


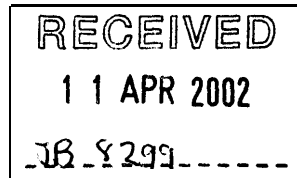
SEEBOARD

Our ref: MIApr02f1/AJ

1 0th April, 2002.

Mr. John Benson,
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Dear ,



SEEBOARD plc

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Development of Multiple Interruption and other related distribution standards: Consultation on Draft Determination of Overall Standard

Thank you for the opportunity to comment on the above consultation document.

We approve of the changes that you have made to the Guaranteed Standard and note the list of areas in paragraph 3.5 of the above document where further work will be undertaken regarding any review of both the Guaranteed and Overall Multiple Interruption Standards prior to the next price control. However, we are disappointed that this list does not include two areas where we feel that a review will be essential, namely

1. The treatment of extreme events:

We note that Ofgem has not aligned the exemptions of the Multiple Interruption Guaranteed Standard with those of the existing Standards of Performance. The current exemptions, detailed in Regulation 17, specifically recognise that there are a number of circumstances e.g. severe weather, where a company's ability to restore supply is impacted by circumstances beyond their control. We believe that Ofgem has underestimated the impact of such events on the number of failures against the Multiple Interruption Guaranteed Standard. As a result, it is likely that companies' performance will be highly variable on a year to year basis and in practical terms the inclusion of these events will reduce this standard to a weather lottery. We do not believe this is appropriate or in the interests of customers, as it will allow no meaningful comparison of performance between companies.

2. Assessing customers' willingness to pay for improvements:

There is no reference to any research on customers' willingness to pay for increased levels of performance with respect to both Multiple Interruption Standards. An understanding of customers' willingness to pay is vital, as it

ensures that the cost of providing a certain level of service is balanced against the value placed on that service by recipients.

We note that in its Initial Price Control Proposals for Northern Ireland Electricity, Ofreg has decided not to tighten any of the Standards of Performance, as its survey showed that customers' satisfaction with their quality of supply was high and that they were unprepared to pay for any further improvements.

We hope that Ofgem will give a commitment to reviewing both of the above areas as part of considering any amendment to the Multiple Interruption Standards and, in the case of the "willingness to pay" aspect before considering future amendments to any Standards.

Draft determination of the Multiple Interruption Overall standard

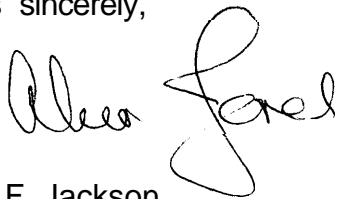
With respect to the draft determination we believe that the first paragraph should be amended as follows:

"The supply to the premises of a customer shall not be interrupted as a result of a failure of, fault in or damage to the ex-PES distributor's distribution system **for 3 minutes or more** on more than 5 occasions,"

This will ensure that the standard is properly aligned with the definition of an interruption in the Regulatory Instructions and Guidance (RIGs).

Please contact us if you wish to discuss any of these points further.

Yours sincerely,



Dr A. F. Jackson
Director of Strategy and Regulation