

Mohamed Khalif,
Electricity Network Access, Charging & Access,
Ofgem,
10 South Colonnade,
Canary Wharf,
London.
E14 4PU
By email

Electricity North West

Frederick Road,
Salford, M6 6QH

Email: enquiries@enwl.co.uk
Web: www.enwl.co.uk

Direct line: 07795 447817

Email: Brian.Hoy@enwl.co.uk

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Dear Mohamed,

Consultation on proposed Time To Connect Incentive Targets

Thank you for the opportunity to provide comments on your suggested changes to the Time To Connect Incentive Targets for the regulatory years 2019-20 through to 2022-23.

Our responses to your three questions are below.

Question 1: Do you agree with the methodology we propose to use to set the new targets?

Yes we agree with the methodology used. It sets tougher targets but maintains the desired incentive properties for Distribution Network Operators (DNOs) to at least maintain but also to strive for further improved customer service.

Question 2: Do you agree that it is beneficial to maintain a good range between the minimum and maximum reward scores to ensure the incentive is effective?

Yes we agree that a range between the minimum and maximum reward scores is important otherwise a very small change in performance can result in significant differences in incentive reward.

Question 3: Do you agree with our minded-to position in setting these targets?

This is a challenging incentive and there are a number of aspects that are outside our control; customers may need some time to give us the information we need to provide them with a quotation, there may be third party wayleaves required to allow the connection to be made or the customer may have an extended desired 'power on' date and these all negatively impact on the average performance.

We are pleased with the improved average timescales we have delivered to date as these have been the result of a focused and sustained effort:

- We restructured our teams so that there is a single senior manager and team with responsibility for driving this improved service to these customers,
- We have improved our Management Information and have Key Performance Indicators that are included in our company scorecard,
- We have simplified our processes and are much more proactive in assisting customers to get the information we require to allow us to quote them,

- We have appointed additional staff to manage the process once a customer has accepted,
- We have developed a new IT system to support the scheduling and progress reporting of the work,
- We have agreed service level indicators for this short cycle work with our contractors,
- We have appointed additional site co-ordinators to work with customers to help them get 'site ready' and allow the work to progress smoothly.

These new 'minded to' targets are tougher, but we agree that using average DNO performance data to set the minimum reward score whilst keeping the previous method of setting the maximum reward score at 30% below the average level is appropriate. As a result, we will need to identify and make even more improvements in how we deliver our services to customers for the remainder of RIIO-ED1 to meet these new targets.

As the period in which these targets apply has already commenced, we welcome your commitment to make your decision and issue the Direction during April as this provides regulatory certainty.

We are happy to discuss these comments and participate in any other industry discussions on this topic.

Yours sincerely

Brian Hoy
Head of Market Regulation and Compliance