

ET SECTOR	
REFERENCE NUMBER:	CATEGORY: Amendment
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC 4.4
TITLE:	Timely Connections output delivery incentive
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	
RELEVANT ISSUES LOG:	Issues log SpC 4.3 Timely Connections
POLICY ISSUES	
<ul style="list-style-type: none"> SpC 4.4.5(c) 	<ul style="list-style-type: none"> In SpC 4.4.5(c), the proposed period for consultation is insufficient. Throughout the proposed licence, the minimum period for direction consultations is 28 days. No rationale has been provided for taking an inconsistent approach in this condition. We suggest that the period should be 28 days.
DRAFTING ISSUES	
<ul style="list-style-type: none"> SpC 4.4.3 SpC 4.4.4 SpC 4.4.5(a) Definitions 	<ul style="list-style-type: none"> SpC 4.4.3 provides that there needs to be an Ofgem decision to apply this penalty. However, SpC 4.1.2 contains the CONADJt term throughout the price control period. A provision should be added to confirm that the value zero in the absence of such a direction (see a similar approach to CVPAt in SpC 3.25.3). We suggest <i>“The value of the CONADJt term is zero unless the Authority directs that it shall apply under paragraph 4.4.4, in which case the value of the CONADJT term is derived...”</i>. In SpC 4.4.3, It is clear that Total Offers t <i>“means the total number of connection offers”</i>. We suggest that the subsequent words in the definition are unnecessary and should be deleted. In SpC 4.4.4, for clarity and consistency with SpC 4.4.2, we suggest replacing <i>“the licensee’s incentive revenue”</i> with <i>“Calculated Revenue”</i>. We understand that there is a missing word in <i>“...the Authority publish...”</i>. It appears to us that the definition of Untimely Offers can be removed, with the drafting changed so that Timely Connections Obligations is the only definition used here.

FINANCE ISSUES	
<ul style="list-style-type: none"> SpC 4.4.3 	<ul style="list-style-type: none"> In SpC 4.4.3, the licence drafting refers to Ex-Ante Base Revenue for the purposes of calculating this incentive. We refer Ofgem to NGET's response to RIIO-2 Draft Determinations – Finance Annex FQ37 in which we disagree with Ofgem's definition of base revenue for the purpose of calculating ODIs.
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	