



Competition in Connections Code of Practice – Modification Report

0001 – Self Determination of Point of Connection by ICPs

31 March 2016

1 Purpose and Objective

1.1 The intent of this modification proposal is to meet the requirements of Competition in Connections Code of Practice (Code of Practice) paragraph 4.12.1, as published in July 2015. This stated that:

“By 15 January 2016, the DNO shall, in co-operation with the other DNOs, review the processes and procedures for self-determination of POC by ICPs, taking into account lessons learned from practical application of the processes and consultation with stakeholders. The conclusions of this review must propose a modification or series of modifications to this Code. The modification(s) must be progressed to decision through the change governance process. The modification(s) must ensure that the Code contains a clear, common process for determination of POC by ICPs. The modification(s) must contain the criteria that establish when an ICP can determine its own POC, the criteria that dictate whether the Standard Design Matrix or Technical Competency approach is used and a definitive list of what information the DNO will provide to ICPs.”

1.2 The modification proposal seeks to introduce a clear, common process for self determination of Point of Connection (POC) by Independent Connection Providers (ICPs). It contains criteria that establish when an ICP can identify its own POC, and a list of information which the Distribution Network Operator (DNO) will provide to ICPs, to allow self determination of POC.

1.3 The Panel would like the Authority to note that the modification proposal is not intended to change any of the existing arrangements that apply to unmetered connections. Each DNO has for a number of years operated different arrangements for unmetered connections. It is not intended for the proposal to apply for unmetered connections.

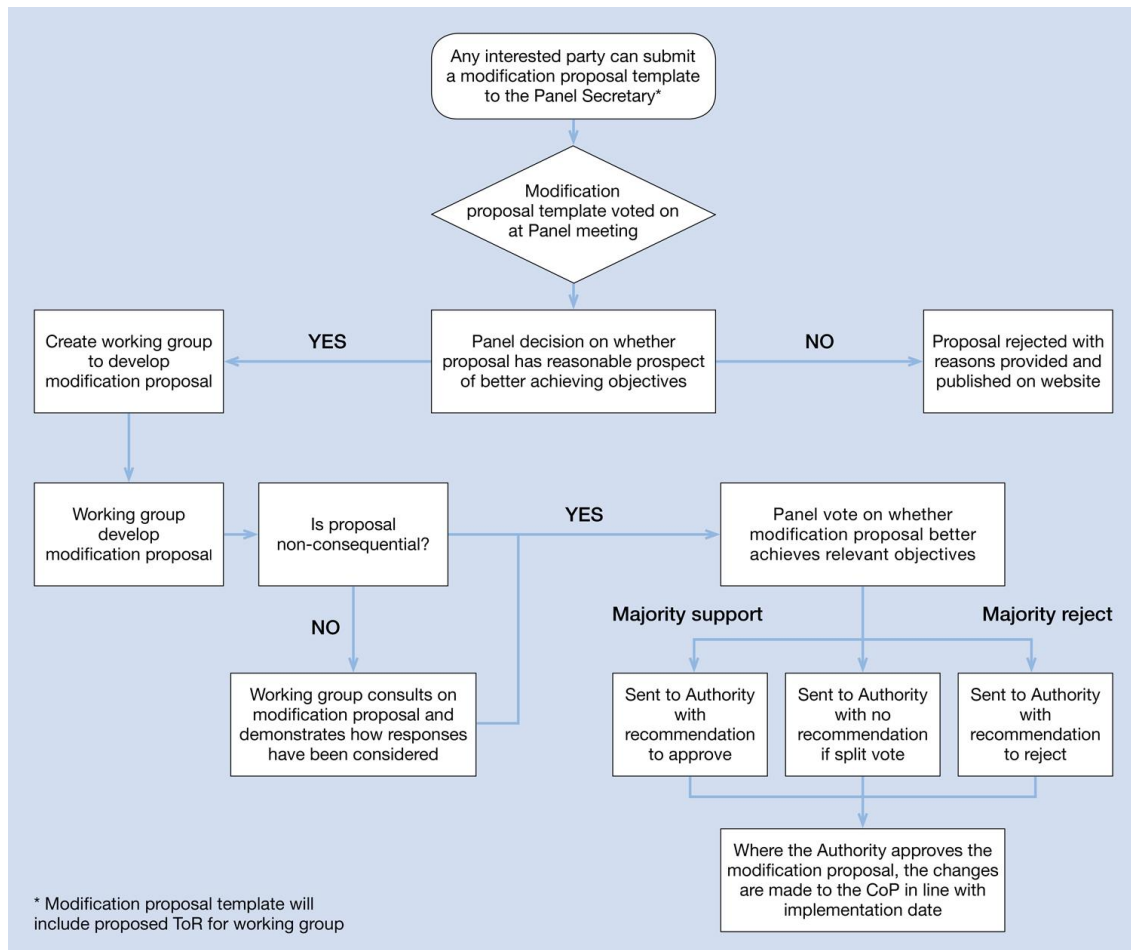
2 Background

2.1 In July 2015, Ofgem approved the Code of Practice which had been developed by DNOs. This code outlines the way in which DNOs will provide the input services to facilitate competition in the electricity connections market. DNOs are required to comply with the Code of Practice by standard licence condition 52 of the electricity distribution licence.

2.2 The Code of Practice includes governance arrangements to manage changes to it over time. Under these governance arrangements, a Panel was established. This Panel comprises of DNOs and representatives from trade associations representing ICPs (specialising in both metered and unmetered connections) and Independent Distribution

Network Operators (IDNOs). A full list of Panel members can be found on the [Code of Practice website](#).

2.3 Any interested party may submit a modification proposal to the Panel. If the Panel decides that the modification proposal can better meet the relevant objectives of the Code of Practice. A working group will be created to develop the modification proposal. Please see a diagram of the modification process below:



2.4 When Ofgem approved the Code of Practice in July, it highlighted three areas where it wanted further details to be developed through the governance arrangements. These were: design approval; self determination of the point of connection; and reporting requirements to demonstrate compliance with the Code of Practice.

2.5 Ofgem stated that DNOs must work together to review their individual policies on determination of POC, and that the conclusions of this review must propose a modification, or series of modifications, to the Code of Practice. This review was to be completed by 15 January and DNOs are required to take all reasonable steps to progress the modification through the Code of Practice governance arrangements and implement them by 30 April 2016.

2.6 This was on the basis that at the time the Code of Practice was developed, DNOs were still developing individual policies on determination of POC. It was not clear which of these individual policies stakeholders would see as best practice. Therefore, time was provided to let these policies ‘bed in’, and gain better understanding of how they work in practice, before developing a common DNO position in the Code of Practice.

3 Original Modification Proposal and Rationale

3.1 The modification proposal was raised by Western Power Distribution and submitted to the Code of Practice secretariat on 20 November 2015. The rationale of the modification proposal was to provide further detail on the information available to ICPs wishing to identify their own POC.

3.2 The Panel voted to approve the establishment of a working group to develop the modification proposal.

4 Working Group Considerations

4.1 The working group held its first meeting on 14 December 2015. Subsequent meetings were held on 11 January 2016 and 22 February 2016, after the release of a consultation document, to discuss stakeholder responses.

4.2 Names of working group members and their organisations:

Neil Magrath (Chair)	UK Power Networks
Andrew Hood	Western Power Distribution
Brian Hoy	Electricity North West
Catherine Falconer	SSEPD
Chris Beattie	High Voltage Systems and Services
Clive Morrison	UK Power Networks
Ernest Walker	Sterling Power Group
Graham Cotton	ES Pipelines
Ian Cobley	Northern Powergrid
Jayson Whitaker	Wolseley
Keith Fulcher	Ringway
Michael Catling	Northern Powergrid
Michael David	UK Power Networks
Neil Fitzsimons	Poweron Connections
Paul McGimpsey	SP Energy Networks
Paul Smith	Western Power Distribution
Peter Eagle	Balfour Beatty
Robert Burgoyne	GTC
Stephen Perry	Ofgem

4.3 The group considered the modification proposal and developed the changes to the legal text. The working group considered the following changes to the modification proposal:

4.3.1 The first proposed common template requires DNOs to indicate the availability of ICP self determination of POC against each of the Market Segments. The Market Segments are as defined in the standard electricity distribution licence and have been used previously in the development of competition in connections.

4.3.2 The second proposed common template requires DNOs to enter details of their Standard Design Matrix against each of five defined common criteria areas. This provides a degree of harmonisation that will allow ICPs and other interested parties to make clear comparisons between the arrangements provided by each DNO.

4.3.3 Each common template is provided with a comments box to allow each DNO to enter additional information about its arrangements that may be useful for ICPs and other interested parties.

4.4 The working group considered that it is more appropriate to provide common templates for DNOs to complete, rather than to define a precisely aligned arrangement. This approach recognises different DNO network configurations (e.g. predominant overhead line networks and London interconnected networks), and will facilitate the DNOs making improvements to the arrangements provided for ICPs without the need for a Code of Practice amendment on each occasion. The arrangements proposed provide advantages to ICPs carrying out self-determination of POC. It may be that a future modification is made to define more closely aligned arrangements following further experience and establishment of best practice.

4.5 The working group believe the modification provides more clarity on the information each DNO will provide to support the determination of POC. In addition, it establishes common templates for DNOs to complete. This will allow better transparency of approach for self-determination of POC. The revised legal text is as shown in Appendix One.

4.6 The working group notes that the standard template does not directly facilitate full harmonisation. However, the development of a standard template provides consistent visibility and does move towards harmonisation. The working group also notes that the lack of prescription may allow DNOs to make changes that could be construed as detrimental, without any formal governance.

4.7 On balance, the working group considers that the proposal in this document provides significant advantages and meets the Code of Practice requirements set out in paragraph 1.2.

5 Working Group Consultation

5.1 The working group published a consultation on 18 January 2016. The consultation was circulated via email to a distribution list which included:

- over 100 ICPs and DG parties;
- trade associations and other interested parties;

- The distribution list also contained members from the metered Connection Customer Group (MCCG);
- representatives of Unmetered Connection Customer Group (UCCG); and
- National Electricity Registration Scheme (NERS) with onward circulation to companies holding NERS accreditations.

5.2 The consultation documents were also uploaded on the [website for the Code of Practice](#).

5.3 The main questions set out in the consultation document were:

- 5.3.1** Do you agree with the amendments to the paragraph 4.6.2 of the Code of Practice?
- 5.3.2** Do you believe any of the items listed in the revised paragraph 4.6.2 to be unnecessary or not required?
- 5.3.3** Do you believe there are any other items that should be included in the paragraph 4.6.2 listing?
- 5.3.4** Do you agree with the use of the market segments used in the template in 4.12.1?
- 5.3.5** Do you believe any of the items listed in the template 4.12.1 to be unnecessary or not required?
- 5.3.6** Do you believe there are any other items that should be included in the table at 4.12.1?
- 5.3.7** Do you agree with the criteria used in template on 4.12.2?
- 5.3.8** Do you believe in any of the items listed in the template in 4.12.2 to be unnecessary or not required?
- 5.3.9** Do you believe there are any other items that should be included in the table at 4.12.2?
- 5.3.10** Do you agree that the proposal better meets the Code of Practice relevant objectives?
- 5.3.11** Do you have any other comments or observations you would like the Working Group to take into account?

5.4 The consultation received eight responses from stakeholders, which included six DNOs, one IDNO and one ICP. The vast majority of the comments back from the consultation were in agreement with the proposals. All responses, along with the working group's assessment of them can be found in the reporting matrix in Appendix Two. Below are the

specific comments which have led to changes in the approach taken by the working group:

5.4.1 Do you agree with the amendments to the paragraph 4.6.2 of the Code of Practice?

Seven of the eight respondents to this question were supportive of the suggested amendments to paragraph 4.6.2.

Northern Powergrid raised concerns with the proposed legal text and suggested a modest change. They suggested that by making it compulsory to supply the listed data could be at odds with statements in paragraph 4.6.1 which requires: *'The DNO will make available access to such information as the ICP is reasonably likely to require in order to assess the Point of Connection. This information will be available on an equivalent basis as it is to the DNO, normally on a 24/7 basis. The information will enable ICPs to either: i) self-select a Point of Connection in combination with the Standard Design Matrix (see section 4.9 below); or ii) carry out assessment and design of the Point of Connection using the DNO's standards and process utilizing the technical competency of the ICP's design team (see sections 4.10, 4.12 and 4.15 below).'*

Whilst the working group could understand the concerns being reported, they did not agree with the alternative text proposed by Northern Powergrid. However, after discussion and debate, the working group did agree that 4.6.2 should be further amended to read: *'Such information will include the DNO's records on:*' to take account of Northern Powergrid's concerns.

5.4.2 Do you believe there are any other items that should be included in the paragraph 4.6.2 listing?

Six of the eight respondents to this question did not believe any other items should be included in the listing.

Power On Connections suggested that a request for legal information should also be included. They argued that having the ability to query the legal title DNOs hold over certain assets would be beneficial to an ICP. Following discussion within the working group, it was decided that the suggested additional text should not be included because:

- it was inconsistent with the remainder of the bullet point list;
- at least two DNOs explained that their own staff do not make this legal check before deciding on the POC; and
- it was agreed that it would be useful for DNOs to provide ICPs with information about the land rights requirements when making the POC decision.

GTC stated that they would like to know of any additional information which will only be available to the DNO, including the position within an interactive queue. The working group considered this point, but agreed that it would be inappropriate for this to be included in the 4.6.2 listings, as interactivity will be

identified by the DNO at other steps of the POC process, as described elsewhere in the Code of Practice (e.g. 4.5.3.). The working group also considered the point about load information being held on systems. It did not consider it necessary to amend the Code of Practice in order for this to be covered, as the Code of Practice already requires the DNO to provide the ICP with equivalent information to that being used by the DNO.

5.4.3 Do you believe any of the items listed in the template in 4.12.1 to be unnecessary or not required?

Six out of the seven respondents to this question believed that all the items listed were appropriate.

GTC noted that the table was a good way to hold information, but had some concerns that having this table within the Code of Practice as a template could potentially delay any changes required at a future date. The working group considered this point, but concluded that, on balance, the proposed table will ensure that each the DNO published information to a common format.

5.4.4 Do you believe there are any other items that should be included in the table at 4.12.1?

Six out of the seven respondents to this question did not believe any other items should be included in table 4.12.1.

Northern Powergrid made an observation that it would be beneficial to indicate the maximum load of an unmetered supply in the table. The group discussed this point, but noted that the proposed table already allows maximum load information to be provided. Therefore, no changes were required.

5.4.5 Do you believe in any of the items listed in the template in 4.12.2 to be unnecessary or not required?

Seven out of the eight respondents to the question believed that all the items listed were appropriate.

GTC expressed the desire to be able to add more criteria, or respond to the criteria already shown with a 'not applicable' response. The working group discussed these points, but considered that it would be inappropriate for an additional line to be added for future criteria. It was suggested that this might be more appropriate for a future change proposals, if deemed necessary. The working group agreed that if any of the existing listed criteria are not required, then the DNO may enter a 'not applicable' response in the comment column.

5.4.6 Do you believe there are any other items that should be included in the table at 4.12.2?

Seven out of the eight respondents to the question did not believe any other items needed to be included in the table at 4.12.2.

GTC suggested that they would have liked some additional criteria rows in the event that any other items are identified by DNOs and can be added in additional

information. The working group considered this point, but felt that it was not appropriate for the DNO to have different options to appear in the table, and that the proposal would better meet the objectives of harmonisation.

5.4.7 Do you have any other comments or observations you would like the Working Group to take into account?

Seven out of the eight respondents to the question had no further comments for the group.

Power On Connections recommended a change to the suggested Figure 3. 'Key process steps in using Standard Design Matrix'. They referred to the workshops for the development of the Code of Practice where they believe the Unmetered Supplies (UMS) connections market sections of the CoP was not defined clearly enough. There was a suggestion that including this diagram would create a clear representation. The working group discussed the points raised and observed that it is necessary to read all the flow diagrams in this section of the CoP. The working group decided that it was inappropriate to make the change proposal to the diagram particularly since the potential for different treatment to apply for UMS connections is recorded elsewhere within the Code of Practice.

6 Legal Text Changes

6.1 Please see the proposed changes to the legal text in Appendix One.

7 Implementation

7.1 The proposed changes to the CoP will be implemented on 30 April or on whichever date thereafter once Ofgem approves the modification.

8 Evaluation against Code Objectives

8.1 The Relevant Objectives for the CoP are set out in paragraph 2.3.1:

- a) *Facilitate competition in the market for new electricity distribution connections through:*
 - i) *Minimising, to the fullest extent reasonably practicable, the number and scope of Input Services which are only available to the DNO;*
 - ii) *providing Input Services on an equivalent basis to all Connection Parties that operate in the Local Connections Markets; and*
 - iii) *harmonising, to the fullest extent reasonably practicable, the Input Services provided by Distribution Service Providers.*

- b) *Not to distort, prevent or restrict competition in the market for new electricity distribution connections; and*
- c) *Facilitate compliance with the regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.*

8.2 This modification proposal better meets the harmonisation requirements of the Relevant Objective shown at section 2.3.1 a) iii) of the Code of Practice i.e. *“harmonising, to the fullest extent reasonably practicable, the Input Services provided by Distribution Services Provides.”*

8.3 The modification proposal better meets the harmonisation requirements because:

- 8.3.1** There is an absolute requirement for the DNO to make available access to its records on the key harmonised information and data items likely to be required for the ICP to carry out the POC determination.
- 8.3.2** All DNOs must use the same harmonised table to indicate the market segments applicable for an ICP to determine the POC.
- 8.3.3** All DNOs must use the same harmonised table to indicate values against common criteria for use of a Standard Design Matrix that will allow an ICP to determine the POC.

9 Panel Recommendation

9.1 The Panel considered the report submitted by the working group. The Panel noted that within the legal text the heading at 4.12 has been deleted and not replaced, which was not picked up by the working group.

9.2 The Panel decided that, as there is a plan in place to create a future modification proposal, to rectify any inconsistencies within the text. The Panel believed that the deletion of a title could be picked up in such a modification and decided to vote on whether the modification proposal can go forward as it is. The details of how the Panel voted are set out below:

Name	Decision
Andrew Green – CNA	Approve
Brian Hoy - ENWL	Approve
Catherine Falconer – SSE	Approve
Chris Roe – UCCG	Approve
David Overman - CNA	Approve
Gareth Pritchard – UCCG	Approve
Glyn Jones – MCCG	Approve
Ian Cobley – NPg	Approve
Mike Scowcroft – SP	Approve
Neil Fitzsimons – MCCG	Approve
Neil Magrath – UKPN	Approve (submitted vote via email before meeting)
Tim Hughes – WPD	Approve

9.3 The Panel voted to send a recommendation to the Authority to approve the modification proposal, as they believed that it better achieved the relevant objectives of the Code of Practice.

10 Attachments

Appendix One: 0001 Self Determination of Point of Connection Legal Text

Appendix Two: 0001 Self Determination of Point of Connection Modification Proposal

Appendix Three: 0001 Self Determination of Point of Connection Consultation Document

Appendix Four: 0001 Self Determination of Point of Connection Consultation Responses

Appendix Five: 0001 Self Determination of Point of Connection Consultation Responses Matrix