



Independent Networks
Association

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Consultation on Ofgem's 2024/5 Work Programme

I am writing on behalf of the Independent Networks Association (INA) who represent the Independent Distribution Network Operators (IDNOs) and the Independent Gas Transporters (IGTs). Thank you for the opportunity to respond to this consultation. The INA and its members broadly support Ofgem's forward work programme. Specific comments are below on some of the proposed workstreams.

Vulnerable Customers

The INA welcomes the priorities on shaping a retail market that works for consumers and driving up standards for vulnerable customers. It is imperative that independent gas, electricity and water companies (known as NAVs) can proactively share priority services register data with other utilities, as proposed by the recent Department of Business and Trade consultation. Currently they are outside the agreed sharing approach for Distribution Network Operators and incumbent water companies. This potentially creates a disparity in the treatment of vulnerable customers. It is also important that gas networks are picked up by this initiative and crucial that energy suppliers are also included, as customers' main interaction is with their energy supplier(s). We also welcome widening this to telecoms and that Government Departments are involved. This has the opportunity to better understand the diversity of customer's needs, particularly when trying to meet the needs of customers who may be vulnerable due to medical conditions. It will also help identify those that may be in a vulnerable situation, due to financial issues.

There are some issues that will need to be resolved as we move forward on this important initiative, which should be part of Ofgem's considerations. The work should consider the need for correct management of data and this will help provide confidence to customers on the use of their data. Data can often be incomplete and provide barriers to timely communications from network operators, particularly in an emergency situation so there will also need to be a process



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for data collection, cleansing, updating and correction. The Ofgem work programme should, alongside Ofwat and Ofcom, also consider how practically they regulate this area as all relevant energy and water companies have obligations to update their registers periodically. This may not be appropriate if a single PSR register is adopted as this may mean a vulnerable customer being contacted separately by their energy supplier(s), gas network, electricity network, water supplier, wastewater supplier and telecoms providers to update or reconfirm their details.

Establishing strategic planning

It is important that any work taken forward by Ofgem and the NESO around strategic planning and local energy governance fully involves the IDNO as significant investors in networks for homes, businesses, generation, storage and transport facilities.

Expand electricity networks

The INA and its members support the use of competition to deliver all types of network investment. The competitive model has brought many benefits to energy consumers and this should be the default. It also allows a broader set of investors, which will help widen the skills and supply chain pools. We are supportive of the proposal to bring forward work to widen competition into transmission, which should also include the development of an 'Independent Transmission Owner' model.

In terms of the consideration of whether there should be a review of the independent network model, following Ofgem's open letter, we have already welcomed the proposal to consider the financial resilience of IDNOs in order to protect service levels. We believe that scrutiny or further analysis of the information already provided to Ofgem will help address any misperception of risk. The INA and its members welcome this scrutiny as we believe that it will demonstrate the clear benefits of responsible competition in networks.

On the potential workstream to look at the 'interaction of IDNOs with the DNOs and TOs, by offering connections that minimise electricity charges, accelerate connections, with potential detriment to other network users interactions', it would be helpful to clarify the problem that this workstream could be seeking to address. We set out in our response to the open letter a number of points around joined up interactions with the wider industry on planning and use of networks and appropriate charging. It is important that we clarify any issues that need to be addressed with a pathway to do so to ensure we retain the agility and flexibility in providing networks that IDNOs bring at this crucial time for network investment.

On the potential workstream around IDNO asset investment compared with expected network requirements for net zero, it is important that as thinking develops into the network



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characteristics that are required for operating in a net zero world that regulation is flexible enough to adapt and that that regulation means IDNOs remain a sound investment proposition for investors. Where policy has been clear around the move to decarbonised heat and transport solutions for new homes, the INA has sought to future-proof their networks. It has already developed a low voltage design standard to look at the networks required for new housing developments. There is the potential for additional investment required in existing networks that is, as yet, undefined in terms of the solution or the pace required. Such as, new requirements for network monitoring, investments to facilitate flexibility services, the growth of low carbon technologies on existing networks, cyber security measures, or adaptation due to a changing climate. Regulation should be considered as new requirements emerge.

Enable the future of the gas grid

We agree that the workstreams highlighted are important but they must also include the consideration of the impacts on Independent Gas Transporters (IGTs) that are outside the RIIO price controls. We would welcome the opportunity to engage with the team leading this, when it is set up.

Deliver effective and efficient market incentives and signals

The INA and its members welcome the workstream around distribution network charging and its focus on Extra High Voltage levels. As this work has previously had to be deprioritised, it is important that this remains a priority for this workplan. It is also important that this workstream engages all relevant stakeholders, such as the independent network sector, to avoid any unintended consequences it could have on competition at this voltage tier.

Please let me know if there are any questions on any area of our submission.

Nicola Pitts
Executive Director