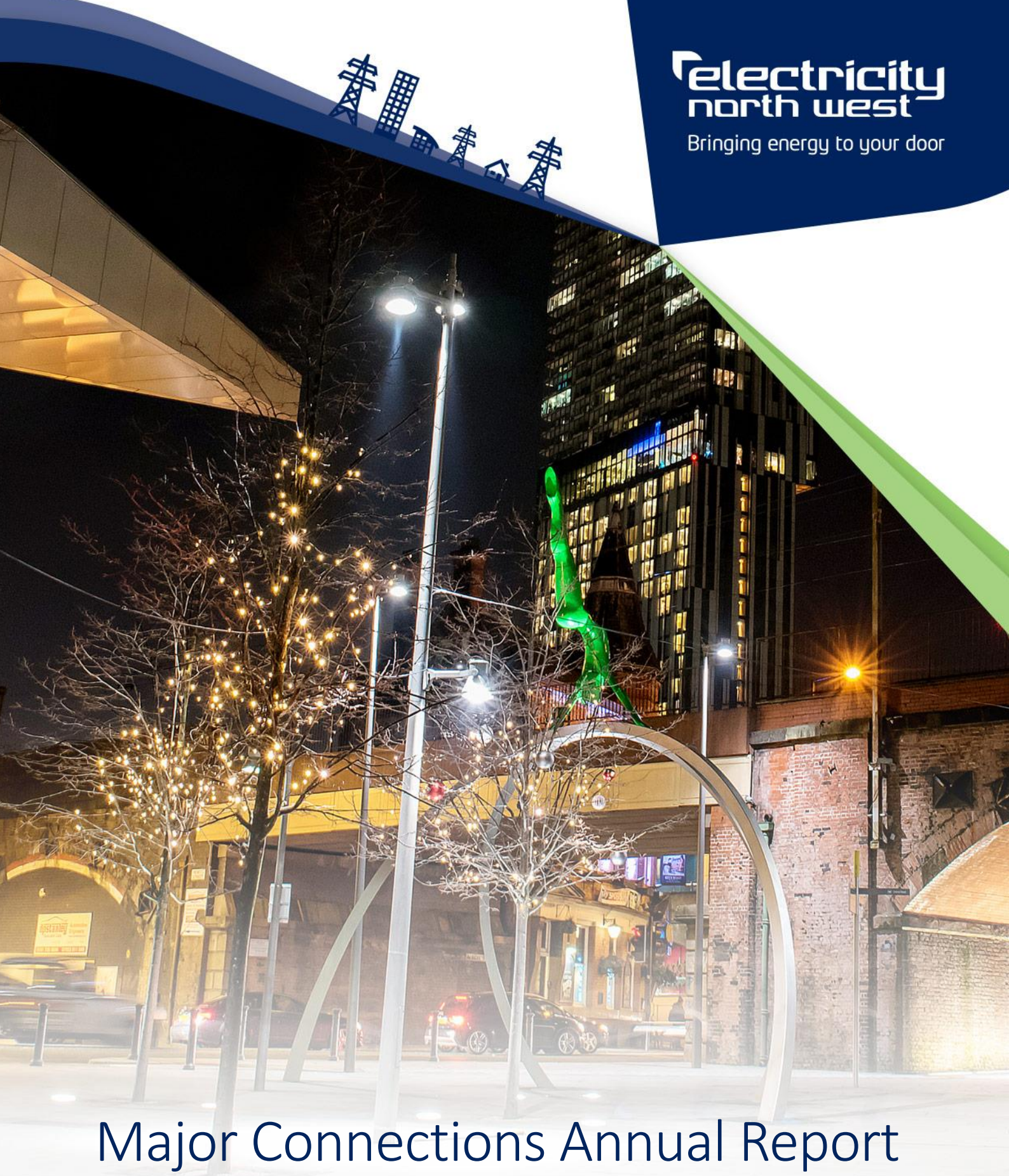

electricity north west

Bringing energy to your door

Major Connections Annual Report

2023-24

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Contents

1 Introduction

I am delighted to introduce our first Major Connections Annual Report (MCAR).

In April 2023, we entered a new Regulatory Period for Distribution Network Operators, RIIO-ED2, and with it the introduction of the Major Connections Incentive (MCI). This annual report is a key element of the MCI where we publish our performance under the MCI and describe how we are progressing against our Major Connections Strategy, focusing on the low voltage distributed generation market and the service we provide to support competition in connections.

I'm delighted to have made a strong start to RIIO-ED2 delivering high levels of customer satisfaction and progressing extremely well against our scorecard of measures. We have met the majority of the stretching measures we set ourselves. We continue to support competition and have demonstated that more connections are open to competition in our area than any other DNO, recognising the benefits to customers where they have a choice.

In Electricity North West, we believe our customers deserve the best, and continuously strive to deliver exceptional customer service. Our connections customers can expect a quality expert service and excellent value for money as we enable them to achieve their net-zero ambitions. We offer support and guidance throughout the customer journey with dedicated engineer support as well as lots of useful information on our website.

Across the electricity industry, attention focuses on enabling connections and speeding up the connections process in areas where there are issues. The Energy Networks Association have launched the Accelerating Customer Connections Action Plan and the Electricity System Operator are also driving forward with reforms to the connections process.

In our region, we take our responsibilities to our customers seriously, engaging with industry and taking key actions to ensure there is enough capacity for generators and businesses wanting to connect to our network. We have seen a tenfold increase in the capacity requested in connection applications, from 400MW in 2019 to 4GW in 2023, an unprecedented growth in the sector.

By working with our customers whose projects are not progressing, we can release capacity for other customers ready to progress. We have taken a more pragmatic approach in assessing the capacity needs for connection requests, reducing additional work on the network and speeding up connections. Along with other measures such as smarter contracts and using innovative techbology, we have released 2.4GW of capacity for our customers. We have also launched "take charge", a free advice service for both domestic customers and businesses considering installing low carbon technology such as solar panels.

We take great pride in delivering a great service to our customers, supporting the connection of low voltage distributed generation to our network, and helping Independent Connection Providers work in our region. This is a key element of how we contribute to the economic growth of the north west and so I'm delighted that we have made such a positive impact over the last year. I hope you find this report on our performance useful and would welcome any feedback.

Stephanie Trubshaw

Customer & connections director

1.1 Who we are

Electricity North West is one of 14 distribution network operators in GB, managing the critical infrastructure that keeps power flowing across the North West of England. We safely and responsibly operate the region's electricity infrastructure for the benefit of the region. Our network supports the economic powerhouse in the North West of England, covering Cumbria, Lancashire, Greater Manchester and parts of Cheshire and Derbyshire.

Our network is known for its exceptional value for money, being one of the most reliable and cost-effective networks in GB. We are proud to support the growth and net-zero ambitions across the region.

Electricity North West makes thousands of major connections to our network each year from new housing developments to new business premises. We recognise our critical role in enabling regional economic development and the need to respond to the growth in demand for connections to the electricity network.

1.2 The Major Connections Incentive Framework

Ofgem's Major Connections Incentive (MCI) framework is designed to ensure DNOs understand and meet the needs of larger connection customers. This involves assessing overall customer satisfaction with the connections process by enhancing customer experience, improving timeliness of connections, and improving the provision of information to customers.

The MCI consists of a:

- Major Connections Customer Satisfaction Survey ('MCCSS'), which runs both on a financial and reputational basis based on the level of effective competition demonstrated in the licensee's Relevant Market Segments ('RMS').
- Major Connections Annual Report ('MCAR'), including reputational reporting on timeliness of connections and delivery of our Major Connection's Strategy.

For us, the incentive is applied on a financial basis for Distributed Generation Low Voltage (see Figure 1) and on a reputational basis for the non-contestable elements of all other relevant market segments. This document is our MCAR for 2023-24 and covers **Distributed Generation Low Voltage (DGLV)** and **non-contestable works only** for all other market segments, in line with the results of Ofgem's latest competition tests (see Figure 1).

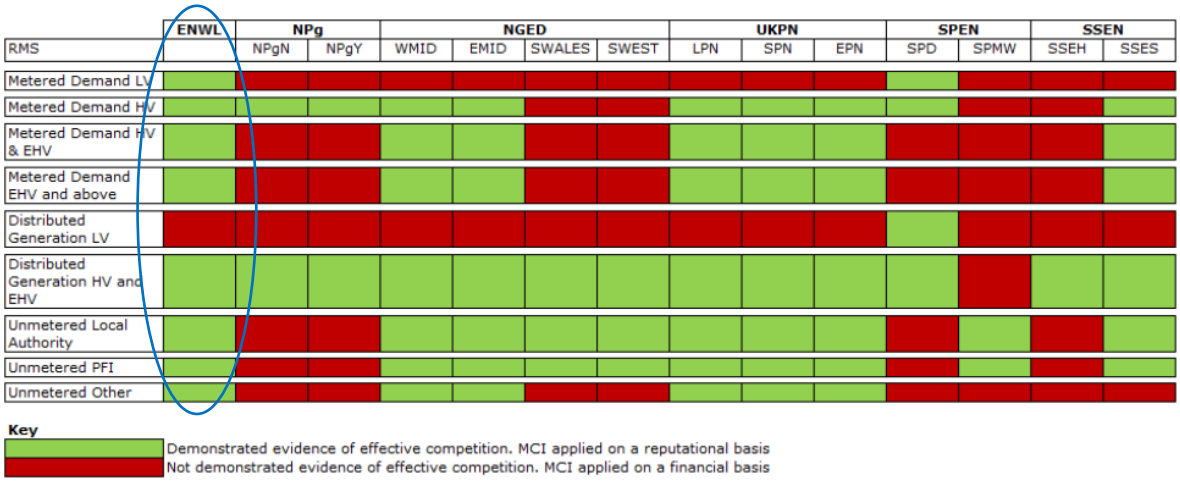


Figure 1: Results of Ofgem competition test, 2022.

1.2.1 Distributed Generation Low Voltage

The Distributed Generation Low Voltage market segment (DGLV) covers activities defined as *"new or modified connection of generation and storage equipment involving only low voltage (<1,000V) work"*. The segment is defined by the work necessary on our network and not necessarily the voltage of connection. If any high voltage work is needed, then the project will be classified as being in the Distributed Generation High Voltage market segment.

In terms of context, it is important to appreciate the nature of the Distributed Generation Low Voltage market segment. As the region progresses to net zero, a growing number of people and businesses are looking to install generation equipment on their property. This is seen in the number of applications we receive. As these are generally equipment being connected to existing premises, the vast majority of these did not require us to undertake any site works, and the customer could connect their equipment at no cost.

1.2.2 Non-contestable works

Customers can choose us to deliver their connection, or they can choose alternative providers who may also be suitable for their needs.

Independent Connection Provider (ICP)

An ICP is an accredited company that can build electricity networks to agreed standards and quality required to be owned by either a Distribution Network Operator (DNO) such as Electricity North West or an Independent Distribution Network Operator (IDNO).

For an ICP to carry out some of the connection works they must be registered with National Electricity Registration Scheme (NERS) that is administered by LRQA.

Independent Distribution Network Operator (IDNO)

An IDNO is a company licensed by Ofgem, to own and operate electricity networks. An IDNO network will be connected to the local power network, which is owned by a DNO. However, the IDNO will be responsible for managing and operating their local network, including all future maintenance and fault repairs.

Most of the work for a new connection can be undertaken by an ICP or and IDNO and is known as 'contestable work'; this would include the design and installation of the new network. There are some aspects that we still need to be involved with, known as 'non-contestable' activities; this would include the design and construction of any reinforcement of our network, inspection, monitoring and agreeing suitable legal consents for any contestable assets we are going to adopt.[1]

The reputational element of the MCI covers non-contestable activities we need to carry out to support competition in connections.

[1] Further details can be found on our website at Contestable vs non contestable (enwl.co.uk)

2 Performance

2.1 Major Connections Customer Satisfaction Survey

The Major Connections Satisfaction Survey (MCCSS) encourages DNOs to provide a high level of service to major connections customers and be more responsive to our stakeholders' needs.

There are two components in the MCCSS. The first assesses satisfaction in relation to the quotation process and is undertaken shortly after the quotation has been received. The second survey assesses satisfaction in relation to connections completed, again shortly afterwards. Each survey contains a 'killer question' which measures satisfaction on a scale of one to ten. The results of this 'killer question' are averaged to provide the customer satisfaction scores which are compared against the target, as set out by Ofgem in their Major Connections Guidance Document.

In addition, all survey results are assessed to ensure any penalties incurred through the MCCSS are based on a statistically robust sample, should a DNO fail to achieve the target. The margin of error and confidence level used to determine statistical robustness are set at 5% and 95% respectively.

2.1.1 Customer Satisfaction Scores applied on a financial basis

The scope of the customer satisfaction scores subject to a financial penalty are those RMS where effective competition has not been demonstrated. For us, this is the Distributed Generation Low Voltage segment only. This includes both contestable and non-contestable works within the segment.

MCCSS Score	2023/24	2024/25	2025/26	2026/27	2027/28
MCCSS Target	7.41/10				
Overall MCCSS score subject to financial penalty	8.60				
Distributed Generation Low Voltage	8.60				

We are delighted to have achieved a customer satisfaction score of 8.6 out of 10, outperforming the target of 7.41. Although we recognise there is more we can do to improve further, we believe this score represents a good level of satisfaction in the service we deliver to our DGLV customers.

The error margin for our DGLV MCCSS score is 7%.

2.1.2 Customer Satisfaction Scores applied on a reputational basis

The reputational surveys cover non-contestable works across all eight RMS where we have successfully demonstrated competition. The results of the surveys undertaken are shown below, note this did not cover all RMS.

MCCSS Score	2023/24	2024/25	2025/26	2026/27	2027/28
Overall MCCSS score subject to reputational assessment	8.98/10				
Demand Low Voltage	8.81				
Demand High Voltage	9.25				
Demand HV/EHV	~				
Demand EHV+	~				
Distributed Generation HV/EHV	~				
Unmetered Local Authority	~				
Unmetered PFI	~				
Unmetered Other	~				

We are delighted to report an overall satisfaction score of 8.98 out of 10 for these customers.

Although the reputational element of the MCI is not subject to a financial penalty, the statistical robustness of the score is reported for context.

The error margin for our reputational MCCSS score is 15%.

2.2 Timeliness of major connections

The connections customer journey includes two key outcomes which is used as a measure of performance. Time to quote (TTQ) measures the average time taken to provide a quote to customers in each market segment. Time to Connect (TTC) measures the average time from a customer accepting a quote to the customer's new connection being energised. This timescale will include any time the customer needs to undertake their own site works before we energise the new connection.

2.2.1 Major Connections Time to Quote – Distributed Generation Low Voltage

On average, we provided Distributed Generation Low Voltage quotes in **30.2** working days, outperforming the Guaranteed Standard of 45 working days.

Where customers have chosen to use an independent connection provider for their low voltage distributed generation, we have provided their quote in an average of **22.7** working days, outperforming the Guaranteed Standard of 30 working days.

Overall, across both contestable and non-contestable works, we provided DGLV quotes in an average of **29.9** working days.

MCTTQ	2023/24	2024/25	2025/26	2026/27	2027/28
Distributed Generation Low Voltage – Overall	29.9				
Distributed Generation Low Voltage – Contestable works (SLC15A)	30.2				
Distributed Generation Low Voltage – Non-contestable works only (SLC15)	22.7				

2.2.2 Major Connections Time to Connect - Distributed Generation Low Voltage

Few DGLV projects require site works as most are equipment being installed on existing premises, minimising the number of DGLV projects that fall in the Time to Connect measure, with none completed in 2023-24. This is consistent with the high proportion of quotes issued with no works required.

MCTTC	2023/24	2024/25	2025/26	2026/27	2027/28
Distributed Generation Low Voltage – Overall	~				
Distributed Generation Low Voltage – Contestable works (SLC15A)	~				
Distributed Generation Low Voltage – Non-contestable works only (SLC15)	~				

2.2.3 Major Connections Time to Quote – Non contestable works only (SLC15)

Our time to quote for each RMS is shown in the table below. We are pleased to be outperforming our Guaranteed Standards of Performance (GSoP), providing non-contestable quotes quicker than the guaranteed standard timescales by at least 30% for each market segment.

MCTTQ	2023/24	2024/25	2025/26	2026/27	2027/28
Overall non-contestable	13.2				
Demand Low Voltage	11.3				
Demand High Voltage	15.3				
Demand HV/EHV	33.3				
Demand EHV+	51.0				
Distributed Generation HV/EHV	33.3				
Unmetered Local Authority	~				
Unmetered PFI	~				
Unmetered Other	~				

2.2.4 Major Connections Time to Connect – Non contestable works only (SLC15)

Time to connect is measured from the customer acceptance date to the date of energisation. The time between therefore includes all the time for the ICP to carry out their work in line with their customers' requirements and approach us for the connection. An ICP will approach us for an

energisation when they are ready for us and our performance against this aspect is shown in section 3.3 below.

MCTTC	2023/24	2024/25	2025/26	2026/27	2027/28
Overall non-contestable	366				
Demand Low Voltage	182				
Demand High Voltage	362				
Demand HV/EHV	~				
Demand EHV+	~				
Distributed Generation HV/EHV	1720				
Unmetered Local Authority	~				
Unmetered PFI	~				
Unmetered Other	~				

3 Our Major Connections Strategy

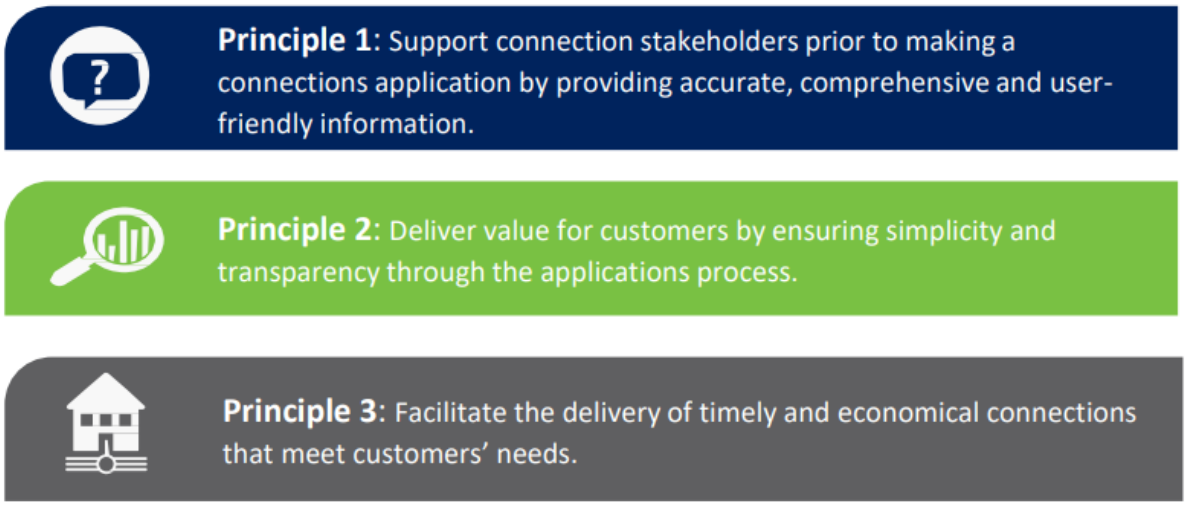
Our Major Connections Strategy describes how we engage with our major connections customers and how we are addressing the needs of these customers. To support the drive to decarbonisation and growth in our region we continuously explore ways to enable customers to progress their projects and gain benefits sooner.

In this first year of ED2, much of our engagement activity has focused on supporting the wider reforms affecting connections and in how we are ensuring there is enough capacity across the network. This has meant our direct engagement with DGLV and non-contestable customers has focused on bilateral engagement and connection surgeries, as well as collating and reviewing customer feedback to ensure we remain on the right track. We offer multiple communication channels making it is easier for our customers to access the support and expertise they need.

To fully understand the current challenges and needs of our customers, in 2023, we undertook research to define the 'hierarchy of needs' for our customers. From this we have developed bespoke customer journeys for the different customer types, including for our DGLV and non-contestable customers. This has allowed us to focus on initiating actions and delivering the most essential elements of the customer journey that truly make a difference to our customers' experience.

Our strategy embeds the three principles, defined by Ofgem under the Major Connections Incentive, to achieve high levels of service in each stage of our customers' connections journey. We developed a suite of scorecard measures to allow us to monitor performance and our performance against them is set out in sections 3.2 and 3.3 below.

We are also using the great feedback received via the MCSS to inform and refine our plans for the coming years and look forward to sharing these plans with you.



3.1 Scope of our Major Connections Strategy

Ofgem set out its requirements for DNOs to submit 'major connections strategies' in its 'Sector Specific Methodology Decision' in December 2020. A key principle of Ofgem is to promote competition and to regulate only where competition has not materialised on the basis that active

competition drives improvement in customer service across the sector and negates the need for regulatory intervention. Therefore, the scope of the strategy included the two market segments where this applied at the time, as well as non-contestable works.

Since developing our major connection strategy for 2023-2028, Ofgem has undertaken a review of competition across all DNOs in the nine relevant market segments. We were successful in demonstrating active competition, passing eight out of the nine market segments, as shown in Figure 1. As a result of passing the competition test, the scope of this report includes Unmetered Other as part of the non-contestable element only.

3.2 MCS Performance Measures – Distributed Generation Low Voltage

For our DGLV customers, we set out stretching targets and committed to report on key aspects of the service we provide, aligned to the three principles defined by Ofgem. Our performance against these commitments are shown in the table below. We are pleased to have achieved all the targets we set.

	Strategy Commitments: DGLV	Target	Actual
Principle 1	Number of budgets & quotes issued	No target	2173
	Number of surgery sessions held	No target	18
	Speed of offering surgery sessions	90% within 10 working days	100%
	Satisfaction with surgery session	85%	99%
	Satisfaction with engagement activities	85%	No events held
Principle 2	Number of quotes issued	No target	2010
	Speed of time to quote	35 working days[2]	30.2
	Customer satisfaction with quotation process	85%	86%
Principle 3	Number of quotes accepted	No target	1055
	Customer satisfaction with their connections	85%	None completed
	Time to financially close projects and process any refunds	55 working days	39.0

[2] Target was originally set at 22 working days as part of our RIIO-ED2 Business Plan submission in December 2021. The same target was set in our Incentive on Conenctions Engagement commitments in April 2022 but Ofgem approved a change to 35 working days in October 2022 due to the dramatic increase in volumes we experienced. There is no formal change control for Business Plan commitments but we explained the change to our external Economic Growth Stakeholder Panel who endorsed this change.

3.3 MCS Performance Measures – Non contestable works

For our non-contestable customers, we also set stretching targets and committed to report on key aspects of the service we provide to ICPs and IDNOs, again aligned to the three principles defined by Ofgem.

Our performance against these commitments are shown in the table below.

	Strategy Commitments: Non-contestable	Target	Actual
Principle 1	Number of budgets & quotes issued	No target	3581
	Number of surgery sessions held	No target	142
	Speed of offering surgery sessions	90% within 10 working days	100%
	Satisfaction with surgery session	85%	100%
	Satisfaction with engagement activities	85%	No survey results[3]
Principle 2	Number of quotes issued	No target	3576
	Speed of time to quote: LV Demand	11 working days	11.3
	Speed of time to quote: HV Demand	15 working days	15.3
	Customer satisfaction with quotation process	85%	90%
Principle 3	Number of quotes accepted	No target	382
	Speed of Design Approval response	8 working days	8.2
	Speed of issuing Bilateral Connection Agreements	10 working days	4.4
	Speed of Time to Connect: LV Demand	7 working days	3.8
	Speed of Time to Connect: HV Demand	15 working days	14.6
	Customer satisfaction with their connections	85%	100%
	Time to financially close projects and process any refunds	55 working days	48.4

Our time to quote and speed of design approval response have been marginally over, just missing our targets by 0.3 and 0.2 working days. We will be focusing on improving performance in these areas in 2024-25.

Here, the time to connect measure is aligned with the methodology used to report performance of our guaranteed standards and measures the time to make the connection from the ICP making an energisation request. The timescales are therefore much shorter than in section 2 (where it is measured from customer acceptance). This measure is more reflective of the service we provide by measuring what is within our control, ie from the time the request is made for us to proceed with the energisation.

We are pleased to be outperforming our time to connect targets as well as our other targets related to pre-application surgeries and project closures.

[3] Satisfaction results were not collected for the engagement held in 2023-24.

4 Close

We take pride in delivering a great service to our customers, supporting the connection of low voltage distributed generation to our network, and helping Independent Connection Providers and Independent Distribution Network Operator's work in our region, delivering the level of growth needed in the north west of England.

As part of our ongoing engagement and to improve our annual reports in future years, we welcome your feedback on this report and its contents.