

To electricity distribution companies and other interested parties.

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Decision on changes to the arrangements for 'Clock Stopping'

In November we consulted on the policy arrangements for clock stopping under the Interruptions Incentive Scheme (IIS).

This letter sets out our decision to this consultation.

Following the review of consultation responses, we are of the view that appropriate arrangements for clock stopping should be retained under the RIIO-ED1 price control. Within this letter we clarify the circumstances in which licensees may stop the clock.

Amendments to the Electricity Distribution Regulatory Instructions and Guidance (RIGs) necessary to give effect to this decision will be subject to a separate consultation process. We propose that this RIGs consultation process will describe how licensees should evidence an appropriate clock stop.

Decisions

Retain the ability of licensees to stop the clock under the IIS

Our November consultation letter set out two options for amending the clock stopping arrangements under the IIS. Option 1 was to clarify the circumstances in which licensees may stop the clock. Option 2 was to remove the ability of licensees to stop the clock.

None of the respondents to our consultation argued that we should remove the ability of licensees to stop the clock completely at this time. However, a number of respondents noted that this may need to be reconsidered at the time of the RIIO-ED2 price control review. Accordingly, our decision is to retain clock stopping for the remainder of the RIIO-ED1 price control.

Circumstances in which licensees may stop the clock

Our consultation letter also explained the requirement to ensure that clock stopping is applied consistently across licensees and incidents, as well as ensuring that these incidents can be verified after the event. Subject to appropriate consultation, we plan to amend the RIGs to clarify for licensees the circumstances in which they may stop the clock (and corresponding arrangements for restarting the clock if it has been stopped).

By way of summary, licensees may stop the clock when:

- a) the incident is a scenario that is eligible for clock stopping (see below),
- b) the circumstances preventing the licensee from providing a restoration are recordable, and
- c) no alternative means of providing a restoration are available, eg rectifying the original fault.

The criteria set out in the paragraph above amounts to a clarification of our current policy. Following this decision we propose to amend the RIGs to give effect to the policy as it has been clarified at the next available opportunity.

We have set out our view in light of consultations responses on each of the scenarios we included within our consultation letter. We have organised these to make it clear which scenarios we consider to be eligible for a clock stop.

Scenarios in which the licensee may stop the clock

When emergency services prevent access to assets

The current RIGs allow licensees to stop the clock 'where access necessary to provide a restoration' is prevented by the emergency services or another utility. We consulted on licensees continuing to be able to stop the clock in these circumstances. All consultees agreed with this position. We also said in our consultation that we would make it clear that the clock should restart when access is available. This is a continuation of existing policy, and respondents did not address this specific point.

When a customer requests to be left off supply

The current RIGs allow licensees to stop the clock when a customer requests that work to provide a restoration (permanent or temporary) is delayed. We proposed retaining this facility with the caveat that if the licensee is able to continue to repair the original fault, it should only stop the clock from the time it requires access to the customer's premises. All respondents agreed.

Further, we will make it clear that the clock must be restarted as soon as access to a customer's premises is provided, rather than at the time of restoration.

When a licensee is unable to contact a customer to request access to undertake work necessary to restore supply

There are certain circumstances where a DNO must access a customer's premises before it can provide a restoration. In our consultation we said that DNOs should not be allowed to stop the clock if they could not make contact with a customer to arrange access. All respondents disagreed with our view expressed in the consultation. We recognise that licensees cannot contact customers in all circumstances. We will therefore allow licensees to stop the clock if they have taken reasonable endeavours to contact a customer.

In giving effect to this decision we propose to make it clear how licensees should demonstrate that they have taken reasonable endeavours to contact a customer.

Scenarios that licensees should treat as a restoration

When a customer agrees to be left off supply because it has its own generator

This scenario is not addressed within the current RIGs. We stated in our consultation that we consider it appropriate to stop the clock where the licensee either provides feedstock directly or reimburses the customer for feedstock it has used during an interruption. All consultees agreed with our view; however, in discussions with licensees at the Quality of Service working group it was proposed that this should be classed as a restoration, as it is similar to the situation in which a DNO provides a temporary generator, which would itself amount to a restoration. We agree with this view and propose to make amendments to the RIGs to class this scenario as a restoration.

In giving effect to our decision we propose that for a restoration to be valid in these circumstances the licensee must retain documentary evidence of its offer to the customer as regards feedstock. It must also retain documentary evidence of the customer's response. For the avoidance of doubt, we propose to make it clear that where a reasonable offer is made by the licensee in relation to generator feedstock and the offer is not accepted by the customer, this may be treated as a valid restoration.

When a demand customer's firm capacity is restored, but its non-firm capacity is not restored until later

Licensees are able to stop the clock where they have restored a customer's minimum agreed capacity but not the maximum agreed capacity. All respondents who commented on this scenario agreed that where the minimum agreed capacity had been restored the licensee should stop accruing CMLs. However, respondents did not agree on whether this should be regarded as a restoration or a circumstance in which the clock should be stopped. As a result of consequent discussions with licensees at the Quality of Service working group, we propose to amend the RIGs such that minimum agreed capacity being restored will be treated as a restoration. We propose to define the Agreed Capacity for the purposes of the IIS.

Scenarios where the licensee may not stop the clock

When a licensee is unable to access a remote geographical location, eg an island

Some licensees use existing paragraph 2.44 of the RIGs to stop the clock if they are unable to access certain locations such as islands when severe weather limits transport options. In response to our consultation, three respondents stated the clock should be allowed to be stopped in these circumstances. Two respondents disagreed with this view, and one was unclear, though noted that it had been delayed attending an incident because of severe traffic, and that the clock had not been stopped on that occasion. Responses were not consistent in response to the specific case of islands.

It remains our view that the clock should not be stopped where:

- (a) a licensee would be able to gain unfettered access to its assets if its personnel were in the relevant area; and
- (b) access to the licensee's assets is not prevented by emergency services (or other utilities) or they are explicitly prohibited from accessing premises by the land owner.

Targets were set taking into account the characteristics of each licensee's network. A network operator covering large, potentially remote, geographical areas should therefore invest in its network and operational systems to mitigate the specific risks posed to it by the geography in which it operates. Allowing a licensee to stop the clock in this circumstance may reduce the incentive for licensees to invest in their networks and operational systems. At the time of the price control review licensees were able to make a case for special treatment. This option was not exercised. Accordingly, we are not minded to explicitly include access to remote geographical areas within the scenarios that are eligible for clock stopping.

When it is unsafe to work (e.g. because of a severe weather event itself such as high winds, or after a severe weather event where an area is flooded)

The current RIGs do not include a facility for licensees to stop the clock when it is unsafe to work. In our consultation letter we indicated that we did not think licensees should be able to stop the clock in these circumstances. Four respondents agreed with our position, and two did not. Licensees have an obligation to ensure staff have a safe work place. However, this obligation is discharged by licensees through their Health and Safety policies, resulting in the potential for licensees to have different thresholds for deciding when it is safe to work. Given this scope for divergence, and licensees' ability to respond in different ways to the same situation, we do not think it is appropriate to allow licensees to stop the clock in these circumstances. We did not see anything in consultation responses that have led us to change our view on this issue. Therefore we will not include a safety scenario within the updated RIGs.

While addressing this scenario some respondents noted that, while it may be safe to undertake work to provide a restoration, it may not be possible to access assets. We address this issue when discussing other circumstances in which a licensee is not allowed to stop the clock.

When a customer refuses a temporary solution, eg a generator

The current RIGs do not allow licensees to stop the clock if a customer refuses a temporary solution, eg a generator. In our consultation we said licensees should not stop the clock in these circumstances. In general respondents agreed with us. Those who disagreed argued that a customer refusing a generator was a circumstance beyond their control; however, even if access for a temporary solution is refused the licensee will still need to address the fault itself. This may result in one of the scenarios in which licensees are permitted to stop the clock. While licensees may provide a restoration more quickly through temporary means it is our view that not being able to restore a customer quickly, by way of a generator, is not an appropriate reason to stop the clock.

Other circumstances where the licensee will not be allowed to stop the clock

One respondent suggested allowing licensees to stop the clock in scenarios that we did not address in our consultation letter. The respondent suggested licensees should be able to stop the clock if a parked car is over the fault. We note that licensees may be able to address obstacles preventing access to their assets, and therefore we do not think it is appropriate to allow the licensees to stop the clock in these circumstances.

It was also suggested that licensees should be able to stop the clock when they are unable to access their assets which are located within another organisation's premises. One

respondent noted within its response that “it has many distribution substations sited within large commercial buildings without any external unique physical access to restore supplies.” We do not consider this to be an appropriate reason to stop the clock; licensees are able to enter into arrangements to ensure they can access their assets when the need arises. By ensuring access to substations DNOs will enhance the service delivered to customers.

We have referred to the circumstances stopping DNOs from gaining access to customers’ premises and the circumstances in which they would be allowed to stop the clock. However, if a customer requests that restoration work should be delayed but the work would not take place on the customer’s premises, then we are of the view that the DNO should not be allowed to stop the clock. This scenario would apply where work is required adjacent to a customer’s premises which causes noise issues. DNOs feel they should be able to stop the clock, however the decision to stop working is their own, and therefore they should not be allowed to stop the clock. DNOs can choose to balance the benefits of improved stakeholder relations and improved performance under the IIS.

Next steps

We will continue to work with licensees and other interested stakeholders and to give effect, as necessary, to the decisions set out in this letter. We will arrange specific meetings to discuss the drafting of amendments to the RIGs. This work will ultimately be incorporated into the wider piece of work being undertaken to revise the RIGs this year and any changes to the text of the RIGs will be subject to a statutory consultation.

In addition to this work we will also be writing to licensees under Section 47A (Power to require information etc for the purpose of monitoring) of the Electricity Act and Standard Licence Conditions 6 to monitor companies compliance with the RIGs. We will consider in the future whether it is appropriate to use other powers on a case by case basis.

If you would like to discuss this issue further, please contact Neil Copeland (neil.copeland@ofgem.gov.uk).

Yours faithfully,

Steven McMahan
Deputy Director, Electricity Distribution & Cross Sector Policy, Systems and Networks