

Modification proposal:	Competition in Connections Code of Practice (CiCCoP) Modification 0003– CiC Code of Practice Reporting Requirements		
Decision:	The Authority ¹ directs this modification ² be made ³		
Target audience:	CiCCoP Panel, DNOs and other interested parties		
Date of publication:	11 July 2016	Implementation date:	13 July 2016 ⁴

Background

In July 2015 we approved the introduction of the CiCCoP.⁵ The CiCCoP requires DNOs to publish an annual report to demonstrate their compliance with the code. In approving the CiCCoP we stated that the document did not include sufficiently detailed information on the reporting requirements to demonstrate compliance. We therefore required the DNOs to specify how they will report on their performance against the requirements of the code, by 15 January 2016.

In response to this, the DNOs engaged with the industry to develop appropriate reporting requirements. In December 2015 the DNOs agreed to formally modify the CiCCoP to include more detailed reporting requirements.

The modification proposal

This modification to the CiCCoP seeks to introduce clear, common reporting requirements for all DNOs to demonstrate compliance with the CiCCoP. This modification was raised by Electricity North West Limited (ENWL) on 1 December 2015. ENW considers that the modification will better facilitate Relevant Objectives (a) (i), (a) (ii), (a) (iii) and (b). The modification would introduce a common reporting template into the CiCCoP that the DNOs would be required to publish as part of their annual report. The common template requires each DNO to specify how it is complying with every obligation in the CiCCoP.

CiCCoP Panel recommendation

The Modification Report for CiCCoP Modification 0003 indicates that all CiCCoP Panel Members recommended for us to approve the modification proposal. All CiCCoP Panel Members believed that the modification better achieves the Relevant Objectives of the CiCCoP.

Our decision

We have considered the issues raised by the proposal and the Modification Report dated 14 June 2016. We have taken into account the CiCCoP Panel's recommendation which is included as part of the Modification Report. We have concluded that:

- implementation of the modification proposal better facilitates the achievement of the CiCCoP Relevant Objectives;⁶ and
- directing that the modification is approved is consistent with our principal objective and statutory duties.⁷

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² 'Change' and 'modification' are used interchangeably in this document.

³ This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989

⁴ This is two days following our approval decision.

⁵ <https://www.ofgem.gov.uk/publications-and-updates/our-decision-approve-revised-competition-connections-code-practice>

⁶ The Relevant Objectives for the CiCCoP are set out in paragraph 2.3 of the CiCCoP and are also set out in Standard Licence Condition 52.3 of the Electricity Distribution Licence.

Reasons for our decision

We consider that this modification proposal better facilitates Relevant Objective (a) (ii) and (a) (iii). We consider that this modification has a neutral impact on the other Relevant Objectives.

(a) (ii) providing Input Services on an equivalent basis to all Connection Parties that operate in the Local Connections Markets

We consider that requiring all DNOs to populate and publish a common reporting template demonstrating compliance with the CiCCoP, should allow stakeholders to better scrutinise DNO compliance. This allows stakeholders to identify any areas where they have concerns that a DNO is failing to provide Input Services on an equivalent basis. We therefore consider that this modification better facilitates this objective to provide input services on an equivalent basis to all connection parties.

Allowing stakeholders to scrutinise and compare each DNO's arrangements should increase pressure on DNOs to develop equivalent arrangements for all Connection Parties and adopt best practice when revealed. This should ultimately lead to greater consistency of arrangements for all Connection Parties. We therefore consider that requiring the DNOs to publish the proposed common templates, better facilitates this objective.

(a) (iii) facilitate competition in the Local Connections Markets through: harmonising, to the fullest extent reasonably practicable, the Input Services⁸ provided by Distribution Services Providers (DSPs)

We consider that requiring all DNOs to populate a common reporting template does not in itself harmonise the Input Services provided by the DNOs.

However we consider that introducing the proposed common templates will improve the transparency of how DNOs are complying with their obligations under the CiCCoP. Allowing stakeholders to scrutinise and compare how each DNO complies with their obligations under the CiCCoP should ensure that DNOs comply with their requirements.

It should also increase pressure on DNOs to develop consistent arrangements and align with best practice, wherever possible. We consider that this will ultimately lead to greater harmonisation of compliance between DNOs. We therefore consider that requiring the DNOs to publish the proposed common templates, will help harmonise, to the fullest extent currently practicable, the input services provided by DNOs.

Decision notice

In accordance with paragraph 5.50 of the Competition in Connections Code of Practice, the Authority hereby approves that Competition in Connections Code of Practice Modification 0003: '*CiC Code of Practice Reporting Requirements*' be made.

James Veaney

Head of Electricity Connections and Constraints Management

Signed on behalf of the Authority and authorised for that purpose

⁷ The Authority's statutory duties are wider than matters that the Parties must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.

⁸ Input services means any essential input required to enable another party to connect to the licensee's Distribution System, as further clarified in the Competition in Connections Code of Practice.