

16 February 2015

Mr James Veaney  
Head of Distribution Policy  
Ofgem  
9 Millbank  
London  
SW1P 3GE

Dear James,

**Consultation on proposed remedies in relation to the connections market**

As requested in your consultation of 21 January 2015, this letter provides an initial response from the 14 Distribution Network Operators. This response is not confidential and can be published on the Ofgem website.

We understand Ofgem's desire to encourage DNOs to adopt and maintain best practice behaviour and agree that setting out the expected standards in a Code of Practice provides an appropriate mechanism to achieve this.

We have presumed that Ofgem's intention is that the proposed licence condition will only apply to the 14 licensees that are Distribution Service Providers; if this is not the case could you please clarify this by return. As you will see from our proposed approach, IDNOs will be key stakeholders throughout the consultation process to develop the Code of Practice.

I am pleased to confirm that DNOs intend to work together with the aim of producing a common Code of Practice and have already had dialogue to develop this approach. DNOs intend to utilise an existing ENA working group, the 'Connections Working Group' that has acted as a shadow group to the Electricity Connections Steering Group (ECSG) to develop the Code of Practice.

The proposed approach is to develop a number of drafts of the Code of Practice, refined each time by stakeholder engagement. DNOs have developed the initial timeline that is attached as an appendix and shows the different tranches of engagement. This plan may need to flex as we progress but sets out our initial intent. The proposed approach will be to engage with the stakeholder representatives from Ofgem's ECSG as these represent a well established group of informed stakeholders and will act as key representatives throughout the process. In addition, we plan to have a much wider consultation on the draft Code of Practice. This would be an open consultation by the ENA and highlighted to all ICPs, IDNOs and other interested parties such as the DG-DNO Steering Group. Three regional briefings would be arranged to support the dissemination and facilitate face to face

feedback. Ideally, we will hold two consultations; an initial published draft and a refined draft prior to submission to Ofgem.

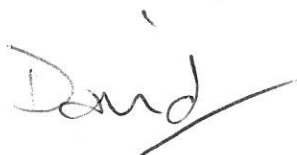
The timetable to complete the Code of Practice is a challenging one to ensure that meaningful stakeholder engagement can be undertaken. DNOs will need to develop the Code of Practice in parallel with Ofgem's consultation on remedies. Whilst DNOs recognise the need for Ofgem to consult on its proposed remedies, the proposed approach could pose an unreasonable risk for DNOs. It will not be practical to carry out meaningful stakeholder engagement if Ofgem identify additional criteria to be added at the end of April as this only gives 19 working days before formal submission. Out of expediency, DNOs will need to base the Code of Practice on the scope outlined in Ofgem's consultation. We would recommend that if anything material is identified by Ofgem's consultation that this gets considered through the identified governance process rather than be required in the first version of the Code of Practice.

DNOs recognise the need for the Code of Practice to develop and evolve over time and have other obligations under the Incentive for Connections Engagement (ICE) to seek and respond to stakeholders' requirements. DNOs' intended approach to any additional issues that stakeholders raise during DNOs' consultation process will be to note them and to feed them into the governance process for the ongoing evolution of the Code of Practice.

The other key concern of DNOs is the proposals for harmonisation. DNOs recognise stakeholders' general preference for consistency. However the regulatory framework that developed many of the approaches to be incorporated in the Code of Practice was through Ofgem's Competition Tests. This framework encouraged DNOs to 'raise the bar' and as such DNOs developed different approaches to the same challenges. Where DNOs have implemented or are developing approaches that exceed the minimum standards, or meet them via a different method, it would seem wrong that they are deemed non compliant with either the draft licence condition or the Code of Practice. DNOs would expect Ofgem to take a pragmatic interpretation of harmonisation so that similar (but not exactly the same) approaches meet this requirement.

I trust that this letter provides you with the information that you require. DNOs would be happy to keep you updated on a regular basis on progress. If you would find this useful or you have any other questions, please contact Brian Hoy ([brian.hoy@enwl.co.uk](mailto:brian.hoy@enwl.co.uk)) in the first instance as he is co-ordinating the development of the Code of Practice.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'David', with a long horizontal stroke extending to the right.

David Smith  
**Chief Executive**

CC

Brian Hoy, Electricity North West (Chair Connections Working Group)

Nigel Turvey WPD

Mike Hammond NPg

Ian Cobley NPg

Neil Magrath UKPN

Sue Jones UKPN

Paul McGimpsey SP

Mike Scowcroft SP

Cathy Falconer SSE

## Appendix

<b>Milestone</b>	<b>Date (week commencing)</b>
Initial engagement with chairs of MCCG & UCCG	9 February
First draft of CoP	2 March
Review initial draft with ECSG	9 March
Issue initial draft for 2 week consultation	23 March
Hold three regional workshops (eg London, Manchester, Glasgow)	23 March
Review consultation responses with ECSG	20 April
<b>Ofgem confirmation of Minimum Requirements</b>	27 April
Issue final draft for 2 week consultation	4 May
Finalise draft and issue to Ofgem	1 June