

Minutes of RIIO-ED1 Connections Working Group (ConWG)

Minutes of RIIO-ED1 ConWG meeting held at Mary Sumner House, 24 Tufton Street, London, SW1P 3RB on Tuesday 11 th December 2012	From Date and time of Meeting Location	Stephen Perry 11 th December 2012 10:00 to 13:00 Mary Sumner House, 24 Tufton Street, London, SW1P 3RB	17 December 2012
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1. Present

Ofgem

James Veaney
Olivia Powis
Stephen Perry

Stakeholder representatives

Fruszina Kemenes
Bob Weaver
Ray Farrow
Alex Spreadbury (by telecon)

DNOs

Phil Swift (WPD)
Ian Cobley (Northern Powergrid)
Brian Hoy (ENWL)
Cathie Falconer (SSE)
Jenny Smith (SSE)
Paul McGimpsey (SP)
Steve Wood (UKPN)

2. Introduction

2.1. James Veaney (JV) welcomed everyone to the latest RIIO-ED1 ConWG meeting.

2.2. Stephen Perry (SP) presented an overview of responses to the Connections chapter of our ED1 Strategy consultation (slides attached).

2.3. Bob Weaver (BW) asked for an update on the introduction of Assessment and Design (A&D) fees. The DNOs confirmed that they are putting a business case together, but that they had not approached the Department for Energy and Climate Change (DECC) yet. Ray Farrow (RF) asked the DNOs to consult with wider industry stakeholders before any changes to legislation are introduced.

2.4. The working group noted that some relevant market segments have a relatively small sample size. It was noted that this could be an issue for our incentive design.

2.5. The working group discussed how the penalty could be scaled for each market segment that does not pass the Competition Test. Ofgem stated that they would provide more information on the incentive values at the next working group.

2.6. Ofgem confirmed to Fruszina Kemenes (FK) that the interruption and general enquiries elements of the customer satisfaction survey would still apply for connection customers in market segments that have passed the Competition Test.

2.7. BH questioned what the DNOs should prioritise in advance of the ED1 Strategy Decision document. JV stated that he was keen to receive feedback on our proposed approach for major customers (outlined later in the meeting) and that he wanted additional feedback on whether additional incentives are required for non-contestable work.

Action: Stakeholders to provide views on whether additional incentives are required for non-contestable work, in advance of the next meeting.

Action: DNOs to provide data on the number/value of non-contestable works completed and any performance data, in advance of the next meeting.

3. Time to Connect incentive – DNO presentation

3.1. BH provided an overview of the time to connect data. BH noted that there are currently major data inconsistencies (eg data retrieved from different time periods).

Action: DNOs to identify potential data interpretation issues and agree a common rule set with Ofgem.

3.2. BH noted that the time to quote data measures the time from when the DNO considers that they have been provided with minimum information. JV stated that some customers may consider that satisfying the DNO's minimum information requirements is an obstacle to getting a timely connection. JV suggested that it may be useful to measure the time from the initial contact to connection quotation.

Action: DNOs to collect time to quote data from the customer's initial contact to connection quotation, in advance of the next meeting.

3.3. Cathie Falconer (CF) noted that some DNOs are already producing small metered connection quotes in less than one day and questioned whether the average time to quote incentive would deliver a marginal benefit for consumers. CF also noted that SSE are trialling new methods of quoting for minor customer that may take longer to issue a quote but delivers greater customer satisfaction (eg door-step quoting). CF was concerned that DNOs may be penalised for responding to customers' preferences.

3.4. It was noted that the minor connection data includes several outliers. The working group discussed how exemptions may operate (eg excluding any connection quotations that take longer than X working days). JV stated that it may be useful to assess the impact of these outliers on the average performance, to inform whether exemptions are necessary or not. JV noted that his preference was not to apply exemptions to assess average levels of performance.

Action: DNOs to assess the impact of outliers on average performance, in advance of the next meeting.

3.5. BH provided an overview of the time to connect data (from connection acceptance to connection completion). BW considered that the time to connect is not a major concern for customers, as this is more customer driven than the time to quote.

3.6. CF stated that some connections have very long completion timescales and that these connections could have a large impact on performance in market segments with a small sample size.

3.7. FK suggested that for major customers it may be useful to measure the deviation from customers' preferred connection completion date. JV stated that we would provide more information of the approach for major customers later in the meeting.

3.8. JV confirmed that in our ED1 Strategy Decision we would be looking to confirm whether an incentive is needed, the scope of any incentive, what the incentive would measure and the approach used for target setting. JV noted that exact targets would not be agreed in the ED1 Strategy decision document.

4. Approach for connection customers in market segments that do not pass the Competition Test

4.1. Based on the responses to our consultation, Olivia Powis (OP) provided a high level overview of our new proposed approach for major connection customers (see slides

attached). OP confirmed that this approach would replace the time to connect and customer satisfaction survey for major connection customers.

4.2. Steve Wood (SW) questioned how often the DNOs would need to submit their workplans. JV stated that the frequency of assessment was currently undecided.

4.3. BW and Alex Spreadbury (AS) stated that for them free dialogue and open communication was very important and supported any approach that encouraged the DNOs to do this.

4.4. FK stated that a tailored workplan for each connection market segment was appealing. FK questioned how Ofgem would measure performance and how they would ensure that the DNOs actually respond to consumers. OP stated that it would be for the DNOs to decide how they measure performance, but that we would expect this to be informed by good stakeholder engagement. OP confirmed that we would continue to engage with the industry (eg periodic forums, open letters) to remain informed about the key connection issues. OP stated that we could also audit DNO performance/submissions.

4.5. FK questioned whether Ofgem would assess relative DNO performance. JV stated that each DNO would be assessed against the minimum criteria, rather than each other.

4.6. OP stated that the main challenge for Ofgem was to design minimum criteria that were flexible enough to be used across all the DNOs/market segments but definitive enough to provide strong guidance on when penalties would be applied.

4.7. BH questioned what the DNOs should put into their business plans. BH stated that he would not want to provide guidance on his activities in market segments that are open to competition during ED1. JV stated that they will give this further thought and provide further guidance. OP suggested that information could be provided at a high level. SW stated that the DNOs have discretion what information they place in their business plans and do not need to divulge information that could benefit their competitors.

Action: Ofgem to consider what connections information they want from the DNOs in their business plans, in advance of the next meeting.

4.8. CF questioned why there was no upside to the incentive. JV stated that any potential upside could provide an incentive for the DNOs not to pass the Competition Test. CF suggested without an upside there was little incentive for the DNO to produce best practice.

Action: All stakeholders to consider the proposed approach for major connection customers and provide any feedback to Ofgem, as soon as reasonably practicable.

5. Next Meeting

5.1. Ofgem to circulate potential dates for the next ED1 ConWG meeting.