

To electricity distribution companies and other interested parties.

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Consultation on changes to the arrangements for 'Clock Stopping'

This letter sets out our concern that current guidance is not ensuring consistency across licensees' application of clock stopping. It then seeks stakeholders' views on whether licensees should be able to stop the clock and, if they should, the circumstances in which it may be permissible for licensees to stop the clock for the purposes of the Interruptions Incentive Scheme (IIS). In terms of addressing the concerns set out, one option would be to clarify the circumstances in which licensees may stop the clock. The alternative would be to prevent licensees from stopping the clock at all.

Responses to this consultation should be sent to riio-ed1@ofgem.gov.uk by 4 January 2019. Respondents who wish their response to remain confidential should make this clear in their response.

Background

The IIS incentivises licensees to deliver a good level of performance in respect of customer interruptions (CIs) and customer minutes lost (CMLs). Licensees should invest in and operate their networks to manage and reduce both the frequency and duration of power cuts experienced by customers.

The regulatory instructions and guidance (RIGs)¹ allow licensees to stop accruing CMLs if they are unable to provide a restoration in certain limited circumstances. This is referred to as 'Clock Stopping'. The original intention of clock stopping was to limit the circumstances in which a licensee could stop the clock. However, these circumstances have evolved over a number of years, leading to diverging applications of clock stopping by licensees based on their interpretations of the RIGs. As a result, clock stopping is applied inconsistently and the number of clock stopping incidents varies across licensees. It also means that the times at which licensees restart the clock, after being able to begin working, varies.

¹ The RIIO ED1 guidance documents are on our webpage [here](#). Appendix F of the guidance documents explains when licensees may stop the clock.

Work to date

We² have worked with licensees to understand the circumstances in which they would stop, and restart, the clock. The proposals we are consulting on in this letter have been developed based on this work. The circumstances in which licensees currently stop the clock can be broken down in to a number of broad areas. These are:

- **Scenario 1:** where emergency services prevent access to assets;
- **Scenario 2:** where a licensee is unable to access a remote geographical location;
- **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);
- **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;
- **Scenario 5:** where a licensee is unable to contact a customer to request access to undertake work necessary to restore supply; and
- **Scenario 6:** where a demand customer's minimum agreed capacity is restored, but its flexible maximum capacity is not restored until later.

Option 1: clarify arrangements on when it is permissible to stop the clock

The remainder of this section seeks respondents' views on the circumstances in which we consider that the clock may or may not be stopped. The intention is that these amendments to the RIGs, will clarify for licensees the circumstances in which they are able to stop the clock. We also propose to make it clearer on when the clock should be restarted.

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: when emergency services prevent access to assets

Licensees stop the clock if they are unable to provide a restoration because they are prevented from accessing their assets by emergency services (or another utility).

The current RIGs (paragraphs 2.46) allow licensees to stop the clock in these circumstances.

It is our view that licensees should be able to stop the clock if emergency services (or other utilities) prevent the licensee accessing its own assets. However, we will clarify that the licensee must restart the clock when access is permitted to the licensees' assets.

² The terms "Ofgem", the "Authority", "we" and "us" are used interchangeably in this document.

Scenario 2: when a licensee is unable to access a remote geographical location, e.g. an island

Some licensees currently stop the clock if they are unable to access a remote geographical location if, in its view, 'reasonable' transport options have been exhausted.

As noted above the IIS is intended to incentivise companies to invest in and operate their networks to manage and reduce the number of CIs and CMLs. Targets were set taking in to 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 it operates in. Allowing a licensee to stop the clock in this circumstance would reduce the incentive for licensees to invest in their networks and operational systems.

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

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

Scenario 3: 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)

All licensees said, at a working group, work to provide a restoration would stop if it was unsafe to work. However, only some licensees stop the clock in these circumstances. There may be a number of reasons for this but issues discussed with licensees were largely in relation to a weather event (such as high winds), or the aftermath of a weather event (such as a flood).

Licensees are required to comply with the Health and Safety at Work Act (1974).³ RIIO-ED1 also includes a specific safety output. However, this does not mean licensees should stop the clock if it is unsafe to work. Outputs and incentives for the price controls are set with an awareness of the other obligations licensees are under – therefore in setting targets there is a recognition that at times it will be unsafe to work. If this were not the case targets would be more challenging.

IIS targets are set in recognition of licensees' requirement to comply with health and safety, and other relevant, legislation. Therefore, we consider that licensees should not stop the clock if it is unsafe to work. This is not to say that safety is not paramount. However, licensees can invest in technologies, and new operational practices which increase the window within which it is safe to work.

Scenario 4a: when a customer requests to be left off supply

Licensees stop the clock when a customer requests to be left off supply. This is permitted by the current RIGs (paragraph 2.45).

We accept that there may be occasions when an interruption takes place, the licensee is in a position to provide a restoration (permanent or temporary), but the customer requests to

³ <http://www.legislation.gov.uk/ukpga/1974/37/contents>

be left off supply. An example of this scenario may be if an interruption occurs late at night and the customer agrees they do not need to use their supply overnight.

It is our view that if the customer requests to be left off until an agreed time then the licensee should be able to stop the clock for the period agreed with the customer. However, this should only happen at the customer's explicit instigation, and where the licensee is unable to continue working to provide a restoration without access to the relevant customer's premises. If the licensee is able to continue work to repair the original fault it should only stop the clock from the time it requires access to the customer's premises until the time it has agreed with the customer it will be able to access the customer's premises. If the licensee is not able to carry on work to provide a restoration without access to the customer's premises then it is our view it should be able to stop the clock from the time the customer refuses access until the time agreed with the customer it will be able to access the customer's premises.

Scenario 4b: when a customer refuses a temporary solution, e.g. a generator

Some licensees stop the clock in circumstances where a customer refuses the offer of a temporary solution such as a generator.

We accept that there may be situations where a customer is offered a generator. However, the customer has the right to refuse a temporary solution for a number of reasons. This may include the noise or smell caused by a generator, or the customer may not wish to be interrupted to provide an enduring solution later. However, if the customer refuses a temporary solution the customer is still off supply, and just because a generator has been offered, and refused, does not mean a licensee cannot access its own assets to provide a restoration.

It is our view that the clock should not be stopped if a temporary solution is not acceptable to a customer. Further, it is our view that the clock should only be stopped in situations where a temporary solution has been offered but the licensee is not permitted by emergency services (or other utilities) from accessing its own assets to provide a restoration or a customer explicitly prohibiting access to its premises. The clock should be re-started when access is allowed for the licensee to access its assets.

Scenario 4c: when a customer agrees to be left off supply because it has its own generator

Licensees will stop the clock when a customer is happy to use its own generation solution. However, some licensees only stop the clock if they either provide the feedstock for the customer's generator or reimburse the customer for the feedstock. Others will simply stop the clock if the customer uses its own generator.

It is our view that licensees should stop the clock if the customer is happy to use its own generator only when the licensee provides the feedstock for the generator, or when the licensee reimburses the customer for the feedstock for the duration of the interruption.

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

Some licensees will stop the clock if they are unable to contact a customer to provide a temporary solution.

The current RIGs indicate the clock should be stopped only where the customer requests that restoration be delayed. It is therefore our view that licensees should not stop the clock in circumstances where they are not able to contact a customer as the customer has not, in these circumstances made an informed decision to delay restoration.

Scenario 6: when a demand customer's firm capacity is restored, but its non-firm capacity is not restored until later

When a customer has a minimum and maximum agreed import capacity with the licensee, the licensee will stop the clock after the minimum agreed capacity element has been restored. This will run until the maximum agreed capacity is restored.

This action is permitted under the current RIGs (paragraph 2.48).

It is our view that these arrangements should continue. Providing the minimum element of a customer's agreed capacity may allow the licensee to restore the supply of other customers who do not have flexible connections more quickly. However, we intend to define what is meant by the terms 'firm' and 'non-firm', currently used in the RIGs, for the purposes of the IIS.

Summary of circumstances where a licensee may stop the clock

Following discussions with licensees, and based on the scenarios described above it is our view that licensees should be able to stop the clock in the following circumstances:

- Emergency services (or other utilities) prevent the licensee from accessing its assets for the purposes of providing a restoration;
- The customer has explicitly asked to be left off supply;
- The customer is off supply, but is using its own generator, and the licensee is either providing the feedstock or funding the purchase of the feedstock for the customer's generator;
- The customer has a flexible contract with the licensee, and minimum agreed capacity is restored, the licensee may stop the clock until it has restored the maximum agreed capacity.

It is our view that licensees should not stop the clock other than in the circumstances described in the four bullet points above.

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

Giving effect to Option 1

Appendix 1 of this letter sets out draft text that could be included in the next iteration of the Regulatory Instructions and Guidance to give effect to the proposed position, subject to responses to this consultation. Some of the paragraphs included in the draft directly reflect existing drafting and some are new.

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.

Option 2: remove the ability of licensees to stop the clock

The alternative to the position set out above would be to remove the ability of licensees to stop the clock when accruing CMLs entirely. This would be the simplest solution as it would remove complexity and enhance value for money for consumers.

Removing clock stopping would reduce the burden on licensees. Licensees would not need to consider whether a situation warrants stopping the clock. It would also reduce the administrative burden on licensees as it would reduce the number of auditable documents licensees must retain.

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

Next steps

Please send responses to this consultation to rjio-ed1@ofgem.gov.uk by 4 January 2019. Respondents who wish their response to remain confidential should make this clear in their response.

We will publish a letter summarising the responses to this consultation later in January 2019 and explain the changes we propose to make to the RIGs as a result of this process. Feedback to this consultation will inform the text we consult on as part of the wider changes to the Regulatory Instructions and Guidance. We intend to issue a statutory consultation in the spring of 2019.

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

Yours faithfully,

Steven McMahon
Deputy Director, Electricity Distribution & Cross Sector Policy

Appendix 1

Clock Stopping

- 1.1. The DNO will only be permitted to stop the clock in the following circumstances.
- a) Where access necessary to restore supplies is explicitly prevented by emergency services, government authorities or other utilities (e.g. gas and water) (and supplies cannot be restored through other means such as remote switching or network reconfiguration and the use of temporary generation is not economic), the DNO may stop the clock for the period where access is denied. The DNO must keep auditable records detailing orders given by emergency services or government authorities and the times of the orders. The clock must be restarted as soon as access is available to provide a Restoration.
 - b) Where a Customer requests that Restoration work be delayed, the DNO may stop the clock for the period requested by the Customer. The clock must be restarted at the time, agreed with the Customer, that work would recommence to provide a Restoration. The DNO must keep appropriate audit records of the Customer request and the agreed delay to the time at which work to provide a Restoration can begin. In the records it must be clear that the Customer has chosen for the work on the Restoration to be delayed, and where applicable all Customers affected by the delay are in full agreement. A DNO prompting a Customer as to whether it would accept having its supplies restored at a later time is not considered a valid reason for clock stopping.
 - c) Where the DNO is in a position to restore supplies but the Customer either requests to be left off supply, or it has to reset its own equipment, then the DNO may treat the time they were able to restore supplies, but prevented from doing so by the Customer request, as the Restoration time and classify this as a temporary supply arrangement.
 - d) Where an interruption occurs and the DNO has a contract for post-fault flexibility services with the Customer it may stop the clock. The DNO can only stop the clock after the minimum Agreed Capacity has been restored, and whilst it is undertaking work to restore the maximum Agreed Capacity. The clock must be restarted as soon as the maximum Agreed Capacity is restored. The DNO must notify Ofgem of these clock stops in the reporting pack.
 - e) Where the DNO provides the feedstock (either directly, or reimburses the customer for the cost of feedstock) for a customer's generator for the period of time the Customer is not able to use its Supply. The DNO must retain auditable documents explaining the agreement reached with each Customer. In the records it must be clear that the Customer has chosen to use its own generator. The DNO asking a Customer to use its own generator and not providing the feedstock (either directly, or reimbursing the customer for the cost of feedstock) is not a situation in which a clock stop would be permitted.

1.2. If the interruption lasts less than three minutes after the clock stop, due to using switching via automated equipment, then this does not need to be reported. The DNO must keep appropriate audit records of these interruptions.

Defined terms

Agreed Capacity

For the purposes of IIS, Agreed Capacity will be either:

- the maximum capacity used in the calculation of its use of system charges; or
- for Customers who are not charged for use of system on the basis of its maximum capacity the lower of:
 - no. of phases x nominal phase-neutral voltage (kV) x fuse rating (A); and
 - the rating of the service equipment.

Restoration

For the purposes of the IIS, the Supply to any premises that has been interrupted will be deemed to have been restored when the Customer is able to use the Supply to the premises in the same manner as the Supply could have been used before the interruption occurred. For the avoidance of doubt, this principle applies where a temporary generator is provided.

Supply

For the purposes of IIS, Supply means the connections assets provided by the DNO to a Customer for a minimum Agreed Capacity and where an agreement exists for it a maximum Agreed Capacity.