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Bringing energy to your door

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Sent by email to RIIO-ED1@ofgem.gov.uk

4 January 2019

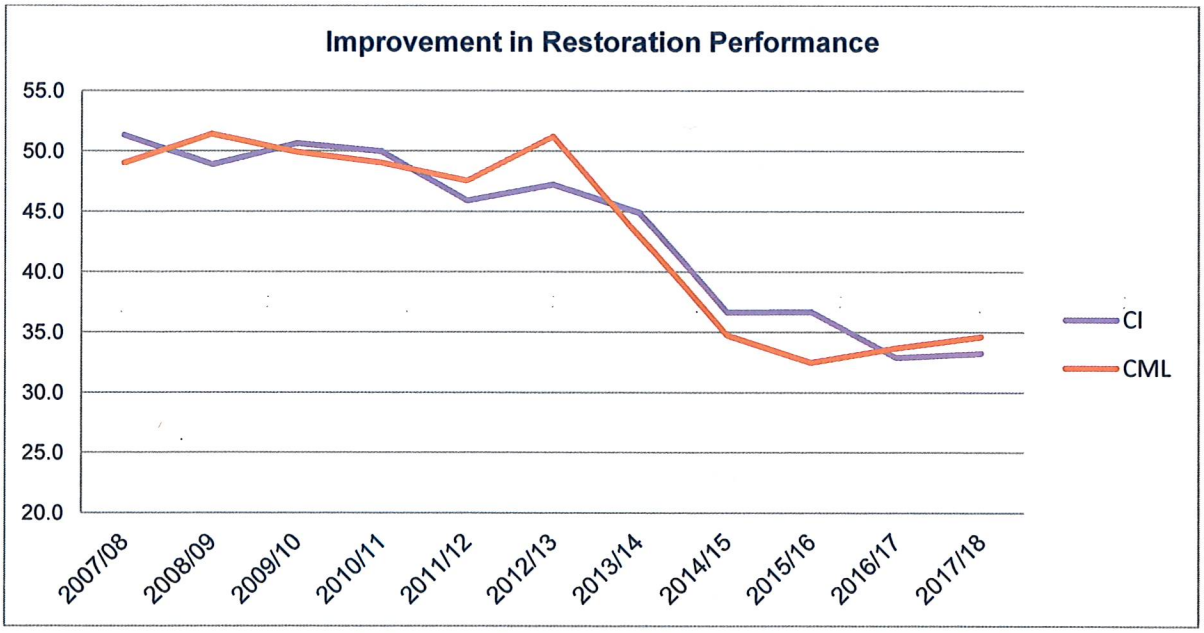
Dear Steve,

Consultation on changes to the arrangements for "Clock Stopping"

Thank you for giving us the opportunity to provide our views on the treatment of clock stopping for the purposes of the Interruptions Incentive Scheme (IIS).

Electricity North West (ENWL) has participated in the working group, along with other DNOs and Ofgem, where the subject has been discussed. We welcome the opportunity to review your concerns about inconsistencies in the application of clock stopping.

ENWL are committed to optimising investment in networks in order to reduce both the frequency and duration of power cuts experienced by our customers. This is reflected in the continued trend (shown in the graph below) of reductions in our customer's experience of supply interruptions throughout the RIIO-ED1 period to date.



These advancements have been achieved through a focus on operational response supported by our strong record of innovation, including use of technology such as Bidoyngs and Weezaps. These devices improve the restoration time for faults on the low voltage network and assist in location of the fault, thereby speeding up restoration and repair.

Whilst continued investment in the resilience and health of the network will bring improvements in reliability, there will always be specific situations where DNOs are unable to complete a restoration due to factors outside of the DNO's control. It is our view that the clock stopping principles are designed to appropriately recognise factors that are outside a DNO's control (e.g. restricted access to assets/unsafe working conditions) or subject to customer choice (e.g. a customer does not provide access or refuses a temporary solution).

Clock stopping for the purposes of IIS has been part of the regulatory regime for over 10 years and has continued into the RIIO-ED1 period. Any impact on incentive operation, save to clarify the practical application of what has already been set out at the start of the period, increases regulatory risk and uncertainty and will lead to long term increased costs to consumers and may reduce investment if it becomes clear Ofgem might or does change fundamentals of incentive schemes once set. Hence we do not support significant within-period IIS changes in respect of how clock stopping is applied nor to remove clock stopping as a mechanism (Option 2).

ENWL therefore believe that maintaining the clock stopping principles as set out at the start of RIIO-ED1 is the correct approach and we support the working group in reviewing the application of the clock stopping scenarios to ensure all DNOs are applying them fairly to enable appropriate comparison with their targets.

In response to the specific questions raised in the consultation on changes to the arrangements for clock stopping dated 23 November 2018, please see our answers for each in turn.

Question 1 - For each scenario please explain whether you agree with our view on whether licensees should, or should not, be able to stop the clock. Please explain the reasons for your view.

Scenario 1: where emergency services prevent access to assets;
ENWL agree with Ofgem's position that licensees should be able to stop the clock if emergency services, government authorities or other utilities prevent the licensee accessing its own assets and with the draft wording in Appendix 1, Section 1.1a.

ENWL believe that this scenario is one that is outside of its control. Sometimes, this can affect a wide part of our network – For example, during a major fire incident in 2017 at a Chinese supermarket in Manchester, ENWL were unable to get close to a substation which was within the immediate zone of the fire. ENWL did everything within its control to restore supplies but some supply restoration was delayed for over 12 hours, until Greater Manchester Fire Service deemed the area safe for us to access.

Scenario 2: where a licensee is unable to access a remote geographical location, e.g. an island;
ENWL agree with the Ofgem position that the clock should not be stopped in the specific circumstance stated however we also recognise that inability to access assets (as currently identified in 2.44 of version 4 of the current RIGS) due to external factors remains a valid stop clock reason.

In reaching this conclusion ENWL believe that access to remote locations in normal conditions should be built into a DNO's business as usual fault response plans.

Scenario 3: where it is unsafe to work (e.g. because of a severe weather event such as high winds, or after a severe weather event where an area is flooded);

ENWL note that Ofgem suggest that DNOs can invest in technologies or operational practices to increase the window where it is safe to work. Whilst we agree with this suggestion that DNOs can invest to increase the work window, and do employ this wherever possible, we do not believe that this can be applied in all scenarios. ENWL risk-assesses every situation and in the event where it is deemed unsafe to work this is continually monitored and as soon as it is

deemed safe to do so work re-commences. Some examples of where we have been able to continue operations are shown in the photos below and we will only stop work in exceptional circumstances. The safety of our staff is paramount and there are occasions where it is unsafe to carry out supply restoration activities where we believe that the clock should be stopped. We have invested heavily in remote control and automation of the network, in order to maximise the number of customers we can restore without the need for manual intervention. However, it is unsafe to climb in gale force winds and can be unsafe to access our assets when the surrounding area is flooded. We believe that these situations are similar to access being refused by emergency services, in that the decision is taken on the grounds of safety.

Figure 1 – night working during a storm, following risk assessment (Dec 2018)

Figure 2 – gaining access to site through heavy snow conditions (Storm Emma)

ENWL continue to experience an increasing volume of sub exemption threshold events, particularly as the threshold increased for this regulatory period, and therefore are normally highly incentivised in any case to find ways of safely working to restore supplies, including mitigating safety risk to expedite work. We are concerned that removing this ability to stop clock appears to penalise safety based decisions.

Where restoration cannot be undertaken because it is not safe to do so, either to access site or to carry out work, then this scenario should continue to be a valid clock stop, Paragraph 2.44 of the existing RIGS covers both of these scenarios and therefore suggest that this existing clause is adequate to cover such scenario and should remain in force.

Scenario 4: where a customer either: (a) requests to be left off supply (b) refuses a temporary solution, or (c) agrees to be left off supply because the customer has their own generator;

In the case of 4a ENWL agree with Ofgem that the licensee should be able to stop the clock for the period agreed with the customer and with the drafting in Appendix 1, Section 1.1b.

In the case of scenario 4b ENWL do not agree with the Ofgem proposal. If the customer refuses the offer of temporary generation the clock should be stopped. When individual households are offered generation it is often based on safety, practicality and customer convenience considerations. For example, generation may be offered late at night as a means of temporary supply versus noisy excavation which could annoy a wider group of customers. In this case the individual households refusing generation should not result in the DNO being adversely penalised.

For scenario 4c ENWL agree with the Ofgem proposal as a clarification of a specific circumstance covered by the current RIGs (paragraph 2.45), however the specifics of funding for the feedstock criteria are a new addition. We do have concerns that the practicality of agreeing appropriate rates of recompense and monitoring usage may make this burdensome in practice.

Scenario 5: when a licensee is unable to contact a customer to request access to undertake work necessary to restore supply;

Our experience of this is generally with unoccupied holiday rental accommodation, where the owner does not reside locally and we are unable to make contact to arrange access.

Similarly, ENWL have many distribution substations sited within large commercial buildings without any external unique physical access to restore supplies. Out of hours, in particular, this can hamper supply restoration. Whilst all new installations are planned to mitigate this, it would be cost prohibitive and not in our customer's best interests to retrospectively change all arrangements of this type.

We accept that there needs to be appropriate evidence to support these situations including records of attempted contact with the occupier.

It is our view that this is covered by the current RIGs (paragraph 2.44) and ENWL believe that in such situations it is reasonable to stop the clock and therefore we do not support the Ofgem proposal on this scenario.

Scenario 6: where a demand customer's minimum agreed capacity is restored, but its flexible maximum capacity is not restored until later;

ENWL understand the principle behind this as we move to dynamic supply capacities, active network management and the role as a DSO. ENWL suggest that restoration is achieved when the minimum agreed capacity is restored rather than maintaining as a clock stop scenario.

Question 2 - Please describe any circumstances not set out in this letter in which you think licensees should be allowed to stop the clock.

We appreciate the opportunity to identify other scenarios. Based on the principle that these only apply to situations outside of our control we have not identified any other scenarios where the clock should be stopped.

Question 3: Please highlight any concerns you have with the proposed legal drafting specifically, and whether in your view it would give effect to Ofgem's proposed position.

ENWL do not agree to the proposed legal drafting of the Defined terms and propose that the current definition of Restoration, agreed in April last year, should remain.

Question 4: Should we remove the ability of licensees to use clock stopping? Please explain the reasons for your views.

ENWL believe that the current scenarios appropriately reflect situations which prevent supply restoration which are outside of the licensees control and are therefore reasonable for clock stopping to be applied for the purposes of IIS in specific situations. Clock stopping reduces licensee exposure to risks beyond their immediate control and is therefore an effective mechanism.

To remove the ability of licensees to use clock stopping, which has been in place for a significant number of years, would be a change of policy around incentive targets which is not in line with Ofgem's aims of providing a predictable regulatory regime which supports efficient investment and allocates risks efficiently. Effectively reopening aspects of a key incentive scheme such as IIS within period, particularly in respect of a scheme working well for consumer risks, is a principled undermining of the operation of these and any similar incentives in RIIO-ED1 and beyond. It is not therefore in consumer's long term interests.

We would also suggest that any clarifications that are agreed should not be retrospectively applied and propose an implementation effective on incidents that occur after the publication date only.

We support the view that clock stopping should only be used in specific circumstances which are outside of the DNO control and welcome work to gain clarity where there may be differing approaches taken by DNOs.

I hope these comments are helpful. Some of the options and issues raised in this consultation would better fit within a discussion with stakeholders of the shape of any IIS in RIIO-ED2. We welcome their consideration as part of that work.

Please do not hesitate to contact Mark Mercer (mark.mercer@enwl.co.uk) if you would like to follow up on any particular aspect of our response.

Yours sincerely

Paul Auckland
Head of Economic Regulation