

The background features a large, semi-transparent white arrow pointing from the bottom left towards the top right. Behind the arrow, there are faint, artistic depictions of solar panels on the left and a gas burner on the right.

# **RIIO-ED1 Strategy Consultation**

Proposals for Connections

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## **RIIO-ED1 connections issues**

- We want the DNOs to adapt their process to customer needs, not forcing customers to accept DNO processes
- Highlighted 3 key issues
  - Quality of connections service
  - Provision of information
  - Timeliness of connections

## Quality of service & provision of information

- Retaining GSOP (considering inflationary uplift)
- BMCS – separate survey and financial incentive for small and large connection customers
- Considering factoring into overall performance customer satisfaction with information provided
- Retain LTDS and DG Connection Guide
- Propose to remove licence condition for Information Strategy – if properly incentivised is this necessary?

## Timeliness of connections

- Average time to connect incentive
  - We want DNOs to connect people – on average – quicker than at present
  - DNOs should review end to end process and find ways of improving planning, investment in network and use of technology to make it more efficient
- Don't want process to stay the same and customers forced into shorter timeframes
- Stronger weighting on customer satisfaction
- Incentive for average time to produce a quote & overall time to connect
- Different targets for different networks/customers? Use of exemptions

## Other issues

- Not proposing to change charging arrangements
  - Better upfront information
  - Incentives on DNOs to connect quicker and explore alternatives to reinforcement
- Treatment of customer contributions
  - Propose to adjust DNO baseline allowance and recorded spend to take account of customer contributions for all connections
  - DNO should be broadly neutral on recovering costs via connection of UOS charges
  - Remove potential to incentivise DNOs to always wait for customers to request connection before reinforcing

## Other issues

- DG incentive
- Introduced in DPCR4 to incentivise DNOs to be efficient when connecting uncertain volumes of DG
- Reinforcement – to be recovered through UOS – given partial pass-through
- £/KW revenue
- Majority of DG reinforcement does not require recovery through UOS
- Is it incentivising behaviour? Should we treat DG differently from load connections?

## Impact of Competition Test (CT)

- Won't know outcome of CT until 2014.
- Excluded market segments – no effective competition
  - Require incentives – survey & time to connect
  - Reward/penalty basis
- Relevant market segments that don't pass – no effective competition
  - Require incentives – survey & time to connect
  - Don't want to incentivise CT failures. Propose penalty only incentive (level of penalty linked to no. of segments passing CT)
- Relevant market segments that pass CT
  - Competition should protect customers – not proposing survey or time to connect incentives
  - Question whether additional measures required to ensure effective provision of non-contestable services
  - Consult on inclusion of these customers in complaints metric

## Range of proposed incentive (% of all revenue)

Incentive/Measure			Maximum reward exposure	Maximum penalty exposure
Guaranteed standards of performance (GSOP) (minimum service level)			None	0/As per the requirement
Broad measure of customer satisfaction (BMCS)	Customer satisfaction survey	Minor connections	+0.5	- 0.5
		Major connections	None	(-0.5)*
Average Time to Connect incentive ( <i>new incentive</i> )			+0.4	(-0.4)*
Total Penalties/Rewards			+0.9	-0.5 to -1.4

\* dependent upon number of relevant market segments that have passed the Competition Test

- Equivalent exposure for DPRCR = +0.32/-0.2





Promoting choice and value  
for all gas and electricity customers