



Competitive Connections – SSE's "IDNO" Experience

SSE Utility Solutions: A DNO operating Out-of-Area

- **A self-contained IDNO business, operating throughout England, Scotland and Wales (except SSE Power Distribution footprint areas)**
- **We adopt or design, build, own, operate and maintain electricity networks in all DNO areas and at most connection levels**
- **Focus on larger domestic and commercial developments at EHV and HV connections**
- **Long-term revenue from IDNO portfolio Use of System tariffs**
- **Utility Solutions also offers Gas, Water and District Heating networks as a complete Multi Utility alternative to incumbent providers**

Competition is working

- Able to operate in every DNO area
- Revenues allow us to put together attractive bids to developers including investment in the network
- Provide choice and drive improved service
- Multi-utility service offers a viable and cost effective alternative to the traditional model of utility procurement through incumbent providers
- If we lose out on business, it is often to another ICP or IDNO
- Sales of electric networks increasing year-on-year
- Developers aware of the ICP/IDNO option

Out of RIIO Scope - Room for improvement

Widen scope of contestable works

- Would facilitate competition
- Developers using DNO for non-contestable work face increased complexity if they use a different provider for the new connection
- Eg. Allow IDNOs to process standard template legal documents

Speed up connections process

- Some developers believe that IDNOs do not get good service from DNOs
- Inconsistencies in application of regulations (esp Design approval)

Self-determination of Point of Connection

- Allows greater freedom of design
- Adds an additional area for competition
- Requires better availability of information from DNOs

In RIIO Scope - What's in it for the DNOs?

Rewarded for passing competition test

- Able to charge unregulated margins on new connections work

Could charge for access to network information

- One-off admin fee or subscription available to customers

Possible licence changes

- Freedom to develop innovative commercial terms
- Allow greater design flexibility

New GSoPs for IDNO connections

- Reward for quicker service, rather than punish for slow service