

Your ref: A&D fees 14 08 08-123/08

Our ref: EDB/gw- 02/10/08 01

Mr Roger Morgan
Senior Manager Compliance
The Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

2nd October 2008

Dear Roger,

Response to : Connections Assessments and Design (A&D) fees levied by Electricity Distribution Operators (DNO's)

Thank you for the opportunity to comment on the above. Energetics Design and Build regard this practice as anti competitive and an abuse of the DNO's monopoly position as we do not believe this practice would persist in a competitive market. In addition, the inconsistency of the application and interpretation of such fees by DNO's across the UK is in fact perplexing. These practises introduce additional cost, increased timescales and unnecessary administration and as such should be removed.

In order to allow efficient DNO network planning we understood that for a DNO to have sight of such potential/future loads, regardless of how speculative they may be, would be critical to ensure the future efficient running of the network and to deter applications by means of a fee is counter productive.

In a number of cases, initial enquiries would be best served by a meaningful response without the DNO committing to a fully blown design study and associated timescales etc. Most DNO's would appear to be unwilling to provide this type of response/ information without entering into the fee scenario. This is unacceptable in the present market place and adds unnecessary cost and administration to what could be a relatively simple process.

We also understand that these hurdles are not applied to affiliated Independent Connections providers and as such cause the application of the process to be anti-competitive.

Notwithstanding the above, we are not provided with a quote with sufficient clarity or transparency to allow an assessment as to how cost reflective these charges really are. This coupled with the fact that the DNO's are charging for multiple applications must give rise to excess profits being accumulated.

Therefore, we would urge Ofgem to remove all upfront A&D charges as a step towards supporting the development of a truly competitive market.

Yours sincerely,



Gus Watt
Engineering Design Manager
Energetics Design & Build.

