Stakeholder Panel Meeting Minutes – 27th of August 2014

Subject:	**Stakeholder Panel Session**
When:	27th August 2014, 3pm
Where:	Radisson Blu Hotel, Argyle Street, Glasgow
Panel Members:	Allan Cunningham, Morrison Construction Bob Weaver, PowerCon (UK) Ltd George Dow, Mactaggart and Mickel Martin Reilly, Hawthorne Boyle Stephen Phimister, TUV SUD Ltd
SPEN Attendees:	Paul Brown Graham Campbell Jillian Violaris Elaine Forsyth
Apologies:	Patrick Flynn, Glasgow City Council
Date of Next Meeting:	Dec/Jan 2015

Agenda

Introduction

3.00pm Tea and Coffee on Arrival
3.15pm Overview of SP Energy Networks Why are you here today? What are we trying to Achieve?
3.45pm Our Key Focuses to Date
4.00pm Tea and Coffee

Future Plans
4.15pm Our Approach
4.30pm Areas for Discussion:
- Customer Service
- Application Process
- Information Provision
- Communication
- Technical
- Enablers to Connection
- Choice
- Distribution/Transmission Interface
- Communities

5.30pm Agree Priority Areas and Next Steps

Purpose of Meeting:

- Inaugural Stakeholder meeting to:
  - Provide Overview of SPEN/Connections Business and key focuses to date
  - Establish the purpose of the Stakeholder Group and function of panel
  - Start to build upon our understanding of stakeholder needs and perspectives
  - Agree Priority Areas and Next Steps

Actions:	Actioned By:	Completed By:
Share with the panel more detailed figures for the ratio of Quotes Issued/Accepted	SPEN	Dec/Jan 2015 - Share at next panel meeting
Issue the Guaranteed Standard of Service that SPEN must comply with as set out by Ofgem	SPEN	Complete – as attached
Provide an overview of the Notice to quit	SPEN	Dec/Jan 2015 – email Customer Account Managers(CAM's)
Agree if a separate session on Asset Value is required	Panel Members	Dec/Jan 2015 - Agree at next panel meeting
Publish names of Panel members of website and meeting minutes (anonymised)	SPEN	Publish end of Sept once minutes agreed
Establish session to go through website in more detail for all customers	SPEN	Complete – Customer surgery planned October 2014
Share Jargon buster for the industry acronyms	SPEN	Complete – as attached
Establish group email address	SPEN	September 2014
Consider if there are representatives missing from the group	Panel Members	Dec/Jan 2015 – email CAM's
Email Account Managers any other issues that were not discussed or missed on reflection	Panel Members	Dec/Jan 2015 - email CAM's

Welcome and Introductions	
SPEN Overview	
SPEN	SPEN provided a general overview of size, number of staff, location of operation and assets maintained.
PANEL	Questions were raised surrounding the split of contractors to internal staff and safety records from an H&S perspective. Do SPEN report and include contractors in their Safety records? Is the spilt of contractors to direct staff the same for all DNO's?
SPEN	SPEN have a very good H&S record and we heavily monitor contractor activities. DNO's operate varied direct staff v's contractor models determined by their areas of operation.
Our Business Plan – 2015 to 2023	
SPEN	SPEN provided an overview of what is proposed in our Regulatory(ED1) Business Plan submission
Network Connections	
SPEN	SPEN provided an overview of the size and scale of the Network Connections activities from enquiries received, quotes issued and objectives
PANEL	It was suggested that the panel would benefit from understanding the detail on a number of the figures presented including the ratio to quotes issued to offers accepted. It would be useful from a Distributed Generation (DG) perspective to understand the uptake of offers, as this impacts both the cost to connect and also time to connect. The DG community as a whole accepts that there are still problems however they now know who to speak to however there are problems with reinforcement which Ofgem accepts.
SPEN	SPEN provided an overview of the figures as follows: Minor Connections – 60/70% are accepted which has risen in the last 3 years due to better service, price and customers not opting to move house Housing – 1 in 10 projects are accepted – ICP and IDNO activity in the market makes SPEN less attractive Diversion/Notice to Quit – 60-70% acceptance rate Industrial/Commercial – 50% of projects accepted Distributed Generation – 15-20% acceptance which has been dropping lately as

	heavily influenced by changes to the feed in tariffs (FITS) and Renewable Obligation Certificates (ROCS).
PANEL	A point was raised that the variance in costs between ICP and IDNO quotations is an issue for our customers, mainly due to Asset Value.
SPEN	SPEN then went onto explain the establishment of Core Utility Solutions Ltd (CUSL), which was set up to compete as an ICP in an increasingly competitive market place. In our last price review we reviewed a number of the SP businesses and it was decided that CUSL would be brought back in house for a number of reasons: • Duplication of effort of staff • Best way to operate as DPCR5 approached • MU not as active
PANEL	Discussions then focused on the alternatives outside SPEN's area. Clients are often driven to use IDNO's/ICP's due to cost but there is no real alternative in the North of Scotland.
SPEN	SPEN then explained that often as a DNO we promote choice and focus on providing the best Customer Service to our customers and to promote competition in our area. Competition in connections (CIC) hasn't developed in the UK to the same extent as the Gas market. Ofgem are currently reviewing how best to take this forward.
PANEL	The panel then asked if SPEN are still offering Multi-Utility connections. One panel member stated that they didn't know that we offered this service. A number of panel member interjected to confirm that SPEN did still offer this service but not to all developments.
SPEN	SPEN then went on to explain the reasons that Asset Value cannot be offered. SPEN tend not to be competitive against an IDNO provider due to Asset Value.
PANEL	The panel then asked what % of connections activity do you lose?
SPEN	SPEN confirmed that the uptake of competition was still varied across various market segments. Although we operate the same process and policies across the UK. Ofgem have incentivised DNO's to promote competition.
PANEL	A panel member then explained that Ofgem opened up the connections market as they wanted to introduce choice. At one stage the only option was to put your work through a DNO however there was distrust and the service was often poor. In DPCR5 Ofgem introduced a regulated margin of 4% for DNO's such that a headroom could be introduced for ICP's to enter the market. A panel member shared their experience and often found competitors are 20% cheaper than SPEN. Members stated that if SP could offer Asset value they would actually be more competitive
SPEN	SPEN confirmed that they have previously spoken to Ofgem on the subject of Asset Value.
PANEL	A panel member asked SPEN why they do not target other areas so that they offer an Asset Value?
SPEN	SPEN explained that this had been trialled in CUSL however the costs of servicing

	out of area projects often proved more expensive and inefficient.
PANEL	It was agreed that the ICP model was very good in driving down costs however members were less receptive to the IDNO model in relation to Asset Value. A point was then made about IDNO emergency response in the event of a fault. One panel member then commented that IDNO assets are still relatively new so less likely to fault but what happens as these age? Will IDNO's be able to respond? The panel members collectively agreed that the service provided by DNO's had come a very long way. It was noted that the improvement in standard of service could be due in part to competition. A panel member then asked about SPEN's guaranteed standards of performance (GSoP) as often ICP's/IDNO's blame the DNO for delays.
SPEN	SPEN gave a brief overview of the GSoP that they must adhere to and promised to share the standards with the group. SPEN suggested that a separate session on Asset Value might be worthwhile. Panel members to advise if this session would be worthwhile
Why Are You Here Today?/What Are We Trying to Achieve?	
SPEN	SPEN outlined the reasons why the panel members had been chosen and also described what they hoped that the panel would achieve. Panel members had been approached due to their standing within the industry and long established relationship with SPEN. The members were advised that minutes would be published on their website with panel members names anonymised. A number of questions were asked of the panel; was there any representation missing from the group? Should a group email be established? Was this the right time for holding this type of meeting?
PANEL	The group agreed that they were happy for their names and minutes of the meeting to be published on the web. The general consensus was that this was a good time to hold the meeting however a meeting over breakfast or lunch would also work well. It was also suggested that possibly a commercial developer or a Local authority street lighting representative should be a member. It was also agreed that a group email should be established.
Our Key Focus to Date	
SPEN	SPEN gave an overview of a number of initiatives that they had been working on with regards to Customer Service Improvements, Stakeholder Engagement, Information Provision and extension of Contestable activities.
The Future...	
SPEN	SPEN outlined their plans to develop improvement plans for all of the defined market segments over the next 4/5 months. SPEN described the approach as to

	how these plans would be developed and that SPEN would be looking for the panel to sanction these improvement plans.
Areas for Discussion	
SPEN	The meeting was then opened up to panel members to raise any areas that they would like to discuss.
Consents/Wayleaves	
PANEL	One of the panel members suggested that if we tackle communication then it will solve many of the issues that customers face. The discussions then surrounded Wayleaves; one member described this as their biggest challenge. They went on to state lawyers don't talk to each other, legal requirements are unrealistic – lease agreements for 25-100 years. A lot can happen in the length in the term of the agreement and SPEN expect contamination insurances for the length of the agreement. Environmental clauses and guarantees are unrealistic. One panel member asked if SPEN could make a standard agreement with local authorities regarding terms of consents/leases. One example was provided where a number of schools were being constructed for an authority and separate substation agreements had to be reached for each of the different sites. Is this something that could be looked at? SPEN having a standard set of agreements with local authorities would be useful. Could SPEN not issue the standard terms of our wayleave agreements when issuing the quotation?
SPEN	SPEN explained that they have been working closely with internal lawyers to try and find ways to improve gaining consents and good progress has been made, in particular in relation to Distributed Generation. It was acknowledged that lawyers can often adopt a cautious approach to ensure the long term security of supply and costs.
PANEL	One of the panel members felt that there will come a day when a scheme cannot go ahead as wayleaves cannot be agreed. A consultation on Land Rights is needed and better information provided at the outset. Particular clauses should be addressed and timescales should be part of the conditions. A panel member mentioned that WPD publish their standard wayleave terms on their website. It was agreed that better communication throughout the wayleave period would greatly assist. A panel member suggested that an update on progress would be extremely helpful. A panel member advised the group that one particular ICP has someone dedicated solely for actively pursuing wayleaves and liaising with clients solicitors.
Terms and Conditions of Standard Quotations	

PANEL	A panel member felt that some of the standard terms in SPEN's quote letters are unreasonable. An example was provided regarding the standard clause for the customer to provide on/off site security.
SPEN	SPEN agreed that the standard terms is something that could be looked at.
Programme of Works	
PANEL	It was also suggested that SPEN should provide a programme of works when issuing an offer in order to set customer expectations.
SPEN	SPEN acknowledged that this was something that was being considered.
Payment Terms	
PANEL	The panel agreed that SPEN should offer payment terms on their offers.
SPEN	SPEN advised that this had already been looked at and the criteria for schemes being offered payments terms were to change. All schemes with a 12 month construction period (or longer) would now be eligible for terms.
PANEL	The panel agreed collectively that 12 months was too long and that this should be reconsidered. One member asked if pay on completion could be considered. SPEN explained that this was not an option. A panel member suggested that it should be as it was previously all non-contestable works paid upfront and then milestone payments thereafter. A panel member stated a number of ICP/IDNO's are payment on completion.
Technical Standards	
PANEL	A member posed the question, could SPEN's policy for no basement substations be reconsidered, especially within city centre where land is at a premium? The reasons for not having basement substations can be overcome at a cost and sometimes this is cheaper than the increased requirements of containment etc... SPEN just don't seem to have an appetite to make this achievable.
SPEN	SPEN acknowledged the issue and reiterated that it had been ruled out from an H&S perspective for the moment.
Load Information	
PANEL	A discussion point was raised surrounding the provision of capacity information. Could SPEN not provide more detail available capacity? This would reduce the number of applications being submitted.
SPEN	SPEN advised that they had been making efforts to improve the information provided. Heat maps had been published for Generation customers. The question was posed would this be something that demand customers would like? It would be easy to share capacities at HV but not at LV, it could also be open to misinterpretation. SPEN have been working with a number of city councils to provide information that may support long term development plans.
Reinforcement	

PANEL	The point was raised that there are areas that require reinforcement and also other areas where customers with agreed capacities were not necessarily utilising their load and this was stifling some development. Eurocentral was provided as an example.
SPEN	SPEN explained that under their Business Plan proposals that Primary Substations would be reinforced when they reach 100% of their capacity. Previously SPEN had a policy to reinforce at 120%.
PANEL	The panel then asked, if this should not be 80%?
SPEN	SPEN made the point that there were some tentative discussions around this but it came back to a question of 'who pays' and ultimately result in increased cost to bill payers.
Scottish Independence	
PANEL	A panel member then asked, had SPEN considered how Scottish Independence would affect their operations North and South of the border? How would this potentially affect regulation?
SPEN	SPEN advised that they were neutral to the independence debate and would work with any regulatory body or government in place.
Additional points	
PANEL	One panel member asked if a list of industry acronyms could be circulated.
SPEN	SPEN to issue a document containing some the most frequently used (jargon buster).
Next Session:	
PANEL	One member asked, what developers could do differently to assist the connection process?