

Kieran Brown  
Ofgem  
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E14 4PU

12th August 2021

Dear Kieran,

**Consultation on the proposal to review competition in the electricity connections market for RIIO-ED2**

Firstly, we thank you for the opportunity to respond to the above consultation and very much welcome and support Ofgem's review of the current state of competition in connections. Any measures that could be introduced to improve on the existing state of affairs will bring increased benefits to third party service providers and the end consumer as a result.

Since our entry in to the market in 2017, both Energy Assets Networks (EAN) and our subcontracted independent connection providers (ICPS) have experienced a number of issues, or have concerns that should be highlighted as not providing a perceived benefit to competition. Namely:

1. We have experienced differences in behaviors and connection service levels provided by the 7 incumbent DNOs - covering 14 distribution service areas. Whilst the INA and potentially it's individual members, have raised these directly with Ofgem, the DNOs' stance is perceived not to have improved in all cases.
2. We have experienced issues with the service levels of some DNOs' overall connection process that can introduce hurdles to obtaining a connection from the DNO in a timely manner and thereby lowering the level of service provided to our end consumer e.g. timely return of design approvals, completion timescales for legal acceptances and documentation on the DNO's part, and requests for information to support connection applications. Some DNOs, but not all, push a response deadline out to the end of the service level standards defined in their Connection Charging Methodology and Statements. Further, DNOs should be incentivised to apply fair standards uniformly across the connections market, considering the process and cost implications for the connection journey. We also encourage the use of modern technologies where applicable rather than adherence to outdated historical standards used on the DNO's legacy networks as this would ultimately benefit customers.
3. We believe that there should be more transparency in how certain costs are calculated e.g. reinforcement costs. These costs can be significant and the end consumer and/or the ICP cannot query those costs and determine whether they are accurate and fair.
4. Ofgem introduced the Incentive on Connections Engagement but this appears to have not achieved the desired results based on the points raised above. It suggests that the penalties imposed on DNOs do not outweigh the benefits experienced through incentives. We believe that the incentives should be fair and set at appropriate levels so that they are not considered to be of benefit to the DNO overall. We believe more appropriate incentives should be introduced, balanced by stricter penalties.
5. Providing Incentives e.g. the ability for DNOs to charge an unregulated margin for contestable works where the Competition Test has been 'passed', also needs to be transparent in their calculation/allocation.

In response to the particular questions raised in the consultation, our responses are as follows:

Q1/Q2 - we agree that the current clarification of Relevant and Excluded Market Segments (RMS and EMS) remain appropriate.

Q3 - We agree but would like to see measures in place for continued monitoring to ensure DNO support and embracing of competition does not drop. Parties should be able to report on lowering standards and adequate controls put in place.

Q4 - As highlighted in our bullet point 2 above, we disagree that DNO behaviour should not be included as a key indicator. The full end to end connection process should be included in the review.

Q5/Q6 - As highlighted in our bullet points 4 and 5 above, applying penalties for poor performance and incentivising good performance - the financial levels should be set at appropriate levels so that the incentives do not significantly outweigh the penalties imposed and be seen as a benefit to the DNO overall.

Q7/Q8 - We do not agree that where a RMS is not shown to be supporting competition, a mechanism to improve competition should not be put in place. Parties need to understand the causes of low/non-existent competition in the RMS. If applications from third party connection providers have not been at similar levels to other market segments or other distribution service areas, the root cause should be determined e.g. is it an area that doesn't produce a viable economic model for the applicant or is it that end consumers are experiencing higher levels of service by the incumbent DNOs when applying directly.

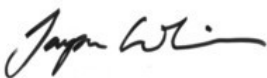
Q9/Q10 - We believe that price controls incentives and penalties should be maintained in areas where an RMS has passed the competition review to ensure that concerns raised in our answer to Q7/Q8 above are covered.

Q11/13 - We would support the inclusion of criteria that records DNO behaviour towards third parties due to our concerns and issues noted in bullet point 2 above. This is an area that directly affects competition in the market and should be reflected in the assessment criteria.

Q12 - We believe COVID-19 had a significant Impact on 2020/2021 connection requests and have no issue with the data for this year to not form part of the review.

We look forward to the outputs of the review and would welcome the opportunity to engage with all stakeholders to ensure a positive outcome for competition in connections is achieved, bringing improved service levels, at fair cost, finally culminating in an improved experience for the end consumer.

Yours sincerely,



Jayson Whitaker  
Managing Director