

Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

FAO Rebecca Langford

6th October 2011

Dear Rebecca

Re – Consultation on Electricity North West Limited's Competition Notice

Our responses based largely on the on-line survey carried out (a summary copy of which is already in Ofgem's possession) are set out below. You should note that the responses cover LV Metered Demand Work and Un-metered Connections – with the emphasis on the latter. We believe the bullet point detail sub-segments to be generally unhelpful or irrelevant.

Section 2

Question 1: Are customers aware of competitive alternatives available in each RMS?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Question 2: Do customers consider that they have effective choice in each RMS? I.e, are they easily able to seek alternative quotations?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Question 3: Do customers consider that ENWL takes appropriate measures to ensure that customers, in each of the RMS, are aware of the competitive alternatives available to them?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Question 4: Do customers consider that quotations provided by ENWL for connections in each of the RMS are clear and transparent? Do they enable customers to make informed decisions whether to accept or reject a quote?

The response to our survey is that most customers (80%) consider ENWL's quotations not to be either timely, nor accurate, nor transparent

Question 5: For each of the RMS, in ENWL's area, do customers consider that they have benefitted from competition? I.e, have they seen improvements in ENWL's price or service quality or have they been able to source a superior service or better price from ENWL's competitors?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Section 3

Question 1: Do interested parties agree with the assertions made by ENWL in its analysis of the level of competition in its area in each of the RMSs? In particular, do interested parties consider that the data provided by ENWL gives a clear indication of the current level of competitive activity in each of the RMSs?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Question 2: Considering the market share currently retained by ENWL and the number of ICPs currently active in each of the RMSs, do interested parties consider that competition in each of the RMSs is at a level that in itself indicates that effective competition exists?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Section 4

Question 1: For each RMS, do existing/potential competitors agree with the statements made by ENWL regarding the number of competitors active (and the ease at which new entrants can operate) in their area?

The response to our survey is that most customers (60%) are unaware of competitive alternatives or there are no competitive alternatives with whom customers can place orders now.

Question 2: For each RMS, how do existing/potential competitors consider ENWL's organisational structure, procedures and policies, compare to those encountered elsewhere in the gas and electricity markets or other industries? In particular, do you consider that they reflect best practice, or are there areas where ENWL fall short of this?

ENWL is one of the most pro-active DNOs, but we believe the competitive market to be insufficiently developed at this stage

Question 3: For each RMS, do existing/potential competitors consider that barriers exist that:

- a) prevent existing competitors from competing effectively with ENWL?**
- b) obstruct or delay connection providers entering ENWL's area?**
- c) obstruct or delay connection providers currently working in ENWL's area in one or more RMSs, starting to compete in another RMS in ENWL's area?**

Yes. Customers should be able to pick and choose a number of ICPs to carry out work, without consideration of onerous agreements (both "tri-partite" and "bi-lateral" and without ICPs having to prove and re-prove competence in each DNO area). In particular, Tri-partite agreements are considered by the UCCG to be a barrier to competition

Question 4: If you do consider that barriers exist, please explain: what you consider the impact of the barrier to be? Whether the issue has been addressed by ENWL or whether it is outside of their control? What you would like to see changed to allow competitors to compete on a level playing field/facilitate market entry?

ENWL are one of the most pro-active DNOs, but we believe the competitive market to be insufficiently developed at this stage. We believe that Ofgem should take a strong position on enforcing acceptance of national standards (such as Lloyd's Register) without further trade tests and seek to proactively demand that DNO's cease the practice of tri-partite agreements

Question 5: For each RMS, what are existing/potential competitors' views of ENWL's efforts to extend contestability? In particular, do ENWL engage with stakeholders to develop procedures that promote competition? Do you consider that the extension of contestability is likely to stimulate further competition?

The response to our survey is that most customers (60%) either do not believe ENWL has facilitated competition or do not know whether they have facilitated competition.

Section 6

Question 1: For each RMS, do customers consider that there is currently effective choice for customers? In particular, do customers feel that levels of choice, value and service will be protected and improve if the restriction on ENWL's ability to earn a margin is removed?

The overwhelming response is that customers do not believe there is effective competition at present and 100% of respondents to our survey do not support ENWL's application to have unrestricted margin.

Question 2: For each RMS, do existing/potential competitors consider that there is scope for existing competitors to grow their market share (for example, if ENWL put up its prices or if its quality dropped), or are there factors constraining this?

The overwhelming response is that customers do not believe that an appropriate level of market share has been taken up by ICPs or they are unaware of this (60% and 40% respectively)

Question 3: For each RMS, do existing/potential competitors consider that there is scope/appetite for new participants to enter the market? Do competitors consider that they would be able to provide similar or better services than existing participants or are there factors constraining this?

The responses from survey respondents show a dis-satisfaction level (based on rating customer service provision as average or poor) in the region of 70%, rising to 90% for pricing levels (due to the lack of communication, transparency and effective competition) and falling to a dis-satisfaction level of some 30-40% for the actual rectification of faults and emergency attendance

Question 4: For each RMS, given your overall view of ENWL, do you consider that we can have confidence in them to operate appropriately in the circumstance that price regulation were lifted?

No. This is not supported by customers.

Please see summary information below (note questions 10, 11 not shown as the information requested was quantitative and therefore does not produce a summary position).

1. Did ENW tell you in advance that they were going to apply the 4% Regulated Margin (Note: this has already been applied)

[Create Chart](#) [Download](#)

	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	10
Please add any comments here Show Responses		1
answered question		10
skipped question		0

2. Does ENW show the 4% Regulated Margin on their price tariff?

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	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	10
Please add any comments here Show Responses		1
answered question		10
skipped question		0

3. Has ENW informed you that they are intending to / have applied for Unregulated Margin?

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	Response Percent	Response Count
Yes	30.0%	3
No	70.0%	7
Please add any comments here Show Responses		1
answered question		10
skipped question		0

4. Does ENW meet all your performance requirements in respect of connections and works covered by the Guaranteed Standards of Performance?

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	Response Percent	Response Count
Yes	40.0%	4
No	60.0%	6
Please add any comments here Show Responses		3
answered question		10
skipped question		0

5. Does ENW supply timely and accurate quotations, clearly showing the contestable and noncontestable elements of the work? [Create Chart](#) [Download](#)

	Response Percent	Response Count
Yes	20.0%	2
No	80.0%	8
Please add any comments here Show Responses		2
answered question		10
skipped question		0

6. When ENW increases or changes prices, do they explain how they have calculated the price increases or changes, the base costs on which they are working, and the detailed reasons and rationale behind each increase or change? [Create Chart](#) [Download](#)



	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	10
Please add any comments here Show Responses		3
answered question		10
skipped question		0



7. Has ENW facilitated competition? [Create Chart](#) [Download](#)

	Response Percent	Response Count
Yes	40.0%	4
No	30.0%	3
Don't Know	30.0%	3
Please add any comments here Show Responses		3
answered question		10
skipped question		0

8. Has ENW embraced extension to competition (e.g. to the main) and facilitated competition here? (Ofgem have told DNOs "that efforts to open up non-contestable activities to competition is one element we will consider in the competition test") [Create Chart](#) [Download](#)

	Response Percent	Response Count
Yes	40.0%	4
No	20.0%	2
Don't Know	40.0%	4
Please add any comments here Show Responses		3
answered question		10
skipped question		0

9. Does competition in connections actually exist in your area and are you able to go to alternative providers (ICPs) for connections?		Create Chart	Download
		Response Percent	Response Count
Yes		40.0%	4
No		60.0%	6
Please add any comments here			4
Show Responses			
answered question			10
skipped question			0

12. Is a significant proportion (typically at least 30-35%) of the current market share of ENW in your area and on your work, actually carried out by ICPs?		Create Chart	Download
		Response Percent	Response Count
Yes		0.0%	0
No		60.0%	6
Don't Know		40.0%	4
Please add any comments here			1
Show Responses			
answered question			10
skipped question			0

13. How do you rate the following aspects of ENW's service provision?		Create Chart	Download			
	Poor	Average	Good	Very Good	Rating Average	Response Count
Communication to me	30.0% (3)	50.0% (5)	20.0% (2)	0.0% (0)	1.90	10
Resolving Complaints	10.0% (1)	70.0% (7)	20.0% (2)	0.0% (0)	2.10	10
Provision of Quotations	0.0% (0)	70.0% (7)	30.0% (3)	0.0% (0)	2.30	10
Dealing with Dead Services / Faults	0.0% (0)	30.0% (3)	40.0% (4)	30.0% (3)	3.00	10
Emergency Response	20.0% (2)	20.0% (2)	40.0% (4)	20.0% (2)	2.60	10
Dealing with New Connections	10.0% (1)	60.0% (6)	30.0% (3)	0.0% (0)	2.20	10
Prices	70.0% (7)	20.0% (2)	10.0% (1)	0.0% (0)	1.40	10
Customer Service Overall	10.0% (1)	60.0% (6)	30.0% (3)	0.0% (0)	2.20	10
If you have any comments - please enter these below						3
Show Responses						
answered question						10
skipped question						0

14. Would you support ENW in their application to be able to charge Unregulated Margin? (If No - please use the Comments Box to detail your reasons / what they should do / what areas need improving) [Create Chart](#) [Download](#)

	Response Percent	Response Count
Yes	0.0%	0
No	100.0%	10
Please add any comments here Show Responses		7
answered question		10
skipped question		0

Overall, we believe that granting un-regulated margin at this stage will be damaging to local authority budgets and the provision of services to their customers – rate payers and the travelling public – and will not incentivise effective competition. We do not believe that granting un-regulated margin is in the best interests of “UK plc” until such time as effective competition is in place and *being used* by customers – as verified by the customers themselves.

Yours sincerely



Gareth Pritchard BTech (Hons) CEng FILP Tech IOSH
 Secretary UCCG
 Chief Executive ASLEC – Association of Signals, Lighting and other highway Electrical Contractors