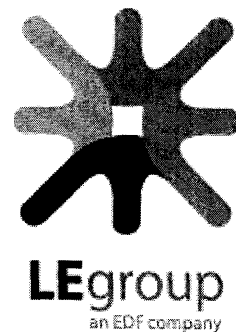


John Benson  
Ofgem  
9 Millbank  
London  
SW1P 3GE



11 April 2002

Dear John

**DEVELOPMENT OF MULTIPLE INTERRUPTION AND OTHER  
STANDARDS FOR ELECTRICITY DISTRIBUTION**

We are responding on behalf of both London Power Networks and EPN Distribution Ltd to Ofgem's latest consultation on multiple interruptions.

We continue to support Ofgem's objectives of introducing new standards to protect customers who experience multiple supply interruptions. Nevertheless we would like to take this opportunity to re-affirm some of our concerns that were not adequately addressed through the consultation process. In particular we do not believe it is appropriate that companies should be financially penalised for failing to meet a standard, which by Ofgem's own admission, even an efficient company could not achieve. Whilst we take some comfort from Ofgem's proposal that companies can recover costs up to some efficient level at the next price control, we remain concerned that this precedent introduces an inappropriate new level of risk for distributors, including the possibility of Ofgem enforcement or fines arising from the Utilities Act for our failure to meet the standard.

We do not agree with Ofgem's statement that it has carried out appropriate research to properly inform its view in proposing these standards. We have seen no evidence of any attempt to seek the views of those customers directly affected by the new standards, i.e. those customers experiencing multiple interruptions. It would seem that without the views of this class of customers, Ofgem are unlikely to have satisfied the requirement of obtaining a representative sample of views.

We are also concerned with Ofgem's treatment of exceptional and unforeseen events. We remain of the view that an approach under which Ofgem can review the impact of exceptional events on an individual basis would offer companies

reassurance that they are not at risk of being penalised for events that are outside their control.

The consultation document refers to a number of issues about the general operation and effectiveness of the new standards that will need to be reviewed prior to the introduction of the next price control. We will be happy to work with Ofgem to resolve these outstanding issues and would encourage Ofgem to publish a transparent achievable timetable for this work-stream as soon as possible.

Our concerns about the process for developing the Guaranteed Standard have been well documented. However, we found the workshop held on 27 February for publicity and administration arrangements to be very useful. We fully support this collective approach to developing issues and believe it enhances the consultation process, we look forward to the use of this approach to address the outstanding issues.

Notwithstanding these comments, we do not intend to pursue this matter further. If you have any questions on the content of this letter, please do not hesitate to contact Robert Toal (01473 545874) or Tahir Majid (0207 487 7274).

Yours sincerely

Kevin Morton  
Managing Director  
EPN, LPN