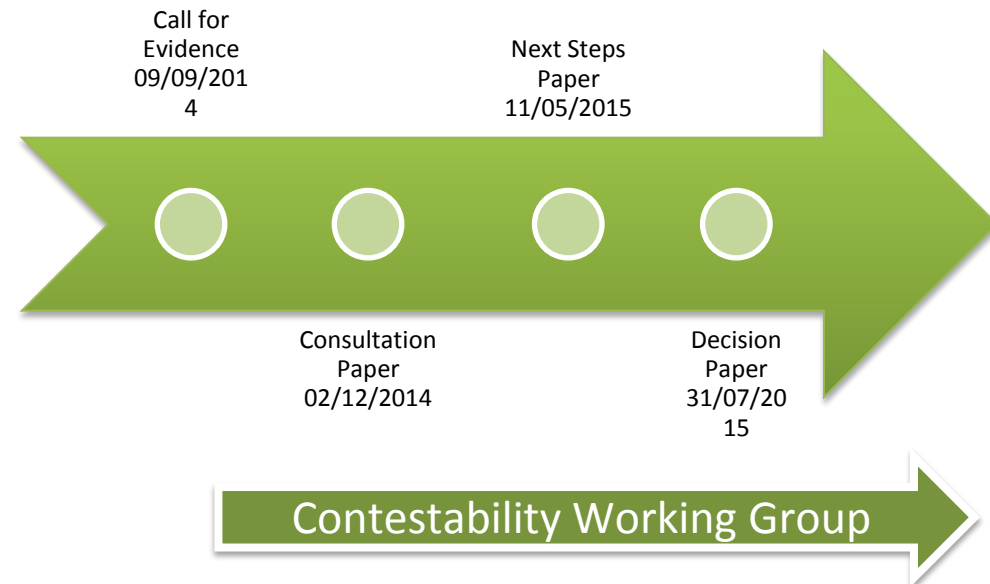# Contestability for Distribution Connections

26th January 2016

Contestability summary to date

- [Initiated Project in September 2014](#)

- Utility Regulator (UR) have consulted and published a [decision paper](#)

- NIEN and System Operator Northern Ireland (SONI) have produced [draft implementation guidelines & recommendation document](#) subject to UR review

- Phase 1 rollout due by May 2016 for connections >5MW

- Contestability Working Group established to support ongoing development of contestability

Call for Evidence 09/09/2014

Next Steps Paper 11/05/2015

Consultation Paper 02/12/2014

Decision Paper 31/07/2015

Contestability Working Group

Connections- Regulated Asset Base (RAB)

Pre 1st Oct 2012- 60/40 Pricing Policy

Post 1st Oct 2012-100% of connection quotation estimate

Future-Phased rollout of contestability

Brief Example of Connections

- **Pre Contestability:**
- NIEN provide a Quotation Estimate (QE)
- Actual Cost (AC) >QE or <QE
- Surplus/(Deficit) variance taken to the RAB

- **Post Contestability:**
- Non contestable quote provided by NIEN
- Contestable quote provided by NIEN or an accredited competitor
- AC >QE or <QE
- Surplus/(Deficit) variance is passed to the person who carries out the connection works
- RAB for non-contestable works?

Housing Sites

- **<u>Current position:</u>**
- Housing site developers with 12 or > dwellings
- NIEN Standard charge of £893 per dwelling

- **<u>Future position:</u>**
- NIEN quote non contestable works
- Contestability in place, each site priced individually?
- Each site 100% chargeable based upon design?
- Level playing field
- Effective Competition
- May increase innovation
- More choice for the customer which may lead to lower prices
- May improve connection times

Brief Example of Housing Site Connections

Utility Regulator
ELECTRICITY GAS WATER

- **Pre Contestability**
- NIEN provide a standard charge, £893 per dwelling
- AC=< or > than unit cost provided
- Surplus/(Deficit) variance taken to the RAB
- Outturn used to create unit cost for the following year

- **Post Contestability**
- Non contestable works quoted by NIEN
- Contestable works quoted by NIEN or an accredited competitor
- AC= > or < than QE
- Surplus/(Deficit) variance breaks away from the RAB

Next steps

UR to confirm recommendation report with NIEN and SONI

NIEN & SONI to update guideline documents

Stage 1 Rollout – Contestable connections for >5MW

Stage 2 Rollout – Contestable Connections for all connection types

Development of licence modifications

Approval of licence modifications

Review of competition

Further stakeholder engagement throughout