

**Independent Customer
Engagement Group
(CEG):
High Level Minutes**

Thursday 14th November 2019

Attendees:

CEG Chair: Zoe McLeod (ZM)

CEG Members: Rish Chandarana (RC)
Helen Fleming (HF)
Mike Foster (MF)
Simon Griew (SG)
Dr Kerry Mashford (KM)
Ian Rowson (IR)
Martin Silcock (MS)
Leslie Sopp (LS)
Janet Wood (JW)

Apologies: John Kolm-Murray (JKM)
Victoria Pelka (VP)

Cadent Staff: Mark Belmega (Director of Customer Strategy) (MB)
Richard Court (Director of Regulatory Strategy) (RCo)
Dave Moon (Director of RIIO2) (DM)

Cadent staff supporting specific agenda items:

Rachel Buckby (Engagement Programme Manager) (RB)
Richard Danvers (Cyber Security Consultant) (RD)
Jahir Kashem (RIIO-2 Outputs and Uncertainty Framework Manager) (JK)
Tina Sands (Chief Information Officer) (TS)
Sam Smith (Head of DR&S) (SS)

Technical Secretary:

Simon Hames (CEG Interface Manager) (SH)

Cadent Board: NA

CEG Project Manager: Alison Ward (AW)

Secretary: Anne-Marie Clarke (AMC)

These high level minutes provide an overview of the fifteenth session held on the 14th November 2019 (the **Meeting**).

The use of the word Cadent and Company are used interchangeably and refer to Cadent Gas Limited.

Welcome, declaration of interest and independence statement

The Meeting began with the Chair, Zoe McLeod (ZM) reconfirming to the CEG members that the CEG was formed of independent experts acting in an independent capacity, the CEG operated in a fair and balanced manner and behaved in a transparent way.

Ian Rowson advised that he had accepted an invitation to be involved in the latter stages of the Business Plan preparation for the National Grid Electricity System Operator.

There were no further additional or changed declarations of interests or declarations of hospitality received made by CEG members.

ZM held an initial private session to review CEG governance matters and provide a Chair's update to CEG members.

ZM and the CEG members held private sessions prior to each agenda item to prepare their questions and observations on the material presented for each agenda item.

Cyber Security

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: engagement, risks and threats, optioneering, costs and deliverability.

Key questions and observations were:

Theme	Question/Observation
Engagement	Is there any future engagement planned around cyber security as part of the RII02 engagement strategy? Eg in terms of how Cadent might identify best practice? Communication to stakeholders? Staff engagement?
Risks and threats	How has Cadent's approach changed given Cadent's new digitisation strategy? As a fossil fuel delivery business, does Cadent see itself as a particular target for disruption? How does Cadent assess the 'human risk' within its assessments and how is Cadent's approach addressing this? What has Cadent done to understand how incidents will affect different customer groups or how, without customer data, Cadent can be pro-active in providing information to affected customers?
Optioneering	Please outline Cadent's rationale for the options selected.
Costs	How do these new costs break down? Is the Gartner benchmark documented? Who would pick up the potentially very high costs of a data breach? Is this something Cadent can insure against? Can you clarify under cyber security the risks for which you need the additional money stated? How have you justified your operational technology costs? What kind of data breaches do you have?
Deliverability	How are you meeting the 2019 guidance in this area? Can you provide more detail on the road map for delivery? What workforce planning needs have you identified linked to this area?

Digitalisation

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: engagement, opening data, becoming a data-led company, non-regret steps and pilot activities, leadership, staffing resilience and costs.

Key questions and observations were:

Theme	Question/Observation
Engagement	How can Cadent engage now and in the future on digitalisation, especially given that it is expected to provide innovation that consumers don't yet know they need? Could you be more explicit about how 'data forums' are going to work in relation to your commitment to more effective engagement with customers? There is no mention of the Insights Forum. Will you be starting to use each touchpoint to capture data on your customers? Will you commit to setting up your own Priority Services Register/customer database? How will you best serve the different categories of customer with your data strategy?
Opening data	Is Cadent prepared to be proactive in making data available? Please can you provide clarity about how you envisage your data catalogue? What level of detail? What do you feel you need to do before making data open? What is meant by 'demand based prioritisation for opening our data'? Whilst there is some reference to collaboration Cadent could go further in demonstrating a will to actively collaborate with others using shared data.
Becoming a data-led company	Is Cadent able to make links between its data strategy and other strategies, especially as the Company culture changes to be more innovative and it prepares for the energy system transformation? What can data do for Cadent?
No-regret steps and pilot activities	Are there no-regret steps or pilot activities that Cadent can undertake to develop its own understanding and interaction with stakeholders?
Leadership	What does Cadent sees as 'leadership' in digitalisation?
Staffing resilience	The strategy states the Cadent will move to having data at the core of its business, hence data expertise is or will become a core capability. How will this be achieved? Digitalisation is expected to be disruptive – is your staffing resilience strategy able to respond to this and conversely is it an opportunity to broaden your recruitment base and access new skills? Do you think you currently have the skills to become a data centric business? What skills do you think you need?
Costs	Please can you reference the costs of the programmes you are introducing and how these are being met, during RIIO1 and RIIO2. Have you considered how digitalisation may change the way your costs are allocated (between Capex and Opex)? What consideration did you give to including approaches in the Consumer Value Proposition?

Acceptability Testing

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: intended use, responsiveness to feedback, bill information presentation, content and interpretation and inclusivity and data treatment.

Key questions and observations were:

Theme	Question/Observation
Intended use	How are the Acceptability Testing outcomes and supporting outputs going to be used a) in the Business Plan, b) in the output cases and c) with Ofgem?
Responsiveness	What changes did you make to the Acceptability Testing research and survey framing

to feedback	and scripting to take account of CEG engagement and feedback, for example in the qualitative session and in the quantitative surveys? How was the survey framed in respect of Cadent's role and the outcome of the survey?
Bill information presentation	Why did you present the bill not including inflation? Query if the current bill figure included inflation? How are you comparing like for like? Have any of the figures in the bill breakdown changed since the testing was done? How as the amount specified on outputs calculated? Was it only through qualitative testing that you looked at stable versus variable bills and pay now versus pay later? Please explain more about the findings on pay now versus pay later. How have you engaged on longer term cost and affordability issues?
Content and interpretation	What did respondents think would happen if they found the plan unacceptable? Without some potential levers respondents don't have much to base the acceptable/unacceptable choice on. Will that favour 'acceptable'?
Inclusivity and data treatment	Please provide the CEG with clear narrative around inclusivity and weighting of survey data and how you have treated the different strands of Acceptability Testing research in terms of overall robustness and representativeness?

Best and worst case bills analysis

The CEG raised a number of observations and questions during this session

Key questions and observations were:

Question/Observation
The Company would receive money upfront and the CEG questioned how this would be fed back to customers if the Company did not perform.
What is the range of ODIs?
With stretching performance what is the most that Cadent will receive? What are the best and worst case scenarios?
Cadent will require clarity from Ofgem on how Uncertainty Mechanisms will be managed during RII02. Customers will need a clear view so that they are not overcharged.

Connections

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: clarifying outputs and proposals, output are and measure selected, evidence base, target, comparability and deliverability.

Key questions and observations were:

Theme	Question/Observation
Clarifying outputs and proposals	Does the output reflect what Cadent's current and future stakeholders/customers truly want and need? Please clarify the scope of the 15-minute quote and 3-day site visit proposals? How will this service operate in practice? Why is it this scope, and what plans do you have to improve services for other customer types?
Output area and measure selected	Why were these the chose outputs from the 52 potential service improvements identified, particularly given that 'time to provide a quote' scores highly in CSat (Customer Satisfaction)? Why not other areas such as reinstatement and excavations or communication during works, or comment areas of concern for IGTs (Independent Gas Transporters)? How do you plan to address customer concerns re the scheduling process?

Evidence base	How much has customer engagement changed your thinking in this area? How have you tested your proposals with customers? How have you engaged with potential new customers?
Target	Why 15 minutes? How did you arrive at this figure? What are the benchmarks for this and why is this stretching?
Comparability	What are the benchmarks from other networks and industries?
Deliverability	How will you ensure that the focus on speed doesn't result in a decline in quality?

Rapid response to enquiries and complaints

The CEG raised a number of observations and questions during this session, including but not limited to around the themes of: clarifying outputs and proposals, evidence base, measure selected, target, comparability and deliverability.

Key questions and observations were:

Theme	Question/Observation
Clarifying outputs and proposals	How do you draw a line between complaint and an enquiry? Are all enquiries treated equally?
Evidence base	What emerged from the larger scale consultation referenced in the sources of insight table? Your best practice review flagged that suppliers put top five complaints on their website and what is being done to address them, is this something Cadent would consider as part of its Trusted to Act approach to improve transparency? Will you be adopting a resolve first time approach? How is inappropriate behaviour during Emergency Response and Repair complaints being addressed? The metrics you are proposing are about closure time and not leading to a repeat complaint. Do you think this will effectively drive performance? Could you extend this to include suggestions from customers?
Measure selected	Please explain the measure selected and why there are only two options?
Target	Can you explain the ODI (Output Delivery Incentive) proposed targets and how you set these? Why/how are they stretching? What is the response and resolution rate that customers want? What's the ambition level for now/end of RIIIO2?
Comparability	Is there a GDN (Gas Distribution Network) comparison?
Deliverability	How are you going to devolve decision making and give staff autonomy to resolve issues? Is there going to be a named contact/responsible for resolution?

Meeting review and next meeting

ZM held a private session with CEG members to review the Meeting and CEG Report planning.

ZM confirmed the next meeting would be a private members session to be held on 6th December 2019 and a full session with the Company on the 12th December 2019.