

29 July 2021

Our ref: ICE Consultation Response

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By email only to: Connections@ofgem.gov.uk

Dear Marco

Response to Ofgem “*Incentive on Connections Engagement consultation on the Distribution Network Operators’ 2021 submissions*”.

BUUK welcomes the opportunity to respond to Ofgem’s consultation on the looking back reports for 2020/21 and the looking forward reports for 2021/22 which cover the DNOs’ Incentives on Connections Engagement (“ICE”) documents.

BUUK is the parent company of electricity distribution licensees, the Electricity Network Company (“ENC”) and Independent Power Networks Limited (“IPNL”). Our licensees operate as Independent Distribution Network Operators (“IDNOs”), owning and operating ‘last mile’ networks which are principally provided to new developments. Additionally, BUUK is the parent of Power on Connections (“POC”) which operates as an ICP undertaking work which may be adopted by BUUK’s licensees or other distributors.

Operating across all Distribution Services Areas, we engage on a regular basis with all DNOs on their approach to connections policy. Notwithstanding some overall concerns that we have with the ICE framework, we recognise that, in broad terms, each DNO is meeting the requirements placed on them by the ICE mechanisms within their price control. As such, we have not provided answers to the specific template questions within the consultation document.

We note the ongoing work under the development of RIIO-ED2, including the Sector Specific Methodology Decision to remove the ICE framework and replace it with a Major Connections Strategy ODI and the present consultation reviewing the competition in connections market. We will respond to that consultation and will also engage with Ofgem separately as the appropriate mechanism to develop the necessary future framework to monitor and incentivise competition in connections. Therefore, no further comment will be given in this consultation response.

We would, however, like to take this opportunity to provide some broad feedback on DNOs’ performance in facilitating and improving competition in connections. We have summarised our views in the below table which outlines each DNO’s performance in areas relative to each other and provides our assessment of their overall position in a league table of competition in connections, along with our ranking of each DNO from 2013 to provide context of which DNOs have improved their performance.

DNO	Design process	Operational process	Removing input services	Necessary input services	2013 position	Overall performance
ENW	6 th	=3 rd	=5 th	=3 rd	1 st	=5 th
NPG	5 th	=3 rd	**=5 th	6 th	3 rd	=5 th
SPEN	4 th	=3 rd	3 rd	=3 rd	6 th	3 rd
SSEN	2 nd	=3 rd	=2 nd	=3 rd	4 th	4 th
UKPN	1 st	=1 st	1 st	1 st	5 th	1 st
WPD	3 rd	=1 st	*=4 th	2 nd	2 nd	2 nd

Note: * Due to changes in their capacity policy. ** based on inability to improve BCA/AA Process

We welcome the progress that has been made by those DNOs whose ranking, in our view, far exceeds their 2013 position and recognise that the engagement and initiatives which have been delivered through the ICE framework have played a role in that development. Although this table is linear it is worth noting that, in our opinion, the top four ranked DNOs significantly outperform the bottom two. That is to say, there is little separating the top four performing DNOs.

We would make the broad assertion that where we have seen significant improvements in the level of service which has been provided by DNOs to us, as a connection customer, it has been driven by senior management within the DNO organisation. The high scoring DNOs have become easier to work with on a day-to-day basis and we are able to resolve issues and challenges more quickly to the benefit of all connection customers. Those DNOs adopt an attitude more similar to that which would be adopted by a company providing services in a fully competitive market. It is this ease of doing business that really sets apart the DNOs which we consider to be performing well in the connections engagement and delivery of services.

As we have mentioned earlier in this response, we believe that, on the whole, each individual DNO is meeting the obligations placed upon them by the ICE framework, however we would like to see those low scoring DNOs adopt some of the practices and attitudes of those DNOs ranked in the top four.

We are happy to discuss any of the comments made in this response in more detail with Ofgem.

Yours sincerely

Mike Harding
Regulation Director