

15/08/2022

Our ref: ICE Consultation Response

Marco D'Alterio
Ofgem
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By email: connections@ofgem.gov.uk

Dear Marco D'Alterio,

Response to Ofgem “Open Letter on Incentive on Connections Engagement: Looking Back Reports 2021-22 and Looking Forward Plans 2022-23”.

BUUK welcomes the opportunity to respond to Ofgem’s consultation on the looking back reports for 2021/22 and the looking forward reports for 2022/23 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, BUUK engage on a regular basis with all DNOs on their approach to the 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.

BUUK do however have some broad thoughts around DNOs’ connections engagement and policies. We will continue to engage with DNOs where possible to ensure that we are able to influence and shape the development and implementation of DNOs’ major connections strategies and the implementation. We also want to bring these to Ofgem’s attention ahead of RIIO-ED2. We have included, in an annex to this response letter, more details of these areas.

The most important element to BUUK, as a major connection customer, is to increase the scope of activities which can be contestable and to ensure that ICPs and IDNOs are able to self-serve where they are sufficiently competent and desire to do so. We welcomed the introduction of the CiCCoP during RIIO-ED1 and the consistency to the competitive process that this brought but we have seen some divergence of how far each DNO has exceeded the

minimum requirements set out in the CiCCoP. We believe it is important that DNOs are incentivised to exceed the CiCCoP through the application of ICE and, moving forward, the Major Connections Incentive.

A further area where we have seen significantly different approaches is the level of engagement and clarity of escalation processes to Director level. We have established good, organisational relationships with some DNOs but we also have areas where we rely on individuals to progress issues without any formal route. This issue is exacerbated by lack of Director level engagement with the competition in connections processes.

We welcome the introduction of broader surveying of major connection customers in transitioning to the Major Connections Incentive under RIIO-ED2 and we look forward to the opportunity to utilise this, as well as the traditional channels to engage with the development of DNO plans and the implementation thereof.

Summary performance table

Below is BUUK's perceived performance summary of all DNOs for 2021/22:

DNO	2013 position	Overall performance 2021	Overall performance 2022	2021 – 2022 performance progression comments
ENW	1 st	5 th	5 th	ENW have discussed plans to improve, but we have yet to see any tangible outcomes.
NPg	3 rd	5 th	5 th	NPg offered no response to our 2021 comments.
SPEN	6 th	3 rd	2 nd	The rise has been due to an increased level of commitment from the SPEN team up to Director level, and engagement with us on developing best practice.
SSEN	4 th	4 th	4 th	Due to staffing levels, SSEN have struggled to address issues with us in a meaningful way.
UKPN	5 th	1 st	1 st	UKPN have continued to meet expectations and lead the industry.
WPD	2 nd	2 nd	2 nd	WPD have continued to meet expectations and have resolved the capacity issue identified previously.

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

Yours sincerely

Tom Cadge
Regulatory Charges Manager

Communication and engagement

General communication

DNOs have made significant progress since 2013 in terms of establishing good communication and relationships with BUUK. This ultimately means issues are resolved quickly, which results in better outcomes for the end user and good consistency of service. However, although communication is much better than it used to be, there is still room for improvement, to a greater or lesser extent, across all the DNOs. Notwithstanding significant effort, we have continually been unable to engage effectively with NPg at a Director level to develop their policies and procedures for major connections. We do, however, recognise the efforts which NPg senior management have made in this area to consistently maintain a good working relationship.

Lack of escalation process

We have seen lack of consistency within DNOs to be able to escalate issues with policy or delivery in some areas. An example of this is at NPg where BUUK has key senior managers who work hard to resolve issues with us, but these points of contact have been built bilaterally through working relationships and history. There is, however, no clear escalation route where these relationships are unable to bring about satisfactory outcomes. We have been frustrated that there appears to be no appetite for the Directors of NPg to get involved in any discussion with the competitive market and when we have tried to escalate areas to them, there has been little to no response.

This should be contrasted with all other DNOs where we have clear routes of escalation to Directors to be able to resolve ongoing operational issues in getting connected to the network.

Drive to self-serve

Unsuitable systems and sporadic record keeping

The resolution of issues is currently dependent on the relationships between BUUK and DNO staff. The problem arising from this means that if someone leaves either company, or are absent for whatever reason, issues can get lost or overlooked and are consequently vulnerable to not being resolved. Formal reporting and recording of these issues vary for each DNO, ranging from data keeping which is sufficient to that which is so sparse and/or sporadic, it is not fit for purpose.

Earthing data issues

BUUK has experienced restrictions over earthing data with NPg. We are unable to undertake our own earthing studies for electrical protection relay settings and substation earthing compliance. To obtain the technical details required we must speak with an NPg representative first which slows down processes and workflow. This is not deemed necessary with any other DNO as they have implemented systems and process to remove themselves from this input service.

Whilst some engagement has taken place, there are some inconsistencies still to be resolved.

Greater scope for contestability

We note that there are some difficulties in getting connected where there are either network constraints or significant volumes of development in the local area. We think that it is in the interest of both the DNO and the customer to allow greater contestability and the ability of

connecting parties, where suitably accredited, to self-serve. If there was increased scope of works for ICPs to undertake, it would reduce the burden on DNO staff. We understand that significant investment is required in this area to allow for some self-determination, but this investment is likely to be facilitated by the work that DNOs are already undertaking to digitise and digitalise their networks.