

Annex 1 – Open letter consultation on the Incentive of Connections Engagement

- 1.1. We would like to hear the views of interested parties in relation to any of the issues set out in our open consultation letter.
- 1.2. We would especially welcome responses to the specific questions which we have set out in our consultation and are replicated below.
- 1.3. If you have any questions on this document please contact:

James Veaney
Head of Connections and Constraint Management
Ofgem, 9 Millbank, London, SW1P 3GE
020 7901 1861
Connections@Ofgem.gov.uk
- 1.4. **Responses should be sent, preferably by e-mail by 17 August 2016 to the address above.**
- 1.5. Unless marked confidential, all responses will be published by placing them in Ofgem's library and on its website www.ofgem.gov.uk. Respondents may request that their response is kept confidential. Ofgem shall respect this request, subject to any obligations to disclose information, for example, under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- 1.6. Respondents who wish to have their responses kept confidential should clearly mark the document/s to that effect and include the reasons for confidentiality. Respondents are asked to put any confidential material in the appendices to their responses.
- 1.7. Next steps: We will consider the responses to this consultation and these will be used alongside other evidence for our assessment of the ICE plans.
- 1.8. Each of the questions asked by this consultation is set out in the template below.
- 1.9. Please ensure that you **indicate the DNO or specific licence area** to which your experiences relate.
- 1.10. When considering your responses to these questions, please consider your experiences, the actions that the DNO has undertaken or committed to undertake, and the actions that you consider it could reasonably undertake.

Response template – Incentive on Connections Engagement July 2016

Question	Response																								
About you and your work																									
1. What is the name of your company?	Power On Connections (POC)																								
2. Which DNO's ICE submission is your response related to (see Annex 2 for DNO map)? Please indicate clearly in your response to the questions below whether your comments refer to the DNO's plans as a whole, or to one of the DNO's licence areas. If you wish to provide a response to the ICE submission of more than one DNO, please use a separate template for each DNO.	ENW																								
3. What type of connection do you generally require? And for each type of connection, how many connection applications, including total MVA (Mega Volt Ampere) of connections have you made in the past year?	<table border="1"> <thead> <tr> <th>Type of connection</th><th>Total number of connections</th><th>Total MVA of connections</th></tr> </thead> <tbody> <tr> <td rowspan="4">Metered Demand Connections</td><td>Low Voltage (LV) Work</td><td>15% of a total of approx. 15 projects PA</td></tr> <tr> <td>High Voltage (HV) Work</td><td>60%</td></tr> <tr> <td>HV and Extra High Voltage (EHV) Work</td><td>15%</td></tr> <tr> <td>EHV work and above</td><td></td></tr> <tr> <td rowspan="2">Metered Distributed Generation (DG)</td><td>LV work</td><td>0%</td></tr> <tr> <td>HV and EHV work</td><td>0%</td></tr> <tr> <td rowspan="3">Unmetered Connections</td><td>Local Authority (LA) work</td><td>None</td></tr> <tr> <td>Private finance initiatives (PFI) Work</td><td>None</td></tr> <tr> <td>Other work</td><td>None</td></tr> </tbody> </table>	Type of connection	Total number of connections	Total MVA of connections	Metered Demand Connections	Low Voltage (LV) Work	15% of a total of approx. 15 projects PA	High Voltage (HV) Work	60%	HV and Extra High Voltage (EHV) Work	15%	EHV work and above		Metered Distributed Generation (DG)	LV work	0%	HV and EHV work	0%	Unmetered Connections	Local Authority (LA) work	None	Private finance initiatives (PFI) Work	None	Other work	None
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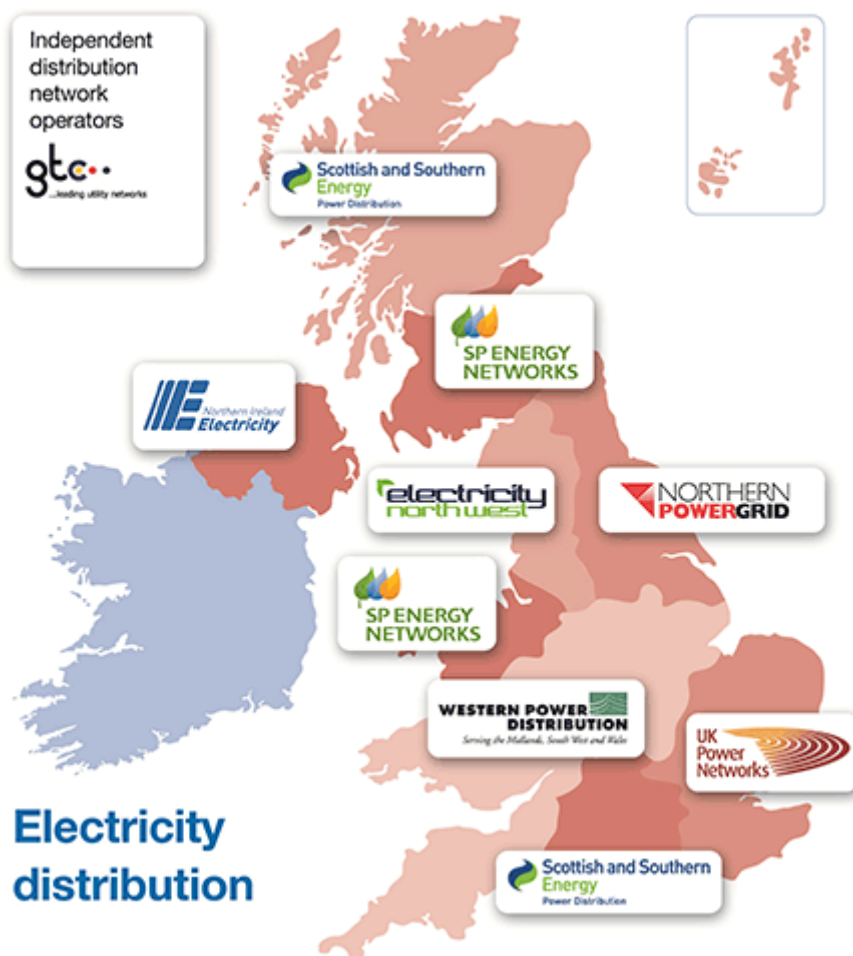
Consultation questions	
Section 1: Looking Back report 2015-16	
We want your views on how well the DNOs have performed over the last year	
1. Are you satisfied that the licensee had a comprehensive and robust strategy for engaging with connections stakeholders? Do you consider that the licensee implemented its strategy? If not, are you satisfied that the licensee has provided reasonable and well justified reasons?	Yes, ENW have generally engaged well with Stakeholders and implemented their engagement strategy.
2. Are you satisfied that the licensee had a comprehensive work plan of activities (with associated delivery dates) to meet the requirements of its connections stakeholders? Do you consider that the licensee delivered its work plan? If not, are you satisfied that the licensee has provided reasonable and well justified reasons?	ENW did have a comprehensive plan, which met the requirements of many connections stakeholders. We do believe that ENW would benefit from appointing a dedicated person that will deal with ENW's competitors on these day to day operational issues. This type of role has worked well for other DNOs and was performed by an individual that has since left ENW and to our knowledge has not been replaced.
3. Do you consider that the licensee's work plan provided relevant outputs (eg key performance indicators, targets etc.)? Are you satisfied that the licensee has delivered these outputs? If not, do you view the reasons provided to be reasonable and well justified?	The outputs that ENW committed to be delivered have been met. Many of the measures required ENW to go away and produce new processes, but it is not clear how ENW will measure the success of these new processes when they are fully implemented.
4. Do you agree that the licensee's strategy, activities and outputs have taken into account ongoing feedback from a broad and inclusive range of connections stakeholders? If not, has the DNO provided reasonable justification?	ENW have certainly listened to us in relation to the problems encountered for those who build assets for adoption by IDNOs. There has been a long standing problem in ENW's Distribution Services Area, (and in other parts of the country), where Local Authorities were required to raise new MPANs every time they adopted highways that contained connections to an IDNO network. In the past 12 months ENW put forward a potential solution and worked with IDNOs to develop and trial a new approach that would enable the LA customer to add the IDNO inventory to its existing ENW inventory. This trial has since come to an end and the new process is now part of ENW's business and usual. This is great news for IDNOs and competition with

	<p>ENW's DSA. This issue has been ongoing for several years now and so far IDNO efforts to find a solution meet with significant resistance. This is an excellent example of what DNOs can do if there is a willingness to take a pragmatic approach to some of the issues that impact the connections market. To date many of the DNOs just told us about all of the reasons why customers could not trade their IDNO inventory under the host DNO MPAN. In this case ENW took each of these reasons, one at a time, and put forward a pragmatic solution that was in their power to implement. As a result they did not have to rely upon industry code changes.</p>
<p>Section 2: Looking Forward plans 2016-17</p>	
<p>We want your views on what the DNOs aim to achieve in the coming year</p>	
<p>5. Are you satisfied that the licensee has a comprehensive and robust strategy for engaging with connection stakeholders and facilitating joint discussions where appropriate?</p>	<p>Yes, we are happy with the engagement strategy, although note the potential benefit of competitors having a dedicated contact that will help quickly address issues as they arise.</p>
<p>6. Do you agree that the licensee has a comprehensive work plan of activities (with associated delivery dates) that will meet the requirements of its connection stakeholders? If not, has the licensee provided reasonable and well-justified reasons? What other activities should the DNOs do?</p>	<p>We welcome the content of the work plan and agree with the activities proposed.</p> <p>Our only criticism would be that the Competition in Connections commitments are a little vague and it may be difficult to measure the success of these initiatives.</p> <p>We also note that ENW have committed to collaborating with other DNOs to compare and contrast lessons learned and best practice in enabling contestable activities. This is certainly something to be welcomed as developing harmonisation is an important part of the CIC COP. We would caution ENW and other DNOs not to fall into the trap of adopting the lowest common denominator solution, but instead those that stakeholders see as best practice, whether that be within or outside the industry.</p>

7. Do you consider that the licensee has set relevant outputs that it will deliver during the regulatory year (eg key performance indicators, targets, etc.)?	<p>See above point of the CIC commitments, whilst it is acknowledged that some of these objectives will be set by the ICP/IDNO steering group, we would like a KPI to be set, for example - rather than stating we will</p> <p>“Engage with ICPs/IDNOs to review experiences of new contestable processes to identify improvements and efficiencies where possible”</p> <p>The commitment should be,</p> <p>“Following engagement with ICPs/IDNOs to review experiences of new contestable processes to identify improvements or other opportunities, we will develop the top five suggestions and publish proposal to move these forward, alongside clear deliverables and performance metrics that will measure the success of any new initiatives coming out of the review.”</p>
8. Would you agree that the licensee’s proposed strategy, activities and outputs have been informed and endorsed by a broad and inclusive range of connection stakeholders? If they have not been endorsed, has the licensee provided robust evidence that it has pursued this?	<p>We believe that ENW have generally listened to connections stakeholders. We would just like to see a little more ambition in some of the plans put forward that will really commit ENW to making a positive difference in those areas that it can influence.</p>
We also want your views on how DNO plans will address issues for new connections in constrained areas	
9. Where flexible connection offers are available, do you consider that the DNO’s work plan for 2016-17 sufficiently addresses concerns about the uncertainty of curtailment levels? For example, do their plans ensure that stakeholders have access to the data they require for an investment decision?	<p>This is less of an issue for demand customer and more applicable to the DG market.</p>
10. Where consortium connections are available, do you consider that the DNO’s work plan for 2016-17 reflects requirements for clear and detailed information about where, how and under what conditions such projects can proceed?	

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12. Do you consider that the DNO's work plans include appropriate engagement to ensure that network investment plans are well communicated to stakeholders, including when new capacity will become available?	
13. Do you consider that the DNOs' plans include appropriate activities to improve, where necessary, the provision of information on constrained areas of the network to provide better data about where connections may be viable?	
14. Are there particular additional activities or outputs which you consider should be included in the work plan of activities to better facilitate grid connections?	

Annex 2 - Map showing DNO licensee areas¹



¹ Image from Electricity Networks Association (ENA)