



Office of Utility Regulation

Guernsey Electricity Limited: Quality of Service

Consultation Document

Document No: OUR 03/28

September 2003

Office of Utility Regulation
Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey, GY1 2NH
Tel: [0]1481 711120, Fax: [0]1481 711140, Web: www.regutil.gg

Contents

1	Introduction.....	2
2	Structure, Procedure and Timetable.....	4
2.1	Structure of the Paper.....	4
2.2	Consultation Procedure and Timetable.....	4
3	Quality of Service	6
3.1	Role of Service Standards within Regulatory Regime	6
3.2	Licensing Regime	6
4	GEL's Existing Service Standards and Compensation Arrangements	8
4.1	Service Standards and GEL's Actual Performance	8
4.2	GEL's Compensation Schemes.....	10
4.3	GEL's Performance Indicators	10
5	International Benchmarks	12
5.1	Service Standards.....	12
5.2	Compensation Payments.....	16
6	Director General's Proposals	18
6.1	Extending range of service standards	18
6.1.1	Appointments for visiting Customers	18
6.1.2	Payment of Compensation	18
6.1.3	Moving a Meter.....	18
6.1.4	Reconnecting Disconnections for Non-payment	18
6.2	Overall Measures	19
6.3	Guaranteed Service Standards	19
6.4	Revised service standard targets	19
6.5	Compensation arrangements.....	20
6.6	Proposed Service Standards, Targets and Compensation Levels	20
7	Next Steps	23
	ANNEX 1: Comparison of Existing (GEL) and Proposed Service Standards (GS & OS).....	24

1 Introduction

The quality of service a company provides to its customers is an important source of competitive advantage and a valuable commercial tool in competitive markets. This is because in a competitive market, the attractiveness or otherwise of an operator's offering would be determined by the market itself as customers can choose a supplier based on a number of criteria such as price and quality. In a market where there is a single monopoly provider there is no competitive pressure to improve quality of service or set prices at efficient levels. To address the problems and inefficiencies that arise from monopoly markets, regulation to control prices and drive improvements in service standards has been introduced by governments across the world to function as a proxy for competition.

Within Guernsey's electricity market Guernsey Electricity Limited ("GEL") has been licensed to generate, convey and supply electricity in Guernsey. The States of Deliberation ("the States") directed¹ the Director General of Utility Regulation to grant GEL an exclusive licence in the conveyance market upon commercialisation on 1st February 2002. Following a review by the Director General of the economic viability of competition in the supply business at the request of the States², the Director General recommended that the electricity supply market was, at the current time, unable to sustain efficient competition³. Consequently the States directed⁴ the Director General to award a nine year exclusive public supply licence to GEL. Finally, although there is no regulatory barrier to entry into the generation market, the current market structure and surplus generation capacity makes it extremely unlikely that there will be competition in generation in the near future. Thus in the absence of competition the Director General believes it is necessary to monitor closely GEL's service standards in accordance with GEL's Licences in order to promote and protect consumers' interests.

GEL's commitment to quality of service⁵ and the company's introduction of service standards in compliance with its licence conditions is welcomed by Director General welcomes, and she notes that the company has exceeded 15 of the 17 targets it was set in the first year of operation as a commercial entity.

The Director General further notes that the Council for European Energy Regulators ("CEER") recommends⁶ that the regulation of service standards includes regular reviews of service standards, and that these should be periodically adjusted if necessary. The CEER also recommends that penalties and incentives (such as compensation schemes for customers) must also be reviewed, and suggests that it is sensible for this to take place at the same time as price control reviews. Therefore in

¹ Billet D'Etat I of 2003, page 55, Recommendation 3

² States Resolutions 2001, pages 78-80 (item 13)

³ Document OUR 02/35 Review of Guernsey's Retail and Generation Electricity Markets – Report to the Board of Industry

⁴ Billet D'Etat I of 2003, page 55, Recommendation 2

⁵ Guernsey Electricity Annual Report and Accounts 2002/03

⁶ Council of European Energy Regulators Working Group on Quality of Electricity Supply "Quality of Electricity Supply: Initial Benchmarking on Actual Levels, Standards and Regulatory Strategies, April 2001

accordance with international best practice the Director General wishes to conduct a thorough review of GEL's service standards and obtain direct feedback from interested parties so as to ensure the regulatory regime addresses the needs of GEL's customers.

The purpose of this consultation paper is to review GEL's existing service standards in the light of the company's actual performance and international best practice. The paper sets out the Director General's proposals for:

- extending the range of service standards and setting targets for these new service standards which the company will be required to achieve;
- tightening the targets for the existing service standards;
- changing the status of some standards from an overall standard to a guaranteed standard which means customers will be able to claim compensation when GEL fails to achieve the required standard; and
- changes to the compensation regime in the light of international best practice.

This document does not constitute legal, technical or commercial advice; the Director General is not bound by this document and may amend it from time to time. This document is without prejudice to the legal position or the rights and duties of the Director General to regulate the market generally.

2 Structure, Procedure and Timetable

2.1 Structure of the Paper

This paper is structured as follows:

Section 2 outlines the consultation procedure and timetable for the submission of responses to the consultation;

Section 3 provides background information on the role of service standards within a regulatory regime and how this is incorporated within GEL's licence;

Section 4 sets out GEL's existing service standards and the company's actual performance during 2002/03 and for the current year to date. This section also provides information on the compensation payments made by GEL over the 2002/03 financial year for any service failures;

Section 5 presents benchmark service standards and compensation schemes in a number of European Commission Member States for comparison against GEL's current targets and levels of compensation;

Section 6 sets out the Director General's proposals for the new targets which would come into effect from 1st April 2004; and

Section 7 describes the next steps in the consultation.

Annex 1 to this paper, provides for ease of comparison, GEL's existing service standards against the revised and new standards proposed by the Director General.

2.2 Consultation Procedure and Timetable

The consultation is scheduled to run from Thursday 18th September 2003 and the closing date for the submission of comments to the OUR is 5pm on Thursday 16th October 2003. Comments should be submitted in writing to:

Office of Utility Regulation
Suite B1 & B2,
Hirzel Court,
St. Peter Port,
Guernsey GY1 2NH.

Email: info@regutil.gg

All copies of comments should be clearly marked "Comments on GEL's Quality of Service".

In line with the policy set out in Document OUR01/01 – “Regulation in Guernsey; the OUR Approach and Consultation Procedures”, the Director General intends to make responses to the consultation available for inspection. Any material that is confidential should be put in a separate Annex and clearly marked so that it can be kept confidential.

The Director General regrets that she is not in a position to respond individually to the responses to this consultation, but she will publish a report on the consultation after all comments have been considered.

3 Quality of Service

3.1 Role of Service Standards within Regulatory Regime

While the economic regulation of monopoly utilities is often associated primarily with various forms of price regulation, performance standards and social obligations are also very important. It is particularly relevant to be aware that price-cap regimes, in seeking to incentivise a regulated company to reduce costs and thus prices, could as a side-effect incentivise the company to reduce the quality of the services it supplies by cutting investments, maintenance, or personnel so as to increase profits. Regulation of quality is designed to ensure that cost cuts are not achieved at the expense of lower quality.

Economic theory suggests that perfect incentives for quality would arise where prices adjust continuously to the level of quality supplied. In theory this result can be reached by incorporating a quality-sensitive factor in the price-cap formula⁷. Such an approach has been adopted by Postcomm in the recent price control that was set for Royal Mail in 2003 where a “quality” factor is included in the RPI-X formula⁸.

However, this solution is impossible to implement for all relevant quality factors⁹ and does not guarantee, particularly when the service provider is a monopoly, a minimum quality level to consumers. Consequently regulators have adopted a wide range of other mechanisms to protect customers’ interests. The CEER 2001 Report identifies a number of mechanisms including, *inter alia*:

- comparative publication of quality performance between companies, or yardstick competition to stimulate competitive behaviour;
- overall and guaranteed standards of performance;
- financial penalties if standards are not met, payable either directly to customers or into a fund for quality promotion programmes; and
- other sanctions like written warnings, licence modification or licence withdrawal.

The Director General believes that, given the market structure in Guernsey, it is necessary to regulate quality of service and provision is made for this in the original licensing regime for electricity.

3.2 Licensing Regime

GEL was awarded a licence by the Director General to generate, convey and supply electricity within Guernsey from the 1st February 2002. In a consultation¹⁰ on GEL’s licence conditions the Director General proposed to include specific conditions

⁷ See for example J. Vickers and G. Yarrow, *Privatisation: An Economic Analysis*, Cambridge University Press, 1988.

⁸ Postcomm Review of Consignia plc’s Price and Service Quality Regulation, October 2002, Proposal for a Second Price Control.

⁹ See V. Foster, *Non-price issues in utility regulation: performance standards and social considerations*, Lecture to the International Training Program on Utility Regulation and Strategies, PURC, University of Florida, June 1999.

¹⁰ Document OUR 01/08 Electricity Licence Conditions – Consultation Paper

relating to quality of service within GEL's licence. Respondents to the consultation agreed with the Director General's proposals and in the report on the consultation¹¹ the Director General decided to include conditions relating to quality of service.

As a result GEL's Licences contain a number of conditions relating to service levels in order to ensure that the operation and maintenance of the network and services of the monopoly incumbent operator in the market continues at a sufficiently high level to meet the reasonable needs of the users of the service. Conditions 22.1, 26.1 and 37.1 require GEL to develop and operate the generation, conveyance and public supply businesses respectively so as progressively to achieve service levels in line with international best practice and such other benchmarks as the Director General may direct from time to time.

Whilst this consultation paper focuses primarily on service standards relating to GEL's supply business, GEL's Licence also provides for the Monitoring and Development Plans across all three of its licensed businesses. GEL is currently developing these Plans which will ensure that the maintenance of its generation and conveyance assets in order to provide a high quality of service to meet customers' reasonable needs.

¹¹ Document 02/05 Decisions under the Electricity (Guernsey) Law, 2001 – Decision Notice and Report on the Consultation Paper.

4 GEL's Existing Service Standards and Compensation Arrangements

4.1 Service Standards and GEL's Actual Performance

Since commercialisation, and in accordance with its licence requirements, GEL has introduced two types of service standards, which is consistent with practices elsewhere, namely:

- **Guaranteed Standards (GS):** These set service levels that must be met in each individual case. If GEL fails to provide the level of service required, it must make a payment to the customer affected subject to certain exemptions.
- **Overall Standards (OS):** These require GEL's average level of performance for particular services to be above a minimum level. Because they are measured across the entire customer base, there are no compensation payments to individual customers associated with these standards.

The company's performance against its 17 service standards over the period 2002/03 together with performance for the year to date is shown in Table 1 below.

Table 1 GEL's Service Standards and Actual Performance

Service Standard	Target	2002/2003 Performance ¹²	2003/04 Performance YTD ¹³
GEL 1 (GS). Service Fuse Failures - To replace faulty service fuses within 3 hours of notification.	95%	100%	100%
GEL 2a. (OS) Restoring Supplies - To repair 80% of faults inside GEL's electricity network within 3 hours of notification.	80%	94%	96%
GEL 2b. (GS) Restoring Supplies - all within 24 hours.	100%	100%	100%
GEL 3. (GS) Providing a Supply - To connect new customers with an existing supply of electricity within 3 working days.	95%	100%	100%
GEL 4a. (OS) Estimate of Charge – When a new electrical supply needs to be installed or an existing supply altered, GEL will provide an estimate of charge within 5 working days.	95%	83%	55%
GEL 4b. (OS) Estimate of Charge - 15 working days if significant network reinforcement is required.	95%	97%	100%
GEL 5. (OS) Supply Interruptions – To give customers at least 5 days notice when the supply of electricity is to be temporarily interrupted during maintenance work.	95%	100%	No interruptions

¹² www.electricity.gg/internet/aboutus/AnnualReports/AnnualReport2002

¹³ www.electricity.gg

Service Standard	Target	2002/2003 Performance	2003/04 Performance YTD
GEL 6. (GS) Voltage Complaints – To investigate the reasons within 7 working days and correct within 6 months.	95%	100%	100%
GEL 7. (GS) Charges and Payments – To answer queries regarding charges and payment within 3 working days.	95%	100%	100%
GEL 8. (GS) Meter Disputes - To investigate and explain why meters might be operating outside acceptable margins of error within 10 days.	90%	100%	100%
GEL 9. (GS) Pre-payment Meters – When a GE Ltd. pre-payment meter has failed, GEL will visit the premises of the customer within four hours of notification.	95%	100%	100%
GEL 10. (OS) Meter Readings - To obtain an actual meter reading from all customers at least once a year.	99.50%	98.9%	99.3%
GEL 11. (GS) Changing a Meter - When a customer wants to change their method of payment or tariff, GEL will change the meter within 10 working days.	95%	100%	100%
GEL 12. (OS) Customer Correspondence – To answer supply or distribution queries within 10 working days.	95%	100%	100%
GEL 13a. (OS) Cable Enquiries – Respond to single site/cable enquiries inside one hour.	95%	97%	98%
GEL 13b. (OS) Cable Enquiries – multiple site/cable enquiries within two working days.	95%	99.5%	100%
GEL 14. (OS) Pollution – Answer complaints regarding pollution within eight hours of notification.	95%	98%	100%

In commenting on its performance during 2002/03 in its Annual Report, GEL states that:

“The results are excellent and exceed our expectations for a first year. However, they are not completely unexpected, as I am aware that all staff are very proud of, and take very seriously, the responsibility of delivering the highest level of service possible.”¹⁴

The Director General welcomes GEL’s commitment to quality of service for its customers and is pleased to see that the company satisfied 15 of the 17 targets during 2002/03. The OUR is reviewing with the company the reasons for GEL’s failure to achieve the GEL4a and GEL10 targets to ascertain how this may be rectified.

In a competitive market one would expect quality of service to increase over time as operators seek to differentiate themselves on a variety of factors, including price and quality, to maintain a competitive advantage within the market.

¹⁴ www.electricity.gg/internet/aboutus/AnnualReports/AnnualReport2002/MDReport/MDReport3.asp

The European Commission¹⁵ has noted the impact of competition and regulation where necessary on driving up quality of service in the electricity sector:

“Where liberalisation – particularly at the domestic level – has taken place, experience indicates that such standards increase for two reasons. First, the grant of a license to sell electricity is always made subject to conditions. Some of the conditions provide minimum service standards. National regulators, year-by-year, increase and expand their standards. Second, as service standards represent one important area upon which companies compete, competition leads to their improvements. This results in standards increasing above those minimum levels set by regulators or governments. Thus, the legislative framework within which the progressive liberalisation of the electricity and gas industry is taking place in Europe has the dual objective of lowering prices and maintaining and even increasing services of public interest. Experience clearly demonstrates that with, where necessary, appropriate regulatory measures in place, such services of public interest can not only be maintained, but increased in a competitive market place”.

Therefore in the absence of competition in Guernsey’s electricity supply sector, due to its legal monopoly, the Director General considers that it is appropriate and in line with international best practice, for the OUR, as a proxy for competition, to promote improvements in quality of service through GEL’s licence conditions.

4.2 GEL’s Compensation Schemes

As explained in section 4.1 GEL categorises eight of its service standards as “Guaranteed Service Standards”. If the company fails to deliver the pre-determined level of service for a customer for any of the services covered by the Guaranteed Service Standards then the company will pay that customer compensation up to a value of £25 for that failure. The current arrangements involve GEL notifying each customer that they are entitled to the payment and then arranging payment for the amount due. However, any customer believing that they have not received the service is entitled to submit a claim which will be investigated to determine whether any compensation is appropriate.

GEL has confirmed that during 2002/03 GEL did not receive any claim from a customer and made no payments for failure to meet a Guaranteed Service Standard.

4.3 GEL’s Performance Indicators

GEL’s Annual Report also includes a number of performance indicators across technical, personnel and financial categories. Within the technical category GEL reports on, *inter alia*, the average minutes lost per customer (MLC), high voltage faults and low voltage faults. These will be included in the Monitoring and

¹⁵ 11 European Commission Communication from the Commission *Services of general interest in Europe*, COM/2000/0580 final, September 2000, Annex I.

Development Plans which have yet to be finalised. At the current time GEL has no formal targets for any of these indicators and interested parties can simply track the company's performance over time. For example, MLC was 75 minutes per annum in 1998/99, before falling to 34 minutes in 2001/02 and has since increased to 68 minutes in 2002/03.

5 International Benchmarks

5.1 Service Standards

As explained in section 3.1 standards of performance are an important element in the regulatory framework and serve to protect the interests of customers in key service areas. The CEER Quality of Service Working Group undertook a review of service standards in a number of EU Member States in 2001 and the results are summarised in Table 2. Quality service standards which are comparable to GEL's current service standards have been highlighted and referenced for ease of comparison. Within the table "GS" refers to Guaranteed Service standards for which compensation is available to customers for service failure by the operator. "OS" indicates Overall Service standards and "IS" denotes Indicative Service standards (i.e. a proposed standard for consultation prior to enforcement).

Table 2: Comparison of Quality Service Standards in 2001¹⁶

Service Standard	Italy	Netherlands	Portugal	Spain	UK
Responding to failure of supplier's fuse GEL1 (GS)		IS within 2 hrs	GS: within 4 hrs, 5 hrs in rural areas		GS: 3 hrs weekdays; 4 hrs weekends
Restoring / connecting supply GEL2a (OS) & 2b (GS)		IS: within 4 hrs	OS: 80% within 4 hrs		GS: 18 hrs OS: 85-95% in 3 hrs, 100% in 24 hrs
Connection (supply and meter) GEL3 (GS)	GS: LV ¹⁷ – within 5 working days MV ¹⁸ – within 7 working days		OS: 90% within 2 working days following signing of contracts.	GS: within 5 working days following contract sign.	GS: 2 days domestic; 4 days non-domestic OS: 100% in 30 days domestic, 40 days non-domestic.
Estimating Charges GEL4a (OS)	GS LV within 15 working days for simple works		OS; LV 95% within 20 working days for simple works	GS LV – supplies <15kW within 5 working days	GS: 5 days simple job 15 days other jobs

¹⁶ Source: CEER Working Group on Quality of Electricity Supply "Quality of Electricity Supply: Initial Benchmarking on Actual Levels, Standards and Regulatory Strategies, April 2001

¹⁷ LV=Low voltage

¹⁸ MV= Medium voltage

Service Standard	Italy	Netherlands	Portugal	Spain	UK
				Supplies without substation investment within 10 working days With substation investment within 20 to 30 days. MVHV (new) 1-66 kV within 40 days >66kV within 60 days	
Notice of Supply Interruption GEL5 (OS)		IS: LV 3 working days MV & HV – 10 working days		OS: minimum of 24 hrs notice	GS: 5 days
Voltage Complaints GEL6 (GS)	OS: 90% LV and 95% MV reply within 10 working days		GS: respond or visit within 20 working days		GS: reply within 5 days or visit within 7 days.
Meter Problems GEL8 (GS)	OS: 90% LV and 95% MV reply within 10 working days	IS: within 10 working days.	GS: visit within 20 working days	GS: customers < 15kW within 5 working days; rest within 15 working days	GS: reply within 5 days or visit within 7 days.
Queries on charges and payments GEL7 (GS)	OS: 90% LV and 95% MV reply within 15 working days	IS: within 10 working days.	GS: respond within 10 working days	GS: customers < 15kW within 5 working days; rest within 15 working days	GS: 5 days to reply and pay.
Appointments & scheduling	GS: within 3 hours	IS: 3 -5 working days	GS: within 3 hours.		GS: am or pm, or timed if customer requests
Payment notice under standards					GS: 10 days to pay.

Service Standard	Italy	Netherlands	Portugal	Spain	UK
Prepayment meter fault GEL9 (GS)					GS: 3 hrs weekdays, 4 hrs weekends
Correction of voltage faults GEL6 (GS)					OS: 100% in 6 months
Visits to customers who required a meter move	GS: included in execution of simple works				OS: 100% in 15 days.
Meters changed when required GEL11 (GS)					OS: 100% in 10 days.
No of meter readings in a yr GEL10 (OS)	OS: 95% LV and 95% MV with at least 1 within a year.		OS: 98% with at least 1 within a yr.	GS: minimum of 6 times per year.	OS: 100%, once a year.
Response to customers letters GEL12 (OS)	OS; 90% LV and 95% MV within 20 working days.	IS: within 10 working days.	OS: 90% within 20 working days		OS: 100% in 10 days.
Response to customers claims	OS: 90% LV and 95% MV within 20 working days	IS: within 10 working days	OS: 95% within 20 working days	GS: customers <15kW within 5 working days; rest within 15 working days	
Execution of simple works	GS: within 15 working days for LV customers	IS: LV within 3 working days when supply at other customers needs no interruption; other within 10 working days.	OS: 95% within 30 working days for LV customers.	GS: LV (new supplies) without LV network extension – within 5 working days, following connection rates payment; With LV extension within 30 working days following connection rates payment.	

Service Standard	Italy	Netherlands	Portugal	Spain	UK
Deactivation on customer's request	GS: LV within 5 working days; MV within 7 working days			GS: within a month	
Reconnection following lack of payment	GS: within 1 working day (including Saturday)		GS: LV until 5pm next working day; Non LV within 8 hrs.	GS: within 24 hrs after paying bill.	OS: 100% by end of the day.
Estimating charges for complex works GEL4b (OS)	OS: 85% LV and 80% MV within 40 working days				
Execution of complex works	OS: 85% LV and 80% MV within 60 working days	IS: start within 10 working days		GS: LV (new supplies) with 1 MV/LV substation within 60 working days; more than 1 MV/LV substation within 80 working days. MV-HV (new supplies) 1-66kV customers with 80 working days, rest deadlines depend on work complexity	
Accuracy of bills made on estimation	OS: domestic $\Delta^{19} < 150\%$ - 85% LV household; $\Delta < 250\%$ LV industry				
Attendance in customer centres			OS: 90% within 30 minutes		

¹⁹ $\Delta = (\text{Actual Consumption} - \text{Sum Paid Estimation} - \text{average estimation}) / \text{average estimation}$

Service Standard	Italy	Netherlands	Portugal	Spain	UK
Time to respond to telephone calls			OS: 75% within 60 seconds		

In the UK Distribution Network Operators (“DNOs”) were set individual targets for the number and duration of supply interruptions as part of the price control in 1999. These quality measures have been categorized as overall measures of the quality of service provided by the DNOs. These indicators are similar to GEL’s Performance Indicators described in section 4.3. In April 2002 Ofgem introduced an incentive scheme which penalises or rewards DNOs dependent upon their performance against their targets for these overall quality of service measures.

This comparison provides a context for considering a number of issues regarding GEL’s existing service standards namely:

- Should GEL’s service standards be extended to include any additional measures?
- Should the status of some GEL’s service standards be changed to reflect international best practice (e.g. overall standards changed to guaranteed standards, i.e. liable for compensation if service standards are not achieved)?
- Should target levels be changed to reflect international best practice? In this context, consideration needs to be given to GEL’s existing performance which is presented in section 4.1.

The Director General considers these issues in section 6.

5.2 Compensation Payments

The penalty payments for service failure which apply to distribution network operators in the UK are summarised in Table 3. The equivalent GEL service standard is noted in the “Service Standard” column. In each case the GEL standard penalty payment is £25.

Table 3 Guaranteed Standards of Performance and Penalty Payments in the UK²⁰

Service Standard	Performance Level	Penalty Payment
Respond to failure of distributor's fuse GEL1	To respond within 3 hrs on weekdays (at least) 7am to 7pm, and within 4 hrs at weekends (at least 9am to 5pm).	£20
Restoration of supply following a fault (GEL 2b)	Supplies must be restored within 18 hrs, otherwise payment must be made.	£50 domestic; £100 non-domestic, plus £25 for each further 12 hrs
Multiple Interruptions	Four or more separate interruptions each lasting 3 or more hrs in any single year (1 April – 31 March).	£50
Estimating charges for connection (GEL 4a & 4b – not guaranteed)	5 working days for simple jobs and 15 working days for most others	£40
Notice of planned interruption to supply (GEL 5 – not guaranteed)	Customers must be given at least 2 days notice.	£20 domestic customers, £40 non-domestic
Investigation of voltage complaints (GEL6)	Visit within 7 working days or substantive reply within 5.	£20
Making and Keeping appointments	Companies must offer and keep a morning or afternoon appointment, or a timed appointment if requested by the customer	£20
Notifying customers of payments owed under the standards	Payment to be made within 10 working days	£20

²⁰ Ofgem 2001/02 Electricity Distribution Quality of Supply Report
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/3664_OfgemQualityofSupplyReport2001-02%20Final_18June_1.pdf

6 Director General's Proposals

6.1 Extending range of service standards

In reviewing the appropriateness of those additional service standards required by operators in other jurisdictions listed in section 5 the Director General is minded to introduce a number of additional service standards on GEL.

6.1.1 Appointments for visiting Customers

GEL's ability to make and keep appointments for visiting customers' premises is an important aspect of service to its customers. Customers may have to take time off work or make arrangements for someone to be available during the working day, which may be costly and frustrating if appointments are not kept. For this reason the Director General considers it appropriate to include the making and keeping of appointment as a Guaranteed Service standard for GEL.

6.1.2 Payment of Compensation

GEL will currently notify each customer that they are entitled to the payment of compensation; if however, any customer believes that they have not received the guaranteed service level, a claim can be submitted and the company will thoroughly investigate that claim to determine if a compensation payment is due. There is however no time frame for considering claims and making a payment for compensation. Therefore the Director General believes it to be in the interests of customers for GEL to have a Guaranteed Service standard relating to the payment notice under the standards (i.e. payment made within a certain timeframe) as is common place in other jurisdictions such as the UK.

6.1.3 Moving a Meter

GEL currently has a standard for changing a meter, this relates purely to changing the method of payment or tariff, and not the actual change of position of a meter. Whilst this might be included as part of a simple work, the Director General considers it would be more transparent beneficial for customers to include an Overall Standard relating to the company's response to requests from customers who require a meter to be moved.

6.1.4 Reconnecting Disconnections for Non-payment

Whilst the number of disconnections has historically been low in Guernsey, regulators in other jurisdiction have deemed it necessary when regulating commercialised entities to introduce deadlines for reconnecting customers who had been disconnected for non-payment. The Director General is therefore minded to introduce a Guaranteed Service standard for reconnection of disconnected customers.

Qu 1 Do you agree with the Director General's proposals to extend the range of service standards to include: making and keeping appointments, payment notice, moving meters and reconnection times? If not please explain your reason.

Qu 2 Are there any other service standards that should be extended to apply to GEL? If so please list these and explain the reason you think they should be applied.

6.2 Overall Quality of Service Measures

The Director General is pleased to note that GEL already measures indicators that are similar to the overall measures of quality of service that are tracked and reported on elsewhere. This provides valuable and useful information on the company's overall performance. For example, the CML doubled between 2001/02 and 2002/03 increasing from 34 minutes to 68 minutes (compared with a UK average of 83.7 minutes in 2001/02). Furthermore, GEL's Annual Report shows that there were increases in the number of high and low voltage faults during 2002/03, with the number of high and low voltage faults increasing from 15 and 109 in 1998/99 to 33 and 199 in 2002/03 respectively.

The Director General believes that these indicators represent important measures of the overall quality of service to customers and that they are best addressed in the company's Monitoring and Development Plan. This will allow for a thorough examination of the underlying network and any reasons for trends in the existing measures, thus facilitating the setting of targets that are relevant to Guernsey. Therefore this issue will be further considered in the context of GEL's Monitoring and Development Plan which the company is currently developing.

6.3 Guaranteed Service Standards

In accordance with best practice in the UK the Director General proposes to reclassify GEL4a (estimating of charges) and GEL5 (supply interruption) Overall Standards as Guaranteed Standards for which GEL would be liable to pay compensation for any service failure in individual cases.

Qu 3 Do you agree with the Director General's proposal to reclassify the estimating of charges and interruption to supply service standards as 'Guaranteed Standards' If not please explain your reasons.

Qu 4 Are there any other overall standards that should be reclassified as guaranteed standards? If so please explain your reason.

6.4 Revised service standard targets

The Director General notes that GEL has exceeded its targets for 15 of the 17 original service targets in 2002/03 and is achieving a similar level of performance in the current year to date. In a competitive market, operators would seek to differentiate themselves from their competitors by competing on a number of factors which would include quality of service. In order to mimic a competitive market the Director General is minded to tighten the quality of service standards in terms of the percentage target and the definition of the service standard.

Qu 5 Do you agree that in the absence of competition, the Director General should tighten GEL's service standards over time in order to deliver improvements in quality of service for its customers? If not please explain your reason.

Specifically with respect to Guaranteed Service standards, in accordance with practice in the UK the Director General does not intend to set targets of 100%. The Director

General takes the view that targets at this level for Guaranteed Service standards are unnecessary as failure to deliver the required level of service would automatically result in the payment of compensation to customers. The Director General therefore proposes to require GEL to monitor the number of payments made against the Guaranteed Service standards as is the practice in the UK.

Qu 6 Do you agree with the view that 100% targets for Guaranteed Service standards is inappropriate and GEL's performance should be measured by the number of compensation payments made for each Guaranteed Service standard? If not please explain your reason.

6.5 Compensation arrangements

The Director General notes that GEL made no payments for service failure during 2002/03. As explained above in section 6.4, in a competitive market, competing operators drive up quality of service targets and compensation payments for failure to achieve those targets. Therefore in reviewing the service standards, it is also opportune to review the scope and level of compensation payments. In this regard the Director General considers it appropriate for GEL's compensation payments to be in line with international best practice. The Director General is therefore minded to increase, where appropriate, the GEL's payment schedules to be in line with levels paid by UK operators.

Qu 7 Do you agree that in the absence of competition, the Director General should increase GEL's compensation regimes for Guaranteed Service standards over time in order to deliver improvements in quality of service for its customers? If not please explain your reason and any alternative proposals.

6.6 Proposed Service Standards, Targets and Compensation Levels

Taking into account the views set out in sections 6.1 to 6.5 the Director General proposes to set the following Guaranteed Service standards (Table 4), and Overall Service standards (Table 5) for GEL with effect from 1st April 2004:

Table 4: Proposed Guaranteed Service Standards for GEL

Reporting Code	Service	Performance Level	Penalty Payment
GS1	Service Failures Fuse	To replace faulty service fuses within 3 hours of notification on weekdays (7am to 7pm) and within 4 hours at weekends (at least 9am to 5pm).	£25

Reporting Code	Service	Performance Level	Penalty Payment
GS2	Restoring Supplies	Supplies must be restored within 18 hours.	£50 domestic customers, £100 non-domestic. Domestic and non-domestic entitled to £25 for each additional 12 hours.
GS3	Providing a Supply	To connect new customers with an existing supply of electricity within 3 working days	£25
GS4	Supply Interruptions	To give customers at least 3 working days notice when the supply of electricity is to be temporarily interrupted during maintenance work.	£25
GS5	Voltage complaints	To investigate the reasons within 7 working days and correct within 6 months.	£25
GS6	Charges and Payments	To answer queries regarding charges and payments within 3 working days	£25
GS7	Meter Disputes	To investigate and explain why meters might be operating outside acceptable margins of error within 7 working days.	£25
GS8	Pre-payment meters	When a GEL prepayment meter has failed, GEL will visit the customers' premises within 4 working hours of notification	£25
GS9	Changing a meter	When a customer wants to change method of payment or tariff, GEL will change the meter within 7 working days.	£25
GS10	Making and Keeping Appointments	GEL must offer and keep a morning or afternoon appointment, or a timed appointment if agreed with GEL (within 30 minutes and excludes white goods business).	£25
GS11	Notifying customers of payments owed under the standards	Payment to be made within 10 working days.	£20

For ease of comparison Annex 1 compares GEL's current service standards with the proposed service standards with the changes highlighted in bold.

Qu 8 Respondents are invited to comment on the completeness of the Guaranteed Service standards, as well as the performance level and associated penalty payment for non delivery. If you disagree with any of these issues please provide your reasons and any alternative proposals.

Table 5: Proposed Overall Service Standards for GEL

Reporting Code	Service Standard	Service	Target
OS1	Restoring Supplies	To repair minimum percentage of supplies to be reconnected following faults within 3 hours.	94%
OS2a	Estimate of charge	When a new electrical supply needs to be installed or an existing supply altered, GEL to provide an estimate of the charge within 5 working days.	95%
OS2b	Estimate of charge	15 working days if significant network reinforcement is required.	97%
OS3	Meter Readings	To obtain actual meter reading from all customers at least once a year.	99.5%
OS4	Customer correspondence	To answer supply or distribution queries within 10 working days.	100%
OS5a	Cable Enquiries	Respond to single site / cable enquiries inside one hour	97%
OS5b	Cable Enquiries	Respond to multiple site / cable enquiries within two working days	98%
OS6	Pollution	Answer complaints regarding pollution within six hours of notification.	95%
OS7	Relocating meter	Relocating meters at customer's request within 15 days.	95%

For ease of comparison Annex 1 compares GEL's current service standards with the proposed service standards with the changes highlighted in bold.

Qu 9 Respondents are invited to comment on the completeness of the Overall Service standards, as well as the performance level and associated performance target. If you disagree with any of these issues please provide your reasons.

7 Next Steps

This consultation runs from 18th September 2003 to 16th October 2003. Following consideration of the responses the Director General intends to publish a report on the consultation which may contain a Notice of a Direction to GEL to enforce any changes to GEL's service standards to come into effect from 1st April 2004.

ANNEX 1: Comparison of Existing (GEL) and Proposed Service Standards (GS & OS)

Reporting Code	Service	Performance Level	Penalty Payment	Target
GEL1	Service Failures Fuse	To repair 80% of faults inside our electricity network within 3 hours of notification.	£25	95%
Proposed GS1	Service Failures Fuse	To replace faulty service fuses within 3 hours of notification on weekdays (7am to 7pm) and within 4 hours at weekends (at least 9am to 5pm).	£25	n/a
GEL2b	Restoring Supplies	All within 24 hours.	£25	100%
Proposed GS2	Restoring Supplies	Supplies must be restored within 18 hours.	£50 domestic customers, £100 non-domestic. Domestic and non-domestic entitled to £25 for each additional 12 hours.	n/a
GEL3	Providing a Supply	To connect new customers with an existing supply of electricity within 3 working days	£25	95%
Proposed GS3	Providing a Supply	To connect new customers with an existing supply of electricity within 3 working days	£25	n/a
GEL5	Supply Interruptions	To give customers at least 5 working days notice when the supply of electricity is to be temporarily interrupted during maintenance work.	£25	100%
Proposed GS4	Supply Interruptions	To give customers at least 3 working days notice when the supply of electricity is to be temporarily interrupted during maintenance work.	£25	n/a
GEL6	Voltage Complaints	To investigate the reasons within 7 working days and correct within 6 months.	£25	95%
Proposed GS5	Voltage complaints	To investigate the reasons within 7 working days and correct within 6 months.	£25	n/a

Reporting Code	Service	Performance Level	Penalty Payment	Target
GEL7	Charges and Payments	To answer queries regarding charges and payments within 3 working days	£25	95%
Proposed GS6	Charges and Payments	To answer queries regarding charges and payments within 3 working days	£25	n/a
GEL8	Meter Disputes	To investigate and explain why meters might be operating outside acceptable margins of error within 10 working days.	£25	90%
Proposed GS7	Meter Disputes	To investigate and explain why meters might be operating outside acceptable margins of error within 7 working days.	£25	n/a
GEL9	Pre-payment meters	When a GEL prepayment meter has failed, GEL will visit the customers' premises within 4 hours of notification	£25	95%
Proposed GS8	Pre-payment meters	When a GEL prepayment meter has failed, GEL will visit the customers' premises within 4 working hours of notification	£25	n/a
Proposed GS9	Changing a meter	When a customer wants to change method of payment or tariff, GEL will change the meter within 7 working days.	£25	n/a
Proposed GS10	Making and Keeping Appointments	GEL must offer and keep a morning or afternoon appointment, or a timed appointment agreed with GEL (within 30 minutes and excludes white goods business).	£25	n/a
Proposed GS11	Notifying customers of payments owed under the standards	Payment to be made within 10 working days.	£20	n/a

Reporting Code	Service	Performance Level	Penalty Payment	Target
GEL2a	Restoring supplies	To repair 80% of faults within GEL's network within 3 hours of notification.	n/a	80%
Proposed OS1	Restoring Supplies	To repair minimum percentage of supplies to be reconnected following faults within 3 hours.	n/a	94%
GEL4a	Estimate of a charge	When a new electrical supply needs to be installed or an existing supply altered, GEL will provide an estimate of the charge within 5 working days.	n/a	95%
Proposed OS2a	Estimate of charge	When a new electrical supply needs to be installed or an existing supply altered, GEL to provide an estimate of the charge within 5 working days.	n/a	95%
GEL4b	Estimate of a charge	15 working days if significant network reinforcement is required	n/a	95%
Proposed OS2b	Estimate of charge	15 working days if significant network reinforcement is required.	n/a	97%
GEL10	Meter Readings	To obtain actual meter reading from all customers at least once a year.	n/a	99.5%
Proposed OS3	Meter Readings	To obtain actual meter reading from all customers at least once a year.	n/a	99.5%
GEL12	Customer correspondence	To answer supply or distribution queries within 10 working days.	n/a	95%
Proposed OS4	Customer correspondence	To answer supply or distribution queries within 10 working days.	n/a	100%
GEL13a	Cable Enquiries	Respond to single site / cable enquiries inside one hour	n/a	95%
Proposed OS5a	Cable Enquiries	Respond to single site / cable enquiries inside one hour	n/a	97%
GEL13b	Cable Enquiries	Respond to multiple site / cable enquiries within two working days	n/a	95%
Proposed OS5b	Cable Enquiries	Respond to multiple site / cable enquiries within two working days	n/a	98%

Reporting Code	Service	Performance Level	Penalty Payment	Target
GEL14	Pollution	Answer complaints regarding pollution within eight hours of notification.	n/a	95%
Proposed OS6	Pollution	Answer complaints regarding pollution within six hours of notification.	n/a	95%
Proposed OS7	Relocating meter	Relocating meters at customer's request within 15 days.	n/a	95%

/ENDS