

## Legislation Committee No.2

LC2(3)-08-10 : Paper 3 : 29 April 2010

### Scottish Power - Response to the Proposed Welsh Language (Wales) Measure 2010

#### Introduction

1. Scottish Power Limited is a subsidiary of Iberdrola SA and is a major UK energy supply, networks and generation business. This evidence is given on behalf of ourselves and ScottishPower Renewable Energy Limited (the UK's leading renewables developer and another subsidiary of Iberdrola). References to "ScottishPower" and "we" include ScottishPower Renewable Energy Limited as appropriate.
2. Given our significant involvement in Wales as a Distribution Network Operator (DNO), as an energy retailer and a developer of renewable energy, ScottishPower is very supportive of the use of the Welsh language and this is demonstrated by our voluntary Welsh Language Scheme (see Annex 1 for an overview of this scheme) which has been in place for the last 13 years and which was revised in April 2008, as well as our longstanding and close working relationship with the Welsh Language Board.
3. The proposed new Welsh Language (Wales) Measure is intended to update the current arrangements for public bodies so as to provide greater clarity and consistency for Welsh speakers in terms of the services they can expect to receive in Welsh and provide consistency within sectors. The main implication for us will be the possibility of extension of regulation in this area to encompass the electricity and gas sectors. We already have a strong commitment for Welsh language service provision, so the possibility of regulation may be beneficial in ensuring that our competitors offer similar standards. However, we would like to understand better the flexibilities in the system and to ensure that before any standards are actually imposed under the Measure that there is a proper process of consultation and regulatory impact analysis. We would be looking for the Measure to incorporate changes to facilitate these objectives.

#### Current Activity in Wales and Services Offered in Welsh

##### SP Energy Networks

4. SP Energy Networks (SP Manweb) is the licensed Distribution Network Operator (DNO) in Merseyside and in North and Mid Wales. SP Manweb operates in a highly regulated environment with targets set by the UK energy Regulator, Ofgem. Our network consists of over 65,000km of underground cables and 47,000km of overhead lines, which distributes electricity to over 400,000 points of supply in North and Mid Wales.

##### 5. Key Facts

Over 90% of staff working out of Caernarfon, Porthmadog and Llangefni depots are fluent Welsh speakers, helping us to provide an invaluable face-to-face Welsh language service in these areas.

Welsh-speaking Team Managers regularly attend local community meetings in areas which have experienced supply issues, enabling us to quickly resolve problems and effectively explain to affected residents the work that has been carried out.

Since April 2008 all scheduled outage notices affecting premises in Wales have been issued bilingually. This accounts for over 73,000 notices, or over 80% of all notices issued in the SP Manweb area.

Welsh-speaking wayleave officers cover our entire area of responsibility in North and Mid Wales, which has improved our ability to negotiate access rights with landowners.

For our public consultations on 132kV overhead line projects in Wales, we prepare display material bilingually and provide Welsh summaries of other project reports (typically up to c. 20 pages each). Our contact email address for this activity allows the facility for people to respond in English or Welsh. Newspaper advertisements / notices are also bilingual.

SP Manweb's PowerWise educational programme highlighting potential dangers associated with electricity has been delivered to over 180,000 school children, with many of these in Wales. The programme is delivered bilingually to schools in Wales and is supported by a bilingual interactive website.

SP Manweb offers all customers living in Wales the option to speak to - and correspond with - us in the language of their choice, be that Welsh or English. As the licensed DNO there are no regulatory requirements for us to provide a Welsh language service, but we believe it makes sense to have the ability to communicate with our Welsh-speaking customers in Welsh. Our commitment to providing a Welsh language service is as strong now as it was when our Welsh Language Scheme was first launched in April 1997.

##### ScottishPower Energy Retail

6. ScottishPower Energy Retail supplies gas and electricity to domestic and non-domestic customers across the UK (around 5.2 million

services altogether), with approximately 134,000 customers in North and Mid Wales receiving bilingual billing.

7. ScottishPower Energy Retail aims to provide all customers with the option to speak and correspond with us in Welsh, and this was the reason we established our Welsh-speaking call centre in Caernarfon in 1999. This was, and remains, a huge commitment by the company to support our Welsh-speaking customers, and in turn the Welsh language.

## **8. Key Facts**

Bills are issued in Welsh and English where either the customer has requested us to do so, or the supply address is within certain postal code areas in the Manweb area of Wales.

The Welsh versions of the bill show a dedicated number which routes into our Caernarfon Call Centre, where customers will be connected to a Welsh speaking agent who will give a bilingual greeting. The customer can then continue the conversation in Welsh or English as they see fit.

The public can also use the medium of Welsh when dialling our other direct numbers in Wales. If the person receiving the call cannot deal with the matter in Welsh, the caller can be transferred to a suitably qualified Welsh speaker or a call back can be arranged.

We receive roughly 12,000 calls a year at Caernarfon on this line and anecdotally about half continue the conversation in Welsh. The 6,000 or so customer calls we undertake each year in Welsh compares with a total of 7.2 million a year across our entire customer base in Great Britain. While this proportion (less than 0.1%) is very small and gives some indication of the proportionality of any undue spending in this area, we believe that offering our customers the opportunity to speak in Welsh is an important part of the service we offer and contributes to customer satisfaction.

ScottishPower is the only energy company to employ Customer Liaison Officers (CLOs), who visit customers in their own home and provide advice and support on a range of issues. In Wales, Welsh-speaking CLOs cover North and Mid Wales, allowing us to resolve customer enquiries in the language of their choice.

Marketing literature can be sent out in Welsh at the customer's request.

## **ScottishPower Renewables**

9. ScottishPower Renewables currently has one operational onshore windfarm at Llandinam, Powys, and is actively developing more onshore wind generation in Wales to assist the Welsh Assembly Government to meet its sustainability targets. Information about planned windfarm developments is translated into Welsh and publications for local communities are provided bilingually.

## **Need for the Proposed Measure**

10. Most of the provisions of the draft Measure relate to re-enacting and streamlining the existing rules and provisions for the public sector and to this extent we have a limited role in commenting. However, the proposed Measure does extend the possibility of regulation to the electricity and gas sectors.

11. As a matter of principle we are cautious about such extensions unless they apply also to other goods and services that are essential to people's everyday lives, such as supermarkets, banking and (in rural areas) supply of motor fuel. The energy companies have been in the private sector for some 20 years and cannot be regarded as part of the public sector.

12. Nevertheless, our caution in principle is somewhat ameliorated by the fact that we have been very proactive in this area. We work very closely with the Welsh Language Board and we already offer a number of Welsh related services as outlined above. Furthermore, the number of customer complaints in this area is very low and we are unaware of any escalated complaints relating to provision of our Welsh language service in recent years.

13. We therefore believe that we already provide a very good level of service to our Welsh speaking customers. However, we also recognise that greater clarity and consistency for Welsh speakers in terms of the services they can expect to receive in Wales across various sectors could be valuable. We can also see the benefit of having some consistency within sectors in creating a more level playing field. As such, we welcome the new Welsh Language (Wales) Measure in principle. However, we ask that the Assembly considers the need to incorporate proper controls and consultation to ensure that any Standards set for the private sector are both reasonable and proportionate and build upon the experience that we and others have achieved on a voluntary basis, and that flexibility is maintained where possible. This should be reflected throughout the proposed Measure.

## **Understanding of the Practical Implications of the Proposed Measure**

14. It is difficult at this stage to fully understand the practical implications of the proposed Measure since it is unclear whether regulations will be made for the electricity and gas sectors under section 38 and what standards made under section 25(1) they might refer to. It is important that there is proper consultation and consideration of regulatory impacts at that stage. To the extent that any regulatory measures are aligned with current approaches, and in particular our own practices, this could help us in understanding the proposed Measure and the possible implications.

## **Impact of the Proposed Measure**

15. At present, it is difficult to assess accurately to what degree the proposed new Measure will impact our business. This will not

become clear until there is significantly more detail around the interpretation and development of the new sector specific standards and how they are to be monitored and measured, should they be applied to our sector.

16. Working with our Welsh Language Scheme has demonstrated how it is possible to provide a high standard of service to our Welsh speaking customers on a voluntary basis. It may be that the possibility of mandatory standards will encourage our competitors to reach a similar standard on a voluntary basis; conversely if any standards set are reasonable and the impact can be mitigated for a modest cost, the proposed new Measure would not adversely affect our ability to provide an efficient and good value service in Wales.

17. However, there are some scenarios which could lead to many hundreds of thousands of pounds of costs associated with administrative changes, particularly within our Energy Retail business, due to the complexity of the systems that manage customer contact. It is possible that requirements for some of these services could be set at a level which would make the cost of provision disproportionate. Such requirements could constitute a significant undertaking, affecting all business systems, and potentially our ability to provide our customers with a consistent level of service. We have provided some high level estimates of the likely costs associated with changes of this nature within paragraph 23 below.

### **Appropriateness of the Provisions of the Proposed Measure**

18. We would like to see two principal changes in the draft Measure:

i) in sections 25(1) and 38, we think that the Welsh Ministers should have a statutory duty to consult affected parties before making regulations setting any standards or making them specifically applicable, and that that consultation should include a cost/benefit analysis of the proposal;

ii) in section 41, we would like to see some flexibility as to the number of the activities listed in schedule 9 for which standards need to be set. The "all or nothing" approach in the current text risks regulatory proposals being disproportionate - with the risk that consultation on the cost/benefit analysis concludes that no change can be justified.

19. These safeguards are an essential balance to the extension of the remit of the legislation to include significant areas of the private sector. Otherwise, there is a risk that the legislation could result in industries such as the one in which we operate being subject to onerous and costly requirements, with possible implications for consumer prices.

### **Barriers to Implementation of the Proposed Measure**

20. It is difficult to accurately assess the barriers to implementation of the proposed measure until there is more detail on the proposed new standards and what they mean, should they be applied to our sector.

21. If this is the case, it is likely that the key barrier to implementing the proposed measure will inevitably be cost. For this reason, it will be extremely important that the standards imposed as a result of the new measure take the financial implications of any requirements into consideration and are both reasonable and proportionate. We ask that Industry be involved from the outset to inform the detail of such standards and any future debate. We would also ask that any proposed changes take into account the impact on costs to customers and potentially on providing a consistent level of customer service in the face of the change.

### **Financial Implications of the Proposed Measure**

22. It is difficult to accurately assess the financial implications of the proposed measure until there is more detail on the proposed new standards and therefore what they mean, should they be applied to our sector.

23. However, to give some sort of scale, we believe that a significant extension of Welsh language provision by our Energy Retail business could have a set-up cost of around £1.5 million, plus ongoing costs of over £0.5 million each year. These costs would inevitably need to be reflected in tariffs.

24. To put these costs into context, making these changes would absorb more than half of our entire Customer Service budget for changes (which services our 5.2m customer accounts) for 2010. This would be disproportionate to the size of our Welsh speaking customer base.

### **Other Comments**

25. Finally, there does not seem to be any reference to any general exemptions in the standards for exceptional events e.g. in the event of a major supply interruption to customer premises during severe weather conditions or temporary inability to operate the Caernarfon Call Centre. We ask that this be given consideration.

ScottishPower  
23 April 2010

### **Annex 1 Overview Of Scottishpower's Voluntary Welsh Language Scheme**

As a Company we currently have a voluntary Welsh Language Scheme, prepared in the light of sections 12 to 14 of the Welsh Language Act 1993 and guidelines issued by the Welsh Language Board under Section 9 of that Act. It came into effect on 15/04/2008, and replaced the previous Scheme approved on 23/04/1997.

The Scheme provides a basis for the services we currently offer our Welsh speaking customers, and is outlined below -

In its dealings with the public and in the exercise of the democratic process, ScottishPower (SP) will treat Welsh and English on the basis of equality. Both languages will enjoy the same status and validity.

ScottishPower:

will offer the public in Wales the right to choose which language to use in their dealings with the organisation;

recognises that members of the public can express their views and needs better in their preferred language;

recognises that enabling the public to use their preferred language is a matter of good practice not a concession;

recognises that denying them the right to use their preferred language could place members of the public at a real disadvantage.

### **Delivery of Services**

Our normal practice will be to ensure that our services are available to the public in Welsh. We will let the public know when services are available in Welsh.

### **The Standard of Service in Welsh**

Services provided in Welsh and English will be of equal quality and will be provided within the same timescale.

### **Written Correspondence**

The public are welcome to deal with the SP in writing either in Welsh or English.

Correspondence will be answered and signed by SP in the language of the original correspondence and in accordance with our Guaranteed Standards Scheme.

If SP is aware that an individual, group or organisation prefers to receive letters in Welsh, then that language will be used in letters instigated by SP. SP will make arrangements to set up a database of persons and organisations that prefer to correspond or deal in Welsh.

Following face-to-face interview or telephone call which was conducted through the medium of Welsh, any correspondence required will be written in Welsh unless the member of the public has indicated otherwise.

### **Circulars and published material**

SP uses a scoring system agreed with the Welsh Language Board to assess circulars and standard letters or correspondence to the public in Wales. Unless the score indicates that it is unnecessary (or we know that all recipients would prefer to receive it in Welsh or English only) the material will be produced bilingually.

### **Telephone Communication**

The public are welcome to speak Welsh or English when dealing with SP in Wales by phone.

Our Welsh-speaking Energy Retail customer service centre in Caernarfon will answer the telephone with a bilingual greeting and the customer can continue the call in Welsh or English as they prefer.

If a caller rings one of our direct lines situated in Wales and wishes to speak Welsh, but the person taking the call cannot do so, the operator will try to direct the call to a Welsh-speaking officer in the appropriate department, or to a Welsh-speaking staff member qualified to deal with the enquiry.

If no Welsh speaker qualified to deal with the enquiry is available, the caller will be given the choice, as appropriate, of having a Welsh speaker phone back as soon as possible, continuing the call in English or submitting their query in Welsh, by letter or e-mail.

Staff will be provided with guidance on handling telephone calls from Welsh speakers, including details of officers able to deal with calls in Welsh from all businesses within SP.

### **Face to face contact**

Where a supply or distribution customer in Wales wishes to converse with SP in Welsh, we will every effort to undertake the discussion using a suitably qualified Welsh speaking member of staff. Where this is not possible, we will offer the choice of contacting a Welsh speaking member of staff by telephone, continuing the meeting in English or dealing with the subject by corresponding in Welsh.