that performance against each of the indicators can be assessed accurately. Further engagement by the CER with GNI on their complaint handling process will take place in advance of the implementation of the KPIs.