

Utility Customer Service Management Ltd.

Submission to Ofgem
January 2025

Connections end-to-end review

UCSM Ltd. is a Utilities consultancy spanning all utilities predominantly across the south of England and targeted towards small to medium sizes developments – often managed by small scale developers, over 85% of our work is in the area of domestic supplies.

We are not a third-party intermediary but do interreact with suppliers on behalf of our Customers.

We have in the past been active in stakeholder engagement with various DNO's and Ofgem and, continue this engagement where there is evidence of added value for Customers and/or the industry as a whole.

Theme 1 - Visibility and accuracy of connections data and network capacity

Question 1a. Do you agree with the issues we have set out under Theme 1 - Visibility and accuracy of connections data and network capacity? Are there any other issues under this theme that we should consider or be aware of?

Network capacity is just one of a number of aspects which impact network design, with other aspects including: fault level, voltage variation, network security etc. As such, any new connection requires consideration in regard a number of different aspects over and above capacity – some of which are more complex than simple capacity availability.

In regard Customer perceptions of network capacity, we commonly see Customers feel that DNO's over design and are able to connect to the nearest network when in fact, detailed design clearly indicates this is not possible, such behaviour reflects lack of electrical knowledge and often, a mistrust of utility companies.

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It is based on the forgoing that we feel extreme caution is required in regard information provision of capacity availability as partial information in the hands of “non-electrical” operators to enable them to make informed decisions will lead to incorrect outcomes. Further to this – who will take responsibility for these outcomes?

By way of an example (documented evidence is available) to help inform the debate, we are aware of one DNO that appears “out of step” with other DNO’s and carries out designs ignoring the Customer requirements as detailed on applications and then only consider the Customers application when challenged. We fail to see how the provision of more information to Customers can assist the industry in general when such large deviations occur between DNO’s at this stage.

Question 1b. Do you agree with proposal 1a (new regulatory requirement on single digital view tools)? Do you have any views on how this should be implemented?

Given our comments above, we express caution in this approach in the absence of a strong and reasonable lead in doing so (based on the old saying of “a camel being a horse designed by a committee”). We fear the outcome will reflect a demand for far greater information from Customers to satisfy trivial demands by some DNO’s which will lead to degradation of service to Customers – surely the very worst of possible outcomes.

Question 1c. Do you agree with proposal 1b (new regulatory requirement on the creation of guidance / standards for data visualisation tools)? Do you have any views on how this should be implemented?

As above.

Question 1d. Do you agree with proposal 1c (new regulatory requirement to provide connections data)? Do you have any views on how this should be implemented?

As above, we express extreme caution as the development of same could serve regulatory requirements more than the requirement of Customers.

Question 1e. What are your views on the completeness and discoverability of connections data that would be useful to you? Are the existing resources clear and transparent?

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See above.

Question 1f. Is there additional connections data that would be of use but legal barriers prevent it from being published? If so, do you consider that there are solutions that would enable this data to be made available, for example by aggregating it to appropriate levels / anonymising it etc.

No comment.

Question 1g. Is there anything else regarding Theme 1 – Visibility and accuracy of connections data and network capacity that you consider we have missed?

No further comments.

Theme 2 - Improved standards of service across the customer journey (not including “minor connections”)

Question 2a. Do you agree with the issues we have set out under Theme 2 - Improved standards of service across the customer journey (not including “minor connections”)? Are there any other issues under this theme that we should consider or be aware of?

Whilst this question is targeted towards connections which are not “minor connections” (is this term defined anywhere and if not, why introduce yet another term?).

We feel the whole area of standards is becoming more and more fragmented and diluted and this is impacting on Customers. Customers across multiple DNO's are becoming familiar with differing service levels from different DNO's with next to little re-course to any higher authority and whilst (in terms of larger connections), competition is more active – this is not universal.

In short, current standards of service appear to be “optional” for some DNO's. Further, when such DNO's are challenged delays (which are not in the best interested of Customers) are inevitable, resulting in Customers having to “suck up” poor service. Indeed, even when representations are made outside the DNO, delays of many months can be expected with very uncertain outcomes (we have much evidence of this which is available).

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We also believe there is scope for harmonization of service standards across utilities – why should an appointment for a new connection be an infringement in the water industry but not in the electricity industry?

Question 2b. Do you have any views on proposal 2a (general principles-based licence condition and supporting guidance around standards of service throughout the entire customer journey)? Do you have any views on how this could be implemented?

We very much support principle based regulation however, we don't believe this is appropriate at this point in time.

We have a number of examples of what appears to be very clear regulatory failures within the industry and yet when challenged, the said regulations become diluted at the expense of Customers. This sends a strong signal to industry operators that they are able to “flex” regulatory requirements to suite their own ends and Customers receive the strong signal of “try to challenge but expect to lose”.

We also have an example (available to view if required) of a similar process within the water industry when a robust stance is taken in regard regulations which tends to send a signal to Customers and industry operators that “flex” is not permitted.

The above examples indicate to us that if the current regulations can be “diluted” or using another phrase “Interpreted in a less robust way”, then the introduction of principle based regulation is destined to fail all Customers (and offer advantage to industry operators willing to “flex” regulations).

We feel should principle based regulation be introduced this has to be balanced with strong and clear guidance and compliance by the industry – a far cry from the industries current position.

Question 2c. Do you have any views on proposal 2b (new prescriptive condition(s) around standards of service)? Do you have any proposals for any specific areas of the connections customer journey that should be subject to such a requirement?

Certainly – consult with Customers and place these at a central position in regard any changes. We accept this is not an easy exercise but given where the industry has “drifted”, a radical re-focus towards Customers would serve to correct past degradation of Customer service and

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indicate to industry operators that “flex” of regulations is simply not permitted.

Question 2d. Do you consider that any of the existing standards of service requirements set out in the regulatory framework for provision of specific products / services should be revised or removed? Do you consider that there is any duplication or overlap of regulatory requirements across the regulatory framework that needs addressed?

Our only and very much principle comment is to improve compliance in the first instance and only then, look to expand standards based to a large extend, Customers.

Question 2e. Is there anything else regarding Theme 2 – Improved standards of service across the customer journey (not including “minor connections”) that you consider we have missed?

No further comments.

Theme 3 - Requirement on networks to meet connection dates in connection agreements

Question 3a. Do you agree with the issues we have set out under Theme 3 - Requirement on networks to meet connection dates in connection agreements? Are there any other issues under this theme that we should consider or be aware of?

In overall terms we are in favour of such an approach however, how can the compliance be Policed and by whom?

Customer currently have a poor experience in this area and have nowhere to go and yet the expectations on DNO's are clear in terms of scheduling. If Customers are being failed now (when standards already exist), should the focus be improving current compliance before looking to introduce yet further regulations?

The impact of transmission and the resultant long lead times again needs to be managed but ironically, we feel currently some DNO's are able to manage this more effectively than others so this bring us to the point of asking why and how can (under current arrangements) this be allowed to happen? Further to this, if these failures are taking place now (without penalties) then what could further regulations help?

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Question 3b. Do you have any views on proposal 3a (strengthened principles-based licence condition around meeting connections dates)? Do you have any views on specific wording that would achieve the intended outcome?

We re-iterate our response in 2b above. On this point and by way of example – the published Ofgem document in paragraph 2.68 quotes the word “proportionate” - a word which allows an element of flexibility (“flex”) on behalf of DNO’s which we feel will take place and will render principle based regulation nearly impossible. In our view – the more ambiguity is detailed in the regulations and/or expectations – the more flexibility will take place and service standards will vary with DNO’s “flexing” most operating at an advantage.

Question 3c. Do you have any views on proposal 3b (minimum standards / SLAs around meeting connections dates)? Do you have any views on specific standards that could be introduced and how they would work in practice?

Early and clear indication of Blockers by DNO’s to Customers is essential in managing expectations.

Question 3d. Do you have any views on proposal 3c (a financial instrument designed to offer recourse to connecting customers who face detriment due to delays)? Do you have any views on how this should be implemented?

We agree in principle but only as the last result – simply because all Customer have to pay for this.

In practice, if agreed upon then we envisage a scheme which is overlay complicated which will act as a disincentive to Customers and will serve no one.

Question 3e. Is there anything else regarding Theme 3 - Requirement on networks to meet connection dates in connection agreements that you consider we have missed?

No further comments.

Theme 4 - Quality of connection offers and associated documentation

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Question 4a. Do you agree with the issues we have set out under Theme 4 - Quality of connection offers and associated documentation? Are there any other issues under this theme that we should consider or be aware of?

Yes, we agree that improvements needs to be made.

This said, we have examples of DNO's either mistakenly or consciously "flexing" their approach to connection offers with caveats, clauses and in effect – "Get out of Jail free cards" which enables them to very much performance as poorly as they please with very little re-course. Indeed, we have one example of a scheme being costed for over £60k and then (after much representation) the design changed to a lower cost of £12k). This is against numerous current regulations and does not result in penalties so we fail to see how more regulation (which like the current ones can be ignored) can assist?

We certainly feel Customers would wish for improved compliance in the first instance and this would serve to improve trust in the industry and create a good foundation for further regulation at a future time.

Question 4b. Do you have any views on proposal 4a (principles-based licence condition on the completeness / quality of the offer and supporting documentation)? Do you have any views on specific wording that would achieve the intended outcome?

Please see our previous answer in relation to principle based regulation / expectations.

Question 4c. Do you have any views on proposal 4b (minimum standards / SLAs on the completeness / quality of the offer and supporting documentation)? Do you have any views on specific standards that could be introduced and how they would work in practice?

See 4a above.

Question 4d. What do you consider would constitute a 'high quality offer'?

Clarity and fair.

Question 4e. Is there anything else regarding Theme 4 - Quality of connection offers and associated documentation that you consider we have missed?

Yes, compliance to existing standards.

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Theme 5 – Ambition of connection offers

Question 5a. Do you agree with the issues we have set out under Theme 5 - Ambition of connection offers? Are there any other issues under this theme that we should consider or be aware of?

No comment.

Question 5b. Do you have any views on proposal 5a (strengthened principles-based licence condition around offering earliest achievable connection dates)? Do you have any views on specific wording that would achieve the intended outcome?

See previous comments regarding principle based regulation.

Question 5c. Is there anything else regarding Theme 5 - Ambition of connection offers that you consider we have missed?

No further comments.

Theme 6 – Minor connections

Question 6a – Do you agree with the issues we have identified? Are there any other issues under this theme that we should consider? Please provide data and evidence to support your views if possible.

This is very much an area where market forces do not operate and as such, regulation has a stronger role to play.

We recognise a wide deviation in this area between DNO's and some of these issues have been taken forward for determination by the regulator but the outcomes have not been favourable for Customers. This suggests Customers should be accepting of DNO's who offer designs wildly different to that actually required and for quotes to be issued which include wild caveats which in effect makes them budget offers.

In this area we can say very clearly that there is a high level of mistrust towards some DNO's (gathered from our Customers) and that this view, if not controlled via regulation, will further embed the current mistrust.

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We have extensive examples of the forgoing (good and bad) which are available on request.

Question 6b – What are your views on our proposals designed to address these issues? Are there other proposals you consider would achieve the intended outcomes?

We fail to see how principle based regulation (which we are very much in support of) can be introduced without a huge degradation of service to Customers. This is based upon fact that some current regulations and guidelines (along with Custom and practise) are being ignored by some DNO's and this behaviour is going unhindered and/or challenged by the industry.

In order to progress to principle based regulation, we feel trust needs to be restored and this needs to be done in a transparent way – available to all Customers (and potential Customers) to take Customers on the restoration journey where they see “rogue” operators penalised and good operators recognised for their efforts. To this end, we feel strong compliance to existing regulations is an essential requirement to rebuilding trust.

Question 6c – Do you have views on how poor performance could be addressed under these proposals to ensure the smallest scale customers are protected and LCT roll out is supported?

Yes, effective and timely policing of compliance.

Theme 7 - Provisions and guidance for determinations

Question 7a. Do you agree with the issues we have set out under Theme 7 - Provisions and guidance for determinations? Are there any other issues under this theme that we should consider or be aware of?

We are concerned that the regulator is able to dismiss or even refuse to determine on matters which are in the Customers (and the industries) best interests with very little by way of reasoning.

By way of an example, some years ago, an appointment (by a supplier in this instance) failed and the relevant operator put forward the argument that they did not send an operative with the right tools and skills and hence, the reason why the appointment failed. This approach was supported by the regulator at the time and determination refused. In our

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view, sending a strong signal to the operator that such behaviour was acceptable (and so inevitably, continued to take place). The only concession to the Customer was that when said regulations were revised the Customer was invited to take part and indeed, played an active role in their amendment.

This (we feel) leads to regulations which can and does fail to recognise the needs of the very Customer the regulations are in place for. This also impacts on the desired approach for principle based regulation.

Further, we are aware that the ability of Customer to examine past determinations is limited and this fails to service Customers best interests

Question 7b. Do you have any views on proposal 7a (Ofgem to review the guidance for connection determinations)?

Yes, involve Customers.

Question 7c. Is there anything else regarding Theme 7 - Provisions and guidance for determinations?

No further comments.

RIO T3 – Electricity Transmission Network Incentivisation

Question 8a - What are your thoughts on each of the three ideas we have presented? In your response, please identify positives and negatives you see in each of the proposals, and if you have a favoured option and why that is.

No comment.

Question 8b - With reference to our Future Considerations, do you have any further ideas on how TOs could be incentivised through a financial penalty and reward model, to deliver faster connections times, a more effective overall connections process in RIO-ET3 and drive behaviours that have a positive long-term impact on the network?

No comment.