

Part-Funded Reinforcement (PFR) Trial Review Workshop 24th November 2021, Microsoft Teams

This is a “minutes and actions” summary for the PFR trial review workshop (webinar) hosted by Scottish and Southern Electricity Networks (SSEN) on 24th November 2021 via Microsoft Teams, representing alternative providers operating in Southern Electric Power Distribution (SEPD) / Scottish Hydro Electric Power Distribution (SHEPD)’s Distribution Service Area (DSA).

SSEN Attendees

Connections Engagement Officer – Helene Bjørndal-Fosse (HF) – **Host / Speaker**
Connections Engagement Coordinator – Debbie Watts (DW) – **Minutes taker**
Competition in Connections Delivery Manager – Andy Thomas (AT) – **Speaker**
Competition in Connections Policy Analyst – Maryline Guinard (MG) – **Speaker**

ICPs / IDNOs Attendees

GTC (IDNO) – David Overman (DO)
GTC (IDNO) – Simon Dawson (SD)
Power On Connections (ICP) – Tim Erich (TE)
Power On Connections (ICP) – Anathan Dobson (AD)
FES Support Services Ltd (ICP) – William Milligan (WM)

Apologies

Lead Connections Engagement Manager (SSEN) – Sian Hughes (SH)
Connect It Utility Services Limited (ICP) – Chris Lee (CL)
Connect It Utility Services Limited (ICP) – Adam Fraser (AF)
Connect It Utility Services Limited (ICP) – Sarah Evans (SE)
Power On Connections (ICP) – Neil Fitzsimons (NF)
Power On Connections (ICP) – Nimesh Modha (NM)
Power On Connections (ICP) – Rob Facey (RF)
GTC (IDNO) – John Brown (JB)

Introduction and Agenda

All attendees were welcomed to the PFR trial review workshop which was hosted by SSEN via Microsoft Teams. An introduction was presented by HF, covering: the purpose and approach; the speakers; housekeeping; and the online interaction tool. This introduction also included a “safety moment” shared by AT. An overview of the PFR trial was presented by MG, covering: the background; the PFR trial proposal; the projects under trial; the success criteria; and the lessons learnt. This was then followed by an open discussion with all the attendees.

Ahead of this workshop, Connect It Utility Services Limited provided some feedback via email on their experience with the PFR trial for the project they completed under the trial. Their feedback was included on the presentation slides for discussion as agreed with them prior to this workshop. Connect It Utility Services Limited sent their apologies, as they were unable to attend. Their feedback was shared and discussed with all attendees in their absence.

Overview of the PFR trial to date

PFR trial proposal: A report setting out details of the proposed trial to allow alternative providers to deliver the reinforcement element of a project was submitted to Ofgem in January 2018. Ofgem completed a review of our proposal and made the decision to grant consent to our derogation from Section 6.15 of our Connection Charging Methodology Statement (CCMS), which excludes alternative providers from carrying out non-contestable reinforcement. This allowed SHEPD/SEPD to offer Part Funded Reinforcement to alternative providers on a 3-year trial subject to project and participant criteria being met. Ofgem's decision document was published on their website on 15th March 2018 at:

- www.ofgem.gov.uk/publications-and-updates/decision-ssen-s-request-derogation-their-connection-charging-methodology-statement
- www.ofgem.gov.uk/system/files/docs/2018/03/ssen_pfr_decision_document_final_002.pdf

Our aim: To conduct a trial over a 3-year period to allow alternative providers to carry out PFR works commencing **30th March 2018** and ending **30th March 2021**, with a view to establishing a business-as-usual (BAU) approach. We published the details of the trial on SSEN's website at:

- www.ssen.co.uk/Connections/Developers/
- www.ssen.co.uk/CompetitionInConnections/

Criteria

To manage the risk to SHEPD / SEPD and wider customers while ensuring the trial is both meaningful and manageable, we applied some restrictions:

- **Location:** SHEPD / SEPD's DSA only.
- **Nature of works:** PFR works must be physically and electrically separate from the wider Distribution System, in line with Section 6.15 of our CCMS.
- **Project type:** LV Metered Demand Connections; LV Metered Demand Connections involving HV works; and HV Metered Demand Connections involving HV works.
- **Participants:** appointed on a first come first served basis; were restricted to newly quoted connection projects on or after the implementation date; and were restricted to alternative providers with suitable NERS accreditations.
- **Duration of the trial:** to ensure the trial was meaningful but manageable the duration of the trial was capped at 3 years, which reflects the maximum expected lifecycle of a new connection demand project, including HV reinforcement.
- **Cap on number of accepted projects or PFR value:**
 - SEPD – up to **11 projects** or up to **£450k**, and
 - SHEPD – up to **27 projects** or up to **£210k**, whichever occurred first.

If the cap on number of accepted projects or PFR value was met within the 3-year period, no new projects would be considered until the trial was complete and learning was analysed.

Note: The PFR value (for the cost-apportioned reinforcement costs) only relates to the contribution to works made by the DNO and recovered through Distribution Use of System (DUoS) charges.

Success criteria

We used the following criteria to measure success and to inform a BAU approach:

- Uptake from alternative providers within 3-year period – [Target: 50% of cap].
- Support from alternative providers that arrangements are workable for BAU.
- No detrimental impact on technical, operational or safety of the network.
- Customer satisfaction with process and outcome.

Projects under trial

The official start date for the trial was **30th March 2018** and it ended on **30th March 2021**. No new projects will be considered for this trial. Projects which are still in progress can continue till completion.

Two alternative providers have applied for and accepted one project each under the trial during the 3-year period. Both projects are in SEPD area. No alternative providers have applied for and accepted any projects under the trial in SHEPD area.

Completed projects: One project in SEPD area has been applied for and accepted by Connect It Utility Services Limited, which has been completed within the 3-year period.

Projects still in progress: One project in SEPD area has been applied for and accepted by Power On Connections, which has not yet been completed within the 3-year period. This project is still in progress. It is understood that the Contestable Works have not yet started due to some delays, some of which are a result of the coronavirus pandemic. The works are now pending on customer's site readiness for the alternative provider to proceed.

PFR trial results against success criteria

1. Uptake from alternative providers within 3-year period – Target: 50% of cap

MG stated that there was no sufficient data to establish a BAU approach.

Accepted projects under PFR trial – Cap on number of projects:

Distribution Service Area	Cap on number of projects	Total number of accepted projects	% of total number of accepted projects	Success KPI – Target: 50% of cap
SEPD	11	2	18%	<i>Not achieved < 50%</i>
SHEPD	27	0	0%	<i>Not achieved < 50%</i>

Accepted projects under PFR trial – Cap on PFR value:

Distribution Service Area	Cap on PFR value	Total PFR value of accepted projects	% of total PFR value of accepted projects	Success KPI – Target: 50% of cap
SEPD	£450k	£164k	36%	<i>Not achieved < 50%</i>
SHEPD	£210k	£0	0%	<i>Not achieved < 50%</i>

2. Support from alternative providers that arrangements are workable for BAU

MG stated that there was no sufficient data to establish a BAU approach.

3. *No detrimental impact on technical, operational or safety of the network*

MG stated that there was no sufficient data to establish a BAU approach.

4. *Customer satisfaction with process and outcome*

MG stated that there was no sufficient data to establish a BAU approach.

Lessons learnt

The lessons learnt discussed during this workshop have been captured in the minutes and actions below and will be shared with interested parties.

Minutes and Actions

As the presentation ended, it was then followed by an open discussion with all the attendees.

- **Uptake from alternative providers in SHEPD's DSA**

SSEN – HF asked the attendees for views as to why we had no uptake in SHEPD's DSA.

FES Support Services Ltd – WM stated that he cannot recall any Connections Offers they were issued with where cost-apportioned reinforcement was included. WM stated that with current constraints on SHEPD's network, reinforcement would become more of a thing. WM stated that, to take part in future PFR trials, they would need the full scope of reinforcement work and would price it accordingly, and where it would be commercially viable for them, they would want to undertake those works. WM also stated that it would be beneficial to them and would give them and their clients more flexibility.

- **PFR trial proposal and approach**

SSEN – MG's comments: In July 2011 Ofgem consulted on whether PFR could be opened to competition and ran a working group in 2012 – SSEN supported those proposals. MG stated that she was not personally involved in those discussions at the time but believed that GTC were. MG stated that SSEN's PFR trial proposal and approach was based on Western Power Distribution (WPD)'s approach, as they were the first DNO to submit a proposal to Ofgem for a PFR trial, for which WPD gained approval. MG stated that the WPD's approach followed by SSEN is specifically relating to the split of the Closely Associated Indirects (CAI) and Business Support (BS) costs – i.e. percentage to be retained by the DNO and percentage to be paid to the alternative provider. MG stated that the details on the split of the CAI and BS costs was submitted to Ofgem for approval as part of SSEN's proposal but were never made public. MG asked the attendees for views on SSEN's proposal and approach based on the information made available to them.

GTC – DO confirmed that he was involved in early days discussions when figures were put together in terms of Indirects and Business Support costs and understood that it was a challenge to all DNOs. DO stated that GTC are working in WPD's DSA and that some of their cost-apportioned reinforcement costs are quite low. DO stated that when they look at the costs that WPD suggested as Indirects and Business Support costs, they wonder if this is the same

for all DNOs, as GTC do not recognize cost levels across industry being the same. DO also stated that he wondered if WPD's early PFR approach was correct for SSEN to follow and whether that it still holds true.

SSEN – MG stated that each DNO will have different overhead costs, which form part of the Indirects and Business Support costs, and those are different between SEPD and SHEPD and other DNOs. MG stated that Indirects and Business Support costs are commercially sensitive and DNOs do not disclose them in their Connection Offers but submit them to Ofgem in their annual returns. MG stated that a desk top assessment has been carried out by SSEN's Finance team, to establish a reasonable basis of apportioning such Indirects and Business Support costs for the trial, as they are not captured at activity level for each project. MG stated that because it was the first PFR trial for SSEN, and until it was completed, there was no way to determine if this was the correct approach, and if it was fair and representative of reality. MG stated that if this PFR trial or future trials were to become BAU, SSEN would have to revisit the split of Indirects and Business Support costs (i.e. percentage to be retained by the DNO and percentage to be paid to the alternative provider), and establish what is actually working. MG also stated that the calculated PFR costs are based on the DNO's costs, as third-party costs can only be estimated.

GTC – DO stated that from their point of view, they would want more granular understanding of SSEN's Indirects and Business Support costs and whether these are different to WPD's. DO stated that as it is commercially sensitive information, they do not necessarily need to know the exact split of Indirects and Business Support costs for vehicles and transport, wayleaves, stores, and everything else. However, they need to understand what percentage of the whole cost is retained by SSEN, so they can establish the remaining cost paid to alternative providers and be able to price and build the project accordingly. DO stated that this is the part they are trying to drive at.

SSEN – MG's additional feedback on DO's statements above: Without going into too much details, the results of the desk top analysis (based on the approach developed during the Ofgem led PFR working groups in 2012 and WPD's subsequent trial) suggested a total reduction to the indirect rate applied by SSEN on each PFR connection of 41% in SEPD's DSA and 36% in SHEPD's DSA. This means:

- **59%** of total Indirects and Business Support costs to be retained by SEPD and **41%** to be paid to the alternative provider; and
- **64%** of total Indirects and Business Support costs to be retained by SHEPD and **36%** to be paid to the alternative provider.

SSEN's PFR trial would have helped to provide validation of this approach and the proportions applied, if the uptake from alternative providers had been higher.

- **Projects under trial**

Power On Connections – TE stated that he and his team were not aware of the PFR project which Power On Connections applied for in 2019 and accepted, which is yet to be completed.

SSEN – MG stated that it was unfortunate that NF could not attend this workshop as he was involved in putting the project forward to SSEN as a potential match for the PFR trial, which qualified successfully. MG provided the name of the key contact for Power On Connections at application stage who was issued with the PFR Connection Offer.

Power On Connections – AD stated that he was not aware of the PFR project either and the project manager who was involved had moved to their major projects team since.

SSEN – MG stated that she would provide the project's details outside of this workshop.

Power On Connections – TE stated that they have now identified the PFR project which is yet to be completed, and that it is a customer constraint preventing it from going ahead. No need for MG to provide the project's details anymore. TE also stated that they have several projects with reinforcement which they would like to put forward for the PFR trial.

SSEN – MG stated that Power on Connections can only complete the PFR project which has been applied for in 2019 and was accepted, as the PFR trial has officially ended on 30th March 2021, which was the end of the 3-year period approved by Ofgem. No new projects can be put forward anymore. MG also stated that SSEN may consider opening further trials in the future, but there is no certainty at this time.

SSEN – HF noted that there is definite interest from Power On Connections for future trials.

GTC – DO stated that GTC are also definitely interested in future PFR trials. GTC have been talking to Scottish Power Energy Networks (SPEN) lately about the future of reinforcement work and how this will pan out in RIIO-ED2. DO stated that they all have recognized that it is really important to understand what needs to be done and how it can be done, as all the DNOs will be snowed under with workload in the next few years. DO stated that from everyone's point of view, it is in the interest of DNOs and alternative providers to work out how to do this, and over and above cost-apportioned reinforcement (i.e. partially DUoS funded – meaning DNO's cost-apportioned contribution), perhaps SSEN should also consider to open fully funded reinforcement (i.e. fully DUoS funded – meaning DNO's full cost contribution) to competition. DO stated that SSEN should start a dialogue on this, as it looks like the Connection Charging Methodology Statement is going to change with RIIO-ED2.

SSEN – MG stated that SSEN will investigate this for RIIO-ED2. **[Action – SSEN]**

GTC – DO stated that GTC have been issued with a lot of Connection Offers in both SEPD and SHEPD's DSA, and they have accepted a lot of offers to deliver those new connections as an IDNO. Some of the accepted projects had cost-apportioned reinforcement work included in the offer. From GTC's point of view, their concern is that they had not spoken to their team members to say: "*look out for cost-apportioned reinforcement work in the offer and if it is there you need to escalate it*". DO stated that GTC did not get geared up quickly enough to deal with that and they apologise in that respect. DO stated that the point made by WM (FES Support Services Ltd) is very important – i.e. if there is any cost-apportioned reinforcement included in

the offer, whatever SSEN are going to charge for the reinforcement work needs to be shown at earlier stage, and also what percentage the customer has to pay, so the overall cost can be worked out. DO stated that it would be easier to have something they can look at, so that they can see what needs to be done and make a cost assessment of that, to decide whether to do the reinforcement work or not. DO also stated that the PFR trial process is clunky because it is not BAU, so they almost look at handholding a project through with SSEN, to understand what is going on and what the benefit is for customers and for them, and what the timescales are, etc.

SSEN – MG’s additional feedback on DO’s statements above: If cost-apportioned reinforcement is triggered by a new connection, the full scope of this work is included in SSEN’s Connection Offer as standard, and the reinforcement cost forms part of the breakdown of charges. This includes the split between the customer’s contribution and the DNO’s contribution. All related reinforcement work and cost items are listed in the detailed cost breakdown enclosed with the offer. Customers and alternative providers can identify this. Also, standard SSEN’s ‘All Works’ Offers, for large demand, include the following statement: *“If your project includes reinforcement your alternative provider may be able to deliver this for you. Please contact your designer if you wish to discuss the above”*. Therefore, a customer could make an enquiry to find out whether their project with cost-apportioned reinforcement could be considered for the trial.

SSEN’s Connection Offers are currently automatically generated and issued by their existing Quotation Management system. This means that where a Connection Offer for a project which includes cost-apportioned reinforcement, such offer is issued to a customer or alternative provider without the PFR option as standard, as PFR is not BAU and was only a trial. Where a customer or alternative provider decided to put their quoted project forward to SSEN for the PFR trial, the PFR cost option had to be manually calculated and manually inserted into a new or revised Connection Offer, as well as the related PFR terms and conditions. Such new or revised offer for an eligible project under the PFR trial, had to be manually produced and issued by email to the customer or alternative provider. Like with any other Connection Offers, the timescale to issue a new or revised offer under the PFR trial is in accordance with the Electricity (Connection Standards of Performance) Regulations for ‘All Works’ Offers, or the Services and Standards under Standard Licence Condition (SLC) 15, for ‘Non-Contestable Works Only’ Offers, as applicable.

A business decision was made by SSEN to not implement any IT changes to automate the PFR Connection Offers for a trial which may potentially never become BAU, as this depending on the outcome of the PFR trial.

SSEN – HF stated that SSEN are currently developing a new IT system for Connection Offers – the technology will be a lot more flexible than the existing Quotation Management system, and hopefully much less restrictive to make quick minor amendments to highlight projects which are eligible for potential future PFR trials (or any trial). HF also stated that as a learning point, SSEN will endeavour to be more proactive to engage with customers and alternative providers to take part in future trials.

SSEN – MG undertook a walkthrough of the feedback provided by Connect It Utility Services Limited. This feedback includes pre-application, application, design, delivery, and AOB.

- **Pre-application**

Connect It Utility Services Limited – CL’s statement: As first candidate, set up somewhat prolonged with policy being conferred with on several occasions.

SSEN – MG stated that Connect It Utility Services Limited had several policy queries regarding the PFR trial once the project they put forward was deemed eligible. SSEN had to clarify what the approach was and what was required of them to take part in the trial before they officially applied for the PFR trial and associated Connection Offer.

Connect It Utility Services Limited – CL’s statement: Not well advertised/offered. Example wanted of what a PFR eligible quote would look like.

SSEN – MG stated that details of the PFR trial were published on SSEN’s website, newsletters mentioning the trial were issued, relevant information was also communicated via social media, and SSEN hosted several stakeholder engagements mentioning the trial. MG also stated that if alternative providers do not visit SSEN’s website, do not follow SSEN on social media, and do not sign up to attend stakeholder engagements and to receive newsletters etc., then it is very difficult to convey the relevant information to those who do not engage regularly with SSEN.

SSEN – MG’s additional feedback on CL’s statement above (i.e. PFR trial “not well advertised/offered”): SSEN offered several engagement opportunities to alternative providers to discuss the PFR trial, via different channels, as listed below:

- In February and March 2018, SSEN mentioned the PFR trial as a “significant ICP focus ICE commitment 2017/18” during ICP/IDNO stakeholder engagements.
- In February 2018, SSEN issued and published an ICP/IDNO newsletter which mentioned the forthcoming PFR trial.
- At the end of March 2018, SSEN published the details of the PFR trial on their website as the trial was live.
- In February and March 2019, SSEN hosted ICP/IDNO stakeholder engagements, which included Competition in Connections forums where the PFR trial was mentioned again.
- In April 2019, SSEN issued and published another ICP/IDNO newsletter which included a reminder about the PFR trial.
- In September 2019, SSEN hosted a PFR trial workshop as part of an ICP/IDNO stakeholder engagement in SEPD’s DSA, which included another Competition in Connections forum where the PFR trial was also mentioned.
- In February 2020, SSEN hosted an ICP/IDNO stakeholder engagement in SEPD’s DSA, which included another Competition in Connections forum where the PFR trial was mentioned again.
- In July 2020, SSEN hosted an ICP/IDNO group forum (webinar), where the PFR trial was mentioned again.

- **Application**

Connect It Utility Services Limited – CL’s statement: Had to make enquiry to find out if project was viable, wasn’t shown in connection offer.

SSEN – MG stated that the published PFR trial process stated that it was for the customer or alternative provider to make an enquiry to find out whether their project with cost-apportioned reinforcement could be considered for the trial, where the voltage level of the reinforcement work was either LV or HV demand.

Connect It Utility Services Limited – CL’s statement: 15% deduction made to cover SSEN cost covering cost of wayleaves/GIS etc – excessive. Feel this needs to be reviewed to create fair marketplace for all ICPs.

SSEN – MG stated that Connect It Utility Services Limited had several policy queries regarding the PFR cost and how it was split once the offer was issued to them. SSEN had to clarify that a percentage of Indirects and Business Support costs was retained by SEPD and a percentage of these was paid to them. MG stated that Connect It Utility Services Limited then challenged SSEN’s approach and wanted to know SEPD’s detailed Indirects and Business Support costs before they officially accepted the offer. SSEN had to clarify that this information was confidential and that the approach was approved by Ofgem and could not be deviated from.

- **Design**

Connect It Utility Services Limited – CL’s statement: Pleasure to deal with designated design engineer throughout.

SSEN – HF noted that Connect It Utility Services Limited expressed some satisfaction with the service provided by SSEN’s design team for the trial.

- **Delivery**

Connect It Utility Services Limited – CL’s statements:

- Construction phase was collaborative with support from SSEN’s delivery engineer.
- Construction went smoothly with positive engagement from local community and other stakeholders.
- Testing and handover straight forward and in line with SSEN’s standard procedures.
- Benefit: ability to set own programme of works.

SSEN – HF noted that Connect It Utility Services Limited expressed some satisfaction with the service provided by SSEN’s delivery team for the trial.

Connect It Utility Services Limited – CL’s statement: PFR payment only made when land rights and energisation was completed despite reinforcement being live, i.e. there was a funds

deficit for a period of time. This may restrict trial to larger ICPs who have sufficient capital to undertake costs.

SSEN – MG stated that the DNO's contribution to be paid to the alternative provider once the project was completed was part of the terms and conditions of the PFR trial, which was included in the proposal made to Ofgem and approved. MG also stated that she did not believe that any DNO (or IDNO) would take the risk to pay their contribution upfront to an alternative provider before the entire reinforcement asset and sole use asset was fully delivered in compliance with the required standards and specification, and the adoption of such asset was satisfactorily completed and the extended network was energised.

GTC – DO confirmed that, as an IDNO, he agrees with MG that it would not be sensible for the DNO's contribution to be paid upfront to the alternative provider.

- **AOB**

Connect It Utility Services Limited – CL's statements:

- Overall, experience was positive; in timescale of delivery, profitability, and collaboration with SSEN.
- Would complete trial again if it were to be available on a scheme and would recommend to others.
- Fortunate to be a multiutility contractor. Luxury of minimising disruption on residents, stakeholders, local authorities, and reduce waste and carbon footprint by trench sharing. By opening more reinforcement activities as contestable, we may be able to trench share more often.

SSEN – HF noted that Connect It Utility Services Limited expressed some satisfaction with the overall collaboration with SSEN throughout the trial. HF also noted that there is definite interest from Connect It Utility Services Limited for future trials.

Connect It Utility Services Limited – CL's statement: ICPs not able to benefit from SSEN's statutory undertaker NRSWA licence, i.e. had increased costs for Section 50 licences.

SSEN – MG stated that Connect It Utility Services Limited undertook this reinforcement work as part of Competition in Connections, not as a sub-contractor delivering works on behalf of SSEN, and therefore, they had to obtain their own New Roads and Street Works Act (NRSWA) Section 50 Licence. MG asked AT if he had any feedback to share regarding the delivery of the project under the trial from SSEN's point of view.

SSEN – AT stated that, initially, the construction phase went well, and the works progressed positively with SSEN doing the shutdown, which also went well. However, there were some issues in the construction phase, as complaints were raised by local businesses about the work and related excavations, taking up parking spaces, etc. AT stated that Connect It Utility Services Limited tried to pass those complaints back to SSEN. Where alternative providers are taking on reinforcement work as part of Competition in Connections, then they must take on all the issues

that arise with those works. SSEN had to pass the complaints back to Connect It Utility Services Limited. AT stated that there were also some issues with signage, as they put up signs that they were working on behalf of SSEN, which was not the case, and SSEN ended up fielding calls for them. AT stated that it was a straightforward project, with nothing too difficult to deliver, and did not foresee any issues. AT stated that it went well for everyone from a delivery perspective and that there is a lot more opportunities out there for Competition in Connections. AT also stated that SSEN would make the process slicker/better by improving how they advertise future trials.

GTC – DO stated that he absolutely agrees with the points made by MG and AT – i.e. if an alternative provider takes it on, they take it on as the ICP and build in with Section 50 Licence and everything else. DO stated that this needs to be spelt out a bit clearer from the offset and sharing trenching work ought to be a contribution they also think about. DO is also wondering whether there is anything else that could equally go in the trenching work at the same time (such as fibre/water/gas etc.) and make the project beneficial for all involved.

- **Next steps**

GTC – DO stated that in terms of next steps, if the trial is finished, they are a bit stuck. DO is wondering whether it would be worth redacting sensitive information from the PFR Connection Offers which were issued for the trial and he would be more than happy to look at some of these projects – either what was done or what was being proposed. GTC would then do a cost assessment on what they think it would cost them to do, compared to the DNOs contribution that was available to do the work. DO stated that they need to do a few test cases to see whether they can make some profit on this to take back into the market, if SSEN consider further trials. DO asked if SSEN could provide some worked examples as next steps.

SSEN – MG stated that only two PFR Connection Offers were issued for the two PFR projects discussed in this workshop: i.e. the Connect It Utility Services Limited project (for which the works have been completed), and the Power On Connections project (for which the works are still outstanding). MG suggested that GTC use the offer issued to Power On Connections, as it is relating to one of GTC's IDNO sites, and therefore there is no need for redacting the offer.

GTC – DO suggested to AD and TE that maybe GTC can look at the PFR Connection Offer issued to Power On Connections and go through it with their team members to see if GTC can do this. DO suggested that it was worthwhile for GTC to reviewing it, and then collaborating with SSEN, and then share it with the rest of the industry. Over and above that, with what is coming with RIIO-ED2 and fully DUoS funded reinforcement, there is a need to keep moving forward. DO stated that GTC have spoken to a couple of other DNOs recently and that they are both very interested in alternative providers getting involved in reinforcement work because they can see the avalanche of work coming their way.

Power On Connections – TE stated that they put forward 7 or 8 potential projects to SSEN for the PFR trial, and that getting one project accepted was brilliant. TE stated that it was a bit of a challenge for them to identify that scheme. As the trial's criteria was restrictive, it was difficult to

find an appropriate scheme. TE suggested that maybe the trial's criteria should have been more flexible and SSEN may have had more success for the trial.

GTC – DO stated again that if they could review the PFR Connection Offer issued to Power On Connections, they could get a better understanding of what was the DNO's contribution and if it was enough to make a profit. DO asked Power on Connections if the offer did spell out exactly what could and could not be done, and if everyone was completely clear on the financial value available. A quick assessment could then be made. DO also stated that he remembers in terms of the Competition in Connections Code of Practice (CiCCoP) and G88 work they have done in the past, it is really about understanding the level of risk or tolerance that a DNO would have in terms of impact on customers. DO asked if that reinforcement work involves a shut down, and existing customers require to be carded for the power outage, is that a project that would be considered for the trial? Or anything that impacts on existing customers?

SSEN – HF stated that SSEN will investigate this for RIIO-ED2. **[Action – SSEN]**

- **AOB**

SSEN – HF asked if there is anything SSEN could have done differently, such as: stating in the Connection Offers if the project was eligible for the PFR trial; being clearer about the PFR trial's requirements; being more flexible in the PFR's criteria; anything else?

GTC – DO stated that more engagement would have been welcomed – a phone call after the Connection Offer being issued to say: “*did you notice that cost-apportioned reinforcement work is included in your quote*”. DO stated that SSEN should proactively be pushing it more.

SSEN – HF noted that more targeted engagement should have been done.

GTC – DO asked whether SSEN know how many Connection Offers were issued with cost-apportioned reinforcement that customers and alternative providers could have made enquiries about, during the 3-year trial period.

SSEN – MG stated that she does not know the number of Connection Offers issued with cost-apportioned reinforcement during the 3-year trial period for LV and HV demand. MG will try and find out based on what was submitted in annual returns. **[Action – SSEN]**

GTC – DO stated that it would give them a quantum of what that potential workload could have been.

SSEN – MG reiterated that the cap on the number of projects was up to 11 projects for SEPD, and up to 27 projects for SHEPD. MG then asked the attendees if they had taken part in other PFR trials with other DNOs.

GTC – DO stated that he was aware of a project that they have done with another DNO and asked TE if that was something he knew about. DO stated that 33kV cable was laid, and that

there was no customer involvement. DO stated that he did not know what was done in terms of termination, but in terms of construction work, it went well. DO stated that the team members involved in the project were dealing with the Local Authorities, and that it worked well because they were doing other work in the area as well. DO stated that there was no shared trench, but that there were other synergies that made the collaboration ideal. DO also stated that there was a lot more hand holding in the quotation/acceptance process, but that the actual construction work carried on like any other ICP project.

Power On Connections – TE stated that he knows about this project and that it was a straight forward cable lay, and did not involve any termination, so the actual work was BAU. TE also reinforced DO's comments regarding the other DNO's front-end of the process which was a lot smoother and flexible than with SSEN's. Power On Connections feel that SSEN restricted the trial down with a very narrow selection of projects that would be feasible. TE stated that they had more choice with the other DNO's PFR trial.

SSEN – MG asked TE if he could expand on the flexibility and choices available to them for the other DNO's PFR trial.

Power On Connections – TE clarified that it was a HV demand project for standard 11kV connection works to supply an IDNO network where 33kV reinforcement was required upstream.

SSEN – MG stated that, as a starting point for a first PFR trial, SSEN opened it up only for LV and HV demand projects where the reinforcement work was at LV or HV, to limit the risks to existing customers.

GTC – DO stated that maybe they need to review that with SSEN as well in terms of some of the projects that were put forward which were thought to be eligible. **[Action – SSEN / GTC / Power On Connections]**

SSEN – MG stated that she recalls that NF put forward at least 4 or 5 projects in 2018 once the trial was live, which SSEN looked at and rejected as not deemed eligible, but she cannot recall that there were 7 or 8 projects. MG stated that, as she was off work for nearly a year in 2020-21, maybe some more projects were put forward that she is not aware of. MG stated that she would endeavour to find out about those projects from SSEN's side. **[Action – SSEN]**

SSEN – HF asked GTC and Power On Connections if they could find out from their side which projects were put forward and let SSEN know. **[Action –GTC / Power On Connections]**

GTC – DO stated that he was aware that WPD were the first to offer a PFR trial, but he was not aware if anyone took this up. DO asked if SSEN had any feedback from any of the other DNOs.

SSEN – HF stated that SSEN have not been able to find out from other DNOs if they had any intake from alternative providers. SSEN are not sure if all the other DNOs offered a trial.

SSEN – MG stated that SSEN are aware that WPD, UK Power Networks (UKPN) and Electricity North West (ENW) offered a trial, but do not know if Northern Powergrid (NPG) and SPEN did.

GTC – DO stated that GTC go to lots of stakeholder engagement events and would have come across it.

SSEN – MG stated that through ICE engagement with the other DNOs, SSEN may find out.

SSEN – HF stated that SSEN's ICE team will bring this up when they next have a meeting with the other DNOs and will feed this back. **[Action – SSEN]**

GTC – DO asked what SSEN's next steps are and if they will ask Ofgem to extend the trial time, or if they will close it down and review the findings with Ofgem. DO also asked where SSEN are you going next.

SSEN – MG stated that following the outcome of this workshop and feedback provided, SSEN will review the lessons learnt internally and will submit their findings to Ofgem. SSEN will publish a report, and a business decision will be made, pending on Ofgem's feedback being received. MG stated that, in the meantime, SSEN will progress the actions raised in this workshop and will engage with Power On Connections regarding the progress of their outstanding project.

SSEN – HF asked the attendees if they had any other business they wished to discuss. There was nothing else raised by anyone.

Slido – Online interaction tool

HF asked the attendees to answer a few more questions using the online interaction tool and to provide some feedback on the PFR review workshop content.

Next steps

SSEN will publish a report which will outline the PFR trial, including findings from this workshop and any potential improvements for future trials.

Thank you

HF thanked the attendees for their feedback and closed the PFR trial review workshop.