



Regulation of Electricity Supply Quality in UK

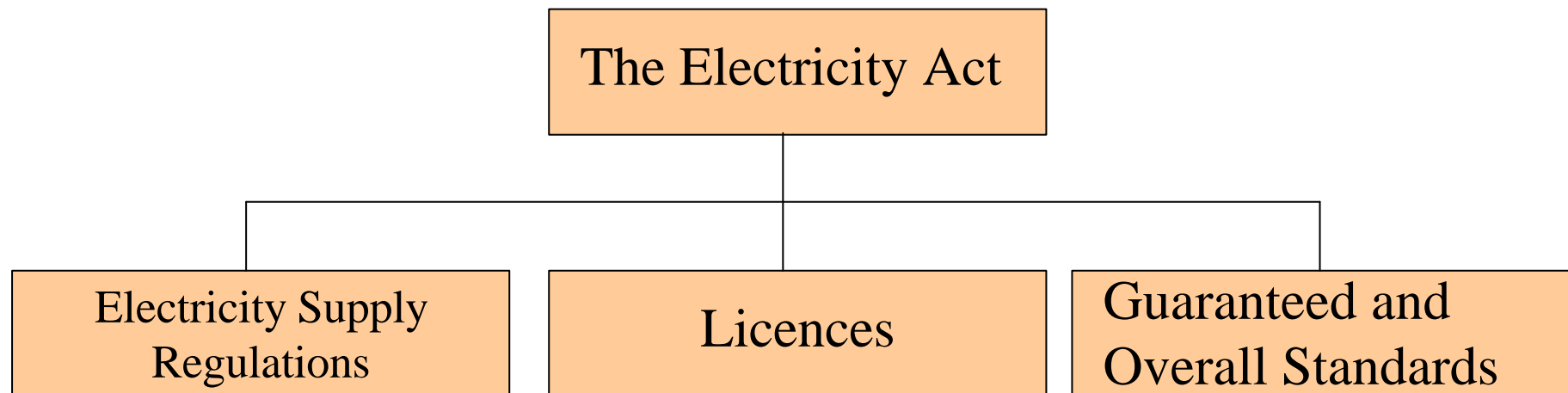
CEER June 2001

John Scott

Technical Director, Ofgem

john.scott@ofgem.gov.uk

Quality of Supply - Background



The Ingredients of Quality of Supply

Electricity Supply Regulations	Licences	Guaranteed and Overall Standards
<ul style="list-style-type: none"> Χοντινυοουσ συππλιεσ ζολπαγε ανδ Φρεθυενχψ λιμ ιτσ Ρεπορτιν γ μ αφορ φαιλυρε σ 	<ul style="list-style-type: none"> Δεσιγν Στανδ αρδ σ ανδ Ρεπορτιν γ Πριχε Χοντρολ <ul style="list-style-type: none"> –Θυαλιτψ ιμ προδεμ εντ στανδ αρδ σ –Θυαλιτψ οφ Συππλψ Ρεπορτσ –Θυαλιτψ οφ Συππλψ χαπεξ 	<ul style="list-style-type: none"> Ωιδεραν γεοφ Στανδ αρδ σ Ρελατε το <ul style="list-style-type: none"> –Διστριβυτιον –Συππλψ –Μετεριν γ

Electricity Act 1989

- Section 9 Responsibility for Network Operators
....Develop and maintain efficient
co-ordinated and economical system...
- Powers to issue Licences
- Powers to make supply and safety regulations
- Powers to set standards, rewards and penalties

Changes in Quality Regulation (1)

- **1990** - Existing Standards and Reporting transferred into new industry structure
 - GS and OS first introduced
- **1994/95** - First review of Cost vs Quality
 - £2/customer/year allowed in price control
 - companies set own improvement targets
 - companies required to produce
Quality of Supply Reports

Changes in Quality Regulation (2)

- **1994/95** (continued)
 - Tighter Guaranteed and Overall Standards
- **1999/00** - Enhanced quality targets set
 - worst-served customer targets proposed
 - £2.30/customer/year allowed in price control
 - Information and Incentives Project (IIP)
launched with revenue penalties

Guaranteed Standards

- Response to Supplier's fuse failure (D)
- Restoring Supply (D)
- New Connection (S/D)
- Estimating Charges (D)
- Interruption Notices (D)
- Voltage Complaints (D)
- Meter Problems (M)
- Charging Queries (S)
- Appointment Scheduling (S/D/M)
- Payments under Standards (S/D/M)
- Prepayment Meter Faults (M)

D - Distribution (8)
S- Supply (4)
M - Metering (4)

Overall Standards

- Restoring Supply (D)
- New Connections (S/D)
- Voltage Faults (D)
- Moving Meters (M)
- Changing Meters (M)
- Minimum Number of Meter Readings (M)
- Response to Letters (S/D/M)
- Reconnection after Payment (S/D)

D - Distribution (5)

S- Supply (3)

M - Metering (4)

Aims of IIP

Information and Incentives Project

- Consistent, accurate, audited information
- Stronger financial incentives on delivery of QoS to customers
- Refinement of RPI-X regulation
- 'Medium term' element to ensure that short term price & quality improvements are not made at the expense of the future

Progress on IIP

- Year 1 - arrangements put in place for accurate measurement and reporting of
 - availability (CML/SAIDI)
 - reliability (CI/SAIFI)
 - telephone response (speed, quality survey)
- Year 2 -
 - 1 April 2001 - start of information reporting
 - April - Dec 2001 - development of incentive scheme for 1 April 2002 full implementation

Key Issues

- For IIP
 - Relative or Absolute performance ?
 - Risk and exposure of revenue
 - Sufficient incentive for behaviour to change ?
 - Audit and reporting
- For all regulation of quality
 - consumers' willingness to pay for higher quality?
 - Relative importance of different quality elements

