



## **Competition in Connections Code of Practice – Consultation**

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**0001 – Self Determination of Point of Connection by ICPs**

**18 January 2016**

**Version 1**

# 1 Purpose and Objective

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**1.1** The purpose of this consultation is to seek wider views on proposed changes to the detail in the Connections Code of Practice (“the Code of Practice”) and what Distribution Network Operators (DNOs) will provide on Self Determination of Point of Connection (POC). This document has been published on the [Competition in Connections Code of Practice website](#) and communicated to Independent Connection Providers (ICPs) / Independent Distribution Network Operators (IDNOs) / DNOs and other interested Parties.

**1.2** The intent of the modification is to meet the requirements of Competition in Connections 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.”*

**1.3** Consequently, the modification proposal is seeking to introduce a clear common process for self determination of POCs by ICPs. It contains criteria that establish when an ICP can identify its own POC and a list of information which the DNO will provide to ICPs, to allow self determination of POC.

**1.1** The working group is seeking responses by 17:00 on 8 February 2016. The working group will consider those responses and publish how it proposes to deal with them alongside a final modification report. This report will go to the Competition in Connections Code of Practice Panel (“The Panel”) to consider its recommendation for approval or rejection, which will then be submitted to Ofgem for their final decision on whether to include the changes in the Code of Practice.

**1.4** This consultation outlines the proposal to provide additional detail on determination of POC. Alongside this, working groups have also issued consultations on [design approval](#), and [how DNOs will report against the requirements within the Code of Practice](#).

**1.5** It should be noted 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 Code of Practice ICP Point of Connection determination arrangements to apply for unmetered connections.

## **2 Background**

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- 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 comprises of DNOs and representatives from trade associations representing ICPs (specialising in both metered and unmetered connections) and 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 may better meet the Code of Practice relevant objectives then a working group will be created to develop the modification proposal. The working group must consult with interested parties and produce a report for The Panel, to include both recommendations and how any consultation responses have been taken into account. The Panel will vote on whether the modification proposal better meets the Code of Practice relevant objectives and the outcome of the vote will determine if the report recommend that Ofgem approves or rejects the proposal. The report together with any recommendation will be sent to Ofgem for a decision. If Ofgem approves the modification proposal the Code of Practice will be modified accordingly.
- 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. The

working group established to develop this modification has started this process and this consultation seeks wider stakeholder input.

### **3 Summary of Changes**

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- 3.1** The modification proposal was raised by Western Power Distribution and was 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 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.
- 3.3** 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.
- 3.4** The second proposed common template requires DNOs to enter details of its 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.
- 3.5** Each of the common templates 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 Rationale for Changes to Code**

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- 4.1** The working group proposes 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 and it may be that a future modification is made to define more closely aligned arrangements following further experience and establishment of best practice.
- 4.2** 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.

**4.3** 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.

**4.4** Names of members and their organisations:

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

**4.5** Rationale held against the Relevant Objectives 2.3.1:

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- 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*
- 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.”*

- 4.6** This Change Proposal is intended to better meet 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 Service Providers.”*

## **5 Questions in summary**

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- 5.1** Do you agree with the amendments to paragraph 4.6.2 of the Code of Practice? (see Appendix One)
- 5.2** Do you believe any of the items listed in revised paragraph 4.6.2 to be unnecessary or not required?
- 5.3** Do you believe there are any other items that should be included in the paragraph 4.6.2 listing?
- 5.4** Do you agree with the use of the market segments in the table in 4.12.1?
- 5.5** Do you believe any of the items listed in the template in 4.12.1 to be unnecessary or not required?
- 5.6** Do you believe there are any other items that should be included in the template at 4.12.1?
- 5.7** Do you agree with the criteria used in the template in 4.12.2?
- 5.8** Do you believe any of the items listed in the template in 4.12.2 to be unnecessary or not required?
- 5.9** Do you believe there are any other items that should be included in the template at 4.12.2?
- 5.10** Do you agree that the modification proposal better meets the Code of Practice relevant objectives? (as shown in paragraph 4.5)
- 5.11** Do you have any other comments or observations you would like the working group to take into account?

## **6 Implementation**

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- 6.1** Responses should be submitted to the Code of Practice Secretariat – [code.administrator@energynetworks.org](mailto:code.administrator@energynetworks.org) by 17:00 on 8 February 2015. All responses will be published on the Code of Practice website, unless otherwise listed as confidential.

## **7 Attachments**

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- 7.1** Appendix One – Legal changes to text in the Competition in Connections Code of Practice.
- 7.2** Appendix Two – Modification Proposal: Self Determination of PoC by ICPs.