



City of Westminster

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Date: 14th September, 2017

Ref: Ofgem/PL/13092017

Ofgem
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Date: 21 August 2017

Consultation on penalties for the distribution network operators under the Incentive on Connections Engagement

Re - Annex 5 – Our reasons for consulting on penalties for UK Power Networks (UKPN)

Dear Sir,

Please find my responses highlighted below in blue italics

Minimum criteria potentially not met (1)

DNOs must demonstrate that they have taken into account ongoing feedback from a broad and inclusive range of connection stakeholders in developing their strategy, activities and outputs. If not, they must give reasons that are reasonable and well justified.

Reasons

In last year's consultation 5 issues were raised by stakeholders which do not appear to have been responded to by UKPN in its ICE submission. These are: Investing in the ageing last mile network, improving connection times by 20%, monthly publication of heat maps and standardisation of land rights (such as wayleaves and easements). Because UKPN did not include commitments in its updated ICE plan in October last year, or provide justification in its submission to us this year, we consider that may have failed to meet the relevant minimum criteria.

Affected market segments

Based on stakeholder responses, we believe that in all of UKPN's licensee areas, "Metered DG – LV work" was affected, and in London Power Networks "Unmetered Connections – LA Work" was also affected. UKPN is eligible for penalties in all of these market segments.

Consultation questions



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1. Do you consider that UKPN delivered any actions in response to the issues highlighted above? Do you have any additional evidence to support your view?

Yes, I firmly believe that UKPN have delivered on these actions. We have a good working relationship with UKPN at all levels. They regularly attend both Westminster meetings and LoLEG meetings as well as our attendance at their customer forums, technical forums and scrutiny panels facilitated by UKPN. I receive regular communication and updates on the ICE plan including the Highway Services newsletter. I was also involved in developing and agreeing the ICE initiatives.

2. Where relevant, do you consider that UKPN provided reasonable and justified reasons why the commitment was not included in the work plan?

Yes, all items raised by us have been addressed by UKPN. Some initiatives take a little longer than others and need our participation/involvement but we fully understand this.

Additionally UKPN have generally acted in an inclusive way discussing matter that appear to concern their LA customers and the ICE area that effect LA UMS customers were relevant to this customer group.

3. Do you consider that market segments mentioned above were the relevant ones affected? Were other market segments also affected?

Not really relevant for UMC market segment as we do not use heat maps of land rights

Minimum criteria potentially not met (2)

DNOs must demonstrate that they have undertaken a comprehensive work plan of activities, failing this, to provide an explanation that is reasonable and well justified.

Reasons

UKPN presented 49 targets in its Looking Back Report. Within this 49, 2 were not completed and one was marked as on target. The commitment that was marked as on target was due to be completed in March 2017. UKPN therefore gave no indication of whether this commitment has been completed or if it is ongoing. It did not provide justification for failing to complete these targets or failing to deliver them on time.

The following are the commitments that have not been completed or marked as on target.

Complete disconnections pilot and transfer to business as usual (BAU)

Complete unmetered overhead line connections pilot and transfer to BAU

Develop, introduce and report on a set of voluntary standards for the provision of quotes for unmetered connection (UMC) work

Affected market segments

Based on stakeholder responses, we believe that in all of UKPN's licensee areas, "Metered demand – LV work", "Metered demand – HV work", "Metered demand – EHV work",



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“Unmetered Connections – PFI work” and “Unmetered Connections – Other work” were affected. In London Power Networks, we believe that “Unmetered Connections – LA work” was also affected. Of these, UKPN is not eligible for penalties in any of its licensee areas in the “Metered demand – EHV work” or “Unmetered Connections – PFI work” market segments.

Consultation questions

4. Do you consider that UKPN delivered any of these commitments? Do you have any additional evidence to support your view?

It is fair to say that UKPN work to meet their stakeholders' needs, undertaking regular meetings and updating their stakeholders on progress, which has clearly been made. However, in relation to the initiatives above the 2 pilots do not concern me although we have received updates on the progress.

I have been fully informed and kept up to date on the progress of the voluntary UMC standards. I was also involved in setting the benchmarks and have seen the results published on the HWS newsletter.

5. What specific actions did you expect UKPN to complete in order to deliver the commitment(s) that you feel they did not fulfil? Which of these actions do you believe was not complete?

UKPN continues to demonstrate excellence in responding to enquiries and direct communication is and has always been outstanding although the hope is to move to a point where task knowledge will escalate jobs automatically so the teams can proactively intervene without customer escalation

Complete disconnections pilot and transfer to business as usual (BAU)

Complete unmetered overhead line connections pilot and transfer to BAU

Develop, introduce and report on a set of voluntary standards for the provision of quotes for unmetered connection (UMC) work

Minimum criteria potentially not met (3)

DNOs must demonstrate that they have implemented a comprehensive and robust strategy for engaging with connection stakeholders or, failing this, to provide an explanation that is reasonable and well justified.

Reasons

One local authority stakeholder indicated that they were experiencing difficulties in their engagement with UKPN over the development of long-term plans.

We think that this response may indicate that UKPN have failed to meet the above criterion. In order to comply with this criterion, UKPN would not necessarily need to provide the information requested from them by their stakeholders. However, if it was not able to do so, UKPN should have provided a reasonable and well-justified explanation.

Affected market segments



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Based on stakeholder responses, we believe that this issue affected the “Unmetered Connections – LA Work” market segment in Eastern Power Networks. UKPN is not eligible for penalties in this market segment.

Consultation questions

7. Do you consider that UKPN implemented a comprehensive and robust engagement strategy for engaging with its local authority stakeholders?

Yes. The strategies at my level appear to be reacting to recent/on-going concerns with long term strategic planning involved.

Again, UKPN are very good at reacting to “day to day” issues and providing their stakeholders with an understanding of what is happening over the coming 12 months

8. What specific actions did you expect UKPN to complete in order to deliver a robust and comprehensive engagement strategy for engaging with local authorities? Which of these actions do you believe was not completed?

Again, UKPN are good at engaging with their Stakeholders and allowing their concerns to be taken forward within the constraint of an agenda list, which has been discussed. Our relationship with UKPN is built on mutual respect and the lines of communication are always open to discuss any topic.

9. If applicable, do you consider that UKPN provided reasonable and justified reasons why it did not deliver a robust and comprehensive engagement strategy for engaging with local authorities?

The UKPN engagement appear to be fine to me and have been delivered to my satisfaction

10. Do you consider that market segments mentioned above were the relevant ones affected? Were other market segments also affected?

Yes, this affects the UMC market.

Please Note:

Questions, 11 through to 19 do not affect the LA UMS business directly and there are not comments within this return.

In addition, UKPN generally provide London Authorities excellent services within the constraints that they have, with their operational teams, through to the senior management, demonstrating high levels of commitment regarding service delivery. However, the concern I have highlighted in this response relates to the assets and network that supplies London stakeholders and residents, which is getting old so, what is the welfare plan that ensures a sustainable future?



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Outstanding Concerns

Please note that these concerns that are UK wide and are not a part of this consultation response regarding UKPN performance and may not be valid anyway because of the efforts and action already in progress however, what is the long-term plan regarding:

- *Asset Management and life cycle planning of the last mile equipment, cables, cut-outs, boxes etc. – what is the current condition and when will it need replacing?*
- *The network dynamic considering the potential, but significant, increase of Electric Vehicles Charging supplies which are TT connections inserted into a primarily PME network infrastructure – at what point will central London network be at saturation point with the current approach of using both systems given that separation zones are necessary?*

Yours sincerely

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