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Sent by email only to: [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk)

Dear Sam

**Response to Ofgem Consultation: The findings of our review of the electricity connections market**

I am writing on behalf of Power On Connections (POC) to set out our group's response to Ofgem's consultation of the 21 January 2015.

In general we agree with Ofgem's findings and we support the proposal for the DNOs to be required to develop a Code of Practice (CoP) that will clearly illustrate how DNOs will ensure that they can meet the objectives set out in your findings, i.e.:

*"The DNO minimising – to the fullest extent reasonably practicable – the scope and cost of its input services" and, where they are necessary – by the DNO providing services on an equivalent basis to its competitors and its own connections business.*

In addition to meeting these key objectives the CoP must include a detailed description of the methodology to be employed to ensure that there is effective governance over the content of the CoP itself. We appreciate that there will be a need to set out the high level governance requirements of the CoP in the DNO's Distribution License Conditions. However the governance methodology detail should be included in the CoP itself as the ability to implement timely changes to the CoP will be critical to it achieving the objective of delivering a fully competitive electricity connections market. Our perception is that implementing changes to Distribution License Conditions can be time consuming so including this detail in body of the CoP will be helpful in our view. We have provided further detail on our views on the governance of the CoP in Appendix 1.

We believe that the full implementation by all DNOs of the Minimum Requirements set out in Ofgem's findings would represent significant progress, although it is important that DNOs go well beyond these Minimum Requirements to truly open the market. From our involvement to date we worry that the DNOs appear to be taking the approach of considering what they would need to do just to meet the Minimum Requirements, and are currently proposing to only include these in the CoP on the basis that the timescale is too short to implement these changes prior to the CoP License Conditions coming into effect. We don't accept this excuse as none of the issues highlighted to the DNOs either by Power On Connections directly, or other industry stakeholder fora such as ECSG, MCCG or the CNA, are new and we expect DNOs to have been working on all of these issues over the past number of years. Notwithstanding this if there was a genuine reason why a particular DNO could not

implement any particular element of the CoP then they could always apply for derogation from the condition for a short fixed period of time until they make whatever changes are required to ensure they can comply. We hope Ofgem will make this clear to the DNOs when it sets out its views on whether or not the CoP meets Ofgem's Minimum Requirements.

Our answers to the questions raised in the consultation are included in Appendix 1 of this letter. We would also like to confirm our full support to the response issued to this consultation on behalf of the MCCG. The tables produced by the MCCG providing detailed comment on each of the items that we believe should be included in the CoP are included in Appendix 2 and 3.

We attended the first engagement meeting where the DNO's shared their initial draft of the CoP. Our view is that the CoP needs to be the main source of information for DNO's competitor's detailing how they could deliver connection services to their customers. What we have seen so far just contains the high level options that the DNO has to meet the Minimum Requirements. Whilst we appreciate that the DNO's are starting from different positions it is important that they work hard to ensure that there is minimal divergence between the options contained in the CoP to deliver each high level objective.

We believe that each DNO business must be absolutely focussed on ensuring that they are making the internal changes to their processes and systems now to ensure that they will be in a position to allow competitors to take advantage of the changes set out in the CoP.

Should you have any queries please don't hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N Fitzsimons', with a stylized flourish at the end.

Neil Fitzsimons  
**On behalf of Power on Connections**

## Appendix 1

### Question 1: Please provide your comments on the proposed structure and content of the CoP licence condition.

We agree with proposed structure and content of the CoP licence condition set out in Ofgem's findings. The three main areas of concern for us are:

#### Governance

We agree that the CoP needs to be a "living document" and the governance arrangements will be critical in ensuring this. To this end our current thinking is that the CoP document itself must include a detailed description of the governance methodology to be employed to ensure that there is effective governance over the content of the CoP. The governance methodology must set out the criteria for managing the change process which should be accessible to all stakeholders. It must also incorporate a mechanism to effectively change any required ancillary documents such as the ENA's Engineering Recommendation (ER) G81<sup>1</sup> and ER G88<sup>2</sup> for example. Our experience of changes in areas like G88 is that change can be unduly slow, taking over two years when this could have been completed within a few months. This cannot be allowed to occur within the governance of the CoP.

We appreciate that there will be a need to set out the high level governance requirements within the CoP License Condition although we think this should just place an obligation on the DNO's to ensure that the governance arrangements are in place, included within the CoP and are maintained as directed therein. We anticipate that this may enable a more effective change process.

For the governance process, we consider a two stage approach whereby:

#### Stage 1

A Change proposer initiates a change proposal that:

- sets out the issue it proposes to address by amending the CoP
- includes a potential high level solution(s) to the issue
- Assessment of how the effective implementation of the solution would lead to a better meeting the Objectives of the CoP
- A proposed timescale for detailed development of the proposal and implementation

This paper would be presented at a stakeholder group who would discuss the merits of the CP and following this meeting would be forwarded to Ofgem for consideration

#### Stage2

Ofgem would confirm their agreement or otherwise to the CP being progressed.

Where the CP is to be progressed Ofgem would direct the DNOs to form a working group that would be open to participation of all affected stakeholders.

The objective of the WG would be complete a report for Ofgem, within a defined timescale that:

- sets out the required drafting changes to the CoP, and
- the implementation date for the changes to take affect

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<sup>1</sup> ENA ER G81 Framework for design and planning, materials specification and installation and record for Greenfield low voltage housing estate installations and associated, new, HV/LV distribution substations.

<sup>2</sup> ENA ER G88 Principles For The Planning, Connection And Operation Of Electricity Distribution Networks At The Interface Between Distribution Network Operators (DNOs) And Independent Distribution Network Operators (IDNOs)

## **Reporting of Compliance**

This will be an important aspect to the effectiveness of the CoP as DNOs must be required to demonstrate their compliance with the CoP. We had an interesting discussion about this issue at the first CoP workshop when we were insisting that, in the case of inspections, that the CoP should mandate that DNO's **demonstrate** that they are treating their own connections business in the same manner as their competitors in the way of quality audits. The impression we got from the DNOs was that they would resist such a requirement being included in the CoP.

Whether it is in the CoP or the License Condition it is crucial that DNOs be required to openly transparently demonstrate their compliance with the requirements of the CoP. This could be achieved by mandating that the DNOs have their compliance with the CoP verified through independent audit. Ofgem should be consulting on these outputs with Competitors being given the opportunity to view this data.

## **Harmonisation of Standards**

We agree with Ofgem's view that the harmonisation of standards will help promote competition in connections. We believe that this is possible to a large extent; however it will only happen where it is mandated through the License Conditions with delivery timescales set. There should be a role for the NERs scheme or similar in this harmonisation work, we believe that NERs should be reviewed to ensure its fitness for purpose to regulate the entire electricity connections market as part of the development of the CoP. The NERs is owned by the DNOs so it is entirely within their control to change the scheme.

## **Question 2: Please provide your comments on the minimum requirements we have proposed for inclusion in the CoP.**

We agree that the areas that Ofgem has indicated as the key parts of the connection process are the most important and that the DNOs must address these within the Code of Practice.

The table in Appendix 2 of this letter sets out detailed comments on the minimum requirements. Some of the minimum requirements set out in Ofgem's finding have been expanded on to cover off other areas that we believe will be critical to ensuring that the relevant minimum requirement is met.

We have seen the DNOs' first draft of the CoP. We recognise that this is at an early stage. However, we are concerned that the draft is more like a policy document than a code of practice. It does appear that the DNOs are looking to create a minimalist document that does the minimum to "tick the box" rather than one that sets out how they will deliver the service required by competitors to connect new customers to the electricity networks across the UK.

We would suggest that the DNOs current draft offering for the CoP does not go far enough and will not deliver what is required to open the market up in the same way that the gas market has been opened up.

### **Question 3: In addition to the minimum requirements, what else should be included in the CoP?**

Our table in Appendix 3 sets out our more detailed comments in the other areas which we believe need to be incorporated into the CoP. These include:

- The commitment to provide emergency response whilst covered is outside of the main commitment of the CoP. This needs to be included as a commitment. It is in the interests of all ICPs that IDNOs can effectively compete against DNOs for the adoption of the new network extensions. Effective coverage of emergency response services to IDNO customers is a key factor to enabling IDNOs to compete.
- An obligation on DNOs to support the required changes to address the issue of inventory administration for UMS connections to IDNO networks. This issue is currently a potential barrier to IDNOs adopting network extensions and therefore impacts on competition in connections more widely.
- The CoP needs to have a commitment from DNOs that all areas that are deemed barriers to competition are removed.
- The CoP should allow the ICP to be in control of delivery of the connection
- Contestability of Disconnections on Brown Field Sites, Diversions and Service Alterations
- Construction, Adoption and Connection Agreements
- Land rights process and performance
- Competition in Part Funded Schemes
- The Governance of the CoP needs to be open, transparent and accessible to all participants in the market. It also needs to be timely in its response to changes.

The DNOs need to provide a CoP that is a useful tool for the market and which allows the proposed licence objectives to readily achieved, that is:

- To ensure that competition in the market for electricity distribution connections is maximised through:
  - Minimising to the fullest extent practicable- the scope and cost of input services.
  - The provision of input services – where they are necessary or requested – to be provided on an equivalent basis to its competitors and its own connections business
  - Harmonisation of its Input Services across all GB DNOs.

## Appendix 2

### Comments on Minimum Requirements highlighted in Ofgem's findings

Item	Description	MCCG view of CoP Minimum requirement	Comments
1. Accreditation	Accreditation	1. Authorisation levels awarded by accredited 3rd party training schools (perhaps through the DNO, NERs or the EUSR), DNO training schools and other DNOs are recognised and transferable across DNOs. Competency assessments should not be unnecessarily introduced.	Agreed and supported
	Self-Connect Operations Activities HV	1. Authorisation levels awarded by accredited 3rd party training schools (perhaps through NERs or the EUSR), DNO training schools and other DNOs shall be recognised and transferable across DNOs.	Item 1 could be achieved through the application of Restrictions to the authorisation levels where appropriate
		2. Each DNO will be required to make available the details of the nuances of their DSRs and supporting operational approved procedures, codes of practice, etc.	This could enable competitors to undertake a wider variety of activities on the DNO network
		3. For those competitors who choose not to carry out the operational activity the DNO should be required to undertake part of the contestable activity. e.g. The ICP provides jointer only or jointer and SAP	This will help ensure that ICPs have the opportunity to develop

	Self-Connect Operations Activities LV	1. DNOs shall have a process to allow Signal injection by competitors to be carried out to enable Self Connect	
		2. The procedure for LV Self Connection by a Competitor must be no more onerous than for the DNO to carry out the activity. This shall include all connection types, regardless of overhead or underground.	
		3. The CoP shall contain the principles for interaction with the DNO to be applied across all networks. For example, connection works to be planned on a weekly whereabouts and confirmed as complete on a been-about, submitted following completion of the work.	
2. Point Of Connection	Easy Access to DNO network records	Easy access to competitors for all DNO network asset records shall be available on an equivalent basis as the DNO's own Connections Business, with the same level of detail and quality of data.	
	Self Determination of Assessment and Design	The DNO has a process in place to allow competitors to access the necessary information required to enable the identification of points of connection to the DNO network for new connections and diversions, in the same manner as their own connections business. This will include where applicable, having the same level of access to the DNO's asset management long term development planning teams.	

	Availability of G81 information - online and current	1. All DNO's required to provide clear and easily accessible ONLINE guidance on their technical specifications, including codes of practice, jointing, earthing and fittings manuals and work instructions.	
		2. All DNO's required to have an ongoing obligation to work together to harmonise standards as far as reasonably practicable	
	Letters of Authority to make connection requests	The CoP needs to guard against a DNO being able to request letters of authority for new connections requests	This may be best addressed through the A and D process
3. Design Approval		1. DNOs publish details of so called SIMPLE standard designs that can be used to simplify the information exchange between the parties, using standard templates as far as possible. Guidance documents should include details of common concerns to help designers get it right first time.	So long as a Competitor retains NERS accreditation for design, there should be no need for DNO's to approve SIMPLE HV and LV network design submissions.
		2. For those competitors that request it, that the DNO have in place a design validation process that enables ICP's to control design via self-certification of the design, recognising the competence and capability of the organisation making the design submission.	Such competence should be determined through independent assessment (at a company or individual level) or previous performance and experience of the competitor.
4. Link Boxes		As per Ofgem's guidance, where deemed necessary, the party requesting point of isolation equipment (e.g. link box) should fund it.	



5. Inspection	DNO inspection and monitoring, policy and practices - I and M must be proportionate and similar to audit regimes of the DNO's internal staff and contractors	CoP shall require DNOs to demonstrate that competitors are not subject to any increased level of quality assurance audits that what could be reasonably expected of the DNO's own connections business.
6. Accepting non-contestable quotes	DNOs must provide fully 'convertible quotes' for all contestable connection offers.	Current draft that we have seen shows that the DNO will have the option of offering a convertible quote OR a S16 and CIC quote in the same envelope to the applicant. We would prefer to see a single convertible quotation as the we believe that the customer will be more likely to opt to use the DNO's competitor as this option is implicit within the convertible quote which is not that the case for a S16 offer.
	This means that when the customer accepts the non-contestable services offered by the DNO but chooses to use an independent for the contestable part of the connections, the DNO cannot reissue the quote for the contestable services.	

### Appendix 3

#### MCCG view on other areas that should be included in the CoP

Item	Description	MCCG view of CoP Minimum requirement	Comments
1	Customer Awareness of Competitive Alternatives	DNO websites shall provide clear information on what services competitors can offer to customers and must provide the facility to enable competitors to register the details of the services they can offer within the DNO's DSA.	
2	Emergency Service for IDNO networks	The CoP must include a requirement on DNOs to provide emergency response services to IDNO networks	
3	Unmetered supply inventories	The CoP should place an obligation on DNOs to actively pursue a solution to resolve unmetered billing inventory issues relating to IDNO networks.	This issue has the potential to discourage customers from offering new connections infrastructure for adoption by IDNOs, thereby distorting competition in the new connections market in favour of DNOs. Without the support of DNOs this issue will not be resolved.

4	ICP to be in control of delivery of the connection	CoP includes a high level statement that specifies that the DNO removes themselves from the process as far as practicable and without the detriment of customer service. The standard and processes to be followed by competitors shall be no more onerous than those followed by the DNO's Connections business	
5	Contestability of Disconnections on Brown Field Sites, Diversions and Service Alterations	Effective procedures in place to allow competitors to undertake disconnections, service alterations and diversions for all voltage levels. These must be no more onerous than for the DNO to carry out the activity.	
6	Construction, Adoption and Connection Agreements	DNOs required to have fair and equitable, framework and or model agreements available to those competitors that wish to use them, to help reduce administration and touch points throughout the process	
7	Land rights process and performance	DNOs required to publish detailed flow-charts showing their land rights acquisition process.	

		DNOs required to have in place standards of service associated with the acquisition of land rights for their existing and new assets, including the provision of land right information upon request.	This could be developed in time to incorporated into the GSoP
8	Competition in Part Funded Schemes	Competitors must be given the opportunity to compete for Part Funded Reinforcement schemes	
9	Governance	Proposed changes to CoP need to be considered against set criteria that can be used to test that any future change will help the CoP better meet its objective of: "The DNO minimising – to the fullest extent reasonably practicable – the scope and cost of its input services." and, where they are necessary – by the DNO providing services on an equivalent basis to its competitors and its own connections business.	Perhaps there should be a two stage process, first raising of a CP which needs to be shown by the change proposer as meeting the criteria, this would need to be carefully set. To help ensure effective implementation or progression of the CP, once accepted DNOs are set are target date to modify the CoP to incorporate the CP?
		CPs can be put forward by anyone, but ultimately approved by Ofgem	

		<p>Once agreed that a change meets the set criteria, the CoP must compel the DNO's to assist in the timely manner with the development of any change proposals</p> <p>The CoP Change Process must be effective, allowing the timely implementation of changes.</p> <p>Competitors must be able to play a role in the implementation of future changes to the CoP.</p>	
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