

Customer Connections Steering Group

27th October 2021

**WESTERN POWER
DISTRIBUTION**

Serving the Midlands, South West and Wales

**POWER CUT?
CALL 105**



westernpower.co.uk



Introduction

- Good morning

✓ **No planned Alarm test today**



CCSG - Introduction

Agenda

Introduction to CCSG		
Introduction to CCSG	Tim Hughes	10:00 – 10:10
Director's Update	Alison Sleightholm	10:10 – 10:40
SCR – Connection Boundary – 6 priority issues update	Vanessa Buxton	10:40 – 11:00
Refreshment / Comfort Break		11:00 – 11:10
SCR – Access Rights	Michael Kaveney	11:10 – 11:30
New Connection Offer letters	Kate Shehean	11:30 – 11:50
ICE Plan Update	Penny Carolan	11:50 – 12:05
Summary & Feedback	Tim Hughes/ Paul Jewell	12:05 – 12:15
Lunch		12:15 – 1: 00pm



CCSG – Our RIIO ED2 Business Plan

Alison Sleightholm

Resources and External Affairs Director



**WESTERN POWER
DISTRIBUTION**
Serving the Midlands, South West and Wales

westernpower.co.uk



We keep our promises

Our delivery track record is essential to ensure our Business Plan is believable and credible. It contains ambitious targets our customers can have confidence will be achieved

- In some areas, stakeholders want us to maintain our focus and build on our successful track record, by making ongoing improvements
- In others, they want us to embrace entirely new ways of operating and to develop new services that deliver a rapidly evolving energy system that drives a lower carbon future for us all.
- We have a strong track record of delivering on our promises. This will not change in RIIO-ED2.

9.01 out of 10

overall satisfaction in RIIO-ED1

8 years

Highest rated company in Ofgem's Stakeholder and Consumer Vulnerability incentive

40%

reduction in power cuts and 50% reduction in power cut durations

20%

reduction in business carbon footprint in RIIO-ED1

£37 million

Savings delivered to fuel poor customer in RIIO-ED1 – four times more than any other DNO

Largest flexibility

programme in the UK, with 457MW procured and £39m deferred reinforcement



Headlines of our plan - *Commitments*

We have proposed 42 core commitments

- We have followed a **five stage engagement process to co-create** them with stakeholders, from scratch
- They have been **significantly refined and negotiated**, with over 3,000 stakeholders inputting in the last 6 months alone to refine BP1 to BP2 to BP3



- **Consolidated, specific and measurable**
- With a **clear focus on outcomes** and the benefits they will achieve for our customers



Headlines of our plan – *Commitments (2)*

In addition to our 42 core commitments, we have made 162 wider commitments

- Detailed action plans, performance reporting metrics and overviews of the stakeholder insights that have driven our decisions are contained in our supplementary annexes and strategies
- For example (Connections):

2 core commitments

Core Commitment 31

Make it as easy as possible for customers to apply to connect individual domestic low carbon technologies by providing a same day connections response via an online self-assessment tool

Core Commitment 32

Provide quicker and cheaper connections options for customers by increase the number of flexible connection offers made by lowering the reinforcement cost threshold to >£75k per MW and works that will take more than 12 months to complete.

11 wider commitments

For example:

- Enhance our online service to provide a wider range of online quotations.
- Ensure that customers have a single point of contact at both the quotation and the connection stage to provide updates and advice.
- Achieve a minimum 9 out of 10 average customer satisfaction score for connections activities.
- Improve our ability to provide quotations and connections in a timely manner and in line with customers' expectations.

4

reporting
metrics

Commitments – Community Energy Engineers

PROPOSAL:

- **Our Consumer Value Proposition adds a full time energy engineer in each licence area, supporting the development and delivery of community based energy schemes.**
- The engineers will provide contact for community groups, provide advice and guidance to get schemes of the ground, introduce groups to WPD delivery teams

BENEFITS:

- **We predict £11.4m of benefits across the ED2 period**

Action Plan:

- **We have developed a working trial starting now, with the appointment of one engineer and the revision of our Community Energy Strategy**
- The strategy will be revised by the end of the year
- Stakeholder sessions are planned for spring and autumn 2022
- At the end of 2022 we will finalise plans for ED2

4 Energy Engineers

A full-time Energy Engineer in each licensed area, advising community energy groups

60 Community Surgeries

will be held annually across the operational areas

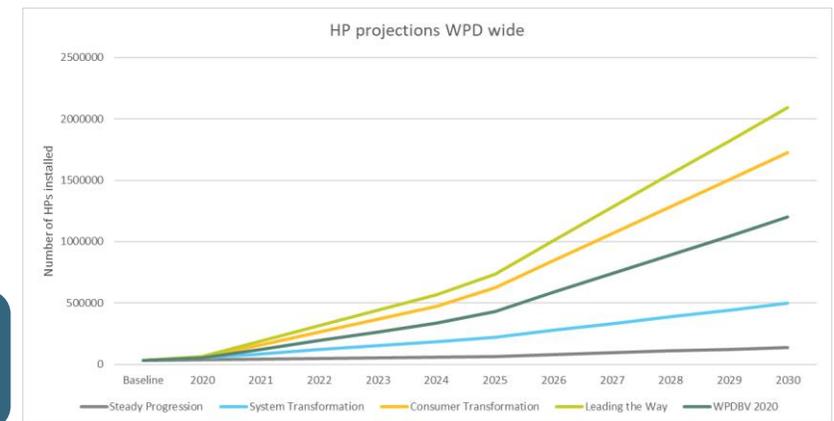
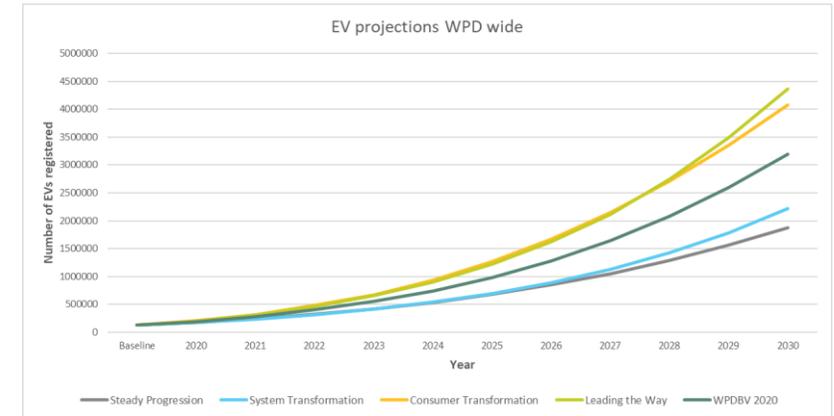
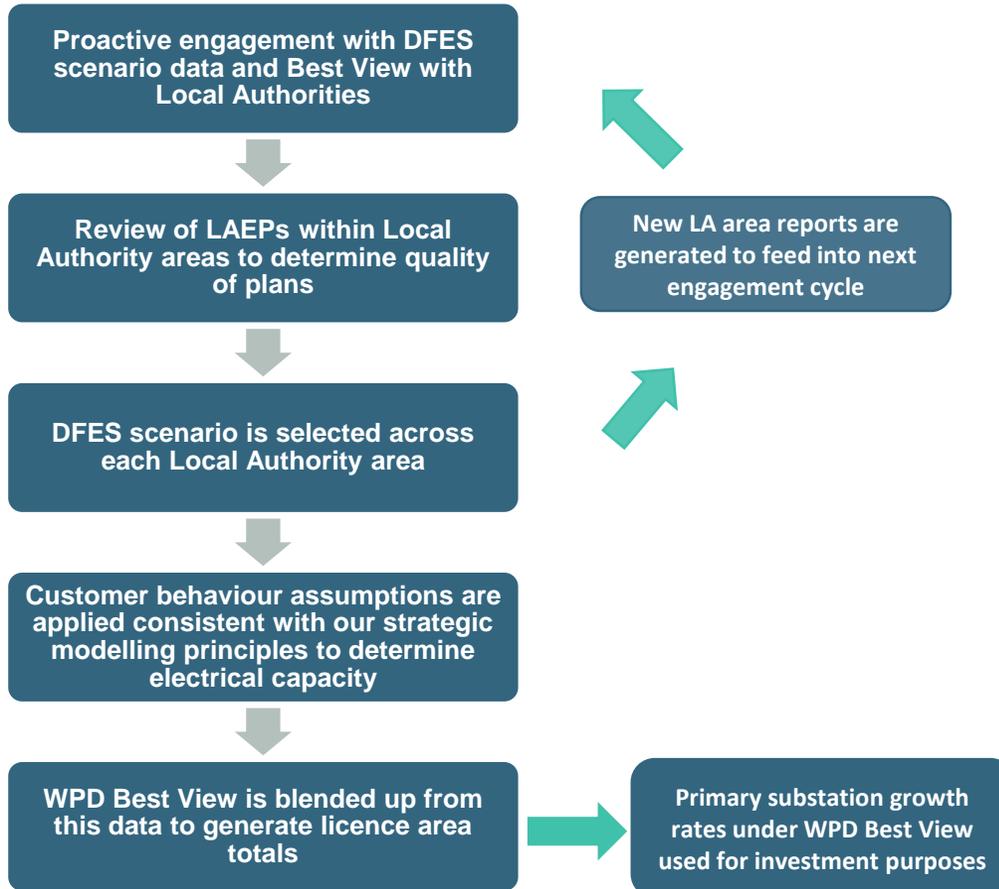
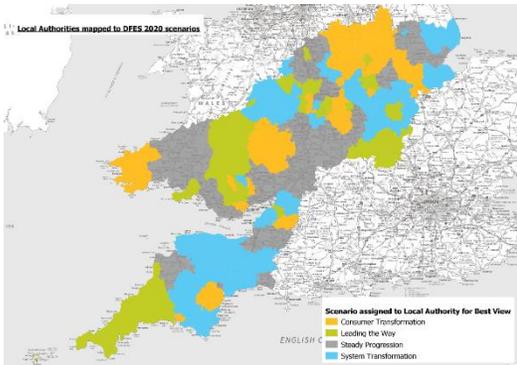
£11.4 million of benefits

Across RIIO-ED2



Defining a WPD Best View

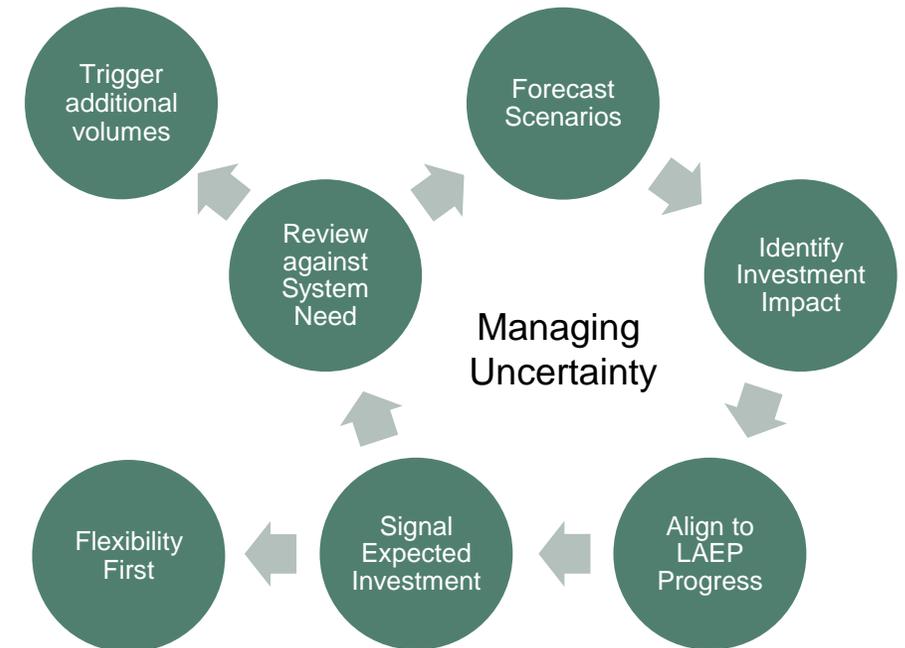
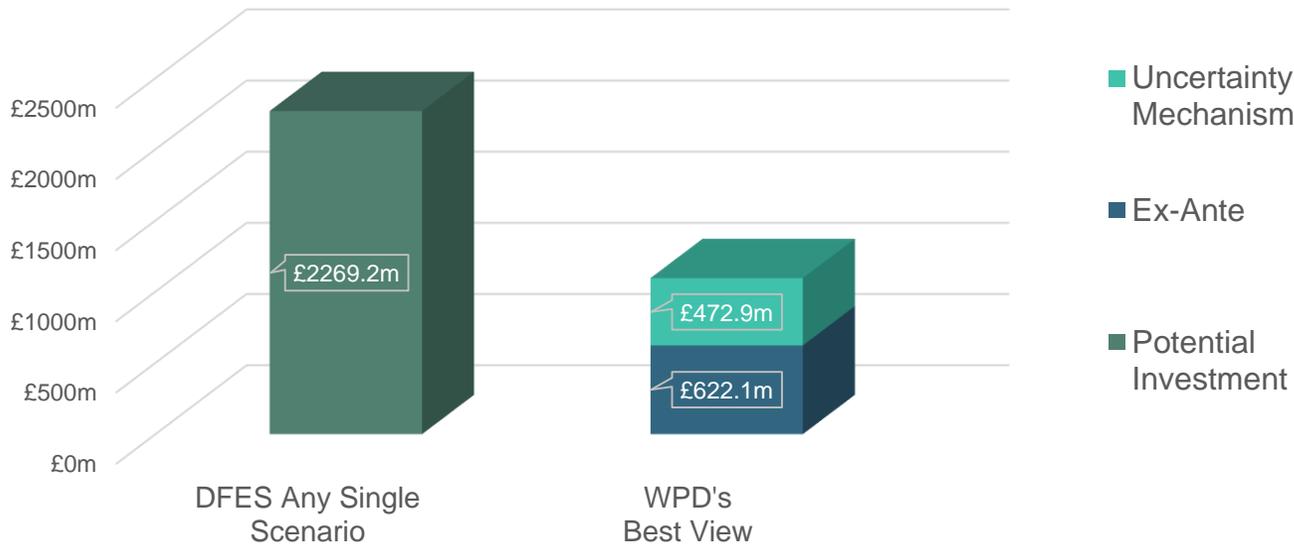
WPD's Best View for ED2 allocates a DFES scenario to each LA area based on 1:1 engagement led by our senior business managers.



Enabling the Race to Zero

Traditionally DNOs have requested all the load related reinforcement for the price control upfront. WPD believes the range of decarbonisation pathways could see the investment required be hugely variable depending on the pace and scale at a regional level.

Load Related Expenditure for RIIO-ED2



Headlines of our plan - *Expenditure*

EXPENDITURE:

- **We propose to invest around £6.2 billion** in the network across the period 2023-2028 to deliver WPD's current view
- **This is an increase of around £939 million** from current levels



- This will result in significant benefits to customers and deliver the priorities of our stakeholders and the outcomes they value
- It will also move us towards the achievement of Net Zero carbon emissions in the UK

CUSTOMER BILLS:

- **Customers currently pay around £98 a year for the WPD portion of an average domestic electricity bill.**
- **We expect this to remain broadly at the same level in RIIO-ED2 despite significant increases in expenditure and stretching service improvement targets.**
- We estimate the impact of the increased expenditure would result in an approx. £1.52 increase on the average domestic bill annually.
- However, we intend to offset this by our efficiencies, changes to the financing parameters and other aspects of the RIIO-ED2 framework.



Questions

Customer Connections Steering Group

Proposals for distribution connection charging

Vanessa Buxton

Connections Policy Engineer

27 October 2021

Reminder of the 'minded-to' position

Ofgem have published a minded-to position to propose:

- **No change** to how connection charges apply for 'sole use' or 'extension' assets needed to connect to the existing network;
- **Reducing** the contribution to reinforcement within the upfront connection charge for generation to only include reinforcement at the same level as the PoC; and
- **Removing** the contribution to reinforcement within the upfront connection charge for demand.

Connections boundary update

Current focus on 6 key areas

- In flight projects
- Refunds
- Flexible connections and access rights
- Minimum Scheme
- Interactions between the voltage rule and high cost cap (HCC)
- ECCR

Discussions have identified possible approaches to these areas, although they remain subject to change ahead of Ofgem's final decision.

Connections boundary update

In Flight Projects

- Applications received on or after 1 April 2023 will be charged under the new rules.
- There is unlikely to be any prevention of cancellation and reapplication, subject to cancellation terms within our existing Connection Offers and the new application receiving a new connections queue position.

Refunds

- There are no plans to refund existing customers who previously contributed.

Flexible Connections & Access Rights

- Existing flexible or non-firm customers may request to make their connection firm under the new rules.

Connections boundary update

Minimum Scheme

- The principles behind the Minimum Scheme will likely be maintained.

Interaction between the High Cost Cap (HCC) and Voltage Rule

- Decision yet to be made – current minded to that voltage rule would take precedence.
- DUOS protection considerations still in scope, including HCC for demand.

ECCR

- Legislative changes required to enable ECCR and SCR reforms to operate together from April 2023.

Protecting DUOS customers

Potential DUOS mitigation

Ofgem minded to currently excludes any mitigation measures. Discussions ongoing whether mitigation is required and, if so, to what extent:

- Introduce High Cost Cap for demand;
- Economic Test;
- Retain existing methodology for 3 phase or supply voltage in excess of that required;
- Retain methodology for speculative developments; and
- Revised option of speculative developments to refund if the load materialises.

Discussions ongoing ahead of Ofgem final decision

- Ofgem due to announce final decision in 2022;
- Legislative changes will get underway during 2022;
- Go-live in April 2023 for the start of RIIO-ED2.

Questions

Refreshment



see you in 10 minutes

Customer Connections Steering Group

SCR – Access rights

Michael Kaveney

Primary System Design Team Manager

27th October 2021

Access Rights Summary

What are Access Rights?

Access rights refer to the nature of the user's access to electricity networks (for example, when users can import/export electricity and how much) and how these rights are allocated.

Access rights are important on the principle that users should be charged for the access they obtain on a cost-reflective basis. If a user's access to the network avoids additional network costs, the cost of access should be cheaper than one that drives additional network costs.

Key concepts of users' access rights include:

- Firmness of rights: the extent to which a user's access can be restricted and their eligibility for compensation if restricted.
- Time profiled access: provision of choices other than year round, continuous access.
- Sharing: ability for users to share a common access level across multiple sites.

Access Rights Summary

Issues with Current Arrangements

- At distribution, users have no (or limited) choice about the terms of their access.
- Ill-defined “flexible connections” that do not provide a cap on level of curtailment.
- Inconsistency between transmission and distribution.

Case for reform

- Better defined level of firmness will help customers make better informed investment decisions.
- Facilitate efficient use and development of network capacity whilst meeting consumer needs.

Access Rights Summary

#	Topics Considered	Our minded-to position
1	Non-firm access	<p>Introduce new non-firm access rights for distribution connected users. We are not reforming non-firm options at transmission.</p> <ul style="list-style-type: none"> Non-firm access defined in relation to consumer outcomes specifically the number of hours curtailed (can also be expressed as a percentage) Users should be able to agree to proportion of their total access rights capacity that is firm vs. non-firm Users to be protected from risk of DNOs exceeding level of curtailment
2	Time-profiled access	<p>Introduce time-profiled access for distribution connected generation and demand. Not introducing time-profiled access rights at transmission.</p> <ul style="list-style-type: none"> Not available to small users Users can identify the proportion of their total access rights that are time profiled Users can choose either no-access or non-firm during peak period
3	Shared access	<p>Not proposing to take forward shared access as industry engagement has emphasised uncertainty of take up and practical challenges. Considers that further trialling is required and will be taken forward by ENA Open Networks programme.</p>
4	Charging for access rights	<ul style="list-style-type: none"> Minded to reflect the value of non-firm distribution access rights via the connection charge only We said we consider that there is scope to reflect value of time-profiled distribution access rights via DUoS as well but that this is dependent on our DUoS proposals
5	Monitoring, breach, and enforcement	<p>Propose that DNOs develop a common, clear, and consistent approach to monitoring and enforcement</p> <ul style="list-style-type: none"> We said we expect non-firm connections will require physical control equipment and that we expect this to be proportionate to the impact of a user exceeding their access rights. We did not specify a mechanism for the recovery of the costs associated with this equipment We also said we don't think the current approach to exceedance capacity charges are appropriate and should be reviewed as part of our DUoS charge design proposals

Key Dates (Subject to Change)

Ofgem Policy Decisions and Sign-off	Milestone	Timings
	Minded to consultation closes	25 August 2021
	Ofgem review responses	Mid October 2021
	Ofgem submit Final Decision to GEMA for approval	12 th November 2021
	Ofgem internal 'sign-off' of Final Decision	November 2021
	Publication of Final Decision	December 2021
Implementation	Set up Implementation 'Taskforce'	August 2021
	Raise modifications & Licence Changes	January 2022
	Code panel approval of changes	Summer 2022
	Authority decision on changes	Autumn 2022
	Complete implementation – reforms take effect	April 2023

Key Issues Identified

Working Paper 1	Working Paper 2	Working Paper 3
Definition of User Groups who are covered.	What is Curtailment?	What if DNOs are required to curtail beyond agreed limits?
Treatment where curtailment is caused by constraint at Transmission Level.	How should access rights be valued?	User exceedance and links to DUoS Capacity Charges.
When do non-firm access rights apply?	Treatment of IDNOs	User compliance physical or commercial controls?
Treatment of existing customers with non-firm access.	Interactions with procured flexibility / ESO Services	Monitoring and enforcement – who pays for physical controls?
	Potential conflicts with offerings from retailers	

Key Issues Identified

	Key Issue	Comments
1	Definition of User Groups who are covered.	<p>Minded to position excludes small users defined as 'households and non-domestic users that do not have an agreement for their maximum capacity usage'.</p> <p>Proposal to align users covered by the new access rights with Section 3 of the National Terms of Connection (CT Metered).</p>
2	Treatment where curtailment is caused by constraint at Transmission level (SGTs/Wider Transmission Network)	<p>Curtailment as a result of transmission level constraints is not treated as curtailment on the distribution network.</p> <p>It is deemed unreasonable to penalise the DNO where customers experience a high level of curtailment because of transmission level constraints.</p>

Key Issues Identified

	Key Issue	Comments
3	When do non-firm access rights apply?	<p>How long the curtailment obligations last depends on the policy decision on what DNOs are required to issue in their connection offer. Options include:</p> <ul style="list-style-type: none">• An end date based on completion of the reinforcement works under a time is of the essence basis.• No end date with customers needing to apply for a firm connection when it is required.• A set end date, say 5 years, after which time the connection would become firm. This would allow a more considered assessment by the DNO of the reinforcement and flexibility options that are available.

Key Issues Identified

	Key Issue	Comments
4	Treatment of existing customers with non-firm access.	<ul style="list-style-type: none">• Existing customers on flexible or non-firm connections can request to make their connection firm under the new rules from 1 April 2023• Customers apply for firm connections under existing processes and their position in the queue is determined by the new application• A cost benefit analysis can be carried out on an individual constraint basis to ensure the most efficient long-term solution is adopted for each connection

Key Issues Identified

	Key Issue	Comments
5	What is Curtailment?	<p>Curtailment is where a customer enters into an agreement with the network operator to constrain the use of the maximum import or export capacity requested. This could be in order to:</p> <ul style="list-style-type: none">• Secure a quicker connection to the distribution system than would be the case for a firm connection.• To release capacity to the network for use by other users (subject to commercial terms) <p>Curtailment does not include circumstances such as:</p> <ul style="list-style-type: none">• Force Majeure• Where the connection is De-Energised• Where the supply to the premises is interrupted as a result of a failure of, fault in or damage to the electricity distributor's distribution system

Key Issues Identified

	Key Issue	Comments
6	How should access rights be valued?	<ul style="list-style-type: none">• Ability to secure a quicker connection.• Reduction in the connection charge.• Payments similar to Flexibility Services.
7	Treatment of IDNOs	<ul style="list-style-type: none">• Customers connected to an IDNO network should be treated on the same equivalent basis as if they were connected to a DNO network.• The point of connection between DNO and IDNO will not be eligible for non-firm access as this will only be contracted directly with end consumers.
8	Interactions with procured flexibility / ESO Services	<ul style="list-style-type: none">• Additional research required regarding how non-firm access could impact on procured flexibility/ESO services such as the Balancing Mechanism.

Key Issues Identified

	Key Issue	Comments
9	Potential conflicts with offerings from retailers	If the access rights conflict with retail offerings to customers, then they may either: <ul style="list-style-type: none">• Not be passed through to customers and be ineffective• Inhibit the move to full chain flexibility
10	What if DNOs are required to curtail beyond agreed limits?	Further details required from the minded to consultation: <ul style="list-style-type: none">• At what frequency is the hours curtailed assessed and therefore addressed if exceeded?• Is the service procured from the market or from the individual user?• In what timeframe must the service be procured?• How would this procured service be funded?• What caps or protection would be in place to protect DUoS customers from excessive procurement prices?

Key Issues Identified

	Key Issue	Comments
11	User exceedance and links to DUoS Capacity Charges.	<ul style="list-style-type: none">• Compliance for non-firm access rights is likely to require the installation of equipment to physically monitor and control the user to prevent exceedance.• Time-profiled access right choices may not require physical monitoring/control and therefore DUoS charges may sufficiently police risk of exceedance through a cost-reflective signal to the user.
12	User compliance physical or commercial controls?	<ul style="list-style-type: none">• As above, compliance for non-firm access is likely to require physical control and monitoring at Connection Point substations.
13	Monitoring and enforcement – who pays for physical control of non-firm connections?	<ul style="list-style-type: none">• The principle option is to reflect the DCP 348 decision as adjusted for new definitions of Access.

Questions

Customer Connections Steering Group New Connection Offer Letters

Kate Sheehan

Connections Policy Co ordinator

27th October 2021

Existing Connection Offer Letters

Feedback

Our existing Connection Offer letter, at times can be;

- Long – offers can be 20-30 pages
- Difficult to follow
- Heavy with legal terminology
- Internally, they can be difficult to construct

The quotation explanation could be more clear, specifically about what we are paying for

Offer Letter



Customer Name
Customer Address 1
Customer Address 2
Customer Address 3
Customer Address 4

Avonbank
Feeder Road
Bristol
BS2 0TB

Tel: [•]
e-mail: [•]

Your Ref:
[•]

Our Ref:
[•]

Date:
[•]

Dear [•]

A Connection Offer for electricity connection works by Western Power (South West) Plc("WPD") at [•]

Thank you for your application requesting a connection offer for a new electricity connection at the Premises. I am pleased to provide WPD's formal offer to you to provide the Proposed Connection(s).

All capitalised words and expressions used in this Offer Letter shall, unless otherwise defined in this Offer Letter or the context otherwise provides, have the same meaning as set out in the Specific Conditions for Connections Works and the General Conditions for Connection Works.

The terms and conditions on which WPD will carry out the Connection Works you require are set out in the Specific Conditions for Connection Works and General Conditions for Connection Works. Please ensure that you read both documents carefully.



Western Power Distribution (South Wales, West Midlands, East Midlands, South West) plc
Registered in England and Wales No. (2366993, 3600574, 2366923, 2366894)
Registered Office:
Avonbank, Feeder Road, Bristol BS2 0TB.

The documents could be a bit more simplified and more straight forward.

Perhaps they could condense the offer letter down a bit

Proposed Connection Offer

Improvements

Based on Stakeholder feedback of our existing Connection Offer, we propose to make changes to the presentation, formatting and content of the Connection Offer.

- Split the Offer into parts
 - A. Specific conditions for Connection
 - B. Milestones
 - C. Payment Terms
 - D. Definitions
 - E. Acceptance
- Clear costs upfront
- Signpost some clauses to our website

WESTERN POWER DISTRIBUTION
Serving the Midlands, South West and Wales

Customer Name
Customer Address 1
Customer Address 2
Customer Address 3
Customer Address 4
Post Code

Avonbank
Feeder Road
Bristol
BS2 0TB

WPD Reference

Date

Dear Customer Name,

This Connection Offer has been divided into the following sections:

- A Specific conditions for connection
- B Milestones
- C Payment terms
- D Definitions
- E Acceptance

Also included with this offer:

- Customer breakdown of charges
- Health & Safety Questionnaire
- Cost of legal fees statement

We're here to help:

- Call us on: xxxxxxxxxx
- Go to: westernpower.co.uk

WESTERN POWER DISTRIBUTION
Serving the Midlands, South West and Wales

Western Power Distribution (South Wales, West Midlands, East Midlands, South West) plc
Registered in England and Wales No. 2366885, 3020574, 2366923, 2366894
Registered Office:
Avonbank, Feeder Road, Bristol BS2 0TB



Connection Offers

Each part / section will be identifiable by colour;



- Eases Navigation



- Clear and Identifiable



- Incorporates WPD branding

Connection Offers

What changes would you like to see?

Have your say on any changes we could implement to our Connection Offers.

- What improvements can we make?
- What are other DNOs doing?
- Signposting clauses – what do you think?

WPD ICE Plan update

Penny Carolan
Connections Policy ICE Co ordinator

27th October 2021

CCSG – Looking Back, Looking Forward Report 2021

ICE report

- Our ICE Looking Back and Looking Forward report 2021 was submitted to Ofgem and published on the WPD website – www.westernpower.co.uk/ice
- Ofgem proceeded with the ICE consultation – opened 2nd July
- As a result of the Ofgem ICE consultation, we responded to the consultation enquiries – thank you to those who responded.
- Feedback was generally positive and we are addressing any reservations.
- Ofgem decision on the consultation was completed on Monday 11th October – we passed

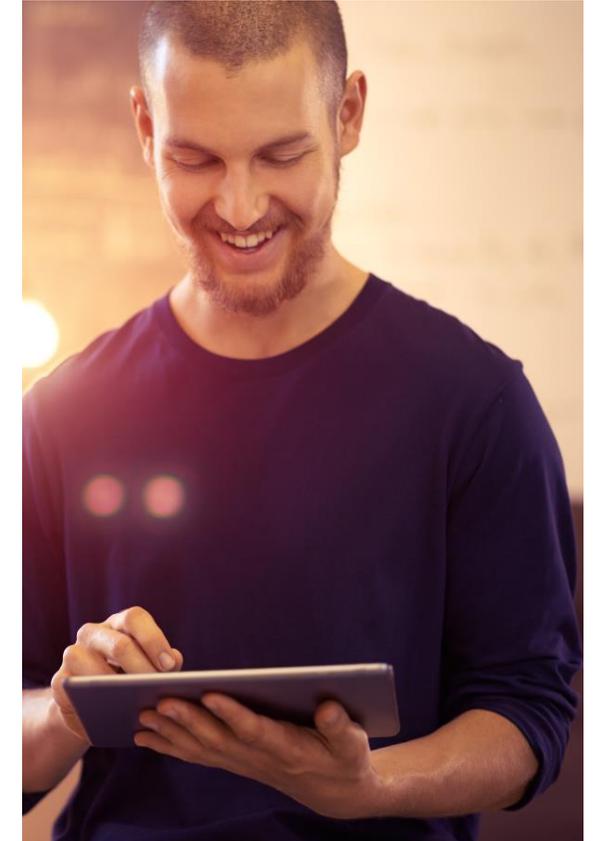
Ofgem said “we believe the DNOs have met the minimum criteria under the ICE for this year and as such we have decided to not consult on potential penalties”



ICE - consultation update

ICE consultation update

- Ofgem concerns raised in the outcome of their assessment
 - *Improvements needed to support increasing demand for EV connections*
 - *Introduction of service level agreement's*
 - *Increase resources dedicated to EV connections*
 - *Upgrade costs – transparency and consistency*
 - *Standardise processes across DNO's*
 - *Clearer guidelines on interpretation of existing rules*



ICE - consultation update

ICE consultation

- ICE 2021/22 Plan - Action 16 – Domestic LCT acceptance
- We have changed connection policy to allow all domestic (7kW) EV chargers and most domestic heat pumps (12kW) to be accepted for connection. Some older Heat Pump models can affect the wider network so are excluded
- We need to know three things
 - Demand of the property**
 - Type of main fuse cut-out assembly**
 - Number of service cables**
- We have centralised this activity in one team for speed and consistency. We respond on the same/next day.
- Any remedial works are carried out later, after the connection is made
- Process live Sept 2021



ICE October submission 2021 – report & plan

- Our annual updated ICE report will be published and submitted to stakeholders at the end of October.
- The update provides stakeholders and Ofgem with information on the progress we have made against our planned activity as well as any new activities we are undertaking.
- The report will include progress updates on the ICE 2020/21 Plan initiatives completed - total 9
- New initiatives added to the original plan

- Added 3 new initiatives
 - 2 x actions from feedback from an initial action – Domestic LCT acceptance & jargon buster

 - 1 action following feedback from our stakeholders around operational CiC – compliance & safety

ICE 2021/22 Plan

New ICE initiatives for October 2021

Our 3 new initiatives

Customer Support - New Action 21 – ICP & IDNO safety & compliance event

Action to investigate hosting a WPD safety and compliance conference for all registered ICPs and IDNOs in our four licence areas.

Communication - New Action 22 – Connections jargon buster advancement

Action evolved from our Connections Jargon buster Action 13, to enable the user to immediately access descriptions relating to electrical and technical terms without leaving the relevant connection page.

Process Improvement - New Action 23 – Domestic LCT acceptance web-based

Action developed as a consequence of feedback from stakeholders as a result of the completion of Action 16 -*Domestic LCT Acceptance*. We are to evolve the action into a web-based application at our customer's request.

ICE 2020/21 Plan updated

- Developed using stakeholder priorities and specific feedback
- Plan divided into 4 focus areas
- 23 initiatives with corresponding outputs and measures
- 3 x new initiatives added this year as new priorities and requirements emerge
- We will publish quarterly ICE plan status updates informing stakeholders of our progress and initiatives completed

www.westernpower.co.uk/ice



Any questions

Summary, Feedback & Close

Paul Jewell – System Development Manager

&

Tim Hughes – Connections Policy Manager

CCSG – Summary & Feedback

Summary & Next Steps

- Feedback captured from today
- Future meetings – Connections workshop 17th November @ Aston Villa
 - Our connections strategy
 - Community energy
 - LCT – High volume connections
 - Electric vehicle's – Our proposed approach and process
- Topics you may like us to cover in our next meeting
- Minutes and slides will be uploaded onto our website
- Hold the Date for next CCSG 2022: February 2022

If you would like to be up to date on our previous CCSG meeting, follow us at

<https://yourpowerfuture.westernpower.co.uk/our-engagement-groups/connection-customer-steering-group>



WESTERN POWER 
DISTRIBUTION

Serving the Midlands, South West and Wales

Thank you