Scottish & Southern Electricity Networks

POWER CUT? CALL 105

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Steven McMahon
Ofgem
Commonwealth House
32 Albion Street
Glasgow
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03 January 2019

Dear Steven,

Consultation on proposed changes to the arrangements for 'Clock Stopping'

SSEN welcomes this consultation. We are concerned by the inconsistent application of the current clock-stopping provisions by DNOs and the potential impact this may have on reported performance under ED1, comparative analysis and implications for associated incentive revenues.

Much work and discussion went into establishing the current clock-stopping provisions in the run up to RIIO-ED1 and we believe their intent and purpose is clear – to permit clock stopping in rare and clearly defined circumstances only so that licensees are appropriately incentivised to manage and reduce the frequency and duration of interruptions.

We do not believe significant re-drafting is required to add clarity and are concerned that wording proposed may inadvertently change the basis of the ED1 settlement and in some cases causes further confusion.

Instead we believe the focus should be on reviewing the use of current provisions to ensure appropriate behaviours by DNOs and to ensure a fair and level playing field for all customers and licensees.

If Ofgem is looking to revisit clock stopping provisions, we are not opposed to exploring this further, but believe this should only be done as part of the target-setting process for RIIO-ED2; it would not be appropriate to bring about change in this area mid-price control.

Further detailed comments in response to Ofgem's questions are provided in the appendix attached.

Yours sincerely

Beverley Grubb

Acting Head of Networks Regulation (Electricity Distribution)

Appendix 1 – Response to Ofgem Questions

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

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**

SSEN agrees that licensees should be able to stop the clock if they are unable to provide a restoration due to emergency services (or another utility) preventing necessary access. However, it is our view that the guidance as written in paragraph 2.46 of the current RIGs is sufficiently clear and more fit for purpose than Ofgem's proposed revision. It is important to note that in paragraph 2.46 of the current RIGs 'government authorities' is included alongside emergency services and other utilities. This is important when considering road closures such as those which occur due to flooding as it can be the Local Authority or Party acting on their behalf who would lead on this.

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

As in the bullet above, SSEN believes that licensees should be able to stop the clock if they are unable to access a remote geographical location e.g. if all reasonable access and transport options have been fully exhausted. Our SHEPD operating region is unique, covering many remote areas in the North of Scotland and we connect to most Scottish islands. We have over 100 subsea cable links, including the Inner and Outer Hebrides, Arran and the Orkney Islands. We also serve the Shetland Islands, which runs as a separate electrical system without a connection to the mainland. In a number of cases areas are not staffed as it would not be economic or efficient to do so.

In all cases SSEN endeavours to carry out restoration works as soon as is practicable and all transport options are given full consideration, including helicopter, boat hire etc. However, there are exceptions where due to extreme weather conditions or timing of the interruption, it is not possible to gain access to the remote location or island to deploy staff or the necessary plant, materials or equipment to repair the fault and restore supply as quickly as we would like.

We wish to note that the use of the phrase 'relevant area' is not helpful as this does not provide clarity and is open to interpretation and would welcome a definition within the RIGs.

- **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)**

SSEN is committed to safe and sustainable working practices in compliance with health and safety standards that protect our employees, environment, contractors and customers alike. We encourage all members of staff to use our licence, "if it's not safe, don't do it" and we believe all accidents are preventable and so we do everything safely and responsible, or not at all.

We recognise that IIS targets are set in recognition of licensees' requirement to comply with health and safety and agree with Ofgem's view that this is already taken into account in setting targets and licensees should not additionally be able to stop the clock through it being "unsafe" to work. We are not clear on what basis some DNOs consider this is currently provided for.

Furthermore, we believe this must be down to individuals to determine based on the specific circumstances at the time. It would be extremely difficult to define "unsafe" and ensure robustness or consistency in approach.

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

SSEN agrees with Ofgem that where a customer wishes to be left off supply, the licensee should be able to stop the clock for the period agreed with the customer. This should only apply where this request is explicitly instigated by the customer and can be evidenced. We believe consideration should also be given to explicitly covering situations where the licensee is unable to continue working to restore supply without access to the customer's premises but again the licensee must be able to demonstrate that appropriate measures have been taken to communicate with the customer to gain access.

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

SSEN understands that the provision of a temporary solution may not be acceptable to all customers and agrees with Ofgem that the customer has the right to refuse such an offer in which this will not be sufficient on its own to stop the clock

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

SSEN currently offers to provide feedstock for the customer's generator or reimburse the customer for the feedstock where they agree to be left off supply and can utilise their own generation. This is a business as usual position for us. We agree with Ofgem that licensees should be able to stop the clock if the customer agrees to be left off supply and is happy to use their own generator. However, it is our view that the ability to stop the clock should be contingent on the licensee making the offer to provide feedstock or reimburse the customer for feedstock rather than whether the offer is accepted by the customer. There may be many reasons as to why the offer of feedstock or reimbursement is not accepted by a customer and providing the licensee can evidence that the offer has been made and rejected by the customer, it seems perverse to not allow clock stopping in this scenario.

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

SSEN disagrees with Ofgem that licensees should not stop the clock in circumstances where they are unable to contact a customer despite making every effort to do so, to request access to undertake work. This cuts across the current provisions in the RIGS. For example, for a single premise incident, if a DNO has visited site and cannot gain access to restore a supply OR undertake work on their premises to complete a repair, then this should be a clock stop. There is nothing further that the DNO can do. It could be an internal fault and in such a circumstance it is not in the customer's interest to have the DNO initiate works such as digging up the road/customer's driveway before access has been given and the cause of the fault has been properly identified. However, if the fault can be identified and supply restored without the need for access, then it is SSEN's view that the clock should not be stopped. As currently drafted we are concerned wording is confusing and cuts across current access provisions in the RIGs.

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

Customers connected on a non-firm basis have paid accordingly and as such, SSEN agrees with Ofgem's view that arrangements permitted under the current RIGs (paragraph 2.48) should continue. We welcome the clarification as to how the terms 'firm' and 'non-firm' are defined for the purpose of IIS.

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

It is SSEN's view that arrangements permitted under the current RIGs (paragraph 2.44) should remain as a valid clock stopping option. Paragraph 2.44 provides for situations where access to the licensee's equipment necessary to restore supply is not possible for example due (but not limited) to environmental factors such as flooding or heavy snow, and (ii) supplies cannot be restored through other means such as remote switching, and (iii) network reconfiguration and alternative LV generation is not economic. This covers most scenarios faced by DNOs where we believe it would be appropriate to stop the clock.

A licensee will be allowed to stop the clock for the period where access is prevented but must keep auditable records detailing the precise situation on site and the attempts made to restore supplies by alternative means. The clock must be restarted as soon as access is available.

This is, in SSEN's opinion, a fair and appropriate situation where the clock stop should be applied, as situations are outwith the licensee's control. Occasionally situations occur within both the SHEPD and SEPD regions, where the delay to restoring supply to customers is due to the inability to gain access to the relevant equipment, particularly in remote areas of the network and in particular, remote and

unmanned islands. **It is important to note these extreme no access events are not limited to emergency situations or instruction from emergency services.**

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.

SSEN is concerned that drafting seems to omit provisions currently set out in 2.44 of the RIGs regarding no access and there is still the opportunity for varied interpretation or application of the of clock stopping rules. This does not avoid the requirement to ensure arrangements are properly applied. We note that Ofgem has appropriate powers to investigate or audit where required to ensure consistency in practices and fairness in treatment of all customers but also DNOs in terms of incentive revenue and comparative analysis of performance.

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

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

To summarise, it is SSEN's view that:

(i) clock stopping provisions should remain; and

(ii) they should remain as per the current RIGs.

We are concerned that proposed redrafting and in particularly suggestions to remove clock stopping would inappropriately change the risk/reward profile of the current regulatory framework for ED1 mid period. Redrafting may also introduce further uncertainties which may result in further misinterpretation.

The absence of clock stopping provisions would expose DNOs to significant risk and IIS impacts, particularly where events are beyond their control. Although these situations are rare, it is our view that DNOs should, in situations such as those already provided for within RIGs, have the opportunity to legitimately apply clock stopping, in line with the guidance.

To ensure clock stopping is applied in a consistent manner across all DNOs, we believe this is best achieved through targeted auditing. Ofgem currently has the power to carry out targeted investigations where they have concerns.