



Competition in Connections Code of Practice – Modification Report

0003 – CiC Code of Practice Reporting Requirements

14 June 2016

1. Purpose and Objective

- 1.1** The intent of the modification is to set out the details of which DNOs will report to Ofgem annually, in line with section nine of the Competition in Connections Code of Practice ("The Code of Practice") as published in July 2015:

"Each DNO shall publish an annual report by the end of September each year to demonstrate their compliance with this code of practice. This report shall include reporting on the volume of inspections by the DNO on connections completed by all parties (including the DNO's own business or affiliates and competitors).

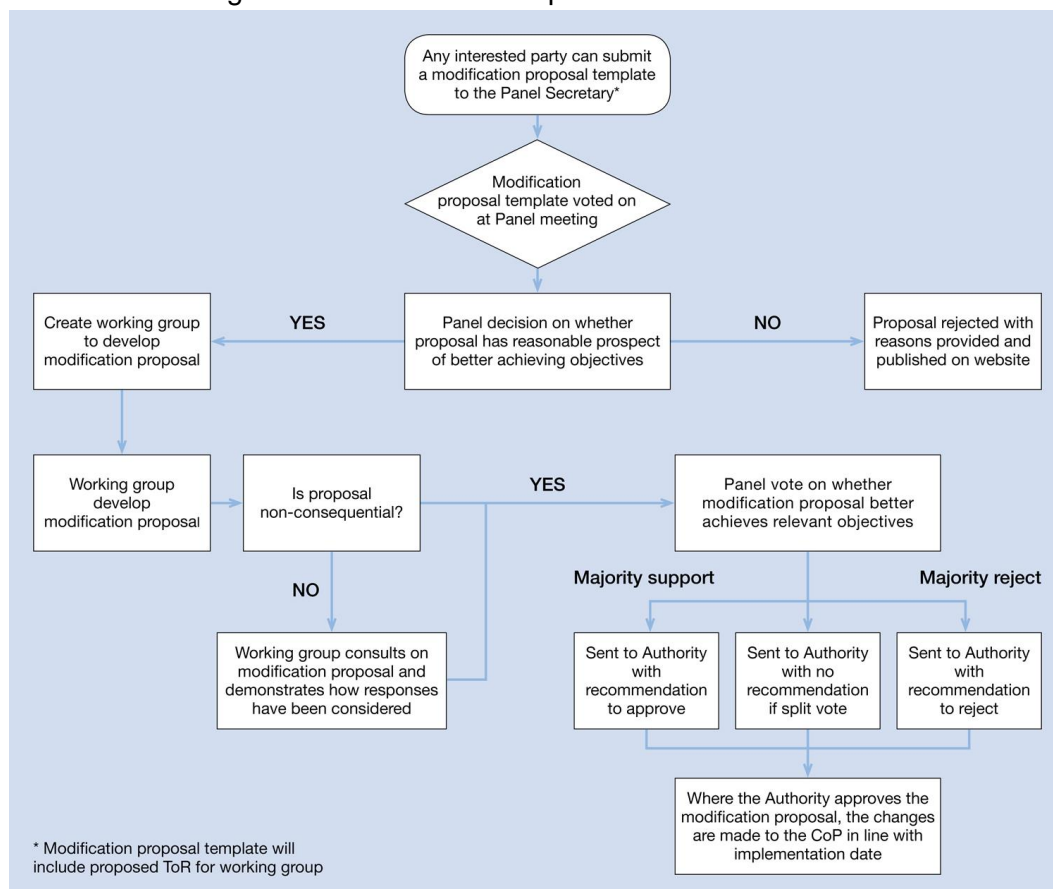
The report will include such detail on processes and procedures and available metrics to demonstrate the DNO is providing the equivalent level of service to independents as to them undertaking connection activities themselves for each of the Input Services.

The detail of the reporting requirements will be developed in conjunction with stakeholders and approved by Ofgem. These details shall be finalised by 15 January 2016 and if appropriate a modification raised. If a modification is not deemed appropriate the DNO shall, in co-operation with the other DNOs, provide an explanation to Ofgem."

- 1.2** The purpose of this modification is to introduce to the Code of Practice a common template for Distribution Network Operators (DNO) to use to meet their obligations to publish an annual report by the end of September each year. This report will demonstrate their compliance with the 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 of DNOs and representatives from trade associations representing Independent Connection Providers (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 may better meet the Code of Practice relevant objectives then 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 2015, it highlighted three areas where it wanted further details. These were design approval; self determination of the point of connection; and reporting requirements to demonstrate compliance with the Code of Practice.
- 2.5** The detail of the reporting requirements was to be developed in conjunction with stakeholders and approved by Ofgem. This review was to be completed by 15 January 2016. The Panel discussed reporting requirements in a meeting on 10 December 2015 and the feedback was for reporting requirements to be included as an Annex to the Code of Practice and progressed through a formal modification proposal.

3. Original Modification Proposal and Rationale

- 3.1** The modification proposal was raised by Electricity North West and was submitted to the Code of Practice secretariat on 1 December 2015. The rationale of the modification proposal was to produce a common template for all DNOs to use to comply with the obligation set out by Ofgem to publish an annual report by the end of September each year to demonstrate compliance with the Code of Practice. The Panel voted to establish a working group on 10 December 2015.

4. Original Modification Considerations

- 4.1** The working group held its first meeting on 14 December 2015. A subsequent meeting was held on 11 January 2016 after the release of a consultation document to discuss stakeholder responses. On 22 February 2016, the working group made a decision to delay the progression of the modification proposal, until a decision had been taken on two other modifications running concurrently, which would affect the contents of the Reporting Requirements Templates. These modifications were: 0001 Self Determination of PoC by ICPs and 0002 Self-Design Approval Processes. A further meeting was held on 4 May 2016 to incorporate any changes that would need to be made to the Reporting Requirements template, following the Authority's approval of the modifications 0001 and 0002.

- 4.2** Names of members and their organisations who sit on the Reporting Requirements working group:

Glyn Jones (Chair)	Sterling Power Group
Brian Hoy	Electricity North West
Catherine Falconer	SSEPD
David Overman	GTC
Gareth Pritchard	HEA
Graham Smith	Kier
Ian Cobley	Northern Powergrid
Neil Fitzsimons	Poweron Connections
Paul McGimpsey	SP Energy Networks
Richard Allcock	Western Power Distribution

Stephen Perry
Sue Jones
Neil Magrath

Ofgem
UK Power Networks
UK Power Networks

- 4.3** The common template has been formed by identifying where in the Code of Practice there are obligations on the DNOs. In each instance the specific text of the Code of Practice has been included in a separate box in the template, for each DNO to fill in what they have in place to fulfil that obligation. The final approved template will be added to the Code of Practice. Therefore, any changes to the template will require a modification.
- 4.4** The proposed template also includes the reporting table to be completed by the DNO that provides quantities of relevant activity in the previous year. These are generally split by Ofgem's relevant market segments to provide by suitable granularity.

5. 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 including trade associations and other interested parties.
- The distribution list contained members from the Metered Connection Customer Group (MCCG) mailing list.
- The consultation was also by request, forwarded onto other contact mailing listed by representatives of the Unmetered Connection Customer Group (UCCG).
- The consultation was also sent to the National Electricity Registration Scheme (NERS) with the request of onward circulation to companies holding NERS accreditations.

5.2 The consultation documents were uploaded on the [website for the Code of Practice](#). The list of questions asked were:

5.2.1 Do you believe that a template is the best way of capturing these requirements?

5.2.2 Does the proposal better achieve the relevant objectives?

5.2.3 Do you agree with having the reporting template incorporated into the Code of Practice?

5.2.4 Do you think that the proposed template captures all of the reporting obligations of the DNO? Please confirm whether you agree or disagree and also identify any omissions against the relevant section in the table:

Section	Agree / Disagree	Comments
Connection Application		
Determining whether an ICP		

can undertake assessment of POC		
DNO Input Services where the ICP determines the POC		
POC assessment Using standard Design Matrix		
Information Exchanges		
Connection Design		
Design Approval		
Final Connection		
Inspection		
Land Rights		
Adoption		
Dispute Resolution		

5.2.5 Are there any other reporting requirements not captured in the proposed template?

5.2.6 Do the reporting tables in the proposed template adequately capture the information that DNOs need to report to demonstrate compliance?

5.3 The vast majority of the responses received 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:

5.3.1 Do you agree with having the reporting requirement template incorporated into the Code of Practice?

Seven out of the eight respondents to this question were in agreement with having the reporting requirements template incorporated into the Code of Practice. Northern Powergrid objected to the template being included within the Code of Practice. They suggested that each time the template was amended it would require a new modification proposal, suggesting that it should be put into an appendix, so any changes can be made by the CiC Code of Practice Panel, without the need for a modification. The group responded to this, saying that even an appendix to the Code of Practice would require a modification proposal to be submitted. The group noted that some changes maybe time consuming as they will need to go through the change process, but that it was important to maintain consistency. GTC said that the reporting requirements needed to be part of the Code of Practice. They believed that an additional guidance document should also be created on how the reporting template should be filled out. The working group discussed this issue, highlighting that each DNO had the same obligations to demonstrate compliance with the Code of Practice. It was noted that the DNOs may address the reporting requirements differently and that best practice will likely develop overtime. The group noted that there will always be an opportunity to submit later change proposals.

5.3.2 Are there any other reporting requirements not captured in the proposed template?

Respondents were in agreement that there were no additional reporting requirements that needed to be added to the template, though some editing suggestions were noted.

5.3.3 Do the reporting tables in the proposed template adequately capture the information that DNOs need to report to demonstrate compliance?

Respondents said that in general, they believed that the reporting template adequately captured the information that DNOs need to report. Power On Connections said that they believed that the reporting template was adequate, providing that DNOs provide all of the required data. They noted that the template reporting tables do not specifically stipulate exactly what needs to be inserted by the DNO. They said that the working group should consider changing the seventh paragraph, to specify minimum requirements. The group discussed this comment, deciding that this could mean that DNOs could possibly end up providing some detail that is not necessary.

GTC noted that if any changes to the Code of Practice itself, changes will need to be made to the reporting table to reflect this. The group reflected on this response, saying that the modification proposal form includes a requirement to review the reporting template in light of any modification that may affect it.

6. Legal Text Change

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

7. Implementation

7.1 The proposed changes to the Code of Practice will be implemented two days following any approval decision from Ofgem.

8. Evaluation against Code Objectives

8.1 The Rationale for the Code of Practice Relevant Objectives are set out in Section 2.3.1 of the Code of Practice document:

‘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 DNO;
- 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 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** The purpose of this modification was to introduce a reporting requirements template, which DNOs will use to publish an annual report at the end of September each year, to demonstrate their compliance with the Code of Practice. This will help facilitate harmonisation by enabling consistent reporting among the DNOs.
- 8.3** It better achieves the objective to facilitate competition in the market for new electricity distribution connections through harmonising, to the fullest extent reasonably practicable the input services provided by Distribution Service Providers.
- 8.4** Separately, the modification proposal will provide a clear and common template for DNOs to report against the requirements in the Code of Practice. This will make it easier for stakeholders, including DNOs' competitors within the connection market, to understand how DNOs are complying with the Code of Practice and identify best practice.
- 8.5** In addition, it will highlight where any DNO has not complied with the Code of Practice. Consequently, it better achieves the objective not to restrict, prevent or distort competition in the market for new electricity distribution connections.
- 8.6** It has also been stated that as with the other modifications that have been submitted, as noted by Ofgem, this modification will also help improve transparency and comparability of DNO arrangements. It is also recognised that as this modification has been submitted not long after the creation of the Code of Practice, that best practice will develop over time.

9. Panel Recommendation

9.1 The Panel considered the responses to the consultation and the report submitted by the working group. The following Panel votes are set out below:

Name	Decision
Brian Hoy - ENWL	Approve
Catherine Falconer – SSE	Approve
Gareth Pritchard – UCCG	Approve
Glyn Jones – MCCG	Approve
Graham Smith – UCCG	Approve
Ian Cobley – NPg	Approve
David Overman - CNA	Approve
Andrew Green – CNA	Approve
Paul McGimpsey – SP	Approve
Jayson Whitaker – MCCG	Approve
Neil Magrath – UKPN	Approve
Tim Hughes – WPD	Approve

9.2 The Panel voted to send a recommendation to the Authority to approve the modification proposal.

10. Attachments

- 10.1** Appendix One: 0003 CiC Code of Practice Reporting Requirements template
- 10.2** Appendix Two: 0003 CiC Code of Practice Reporting Requirements template Modification Proposal
- 10.3** Appendix Three: 0003 CiC Code of Practice Reporting Requirements Consultation Document
- 10.4** Appendix Four 0003 CiC Code of Practice Reporting Requirements Consultation Responses
- 10.5** Appendix Five: 0003 CiC Code of Practice Reporting Requirements Consultation Responses Matrix