

## Proposal 8 - Business Plan Incentive Early Proposal: Short Interruptions Incentive

Section	Submission
<i>Licensee name</i>	UK Power Networks Ltd. including three distribution license holding companies: Eastern Power Networks plc (EPN), London Power Networks plc (LPN), and South Eastern Power Networks plc (SPN).
<i>Proposal name</i>	Short Interruptions Incentive
<i>Type of proposal (confirm all that apply)</i>	New or enhanced service Stretching commitment <input checked="" type="checkbox"/> Delivery accountability mechanism <input checked="" type="checkbox"/>
<i>Proposal summary (Max 200 words)</i>	<p>The short interruptions incentive will look at all short interruptions and balance the positive impacts of increases in volumes of short interruptions (SIs) which avoid a longer duration interruption (CI) with negative impacts of repeated SIs caused by transient faults.</p> <p>It will enable Ofgem and the licensee to agree a target percentage reduction in the total number of customers impacted by SIs but also set that target mindful of the positive impacts of CI avoiding SIs (which otherwise would have resulted in long duration faults) referred to above.</p> <p>Reducing SIs (caused by transient faults) is a critical imperative given their impact on consumers, particularly those in homes that now about with technology and also on other utilities.</p> <p>Ofgem, supported by DNOs would need to analyse reported SIs and also forecast SIs for the remainder of RIIO-ED2 plus for ED3.</p> <p>This incentive would form part of an updated IIS (known as IIS+) with an appropriate weighting of +/- 10 RORE bps to reflect the fact this is a new mechanism. Once bedded in, the strength of the mechanism could be increased if appropriate. Further are set out in the Appendix to the Long Duration and Repeat Interruptions Incentive Scheme (LD/RIIS) proposal.</p>
<i>Which ED3 outcomes does the proposal support? (confirm all that apply)</i>	Investing for the energy transition Responsible and sustainable business <input checked="" type="checkbox"/> Smarter networks Resilient networks <input checked="" type="checkbox"/>
<i>Which Consumer Interest Pillars does the proposal support? (confirm all that apply)</i>	Low-cost transition Fair prices Quality and standards <input checked="" type="checkbox"/> Resilience <input checked="" type="checkbox"/>
<i>Summary of key reason(s)/driver(s) for the proposal (Max 200 words)</i>	See support evidence box below.
<i>Summary of supporting evidence (Examples could include references to sector specific intelligence, innovation projects, ISG engagement, wider consumer research, endorsement from third parties) (Max 200 words)</i>	<p>Output from the customer research we have conducted shows that in respect of SIs, there is an understanding from customers of the benefits of SIs that avoid longer duration outages (e.g. through automation and remote control of the network) but there is also a desire to reduce the number of SI that customers experience that are caused by transient faults, which are particularly prevalent on the rural and overhead line networks.</p> <p>The research also shows that the impact of SIs is more pronounced in smart homes and homes with greater amounts of technology e.g. smart control systems for lights reset and may leave the lights switched on and there is a compounding impact of repeated SIs as the Wi-Fi has to reboot multiple times resulting in a cascading impact on other parts of customers' lives.</p>

	Furthermore, our engagement with other utilities has shown SIs to be an area with consequential impacts on their customers, be that loss of mobile phone connectivity, disruption to potable water filtration processes or sewage treatment plants.
<i>Summary of potential benefits (Max 200 words)</i>	<p>The key benefits from this proposal are:</p> <ul style="list-style-type: none"> <li>• A focus by DNOs on the reduction of SIs caused by transient faults leading to a lower customer impact of such outages without disincentivising turning longer duration interruptions into SIs due to a tension between the incentive rates for CIs and SIs.</li> <li>• As smart homes become more prevalent, preventing SIs being a reason that people cite for not going smart.</li> <li>• A reduction in the impact on EV charging by SIs.</li> <li>• A reduction in impacts on customers of other utilities where the number of times other utilities' equipment has to restart following a SI is reduced.</li> </ul>
<i>Where the proposal relates to a new or enhanced service or to stretching commitments, explain why the proposal is not already business as usual or incentivised either through the existing RIIO-ED2 framework or under ED3 proposals that we are consulting on (Max 200 words)</i>	A SI incentive has not formed part of the DPCR or RIIO frameworks to date, but Ofgem have sought views in the SSMC on how to implement changes to the reliability incentives to account for SIs. The existing reliability framework focuses on reducing CIs and although UK Power Networks proposed a SI incentive for RIIO-ED2, it was not progressed by Ofgem at that time, with Ofgem citing the need to capture more data.
<i>Where the proposal relates to a new or enhanced service, explain why DNOs are best placed to undertake the activity described under the proposal (Max 200 words)</i>	As this relates to IIS it is only the DNOs who this change could apply to.