

RIIO-ED2 Customer Service, Connections and Vulnerability Working Group – Connections Session

From: Ofgem

Date: 24 September
2020

Time: 09:30 – 11:30

Location:
Teleconference

1. Present

Ofgem

UK Power Networks (UKPN)

Western Power Distribution (WPD)

Northern Powergrid (NPG)

Scottish Power Energy Networks (SPEN)

Electricity North West (ENWL)

Scottish and Southern Energy Networks (SSEN)

UCSM Ltd

BEIS

2. Update from ENWL on Connections Actions and Connections Steering Group

2.1. ENWL updated the group that they had provided an update to the Connections Steering Group on the proposals for RIIO-ED2. The group noted concerns regarding whether stakeholder feedback had been taken into account sufficiently in T2 and that this was resulting in scepticism for the ED2 process.

2.2. ENWL outlined the progress the DNOS have made on assessing whether the connections baseline standards are appropriate and what measures could be used to assess delivery of them. They noted how some of the standards may not be applicable to all customer types (using a RAG rating) and Ofgem suggested it would be useful to progress this further by unpacking the detail of the amber ratings. ENWL agreed to split this out further.

2.3. The action will be returned to at the 15th October session.

3. Reviewing the major and minor connection customer boundary

- 3.1. Ofgem outlined material highlighting relevant considerations for setting outputs and incentives from the RIIO2 design principles; an example of an accepted bespoke ODI from RIIO-ET2 and the rationale for this and how this relates to the proposed framework for major connections customers.
- 3.2. Ofgem outlined the proposed approach to reviewing the boundary between major and minor connection customers and that the review of competition would be to establish the market segments where there is no evidence of competition and the segments where competition may develop. Two options for driving DNOs performance based on the results of the reviewed boundary were outlined
- 3.3. The DNOs noted concern that identifying the measures to robustly demonstrate outperformance may be unfeasible and that the incentive framework would likely be penalty only and that there would be limited incentive to go beyond baseline. They also suggested it was unclear what problem this framework was trying to solve, as ICE functions well currently, but Ofgem note problems were raised regarding ICE ahead of SSMC in the working group and through other formats.
- 3.4. SSE, echoed by others, raised concerns that the Competition Test would not be rerun in its entirety. SSE has conducted internal analysis suggesting competition is more prevalent in its market segments now. Ofgem noted these concerns and that it will digest these fully in the consultation responses.
- 3.5. NPg noted the implications of the incentives framework on investor decision.
- 3.6. Regarding the options for market segments where there is no competition, UKPN and SPEN both emphasised the importance of ensuring that the BMCS remains comparable.

4. ENWL view on the implications of moving market segments into BMCS and TTC

- 4.1. ENWL outlined some considerations in regards to the connections proposals for BMCS and TTC and the challenges which would need to be worked through if additional market segments were incorporated. This built on the discussion from the previous item.

5. AOB and Next Steps

5.1. Ofgem outlined the proposed focus of the 15th October working group, noting that the consultation responses will have been received by then and this may inform the full agenda.

5.2. Ofgem will reflect on the discussion of the session and the concerns raised to inform the next steps.

Appendix 1 – Summary of Actions

Action	Allocated to	Due date
Connections (Ongoing action from previous WG) Provide view of suitability of baseline standards including recommendations for whether all standards should apply to all market segments in scope of connections ODI framework	All DNOs	Material to be shared by 9 October
Connections (Ongoing action from previous WG) What kinds of metrics that could be used to measure performance within period?	All DNOs	Material to be shared by 9 October
Vulnerability (Ongoing action from previous WG) Provide view of suitability of baseline standards including recommendations for changes	All DNOs	Material to be shared by 9 October
Vulnerability What kinds of metrics that could be used to measure performance within period?	All DNOs	Material to be shared by 9 October

Action	Allocated to	Due date