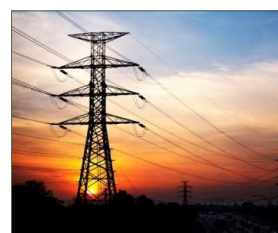


Proposed licence modification: definition of severe weather

October 2014



About the Utility Regulator

The Utility Regulator is the independent non-ministerial government department responsible for regulating Northern Ireland's electricity, gas, water and sewerage industries, to promote the short and long-term interests of consumers.

We are not a policy-making department of government, but we make sure that the energy and water utility industries in Northern Ireland are regulated and developed within ministerial policy as set out in our statutory duties.

We are governed by a Board of Directors and are accountable to the Northern Ireland Assembly through financial and annual reporting obligations.

We are based at Queens House in the centre of Belfast. The Chief Executive leads a management team of directors representing each of the key functional areas in the organisation: Corporate Affairs; Electricity; Gas; Retail and Social; and Water. The staff team includes economists, engineers, accountants, utility specialists, legal advisors and administration professionals.

Our Mission

Value and sustainability in energy and water.

Our Vision

We will make a difference for consumers by listening, innovating and leading.

Our Values

Be a best practice regulator: transparent, consistent, proportional, accountable, and targeted.

Be a united team.

Be collaborative and co-operative.

Be professional.

Listen and explain.

Make a difference.

Act with integrity.

Abstract

Northern Ireland Electricity (NIE) must comply with guaranteed standards of service to its individual customers. The UR intends to review and modify these guaranteed standards. The first stage in this review is to update NIE's licence to include a definition of a severe weather event. The consultation paper sets out the licence modifications for the definition of a severe weather event and the potential impacts on how NIE performance is measured. A formal licence modification notice is also included.

Audience

Electricity customers, consumer groups, electricity industry participants, statutory bodies and the wider stakeholder body.

Consumer impact

To provide transparency to customers so that they are aware of the limited circumstances under which NIE may be exempt from the guaranteed standards.

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Introduction

Background to consultation

- (1) NIE has a set of minimum standards of performance they are obliged to meet. These are known as guaranteed standards of service. The standards outline specific measures that NIE must comply with when dealing with defined customer issues or queries. These standards protect customers and provide for payments to be made to individual customers if set levels of performance are not met.
- (2) We had signalled our intention to consult on matters around criteria for determining 'exceptional' weather events in our RP5 price control determination for NIE. This will involve review and consultation on any proposed modifications to the guaranteed standards. It will also include comparison with the GB network companies' guaranteed standards and consideration of appropriate alignment.
- (3) The first stage in this review is to update NIE's licences to include a definition of a severe weather event. Any such event would impact adversely on the normal service provided to customers and on the performance of the NIE transmission and distribution system.
- (4) The legislation behind the guaranteed standards¹ recognises there may be exceptional circumstances when the standards may not apply. This would mean NIE would not be required to make guaranteed standard payments.
- (5) Currently, during severe weather when the number of faults affecting the high voltage network exceeds 13 times the normal operations, NIE claims an exemption from their guaranteed standards. An exemption however is not guaranteed and customers may disagree with NIE's claim to be exempt. This may lead to the matter being referred to the Utility Regulator for determination as a formal dispute. For reference the process for this is set out in Annex 4.
- (6) Providing a definition of a severe weather event in NIE's licences will increase transparency; assist customers in being aware of their rights under the guaranteed standards and so help ensure these rights under the legislation are exercised.

¹ Statutory Rules of Northern Ireland 1993 No. 448, the Electricity (Standards of Performance) Regulations (Northern Ireland) 1993, as amended.

Purpose of consultation

- (7) This consultation seeks stakeholder views on the proposed definition of a severe weather event and on the associated licence modifications.
- (8) The outcome of this consultation will inform any necessary changes to the guaranteed standards legislation - the Electricity (Standards of Performance) Regulations (Northern Ireland) 1993 (referred to as “**the Regulations**” from now on in this document). We will be working with colleagues in the Department of Enterprise, Trade and Investment concerning any changes.

How to Respond

- (9) The UR welcomes all stakeholder views and comments on the proposals set out in this consultation paper.
- (10) The consultation period will close at **5pm on Wednesday 17 December 2014**. Responses should sent to:

Jody O’Boyle
The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED
Email: Jody.OBoyle@uregni.gov.uk
Tel: 028 9031 6334

- (11) Your response to this consultation may be made public by the UR. If you do not wish your response or name made public, please state this clearly by marking the response as confidential. Any confidentiality disclaimer that is automatically produced by an organisation’s IT system or is included as a general statement in your fax or coversheet will be taken to apply only to information in your response for which confidentiality has been specifically requested.
- (12) Information provided in response to this consultation, including personal information may be subject to publication or disclosure in accordance with the access to information regimes; these are primarily the Freedom of Information Act 2000 (FOIA) and the Data Protection Act 1998 (DPA). If you want the information that you provide to be treated as confidential, please be aware that,

under the FOIA, there is a statutory code of practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence.

- (13) In view of this, it would be helpful if you could explain why you regard any information provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation but cannot give an assurance that confidentiality will be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Authority.

Equality impacts

Question 1. Respondents are asked to provide any information or evidence they have which relates to the equality impact of the proposals in this paper.

Severe Weather Events

- (14) It is proposed that the definition of a severe weather event is included in the NIE electricity transmission and distribution licences. This will provide clarity to NIE customers and NIE as to the rights and obligations under the guaranteed standards. If it is deemed appropriate this may also be required in other transmission and distribution licences.
- (15) As described in paragraph (20) NIE may be allowed to exclude the effects of a severe weather event from measurements of its performance indicators such as customer minutes lost (CML) and customer interruptions (CI). NIE performance during the RP5 period relating to CML and CI will continue to be assessed excluding the impact of supply interruptions that meet the criteria of a severe weather event.

Definition of a *severe weather event*

- (16) Such an event is where a minimum, verified number of incidents affecting the distribution high voltage network linked to the underlying severe weather has occurred within a 24 hour period (severe weather to include the effect of one or more of wind, lightning, rain, snow, ice, flooding, thermal heating or other recognised weather phenomena).

Proposed Licence Modification

- (17) It is proposed that the licence shall set out the definition of a severe weather event such that;
 - (a) It is deemed to begin at the beginning of a 24-hour period when the number of incidents caused by the event at distribution high voltage in that period is equal to or greater than the commencement threshold number; and
 - (b) Is deemed to end at the earlier of:
 - (i) the time of restoration of the last customer off supply due to an LV incident linked to the severe weather event, or
 - (ii) the end of a 48-hour period that commences when the number of customers off supply due to high voltage incidents linked to the severe weather event has fallen to zero.

For the purposes of this definition:

- i. the “commencement threshold number” is set at 13 times the average daily fault rate experienced by NIE’s distribution high voltage network.
- ii. “distribution high voltage” means 6.6kV, 11kV and 33kV.
- iii. “incidents” are defined as any occurrence on the NIE distribution system or other connected distributed generation, transmission or distribution system, which:
 - Results in an interruption of supply to customer(s) for one minute or longer; or
 - Prevents a circuit or item of equipment from carrying normal load current or being able to withstand “through fault current” for one minute or longer.

Examples of such incidents are set out at Annex 1.

- (18) A formal licence modification notice made under Article 14 of the Electricity (NI) Order 1992 is included with this consultation paper at Annex 3.
- (19) Where it is determined that a severe weather event has occurred NIE may be exempt from the relevant guaranteed standards payments to customers. This however is dependent on the circumstances of the case, see paragraph (5) above.

Measurement of NIE performance

- (20) If a severe weather event defined in paragraph (16) occurs the performance of NIE may be adjusted so as to exclude the full verified impact of the event in question provided that;
 - (a) the Authority has been notified of the event within 14 days of the date on which the licensee considers that the effect of the event has ceased or within 14 days of the end of the Regulatory year (whichever is earlier);
 - (b) the Authority has verified the impact of the event on NIE performance, and
 - (c) the Authority;
 - (i) is satisfied that the event meets the relevant definitions, and
 - (ii) has by notice to the licensee directed the adjustment to be made to the licensee’s performance.

(21) Where the severe weather event defined in paragraph (16) has occurred and verification has been carried out as in paragraph (17) the costs of repairs to the network will be dealt with as set out in the relevant Price Control. That is the price control to which NIE is subject to as defined by or under its licence.

Question 2. Respondents are asked for their views on the definition of a severe weather event.

Question 3. Respondents are asked if they agree that severe weather events should be excluded from measurement of NIE performance.

Question 4. Respondents are asked for their views on verification of severe weather events.

Question 5. Respondents are asked if they have any representations or objections with respect to the proposed modifications identified in the formal licence modification notice in Annex 3.

Summary of Consultation Questions

(22) Respondents are asked for their views on the following:

Question 1. Respondents are asked to provide any information or evidence they have which relates to the equality impact of the proposals in this paper.

Question 2. Respondents are asked for their views on the definition of a severe weather event.

Question 3. Respondents are asked if they agree that severe weather events should be excluded from measurement of NIE performance.

Question 4. Respondents are asked for their views on verification of severe weather events.

Question 5. Respondents are asked if they have any representations or objections with respect to the proposed modifications identified in the formal licence modification notice in Annex 3 – Article 14 Licence modification notice.

Annex 1 – Incident examples

Examples of occurrences² classed as an incident lasting one minute or longer include:

- any physical break in the circuit upstream of the customers interrupted (or circuit affected), due to automatic or manual operation of switchgear or fusegear, or due to any other open circuit condition;
- the unprogrammed isolation of any circuit or item of equipment, energised at power system voltage, which has not been classified as a pre-arranged incident;
- failures of non-system equipment (e.g. pilot cables, oil and gas alarms, voltage control equipment etc) which result in the disconnection of equipment energised at power system voltage;
- incorrect operations of protection equipment which result in the disconnection of a circuit energised at power system voltage;
- failure of protection equipment to operate. This includes incidents where the main protection fails to operate and a fault clearance is initiated by back-up protection or protection at another point on the network;
- the loss of infeed from other connected systems,
- the pre-arranged isolation of any circuit or item of equipment energised at power system voltage that then results in loss of supply.

Occurrences that would not lead to an incident are as follows:

- maintenance outages and malfunctions of non-system equipment (e.g. pilot cables, etc) which do not result in the disconnection of a circuit or item of equipment energised at power system voltage;
- failures and overloads on customers' equipment or another connected system, which are cleared by the correct operation of the DNO's protection and which do not interrupt the supply to other customers of the DNO; and

² Examples obtained from the Ofgem Quality of Service Regulatory Instructions and Guidance version 5 - <https://www.ofgem.gov.uk/ofgem-publications/47718/10141-9405app.pdf>

- the pre-arranged works affecting customers for the purposes of meter changes, voltage standardisation and work on service cables and distributors' fuses.

Any additional incidents which affect part of the network and/or customers already affected by an incident must also be reported as additional incidents. Two or more incidents may then be active concurrently and the number and duration of interruptions and the number of re-interruptions should be calculated accordingly.

Annex 2 – Current NIE standards of performance

NIE sets out the following range of **Overall Standards**³ :

1. Turning your power back on - we aim to reconnect 87% of customers affected by a power cut, due to a fault on our distribution system, within 3 hours and all customers within 24 hours.
2. Putting voltage issues right - we will correct known voltage issues outside the stated limits within 6 months, subject to any agreement needed from landowners.
3. Getting a new supply of electricity - we will complete all new low voltage connections for domestic customers within 30 working days or within 40 working days for non-domestic customers once the terms of the connection have been accepted.
4. Getting you back on if you were cut off (due to debt) - once you have made an agreement with your supplier and they let us know, we will get your electricity back on within 24 hours of a working day.
5. Moving a meter - we will reposition your meter on your meter board within 15 working days of our quotation being accepted.
6. Changing your meter if you change your tariff - if your new tariff needs a new meter installed at your home, we will change the meter within 10 working days of being notified by your supplier.
7. Reading your meter - we aim to get a meter reading for 99.5% of customers once a year.
8. Replying to your letters - we will reply to you within 10 working days

and their **Guaranteed Standards**⁴:

1. Your main fuse - we will call to replace the main fuse within 3 hours on a working day or 4 hours on other days. If not you will receive £25.
2. Turning your power back on - we will restore your electricity within 24 hours of a power cut. If not you will be due £50 for your home /£125 for business premises, then £25 for every 12 hour period after that. You must make your claim within 1 month of the day of the interruption.
3. Installing a meter to give you an electricity supply - we will install a meter within 2 days at your home or within 4 days at your business. If not you will be due £25. If we don't keep an agreed appointment you will receive £50 or £125 for other premises.

³ <http://www.nie.co.uk/help-advice/customer-standards/overall-standards>

⁴ <http://www.nie.co.uk/Customer-information/Customer-standards>

4. Getting a quote for your new connection - we will get a quote to you within 7 working days if your connection is a small job or 15 days if it's a larger job. If we don't you will receive £50.
5. Taking your electricity supply off - we will let you know at least 3 days before if we need to temporarily interrupt your supply. If we don't you will be due £25 for your home address or £50 for business premises. You must make your claim within 1 month of the day of the interruption.
6. If you have a voltage issue - we will let you know within 5 days what we intend to do about it or within 7 days if we need to visit your premises to investigate further. If we don't contact you or don't keep an agreed appointment you will receive £25.
7. If there's something wrong with how your meter is recording - we will let you know within 5 days what we intend to do about it or within 7 days if we need to visit your premises to investigate further. If we don't contact you or don't keep an agreed appointment you will receive £25.
8. Queries about a payment due under our standards - we will answer your query within 5 working days and if needs be make a payment to you within 5 working days. If we don't you will receive £25.
9. Keeping our appointments - we will keep our agreed morning or afternoon appointments. If we don't you will receive £25.
10. Making a payment to you - we will send a cheque to you within 10 working days if we have failed any of our guarantees to you. If we don't you will receive £25.
11. If you have a problem with your prepayment meter - we will call to investigate a problem with your prepayment meter within 3 hours on a working day or 4 hours on other days. If we don't you will receive £25.

Annex 3 – Article 14 Licence modification notice

The Northern Ireland Authority for Utility Regulation

NOTICE UNDER ARTICLE 14(2) OF THE ELECTRICITY (NORTHERN IRELAND) ORDER 1992

MODIFICATION OF NIE LTD ELECTRICITY DISTRIBUTION LICENCE

In pursuance of its powers under Article 14(1) of the Electricity (Northern Ireland) Order 1992 (as amended) (hereafter referred to as the “**Order**”), the Northern Ireland Authority for Utility Regulation (hereafter referred to as the “**Authority**”) hereby gives notice under Article 14(2) as follows:

- 1 It proposes to modify the electricity distribution licence (the “**Licence**”) held by Northern Ireland Electricity Limited (the “**Licensee**”).
- 2 The proposed modification is insertion of a definition of the term “severe weather event” within the existing conditions of the Licence. The effect of the proposal is to introduce a new term and definition of “severe weather event” in the Licence.
- 3 The reason for the modification is to support the assessment of any matters raised under the guaranteed standards framework applicable to the Licensee. It will also facilitate the review of the guaranteed standards of performance applicable to the Licensee under the Electricity (Standards of Performance) Regulations (Northern Ireland) 1993.
- 4 A copy of the proposed modifications is set out in Appendix A.
- 5 Representations or objections with respect to the proposed modifications may be made **on or before 5pm on Wednesday 17 December 2014**, by writing to or emailing:

Jody O’Boyle
The Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED
Email: Jody.OBoyle@uregni.gov.uk
Tel: 028 9031 6334
Fax: 02890 311740

- 6 The Authority has, pursuant to Articles 14(3) and 14(4) of the Order respectively, served a copy of this notice on the Licensee and sent a copy to the Department of Enterprise Trade and Investment.

Dated this 07 day of October 2014

Jenny Pyper

For and on behalf of the Northern Ireland Authority for Utility Regulation

cc

John Mills, DETI

Carl Hashim, NIE Limited

Appendix A

Modifications to NIE Limited's electricity transmission and distribution licences

It is proposed to insert the following definition in Condition 1 of the Licence immediately after the definition of "Separate Business":

A "severe weather event":

- (1) Means an event where a minimum, verified, number of incidents affecting the distribution high voltage network linked to severe weather conditions has occurred within a 24 hour period.
- (2) Is deemed to begin at the start of a 24-hour period when the number of incidents caused by the severe weather event at distribution high voltage in that period is equal to or greater than the commencement threshold number; and
- (3) Is deemed to end at the earlier of:
 - the time of restoration of the last customer off supply due to an LV incident linked to the severe weather event, or
 - the end of a 48-hour period that commences when the number of customers off supply due to high voltage incidents linked to the severe weather event has fallen to zero.
- (4) Where any conflict arises between this definition and the Regulations, the Regulations shall have precedence.
- (5) This definition shall come into force on such date as the Authority may direct and shall cease to have effect on such other date as the Authority may direct.

For the purposes of this definition:

- a) "commencement threshold number" means 13 times the average daily fault rate experienced by NIE's distribution high voltage network.
- b) "distribution high voltage" means 6.6kV, 11kV and 33kV.
- c) "incidents" are defined as any occurrence on the NIE distribution system or other connected distributed generation, transmission or distribution system, which:
 - Results in an interruption of supply to customer(s) for one minute or longer; or

- Prevents a circuit or item of equipment from carrying normal load current or being able to withstand “through fault current” for one minute or longer.
- d) “weather conditions” means the effect of one or more of wind, lightning, rain, snow, ice, flooding, thermal heating and other recognised weather phenomena as the Authority may from time to time deem appropriate for inclusion in this list.
- e) “the Regulations” means the Electricity (Standards of Performance) Regulations (Northern Ireland) 1993, as amended or replaced.

Annex 4 – Procedure for customer complaints

- (1) NIE has set out its Customer Standards and Guaranteed Standards on its web site. These may be accessed at the following address:

<http://www.nie.co.uk/Customer-information/Customer-standards>

These standards and guarantees are also set out at Annex 2 of this consultation for ease of reference. NIE procedures for dealing with complaints are set out at the following address:

<http://www.nie.co.uk/Customer-information/Making-a-complaint>

The general approach of NIE to dealing with storms is set in the Response to Storms leaflet which is available using this link:

<http://www.nie.co.uk/help-advice/Customer-leaflets>

- (2) If NIE fails to meet a guaranteed standard that failure may trigger a duty to make a payment. In such a case NIE should either:
 - (a) make the payment; or
 - (b) satisfy itself that an exemption applies in the case of each individual customer, and that it does not need to make a payment.
- (3) For most guaranteed standards payments are automatic. For some the customer needs to claim a payment, (see Annex 2) within a certain period of time. The supply restoration standard is one case in which the customer must make a claim, and if no claim is made there is no duty to make payment. The Regulations require that customers are notified of their rights to make a claim.
- (4) Where a payment must be made, and NIE does not tell the customer that payment is due or does not make that payment within the time specified, a further payment is due (Regulation 13 of the Regulations). This incentivises NIE to address matters covered by the guaranteed standards promptly. The customer may challenge a failure to make a payment to which he or she feels entitled. First this is by enquiring with NIE, and if the matter remains unresolved then the customer can refer it as a dispute to the Utility Regulator (Art 42(5) of the Electricity Order).
- (5) The Utility Regulator will determine the dispute by applying the standards under the Regulations to the facts of the customer's case. If NIE claims that it did not

make the payment because an exemption applies, it is for the Utility Regulator to decide whether the exemption is legitimately claimed.

- (6) The duty to make the payment is disapplied in the case of certain exceptional events including severe weather. However the occurrence of severe weather is not in itself enough. For the exemption to apply, NIE must have taken all reasonable steps to prevent the severe weather from having the effect it did. These steps may be either in preparation for or in response to the event as it occurs. It must have taken all reasonable steps to restore supply safely in spite of the weather and it will be determined whether it did this for the whole of the outage period.
- (7) Whether an exemption applies therefore must be determined in each case having regard to:
 - (i) whether a severe weather event has occurred: and
 - (ii) the particular circumstances of the customer's case such as the actions taken by NIE in preparation for the weather, the staff deployed by NIE to deal with repairs and whether NIE has taken all reasonable steps to mitigate the effects of the weather on its assets.
- (8) The Utility Regulator will take all these factors into account in determining whether NIE were justified in applying an exemption.
- (9) The payment available to customers who have valid complaints upheld is determined by the Regulations.

Utility Regulator resolution of complaints, disputes and appeals

- (10) The general powers of the Utility Regulator to resolve complaints and disputes are set out in the 'Policy on the Resolution of Complaints, Disputes and Appeals and Guide for Applicants' which is available on the Utility Regulator web site⁵.
- (11) This power of determination includes disputes concerning the failure of a licensed electricity company to comply with the provisions relating to performance standards set out in the Electricity Order and the Regulations (as amended or otherwise replaced).

⁵ http://www.uregni.gov.uk/publications/appeals_complaints_and_disputes_policy_updated_june_2013/