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Dear Sir

Gas & Electricity Connections Industry Review 2007 – 2008

Thank you for the opportunity to comment on competitions in connections.

Whilst the consultation focuses on the experience of ICP, iGTs and IDNOs in the connections market and discusses issues with the new performance standards, adoption payments and connection charges, as well as the growth of competition, there are some aspects of the development of competition that this consultation doesn't really address which I feel merit some consideration.

As a supplier, our customers are impacted by growth in competition in connections and yet the impacts on them, other than on the connection costs, are not being considered in this review.

We welcomed the introduction of independent gas transporters and distribution network operators into the utility industry following the opening of the market. We have seen how the gas market has taken up the challenge with the growth in gas connections on iGT sites so that there are now almost one million iGT gas connections. Over the years we have seen the consolidation of a large number of new iGT companies to the core of 5 iGT organisations we have today, but this has not been without problems and even though 10 years have elapsed from the opening of the market we are still encountering problems with gas metering, data quality and asset query management.

The development of the iGT UNC has seen the introduction of a common set of

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arrangements for iGT Network Codes however; we are still dealing with disparate systems and processes across the iGT community. There are no common processes for new connections and other supply point processes and in the discussions we have had with the iGT community over the preceding years, a common set of arrangements similar to those of the large GTs is still some years away.

Customer Set Up and Metering Data

In trying to set up customers for billing following their new connection we rely on key data being provided by the iGT in a meter fit report. Without this, we are unable to complete the registration activity in our systems and establish a billing record for the customer.

Our experience on receipt of timely meter fit reports is varied but generally poor. One iGT has taken on board the feedback we have been giving over the last few years and is now, through a trial with their ICP, introducing new technology to ensure that missing meter fit reports are reduced; we would of course welcome similar action by the remaining iGTs and ICPs.

Additionally, we as an industry have taken steps through network code to incentivise performance in this area by clawing back transportation costs incurred where this data is not provided in accordance with the network code requirement. However, when energy is flowing through the connection and yet is not being metered via their supplier this energy forms part of the un-reconciled gas that is then smeared across the supplier community and funded via RbD. We have no mechanism to recover this cost and until a meter fit report is provided with an appropriate reading householders are benefiting from the receipt of "free" gas.

Part of the problem with missing meter fit reports stem from the lack of control over the installation of meters by the iGT and the ICP with the developer. Once the developer contracts with the ICP for the building of the network, the iGT in agreeing to adopt the network will issue the MPRNs to the developer and ICP. At the same time suppliers are asked to confirm that they will be responsible for these supply points. Acceptance at this stage acts as a registration for domestic sites in accordance with code rules, however, the actual breaking of ground or fitting of meters is at an undetermined date in the future which is not provided to the supplier. As the supplier we have no expectation of when the meter will be fitted and we rely on the sending of the meter fit report. Regrettably and quite often the first we know of the meter being fitted is when a customer contacts us to inform us that they've moved in, are consuming gas and haven't received a bill. We have discussed this many times in various forums with the iGTs, however they advise that when an ICP is building the network they aren't any better informed before the meter is fitted either therefore they can't provide any advance notice

to us, or indeed confirm that meters have been fitted, effectively they only know what we know! We recommended that improvements in contracts between ICPs and iGTs are brought in to ensure that the mandatory data the industry requires to operate is provided in a timely manner, unfortunately since the ICP and Developers aren't subject to the network code obligations and there is a feeling of helplessness on parties seeking to bring about improvements, and so there is little we can do to encourage improvements here.

Developers seem to be unaware of the importance to the customer of the data relating to the site as recorded on installation. Once the meter is installed by the ICP, if the developer has a pressing need for another house to have a meter, and it is not yet in place, the developer will arrange to move the meter to their preferred location, however the updates to the iGT and Supplier don't take place. This leads ultimately to crossed meters and customers being incorrectly billed. The operational resource burden on both the iGT and the supplier in resolving these crossed meter situations is not insignificant and some crossed meters, particularly in flats can take many months, if not years, to resolve.

Development Design Changes before and during network building

Another issue relates to the changing scope of the development. Initially the developer will have a number of plots and house types that are contracted for with the ICP. Due to the ever changing nature of the market, the shape of the site may change over the various periods of development, plot ranges may even be sold off to other developers. Analysis has identified that suppliers are not always kept up to date with the changing shape of the projects, this leads to sites that are partially registered in supplier systems and shown as awaiting meter fit reports, and yet are never built, or are sold off and supplied by other retailers. Reconciliation of developments is not always carried out by the developers or the ICP leading to iGTs not informing suppliers that MPRNs need to be deleted from their systems. This issue at the moment seems to be entirely a gas issue as closer control over the release of the MPAN and meter fitting means that we have almost no instances of sites that are energised where meter technical details haven't been provided to us.

The moving of meters after installation, the changing shape of developments, missing meter fit reports compound the problem of "plot to postal" address updates. Suppliers are provided with plot addresses at the start of the process however the conversion to postal addresses is accomplished over long periods of time and with effort by both iGTs and suppliers. Again, since MPANS are released closer to build time when postal addresses are available, this is predominately a data quality issue in the gas market.

RGMA

Despite the fact that iGTs adopt development built by ICPs, they have yet to utilise RGMA flows and processes. The iGTs acting as integrated MAMs and GT allow the iGT to stay outside of these arrangements. If during the process of new connection, the ICP were to be nominated as the MAM by the Supplier on acceptance of the contract to build the development, they would have an obligation to provide data to the Supplier directly and in turn the supplier would update the GT with the meter fit reports. Since the ICP in electricity liaises directly with the LDSO/IDNO for the release of the MPANs and utilises standard industry data flows sent via the DTN, this is not an issue we have seen in electricity.

Industry Data Integrity & Query Management

The continued problems encountered over the years with data integrity since the development of competition in the gas new connections market has led to the recent introduction of Standards of Service in query management to the iGT UNC. We are hopeful that this will result in improvements in timescales taken to resolve asset queries and will identify weaknesses in the systems and processes that can then be addressed by process or network code improvements. Since the new standards have only been introduced this month, we have no meaningful data on the benefits this new regime has brought. Historically we have however evidence that some asset queries can be outstanding for many months or in some cases years due to the inability of the iGT to get access to properties to remedy problems with inaccurate data provided, or in some cases not provided by the ICP and developer in their handover documentation to the householder.

Metering Innovations

Finally on the issue of metering in general on new connections, due to the cost drivers in this area, the use of PPMs and other innovative metering solutions has been slow to develop. The wide geographical footprint of iGTs and IDNOs means that the cost of supporting anything other than basic dumb metering is disproportionately more expensive than the regional solutions of the more geographical incumbent metering providers. Only now are we seeing the iGTs in a position to consider offering a solution for their networks, however the costs of these devices is yet to be revealed.

So in conclusion, we welcome the review being carried out by Ofgem into competition in new connections. We would like to see the scope of the review extended slightly to consider how the effects of competition affect the customer and their suppliers.

It is clear that diversity in the growth of both the gas and electricity networks by

new entrants is good for the customer in that more choice and indeed more favourable connection charges appear to be available, however, we would stress the importance of ensuring that the quality of data and processes are not allowed to degrade to ensure that market inter-operability is protected and that ultimately the full benefits of competition are felt by the customer and that increased cost burdens are not brought about by poor controls at the outset of the new connections process which ultimately lead to increased administration costs for both iGTs/IDNOs and Suppliers.

Yours faithfully

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