

**Responses to our RIIO-ED1 Customer
Service and Connection Consultation**

ofgem

We consulted on the detailed designs of four incentives:

- Customer Satisfaction
- Complaints Metric
- Time to Connect Incentive
- Incentive on Connections Engagement

We received 11 responses, from a range of organisations:

Brookfield Utilities UK

RWE
npower renewables

HEA
Highway Electrical Association

**NORTHERN
POWERGRID**

**SP ENERGY
NETWORKS**

**Consumer
Futures**

**WESTERN POWER
DISTRIBUTION**
Serving the Midlands, South West and Wales

**WALES&WEST
UTILITIES**

**Scottish and Southern
Energy**
Power Distribution

**electricity
north west**

**UK
Power
Networks**

All responses were broadly supportive of our proposals. However some had comments on specific aspects of our proposed arrangements.

Time to Connect - Consultation

We consulted on:

- Common targets for all DNOs?
- Separate targets for different types of connection?
- Equal reward split across the elements of the incentive?
- The value of the target and maximum reward score.
- The method for increasing the target/maximum reward score during RIIO-ED1.
- The incentive rate.

Time to Connect – proposed targets

	Connection Size	Target	Maximum Reward Score
Time to Quote	LVSSA	8.21	6.4
	LVSSB	11.73	10.12
Time to Connect	LVSSA	42.08	32.47
	LVSSB	52.70	39.91

Time to Connect

The majority of stakeholders supported our proposals. Some respondents raised specific comments:

- One DNO considered that the maximum reward score was unrealistic.
- One DNO had concerns that factors outside DNO control may make targets unachievable. They proposed applying exclusions.
- One respondent suggested reviewing how the reward is split across the incentive after four years, to ensure it focuses DNO behaviour in the right areas.
- One respondent considered that the incentive should place a higher weighting on connections than quotations, to take account of the number of connections quotations that are not progressed.
- One respondent did not consider that there was significant difference between LVSSA and LVSSB.

Time to Connect – current thinking

- Common targets for each DNOs. Consistent across GB.
- Separate targets for different sizes of connections. Based on data, we consider that there are differences between these types of work.
- Retain the maximum reward score and targets that were proposed in the consultation. Based on current level of performance and DNO business plan targets – we consider that they are achievable.
- Review the maximum reward score/target at the mid-point review.
- Place equal weighting on each element of the incentive now. Include a mechanism to review this at the mid-point review.
- Set a straight line incentive rate between the target and the maximum reward score.
- No exemptions – detailed reporting requirements developed in the RIGs.

Incentive on Connections Engagement

We consulted on how to split of penalty across the market segments.

The majority of customer supported splitting the incentive equally across the market segments.

However one connection customer and one DNO supported splitting the value by market value. This DNO suggested that we develop principles to inform the size of any penalty.

There were several wider comments :

- Several parties wanted more clarity on how the assessment process would operate.
- Some connection customers considered that the penalty should also apply to market segments that pass the Competition Test.
- One respondent considered that other enquiries (eg disconnections or fault repairs) should also be captured by the ICE.

ICE – current thinking

- We are minded to split the penalty equally across the market segments.
 - We note that the “value” of the work may not be proportionate to the financial value of the project.
 - Equal split allows the penalty to be known upfront and ensures that there is equal incentive for each DNO to engage with stakeholders.
- We are committed to working with stakeholders to develop assessment process.
- The penalty will only apply to market segments that have not passed the Competition Test.

Next Steps

- We will issue a decision shortly.
- Our decisions will be incorporated into the RIIO-ED1 licence.

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