



Competition in Connections Code of Practice – Consultation

0006 – G39 Authorisations

13 September 2018

Version 1

1 Purpose and Objective

- 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 seek support across the industry and other stakeholders in the clarification of the position with respect to G39 authorisations, which is currently worded explicitly to require input services from at least one Licensed Distribution Network Operator (LDNO). This will align G39 authorisation within the Competition in Connections Code of Practice with the key principles (self-authorisation or DNO/IDNO authorisation) applying to independent connection providers (ICPs) (which was the original intent when discussed with Ofgem), as well as reduce LDNO input services and extend competition and harmonisation.
- 1.2** In simple terms, if an LDNO can accept an ICP to undertake work on their network utilising a self-authorisation process then it should allow any HERS¹-accredited employer or contractor to utilise the same approach with regard to G39 activities associated with their assets.
- 1.3** This consultation document has been published on the [Competition in Connections Code of Practice website](#) and communicated to ICPs, IDNOs, DNOs and other interested Parties.
- 1.4** The intent of the modification is to meet the requirements of Competition in Connections Code of Practice version 1.4, modified in April 2017. Section 2.3 states that:
- 2.3.1. The Relevant Objectives of this Code of Practice are to:
- 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 from the licensee;*
 - iii) *harmonising, to the fullest extent reasonably practicable, the Input Services provided by Distribution Service Providers.*
- 1.5** Consequently, this modification proposal is seeking to clarify the position with respect to G39 authorisations to reflect more accurately the aims of the Competition in Connections Code of Practice and reduce the reliance on LDNO input services. The modification will provide clarity and encourage harmonisation and competition in the companies undertaking G39 operations
- 1.6** The G39 Authorisation Working Group is seeking responses by 5pm on the amended date of 19th October 2018. 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

¹ Highway Electrical Registration Scheme

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.

- 1.7** This consultation outlines the proposal to clarify the position with respect to G39 authorisations to reflect more accurately the aims of the Competition in Connections Code of Practice.

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 comprises representatives from DNOs, 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 recommends 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, then the Code of Practice will be modified accordingly.

3 Summary of Changes

- 3.1** This modification proposal was raised by Graham Smith on behalf of the Unmetered Connections Customer Group (UCCG), with formal documentation submitted to the Code of Practice Secretariat on 9th January 2018, and an updated document received 29th May 2018. The rationale of the modification proposal was to clarify the position with respect to G39 authorisations, which the modification proposal claims is worded currently to apply only where employers or employees work across one or more DNO or IDNO area.

3.2 The modification aims to align G39 authorisation in the Competition in Connections Code of Practice with key principles (self-authorisation or DNO/IDNO authorisation) applying to ICPs, and to extend competition and harmonisation to those employers or employees who work in only one DNO or IDNO area. The revised legal text is as shown in Appendix One.

3.3 The modification proposal argues that undertaking G39 activities is no different to self-authorisation. Removing the LDNO from providing an authorisation for these activities also reduces the reliance on LDNO input services.

4 Rationale for Changes to Code

4.1 On balance, the working group considers that the changes proposed in this document provides significant advantages and meet the Code of Practice requirements.

4.2 Names of Working Group members and their organisations:

Graham Smith (Chair)	UCCG
Chris Roe	E.ON
David Jones	Jones Lighting
Jayson Whitaker	Energy Assets Group
John Perry	Western Power Distribution
Maryline Guinard	SSE Networks
Michael Doward	Electricity North West
Michael Proctor	Lloyd's Register
Stephen Perry	Ofgem

4.3 Rationale held against the Relevant Objectives 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 licensee;*
 - ii) *providing Input Services on an equivalent basis to all Connection Parties that operate in the Local Connections Markets;*
 - iii) *harmonising, to the fullest extent reasonably practicable, the Input Services provided by Distribution Service Providers.*
- b) *not distort, prevent or restrict competition in the Local Connections Markets;*

- 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.*
- d) *facilitate the efficient discharge by the licensee of the obligations imposed upon it by this condition.'*

4.4 This change proposal is intended to meet the requirements of the Relevant Objective shown at Sections 2.3.1 a) i) and 2.3.1 a) iii) of the Code of Practice, i.e. '*i) minimising, to the fullest extent reasonably practicable, the number and scope of Input Services which are only available from the licensee*' and '*iii) harmonising, to the fullest extent reasonably practicable, the Input Services provided by Distribution Service Providers*'.

5 Questions in summary

- 5.1** Do you agree with the proposed amendments to paragraph 5.2.2 of the Code of Practice? (see Appendix One)
- 5.2** Do you believe that the modification proposal meets the Code of Practice Relevant Objectives (as stated in paragraph 4.3) more effectively?
- 5.3** Do you believe there is a better way in which the Code of Practice Relevant Objectives might be met than through the changes proposed?
- 5.4** Do you have any other comments or observations you would like the Working Group to take into consideration?

6 Implementation

- 6.1** Responses should be submitted to the Code of Practice Secretariat (code.administrator@energynetworks.org) by 5pm on the amended date of 19th October 2018. All responses will be published on the Code of Practice website, unless listed as confidential.

7 Attachments

- 7.1** Appendix One – Legal changes to text in the Competition in Connections Code of Practice.
- 7.2** Appendix Two – Modification Proposal: G39 Self-Authorisation.