

To - all stakeholders

Email: RIIOED2@ofgem.gov.uk

Date: 03 April 2024

Dear Stakeholders,

Decision on proposed changes to the Major Connections Incentive Governance Document

We¹ have decided to retain the current target for the Major Connections Customer Satisfaction Survey (MCCSS) beyond the first regulatory year of RIIO-ED2, and are making changes to the Major Connections Governance Document to give effect to our decision.

This letter sets out the background to, and reasoning for our decision, alongside details of the responses we received at consultation.

Background

We introduced the Major Connections Incentive (MCI) as part of our RIIO-ED2 Final Determinations.² The purpose of this incentive was to ensure Distribution Network Operators (DNOs) deliver high quality service to customers seeking major connections in RIIO-ED2.

¹ The terms "the Authority", "we" and "us" are used interchangeably in this document.

² [RIIO-ED2 Final Determinations | Ofgem](#)

We published our consultation on amendments to the Major Connections Governance Document on 21 February 2024, which outlined our proposals to retain the current target for the MCCSS beyond the first regulatory year of RIIO-ED2³.

We proposed these changes as the Major Connections Governance Document stated that “Following Regulatory Year 1, Ofgem will set targets for Regulatory Years 2 to 5 as soon as is practical, considering data gathered in Regulatory Year 1”. After consideration of the information received, we concluded that there was insufficient evidence at the present time to change the target in a well informed manner. We stated that changing the target based on the limited data received runs the risk of arriving at an inappropriate revised target. We also stated that other projects (such as the Connections Action Plan⁴) provide a better opportunity to change the MCCSS targets, ensuring a coordinated regulatory approach to connections on the whole.

Consultation Responses

We received six responses to our consultation. All responses were in favour of our proposal to retain the current target for the MCCSS beyond the first regulatory year of RIIO-ED2.

One respondent noted, whilst concurring with our proposal given the reasons we laid out, their disappointment that the target would not be revised and recommended that Ofgem continues to review this incentive throughout RIIO-ED2, rather than waiting for future price controls.

We are committed to reviewing the MCCSS target throughout RIIO-ED2 and should sufficient, robust evidence come forward during the current price control which justify a change to the target, changes will be presented for consultation.

Another responded concurred with our decision, but proposed alternative drafting to the Major Connections Governance Document. We have reviewed this

³ [Consultation on amendments to the Major Connections Governance Document | Ofgem](#)

⁴ [Ofgem and DESNZ announce joint Connections Action Plan | Ofgem](#)

alternative and agree that the proposed changes present a more elegant way of delivering our decision.

Our proposal included the following text:

"The target score for the MCCSS will be set at 7.41/10, with a maximum penalty at 6.91/10. Ofgem retains the right to review the target score throughout the price control period and will consult on any proposed changes to the targets before implementing these through a modification to the licence under Section 11A of the Electricity Act 1989 and consequent amendment of this guidance."

The respondent suggested that splitting this paragraph in two would retain the original number formatting in the document, which would be preferable. The respondent also noted that the phrase "Ofgem retains the right to review" is superfluous as the targets are set out in licence and therefore this reference is unnecessary in an associated document, as Ofgem has this right without the need for an explicit reference.

We concur with the arguments set out in this response. The alternative drafting suggested by the respondent was:

"The target score for the MCCSS will be set at 7.41/10, with a maximum penalty at 6.91/10.

Ofgem will consult on any changes to these targets before implementing these through a modification to the licence under Section 11 of the Electricity Act 1989 and consequent amendment of this guidance."

We have decided to accept these changes, with minor stylistic alternations, and the final version of the Major Connections Governance Document published alongside this decision reflects this decision. The alternative drafting represents no material change from our consultation position as the changes are stylistic in nature.

Decision

We have decided to retain the target set for the MCCSS beyond regulatory year 1 of RII0-ED2 for the reasons we laid out at consultation and in this decision document, supported by the approval from all stakeholders who responded to our consultation. Our decision does not preclude Ofgem from changing the target in future years of RII0-ED2.

We have published an updated version of Major Connections Governance Document to give effect to this decision alongside this document.

Yours sincerely,

David McCrone

Head of Price Control Operations Policy, Networks