

Frequently Asked Questions (FAQs): Compensation Payments

These FAQs have been collated to help inform our customers about the approach we've taken and why. They also provide answers to some of the key questions that we've been asked by some of our customers. We will continue to update this FAQ to support all our customers.

What is the difference between compensation payments and welfare support payments?

Compensation payments are paid in line with industry [guaranteed standards](#), set by the energy industry regulator Ofgem. They are determined by the nature of a power cut event and duration of time a customer is off supply. These standards apply to all electricity network operators in the UK.

Welfare payments are discretionary financial assistance payments which a network operator can choose to offer to pay in exceptional circumstances where customers are without power for long periods of time. These are determined by the network operator depending on the nature of the situation. Welfare payments are above and beyond support for customers; they are not part of regulatory industry guaranteed standard payments to compensate customers.

How has Northern Powergrid paid compensation for Storm Arwen?

Storm Arwen caused power cuts that affected well over 200,000 customers. The vast majority of those customers were reconnected on the first day of the event and around 85% had their power restored within 48 hours.

In storms of this magnitude, any customer who has a power cut that lasts longer than 48 hours is entitled to compensation. In this case, our information shows that this applies to around 30,000 customers.

We calculated the amount of compensation due and, where we had the information we needed to make a payment, we posted out around 24,000 cheques before Christmas, which was a major step forward to support our customers.

Where we were able to make an automatic payment, the cheques were made out to the name we have on record. In the majority of cases, it has been a straightforward matter of our customers receiving and cashing their cheque, which thousands of people have done already.

We also wrote to the remaining customers who we needed further information from to progress their compensation. There are still a few thousand cases where we need to work through some detail with our customers to properly process their compensation. We want to do this as quickly as we can and we are focused on this as priority.

What do I do if my cheque is in the wrong name?

We are aware of a small percentage of our customers who may have received a payment which may need to be payable to another name. If you have received a cheque and the name is incorrect or you need it to be made payable to someone else, [click here](#) so you can tell us. We will cancel the cheque you received and issue a new one to the same value.

Is Northern Powergrid paying compensation in line with guaranteed standards?

We understand how difficult the impact of Storm Arwen has been for our customers, which is why we took the decision to voluntarily pay over and above the regulated Guaranteed Standards cap of £700 to those customers whose lives were significantly disrupted.

The amount of compensation you are entitled to is bespoke. It depends on the length of time you were without power compared with the length of time the regulations give us to restore your supply.

For a typical customer, if you were without power for more than 48 hours, the compensation payment will be £70 after the first 48 hours and £70 for every 12 hours beyond that. As we are voluntarily topping-up payments to those off supply for the longest, those customers who were without power for several days have been compensated as if the cap did not apply.

This is particularly important for our domestic customers who were without power from the start of the storm and their property was one of final ones to be restored. Through our enhanced compensation approach, they could receive a guaranteed standard payment of up to £1,820. This is more than double the usual industry standard and significantly more than the annual network-related charges which domestic customers pay as part of their bill from their chosen electricity supplier for our services.

We wanted to ensure our approach to compensation recognised and reflected the unprecedented situation Storm Arwen caused for our customers and our network.

How are Storm Arwen compensation payments calculated?

The monetary value of compensation that customers are entitled to for Storm Arwen, is determined by the severity of the weather at the time of their supply interruption and the duration of the power cut.

There are three bands that determine the value of customer compensation which are set by Ofgem, our regulator. These are determined by the number of faults the weather caused on the electricity network.

1. **Normal Weather Conditions:** Where the instances of faults on the network are at a level at that could be experienced in normal circumstances.
2. **Severe Weather Conditions – Category 1:** Where the weather causes instances of faults on the network above the threshold we would expect under business-as-usual circumstances.
3. **Severe Weather Conditions – Category 2:** Where the weather conditions are so severe that we experience unprecedented levels of faults on the network.

The table below indicates the dates where each of these bands applied for Storm Arwen, for both our licence areas (North East and Yorkshire).

| Category | Applicable dates for Storm Arwen* |
|--|-------------------------------------|
| North East | |
| Severe Weather Conditions – Category 2 | 26/11/2021 18:00 – 28/11/2021 07:00 |
| Severe Weather Conditions – Category 1 | 28/11/2021 07:00 – 30/11/2021 10:00 |
| Normal Weather Conditions | 30/11/2021 10:00 – 08/12/2021 06:00 |
| Yorkshire | |
| Severe Weather Conditions – Category 2 | 26/11/2021 18:00 – 28/11/2021 06:30 |
| Severe Weather Conditions – Category 1 | 28/11/2021 06:30 – 28/11/2021 11:00 |
| Normal Weather Conditions | 28/11/2021 11:00 – 08/12/2021 06:00 |

* Compensation applied for each customer outage according to the category banding at the time the fault occurred.

You will be aware Storm Arwen caused unprecedented levels of damage to parts of our network and therefore the payments due to customers reflect the operational challenge we encountered when restoring customers’ power.

The regulatory requirements cap the maximum payment due to customers at £700, however, as a gesture of goodwill we have increased our compensation payments to reflect the full period of time our customers were off supply. The table below indicates the value of the payments for compensation based on duration and category.

| Category | Initial payment value | Initial payment due after... | Subsequent payments | Subsequent payments due every... |
|---|-----------------------|------------------------------|---------------------|----------------------------------|
| Normal Weather Conditions | | | | |
| Domestic Customers | £100 | 12 hours | £35 | 12 hours |
| Enhanced Priority Services Customers- <i>where certain eligibility criteria apply</i> | £200 | 12 hours | £35 | 12 hours |
| Commercial Customers | £150 | 12 hours | £35 | 12 hours |
| Severe Weather Conditions - Category 1 | | | | |
| All Customers | £70 | 24 hours | £70 | 12 hours |
| Severe Weather Conditions - Category 2 | | | | |
| All Customers | £70 | 48 hours | £70 | 12 hours |

How quickly is compensation usually paid?

Industry guaranteed standards require payment within 90 days, however, due to the exceptional nature of Storm Arwen we created a dedicated team which enabled us to issue some 24,000 payments much quicker. The vast majority of our customers received payment within around 10 working days and prior to the festive period. We also wrote to over 5,000 customers who we needed additional information from so our teams could progress these payments.

Why did Northern Powergrid pay customers by cheque?

Our payments are paid by cheque as it is a regulatory requirement that we must adhere to and it helps avoid the risk of fraud.

As part of this process we did not request any bank details from customers at any time and we do not hold customer accounts with people’s bank details. We are a distribution network operator that delivers the electricity you buy from your energy supplier through our network to your door. Customers pay Northern Powergrid’s network related charges, which are around £90 per year per average domestic customer, as part of their bill with their chosen electricity provider and not directly to us.

What do I do if I believe I am due more compensation?

If you believe you are due more compensation than you have received, please cash the cheque you’ve already received then email us at Compensation-queries@northernpowergrid.com outlining the times you were off supply. We will fully review your query, and where any additional compensation is due, organise the remaining payment to be issued to you as soon as we can.

If we identify an instance of underpayment, we will check it against other customers who were connected to the same power cut to ensure they are recompensed appropriately too.

What happens if I receive a letter asking for more information?

Where we do not hold all the information we need to process or determine your compensation payment, letters have been issued inviting you to provide the information that we need.

In order to keep your information secure and make sure that only you can change the details, letters included a unique code that will mean that only the recipient of the letter can provide information about the power cut at that address. As part of your letter you may be asked to provide your name so we can issue a cheque or to provide more information about your power cut so we can make sure you receive the correct amount of compensation you are due.

To make it easier for our customers to either query a payment or provide us with information, we have an online form to verify your name which can be accessed by **clicking here** and an online form to provide information about the duration of your power cut which can be accessed by **clicking here**.

If we need more information you have a choice of options to provide it to us – online, by post, or by email (Compensation-queries@northernpowergrid.com). Our phone line (0800 028 9517) is also open 9am to 5pm on weekdays (excluding Bank Holidays).

Why is it that you don't know what time I went off and came back on?

Our network spans thousands of square miles and not all areas are automated – in particular the more localised (low voltage) parts of our network like the local substations in your street and power lines that feed homes and businesses.

On some parts of our network, a customer may have been part of wide area (high voltage) fault caused by the storm and then when fixed were also found to be part of a more localised fault. In situations like this, we need to confirm with customers what they experienced to ensure they are properly compensated.

What should I do if I have not received my cheque in the post or a letter asking for more information?

If you have not received a cheque or a letter from us but believe you are due compensation we will be publishing details here during week commencing 10 January to provide a form where you can submit your information for further investigation.

In the meantime, you can email (Compensation-queries@northernpowergrid.com) or contact us on 0800 028 9517. Our phone line is open 9am to 5pm on weekdays (excluding Bank Holidays).