

**The Voice of the Networks**



# **Energy Networks Association**

## **DNO CONWG – ICE Discussion**

Date 22 January 2014

# Aspects Ofgem requested feedback on

- Assessment process
  - Whether the assessment process should be annual or biennial?
  - What the timelines for submission and assessment should be?
- Assessment criteria
- Potential submission structure
- How to trial arrangements

# Current status of Competition Test Notices

	ENWL	NPg North	NPg York	UKPN EPN	UKPN LPN	UKPN SPN	WPD S West	WPD S Wales	WPD E Mid	WPD W Mid	SSE Hydro	SSE South	SP Man	SP Dist
<b>Demand Customers:</b>														
(i) LV work:	Current Applic	Current Applic (Alt RMS)	Current Applic (Alt RMS)	Not passed	Not passed	Not passed	Not passed	Not passed	Not passed	Not passed	Not applied	Not applied	Not passed	Passed Dec 2013
(ii) HV work:	Passed May 2013	Passed Oct 2012	Passed Oct 2012	Current Applic (Alt RMS)	Current Applic (Alt RMS)	Current Applic (Alt RMS)	Not passed	Not passed	Not passed	Not passed	Current Applic	Current Applic	Not passed	Passed Dec 2013
(iii) HV and EHV work:	Passed May 2013	Current Applic	Current Applic	Passed Aug 2013	Passed Aug 2013	Passed Aug 2013	Not passed	Not passed	Passed Feb 2013	Passed Feb 2013	Current Applic	Current Applic	Not passed	Not passed
(iv) EHV work and above:	Passed Nov 2011	Current Applic	Current Applic	Passed Aug 2013	Passed Aug 2013	Passed Aug 2013	Not passed	Not passed	Passed Feb 2013	Passed Feb 2013	Current Applic	Current Applic	Not passed	Not passed
<b>Distributed Generation</b>														
(v) LV work:	Current Applic	Current Applic (Alt RMS)	Current Applic (Alt RMS)	Not passed x2	Not passed x2	Not passed x2	Not passed	Not passed	Not passed	Not passed	Not applied	Not applied	Not passed	Not passed
(vi) HV and EHV work:	Passed Nov 2011	Current Applic (Alt RMS)	Current Applic (Alt RMS)	Passed Oct 2012	Passed Oct 2012	Passed Oct 2012	Current Applic	Current Applic	Current Applic	Current Applic	Current Applic	Current Applic	Not passed	Not passed
<b>Unmetered premises:</b>														
(vii) LA work:	Passed May 2013	Current Applic	Current Applic	Passed Aug 2013	Current Applic	Passed Aug 2013	Passed Feb 2013	Passed Feb 2013	Passed Feb 2013	Passed Feb 2013	Not applied	Current Applic	Passed Dec 2013	Not passed
(viii) PFI work:	Passed Nov 2011	Current Applic	Current Applic	Passed Oct 2012	Passed Oct 2012	Passed Oct 2012	Passed Feb 2013	Passed Feb 2013	Passed Feb 2013	Passed Feb 2013	Not applied	Current Applic	Passed Dec 2013	Not passed
(ix) Other work:	Current Applic	Current Applic (Alt RMS)	Current Applic (Alt RMS)	Current Applic	Current Applic	Current Applic	Not passed	Not passed	Not passed	Not passed	Not applied	Current Applic	Not passed	Not passed
Applied	9	9	9	9	9	9	9	9	9	9	4	7	9	9
Passed	6	1	1	5	4	5	2	2	4	4	0	0	2	2



## Annual assessment vs Biennial Assessment

Annual Assessment	Biennial Assessment
Shorter timescale for DNOs to implement plans.	Longer gaps between Ofgem assessment of DNO performance
Higher regulatory burden for all.	Longer period between DNO performance and when the DNO incurs any penalty.
	There could be large variation in performance over two years.

Which approach do you prefer? Why?  
How much time do DNOs need to implement plans and demonstrate change?  
How do we ensure that biennial assessments aren't clouded by short term memories?  
Does a longer gap between performance and penalty matter?

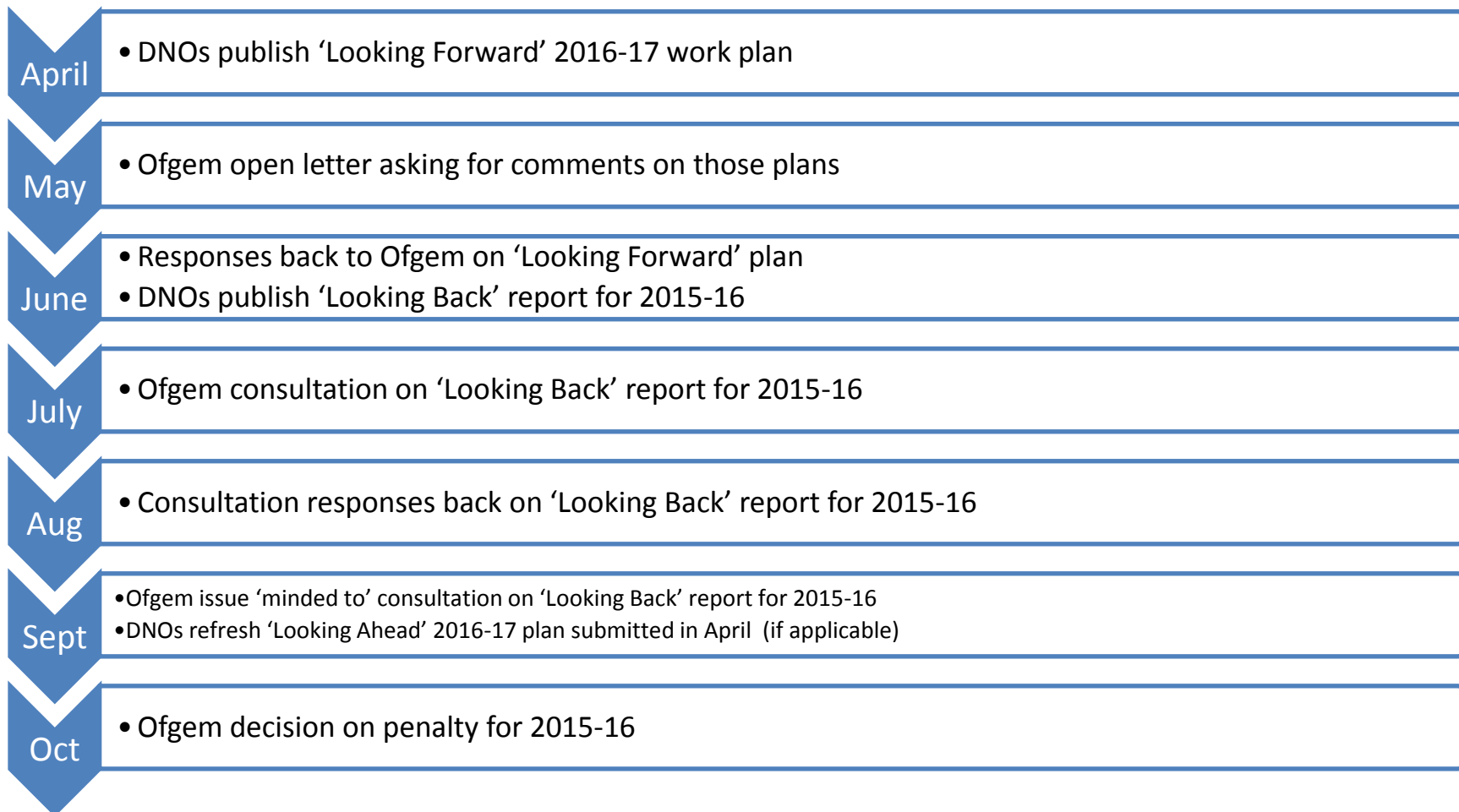
Our current preference is for an annual assessment.

6

- All DNO prefer annual assessment
- Important to have feedback on any penalty so that changes can be undertaken to avoid subsequent penalty

- Ofgem propose trials in 2014 and 2015
- Suggestion could be
  - 2014 trial could be limited to DG as all DNOs will be producing work plans
  - 2015 trial could be extended to further segments
- Timeline needs to be a balance between
  - Enough time for both DNOs and Ofgem to process
  - Avoiding clashes with multiple submission dates
  - Ensure timely feedback to enable it to be incorporated into current year

# Indicative timeline for a full year cycle eg 2016-17



## Potential Assessment Criteria

DNOs will be required to submit evidence to demonstrate the following criteria:		
Section	Part 1 (forward looking)	Part 2 (backward looking)
<b>Process</b>	<ol style="list-style-type: none"> <li>1. The DNO has a comprehensive and robust strategy for engaging with connection stakeholders.</li> <li>2. The DNO's proposed strategy, activities and outputs been informed and endorsed by a broad and inclusive range of stakeholders.</li> </ol>	<ol style="list-style-type: none"> <li>1. The DNO has implemented a comprehensive and robust strategy for engaging with connection stakeholders.</li> <li>2. The DNOs activities and outputs have taken into account ongoing feedback from a broad and inclusive range of stakeholders.</li> </ol>
<b>Activities</b>	The DNO has a comprehensive and relevant workplan of activities.	The DNO has undertaken the activities stated in its workplan. If not the reasons provided are reasonable and well-justified.
<b>Outputs</b>	The DNO has set itself outputs that it will deliver in that year (eg targets, KPIs).	The DNO has delivered the outputs that it stated that it would deliver (eg targets, KPIs) in that year. If not, the reasons provided are reasonable and well-justified.
<p>Ofgem will decide whether the criteria of Part 1 and 2 have been met.</p> <p>Our assessment will take into account feedback from stakeholders and be informed by previous years submissions.</p>		
<p>Should a company that fails to meet this criteria incur a penalty?</p> <p>Are there other criteria that we are missing?</p> <p>Is the separation between process, activities and outputs useful?</p>		

- Need to develop Guidance with focus on measurement against minimum requirements
- How deal with 'hard to reach' segments eg EHV where infrequent customers
- Approach to segments that have passed would focus on ICP/IDNO engagement



---

## Why would we apply a penalty?

- A DNO has not engaged with connection stakeholders.
- A DNO has not secured endorsement from connection stakeholders.
- A DNO has not responded to issues raised by connection stakeholders.
- A DNO has not undertaken activities to improve performance.
- A DNO has not delivered key outputs.

7

---

- How split penalty across alternative market segments?
- How are the minimum requirements defined?