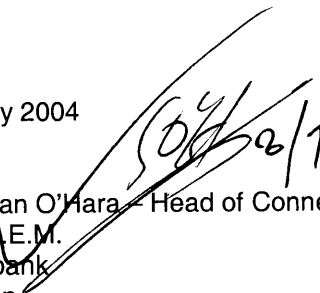


Westhoughton Motorway Depot
Chorley Road
Westhoughton
Bolton
BL5 3NH

2nd July 2004


Mr Sean O'Hara – Head of Connections Policy
O.F.G.E.M.
9 Millbank
London
SW1P 3GE

Switchboard 01942 813513

Facsimile 01942 814190

Email:

Web www.ameymouchel.com

Our reference: 02/2/453/MPK/DF/JM/4.110/5636

Dear Sir

**AREA 10 TERM MAINTENANCE CONTRACT
COMPETITION IN CONNECTIONS FOR STREET LIGHTING – RESPONSE TO O.F.G.E.M.
CONSULTATION DOCUMENT JUNE 2004**

I refer to the above document and am writing to inform you that AmeyMouchel (Area 10 TMC Contract) is in full support of the comments made by the U.C.C.G. in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:-

- The level of service we are currently receiving from the local Distribution Network Operators is extremely poor.

The problems are of a consistent nature:-

- The Operators structure is continually changing. The result being that paper work is lost and contact names and phone numbers are consistently changing.
- Requests for quotations can take from 1 to 6 months.
- Work programmed and carried out without our knowledge.
- Invoices issued up to 2 years after work completed.
- Invoices issued when the work has not been carried out.
- Cost of carrying out work is not competitive.
- The introduction of a Service Level Agreement would assist in formalizing the service provision arrangements with our DNO. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance and penalties standards which will assist in my authorities Best Value objectives.

**Supporting the Highways Agency's aim of safe roads,
reliable journeys and informed travellers**



- Competition would have many benefits. It would provide a wider choice for my Authority/Company and introduce efficiencies leading to a faster completion for the erection of a lighting column. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the D.N.O. I cannot understand why the live work should be limited to the service cable.
- i also believe that a workable Rent a Jointer scheme designed would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too restrictive and prevent my Authority from gaining benefit from the general principles of such a scheme.

Yours faithfully

A handwritten signature in black ink, appearing to read 'P. Kirwan'. The signature is fluid and cursive, with a large initial 'P' and a long, sweeping underline.

P.Kirwan
Works Manager



Ofgem
9 Millbank,
London.
SW1P 3GE

13th July 2004

FAO- Sean O'Hara- Head of Connections Policy

Subject- Competition in connections to electricity distribution systems
June 2004 Consultation Document

Dear Sean,

The introduction section of this consultation refers to a 1998 consultation where customers had identified a need to introduce competition to counter high prices and poor service in the provision of electricity connections by DNOs. It is hugely disappointing that 6 years on, the debate continues and even OFGEM own Connections Industry Review in July 2003 confirmed what was stated some five years previous. The figures of 4% of the total number of connections are carried out by ICPs prove that the regulator has failed to introduce competition across the industry.

As a result the regulator appears to have been lax in it's duty to look after customers interests and must not delay any further whatever action it must take to oblige the DNOs to remove any barriers to competition.

Where competition has developed, choice is available to developers but ICPs experience difficulties with DNOs simply because they are not required to co-operate. The view that the majority of DNOs have implemented the proposals contained in the August 2002 document is misplaced.

Allowing ICPs to carry out live jointing will significantly improve competition in connections. We recognise that the ENA have concerns over safety and liability but there is no reason why an ICP cannot manage this activity just as well as any DNO. Within the gas industry, which is inherently more dangerous to the general public than electricity, ICPs have demonstrated competency through the GIRS. The NERS will provide similar security.

The terms of adoption should be no more onerous on the developer when he contracts an ICP than they are when the developer contracts the DNO connection business. While the DNO may wish to enter into some form of adoption agreement with the ICP, the terms should not be tailored to inhibit competition.

The ENA proposals on inspection and audit appear far more onerous than the DNO applies to their own connection activity potentially discriminating against



ICPs appointed by developers. It seems also that the ENA are proposing that ICPs incur costs that their own connections business are not faced with.

The ENA proposals on live jointing appear to accept the principle that ICPs can carry out this task and this is extremely welcome.

The consultation in section B invited further views on a number of issues. Most ICPs will report that they do not receive a firm non-contestable quote with their POC enquiry and not all DNOs will break down the quote they do provide to the level of detail expected. Widening the scope to include brownfield, industrial and commercial projects is welcome but we would urge OFGEM to review the role of energwatch in overseeing disputes over the level of charge and the way it is presented. The same should apply to standards of service. The standards have been voluntary which has allowed the DNOs to choose when they meet the standard and when they do not. Because of this energwatch have no interest in resolving disputes.

Finally there is invitation to comment on licence amendments and charges for provision of information. It is a surprise that OFGEM have never felt the need to regulate these activities. Our view is that any monopoly activity provided by the DNOs including charges and adoption of networks should have closer regulation in as much that charges for these activities are recovered through the regulated business and not the customer procuring the connection. At this time the DNO provides a monopoly on adoption and should be obliged to adopt networks constructed by competent and accredited ICPs.

As a closing comment, we urge OFGEM to accelerate the timescale to introduce full competition in the provision of electricity connections. The DNOs continue to stall progress and OFGEM need to take whatever steps are necessary to prevent this from continually happening. The first soundings of a competitive connection market were heard in April 1995 and OFGEM have succeeded in opening that market to 4% in just under 10 years.

Your faithfully

A handwritten signature in black ink, appearing to read 'G. Johnson', with a long horizontal line extending to the right.

Graham Johnson
Vice President
AREVA T&D Ltd

Highways

Tel: (01604) 883400
Fax: (01604) 883456

OFGEM
9, Millbank
London
SW1P 3GE
FAO Sean O'Hara,
Head of Connections Policy

Please ask for	Tel (01604)	Our ref	Your ref	Date
Mr T L Mummery	883424	SL1/TLM		13/07/04

Dear Sir,

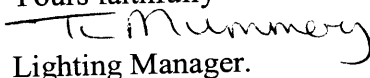
Competition in connections for street lighting – Response to OFGEM Consultation Document June 2004.

I refer to the above document and am writing to inform you that Atkins Northamptonshire Highways is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

- The level of service I am currently receiving from my local Distribution Network Operator has been satisfactory but has recently been declining. Communication is poor particularly in regard to the liaison between the DNO and their own Service Provider.
- We had signed up to a local Service Level Agreement which now seems to have lapsed and we now await a National SLA. This SLA would be seen as an added benefit to competition in connections as the DNO may still be used for some works.
- Competition would have many benefits. It would provide a wider choice and introduce efficiencies leading to a faster completion for the erection of a lighting column. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO the present problems we have, with a similar arrangement, would continue. However if the full deregulation was delayed because of this point, an interim acceptance of working on service cables only would be a huge benefit. I would calculate that deregulation of this area would for Northamptonshire account for 80% of works.
- I have investigated the use of a variation of the Rent a Jointer, bulk connections, but found that the terms offered were too restrictive and prevented any benefit.
- We currently employ and pay an allowance for the skill, jointers trained by East Midlands Electricity who were transferred under TUPE. These jointers when at ABB were able to work on our behalf as sub-contractors but are now unable to work on the system under the existing arrangements.

Thank you for the opportunity to participate in this consultation and hopefully deregulation of electrical connections will soon be a reality.

Yours faithfully


Lighting Manager.

ADSHEL

OFGEM
9 Millbank
London
SW1P 3GE

Attention of: Sean O'Hara, Head of Connections Policy

14th July 2004

Dear sir,

Competition in connections for street lighting – Response to OFGEM Consultation Document June 2004.

I refer to the above document and am writing to inform you that my company is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

- Adshel has over 30,000 connection points nationwide and the level of service received from local Distribution Network Operators varies considerably, but is less than satisfactory in general and poor in certain areas of the country.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with all of the DNOs we deal with. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance and realistic penalty standards which will assist in achieving consistency in service provision. I believe that agreed penalty standards should apply from the outset and that a penalty free first twelve months will result in there being insufficient incentive to meet the SLA.
- Competition would have many benefits. It would provide a wider choice for my Company and introduce efficiencies leading to a faster completion for the erection of bus shelters in line with Local Authority requirements. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO I cannot understand why the live work should be limited to the service cable.
- I also believe that a workable Rent a Jointer scheme would be a useful addition to the proposals made by the DNOs in your discussion document.

The merits of greater use of public transport are widely appreciated by Central Government, Local Authorities and other interested groups. This will be facilitated by a better connection and connection repair service to Adshel, enabling quicker connection of newly built bus shelters and maintenance of courtesy lighting on existing bus shelters.

Yours faithfully



S D Bradbury
Regional General Manager
CCUK – Adshel Operations

U/m



Operational Services

Director: Andrew R. Law

Mr Sean O'Hara
Head of Connections Policy
Office of Electricity & Gas Markets
9 Millbank
London
SW1P 3GE

Roads and Amenity Services
Manse Brae, Lochgilphead, Argyll PA31 8RD
Tel: (01546) 604646 Fax : (01546) 606443
E-mail: ryan.mcglynn@argyll-bute.gov.uk
Website: www.argyll-bute.gov.uk

Ask For: Mr R McGlynn
Our Ref:
Your Ref:
Date: 21 July 2004

Dear Mr O'Hara

COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS - CONSULTATION DOCUMENTS

I refer to the consultation documents published on 3 June 2004 and would like to state that the level of service I am currently receiving from my Local Distribution Operators, Scottish & Southern Energy and Scottish Power is extremely poor. I would request that you take into account the following comments. The numbers refer to appropriate sections of the documents.

Unmetered Connections Service Level Agreement

3.6 (&14.3) The proposals by the DNO's to limit reward for non performance to be in proportion to the level of DUOS income ignores the important role that good street lighting performs within British society. In addition to reducing fear of crime, crime and road traffic and pedestrian trip accidents it promotes a general sense of well being during the hours of darkness. I trust you would like to take into account these important factors.

Furthermore, the limitation of penalties to the level of DUOS income would ignore the significant costs to local Councils in responding to persons complaining about dark lights. These costs tend to be quite small for lights that are quickly repaired but to rise exponentially with time.

The payment of penalties per se is not something that local Councils would wish. Nevertheless, experience has shown that DNO's and their predecessors have constantly failed to satisfactorily perform when executing service repairs to electrical equipment on the highway.

3.7 I do not agree that the DNO's would have significant incentive to perform during a shadow period and would suggest that they have sufficient experience of a penalty payment regime.



3.14 I strongly agree with the UCCG that 'the penalty must be sufficiently large to act as an incentive to perform'.

3.17 I support the view that service standards should be included in the DNO unmetered licence agreement.

Unmetered Connections - Triangular Contact Arrangements.

3.25 I support the UCCG's view that if a contractor is under the operational control of the DNO he should be allowed to carry out work within his range of competence.

Appendix 14 - Unmetered Connections Service Level Agreement.

14.3 Please refer to comments for 3.6 above.

14.59 The primary objective of the Service Level Agreement should be to standardise and improve the response and performance.

14.60 I support the view that 'the needs of the general public' are 'the major consideration' and ask that this be applied to all matters presently under consideration.

Appendix 1 - Response Times Prepared By UCCG for Connections.

Only the minimum response times shown in figure Nos. 1 to 3 inclusive would be satisfactory.

General.

The government recognises the significance of timeous repairs and requires Councils to report the percentage of repairs to street lights carried out within 7 days. I suggest that this time should be the upper limit imposed by you.

If you wish to discuss the comments above or if I can assist with any related topic, please do not hesitate to contact me.

Yours sincerely



Ryan McGlynn
Lighting Technician



J/m.

Mr Sean O'Hara
Head of Connections Policy
OFGEM
9, Millbank
London
SW1P 3GE

Directorate of
Technical Services
Street Lighting Group
Hafodyrynys
Crumlin NP11 5BE
Tel. 01495 246004
Fax 01495 248500

Chief Engineer
David Williams B.Sc, MSc, DipTE,
CDipAF, CEng, MICE, MCIT

Contact/Cysylltwch â

Direct line/Llinell Uniongyrchol

Direct Fax/Ffacs Uniongyrchol

Your ref/Eich Cyf

Our ref/Ein Cyf

Date/Dyddiad

Cyfadr
Techneg
Grŵp Gc
Hafodyryr
Crymlyn N
Ffôn 01495
Ffacs 01495

Prif Beiriann
David William B.Sc, MSc, DipTE,
CDipAF, CEng, MICE, MCIT

L. J. Evans

(01495) 246004

(01495) 248500

ESL/22/3/LJE

23 July, 2004

Dear Sir,

Competition in Connection Electricity Distribution Systems
Consultation Document June 2004

I refer to the above document and respond on behalf of the All Wales Street Lighting Group.

The Welsh authorities are served by a number of distribution licence holders whose performance and working relationship varies considerably. Each authority is attempting to improve service delivery and in accordance with the best value initiative as laid down in the Local Government Act 1999.

Within Wales there is no 10 year Transport Plan and each individual authority is attempting to reduce the maintenance backlog under the constraints of tight budgetary control. Any measures introduced therefore that will improve efficiency and cost effectiveness will be welcomed.

The authorities support the introduction of a national Service level Agreement and the Unmetered Connections Contract – Triangular Arrangements and trust that their implementation is not delayed.

Yours faithfully

Secretary
All Wales Street Lighting Group



FS 34008

Highways • Transportation • Planning • Property • Engineering
Prifffyrdd • Cludiant • Cynllunio • Eiddo • Peirianeg

Director/Cyfarwyddwr: Roger Webb B.Eng, C.Eng, FICE, FIHT

Directorate of Technical Services
Cyfadran Gwasanaethau Technegol



dm

Mr Sean O'Hara
Head of Connections Policy
OFGEM
9, Millbank
London
SW1P 3GE

Directorate of
Technical Services
Street Lighting Group
Hafodyrynys
Crumlin NP11 5BE
Tel. 01495 246004
Fax 01495 248500

Chief Engineer
David Williams B.Sc, MSc, DipTE,
CDipAF, CEng, MICE, MCIT

Contact/Cysylltwch â

Direct line/Llinell Uniongyrchol

Direct Fax/Ffacs Uniongyrchol

Your ref/Eich Cyf

Our ref/Ein Cyf

Date/Dyddiad

Cyfadrn Gwasanaethau
Technegol
Grŵp Goleuo Priffyrdd
Hafodyrynys
Crymlyn NP11 5BE
Ffôn 01495 246004
Ffacs 01495 248500

Prif Beiriannydd
David Williams B.Sc, MSc, DipTE,
CDipAF, CEng, MICE, MCIT

L. J. Evans

(01495) 246004

(01495) 248500

ESL/201/3/LJE

23 July, 2004

Dear Sean,

Competition in Connection Electricity Distribution Systems
Consultation Document June 2004

I refer to the above document and respond on behalf of Caerphilly County Borough Council.

1. Caerphilly County Borough Council presently has a service level agreement with Western Power Distribution (WPD), which covers repairs, disconnections, transfers and new services. There are no penalty clauses included but the stated response times will compare favourably with those offered elsewhere. The actual levels of service however are dictated by WPD and are dependant upon their particular operational pressures and not those of the authority. The result is very often an imbalance between respective works programmes when coordination fails, residents continually complain and the authority is perceived as delivering an inferior level of service through no fault of its own. The lack of any element of control or real influence over connection issues is a continual obstacle in delivering best value.
2. Any new Service Level Agreement must include penalty payments that encourage good performance. It should be set at a fixed rate, which increases over the period of non-performance. It should not be a charge set in proportion to income from DUOS charges because this would be a very low monetary value, would not encourage performance and would be subject to claim and counter claim.
3. WPD already have established procedures for undertaking the type of work contained with the SLA and I see no reason to operate a 12-month trial period.
4. The authority or its customers will not accept any SLA that delivers an inferior service to that presently being delivered.



FS 34008

Highways • Transportation • Planning • Property • Engineering
Priffyrdd • Cludiant • Cynllunio • Eiddo • Peirianeg

Director/Cyfarwyddwr: Roger Webb B.Eng, C.Eng, FICE, FIHT

Directorate of Technical Services
Cyfadran Gwasanaethau Technegol

5. The SLA and the Unmetered Connections contract should be allowed to operate side by side as the authority decides.
6. A Force Majeure clause needs to be agreed that will not allow implementation when delays are caused by minor inclement weather conditions or through poor performance.
7. The acceptance of these proposals are seen as the first step in the achievement of full competition that will not be restricted to live working upon the service cable.

Following the conclusion of the consultation process I trust that Ofgem will report quickly upon the responses received and react strongly against any party who is seen to be frustrating progress.

Yours sincerely



Group Manager (Street Lighting)
for Chief Engineer



Association of Street
Lighting Electrical
Contractors

Director: V J Siantonas BSc MILE

Bowden House
1 Church Street
Henfield, West Sussex, BN5 9NS
Tel: 01273 491145
Fax: 01273 491147

VJM

OFGEM
9, Millbank
London
SW1P 3GE

Attention of: Sean O'Hara, Head of Connections Policy

26 July 2004

Dear Mr O'Hara,

Competition in connections for street lighting – Response to OFGEM Consultation Document June 2004.

I refer to the above document and am writing to inform you that ASLEC is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

- **Service Level Agreement**

The introduction of a Service Level Agreement would assist in formalising the service provision arrangements. We are concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. We would support the use of national benchmarks for performance and penalties standards which will assist in Best Value objectives for Local Authorities.

The repair of service faults by local authorities has always been very poor and given that the safety implications for this work would prevent competition a workable SLA is therefore very necessary.

- **Competition in Connections**

Competition would have many benefits. It would provide a wider choice and introduce efficiencies leading to a faster completion for the erection of a lighting column. It may also reduce the total cost of the work involved in the erection and replacement of lighting columns. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO we cannot understand why the live work should be limited to the service cable.

The comments made in the Consultation Document by the UCCG adequately express the ASLEC view on this matter. In particular if a contractor is assessed to be competent Lloyds Register to carry out live work, which includes connections onto the main, why should he not be allowed to do this work, especially if he already does it under contract for the DNO doing the same work? In your consultation document the ENA make the following comment:

“the ESQC Regulations clearly places liabilities on Network Operators/Owners (i.e. the DNO). There is currently no incentive upon a DNO to increase risk exposure. Consequently, the ENA believe that the proposed live working arrangements represent a pragmatic and significant first step forward toward the introduction of competition in unmetered connections whilst managing DNO exposure to increased risk. The ENA believe it is important to appreciate that even some DNOs do not allow contractors to undertake live LV jointing. The proposals therefore represent a significant change in practice”.


The DNOs fail to mention however that the same regulations require them to give consent for third parties to carry out such connections unless there is or may be a technical or safety problem with the equipment to be connected or with the point of connection. The regulations specifically mention the competence of the contractor carrying out the work and the requirement to be registered with Lloyds Register. If all these requirements are met, what other reason can a DNO have for denying consent? ASLEC believe that the reasons given by the DNO are not sufficient and that they would be in breach of Regulation 25 of the ECSQ Regulations and acting in an anti competitive manner. In such circumstances the Guidance notes to the ECSQ Regulations state that the secretary of state has powers for intervention and OFGEM can also act in respect of anti-competitive behaviour.

- **Rent a Jointer Scheme**

We believe that a workable Rent a Jointer scheme would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too restrictive and prevent the industry from gaining benefit from the general principles of such a scheme. Some DNOs are looking more seriously at rent a jointer schemes but the majority are still negative. There are now several examples of successful schemes, the latest being in the London Borough of Redbridge.

I hope these comments are a useful contribution to your consultation process and I look forward to the results and your conclusions.

Yours faithfully



Vas Siantonas
Director

Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

15th July 2004.

Dear Sean,

**RE: Competition in Connections to Electricity Distribution Systems –
Consultation Document June 2004**

British Gas welcomes the opportunity to comment upon the work being undertaken to develop competition in the electricity connections market. This response is not confidential and may therefore be placed in Ofgem's library.

British Gas is pleased to note the work that has been undertaken by Ofgem, the ENA and the two working groups and believe that the industry now has a solid foundation from which to build and create a competitive connections market. However, it is apparent from some of the comments made in the consultation paper that the views of these groups are not yet fully aligned and we have concerns that the negotiation process will protract this already slow process even further. We therefore urge Ofgem to bring the working groups and the ENA together to discuss and finalise their proposals in the very near future.

In response to Ofgem's recent distribution price control consultation Ofgem stated that competitive connections provision was currently about 4% of the total connections market. British Gas believe that, even following this review, volumes will remain relatively low. We suggested therefore that, as part of the distribution price control, customers should be protected by bringing DNO's connection charges fully within the price control, currently they are part of excluded services hence customer protection is relatively weak. We are disappointed to note that Ofgem have not taken this opportunity to include these charges in the price control and believe this is inconsistent with its aim of adequately protecting customers from monopolies until competition has been established.

Our specific comments on the consultation paper are detailed in the following paragraphs and follow the form of the paper.

✓ National Electricity Registration Scheme (NERS)

We are pleased to note that the NERS has been running since October 2003 however we have continued concern that this may only apply to those contractors 'wishing to be assessed for **national** accreditation for contestable works.' We seek clarification from Ofgem that the DNO's are not able to use non-registered 3rd party contractors as this could discriminate against new incoming ICP's and could also allow 3rd party contractors to operate to their own standards as opposed to industry wide standards.

✓ Consent to Connect.

Whilst, in principle, we agree with the proposals made by the ENA we believe that further development is required. There is an opportunity, at this stage, to develop a national 'connections timeline' process which all DNO's and ICP's would be required to follow. This would avoid the occurrence where an ICP is reliant on delayed consent before offering connection terms as they would know what was required of them and others at every stage of the connection process.

This process should also be extended to include developers as they are an integral link in the process. As a Supplier we would want to see the 'connections timeline' include defined stages which would assist in the reduction of unregistered and illegally energised sites. In addition, we would seek the introduction of performance measures and associated financial incentives for non-performance against the connections timeline.

✓ Live LV Jointing

We welcome the development of proposals for allowing ICP's to carry out live working on LV joints and see this as a positive step towards creating a competitive environment. However, we have concerns over the function of the ENA Assessment Panel within this process as introducing additional steps will undoubtedly cause delays. We therefore agree with the MCCG that the DNO should specify the approved LV jointing prior to any works being carried out as this will remove ambiguity and any cause for delays.

Unmetered Connections

We welcome the progress made in enhancing the processes for un-metered supplies. However we believe there is a further opportunity to tighten up processes where additional connections are made to a network as we believe

portfolios are not as accurate as they could be. This inaccuracy causes unaccounted consumption to fall into the industry losses calculations. The burden for this is paid for by non-half hourly Suppliers and is passed through to the end customer.

Standards of Service.

We agree that the voluntary standards of service scheme should be extended into brownfield, industrial and commercial sites as we believe that standardisation in this area will assist in creating a level playing field which is one of the essential components in developing a national connections service. We urge Ofgem to keep a watchful eye on the industries adherence to the standards with a view to regulating the standards, including the introduction of financial incentives, should service levels fall in the future.

If you wish to discuss any of the points raised in this response please do not hesitate to contact me on 07979 567835.

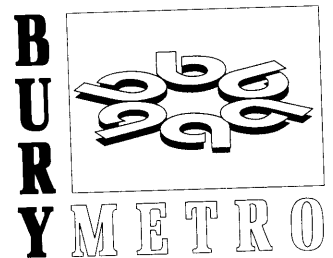
Yours sincerely

Nick Carter
Account Manager

Philip D Allen CPFA
Director of Environment & Development Services

Our Ref SL1/PH/JLH
Your Ref
Date 7 July 2004
Please ask for Mr P Hewitt
Direct Line 0161-253 5824
Direct Fax 0161-253 5310
E-Mail

Sean O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
London
SW1P 3GE



ENGINEERING DIVISION

Lester House
21 Broad Street
Bury BL9 0AW
Tel: Customer Services
0161-253 5353 or e-mail
customerservices@bury.gov.uk

Mike Cannon BSc CEng
MICE MIHT MInstWM
Borough Engineer

Dear Sir

**COMPETITION IN CONNECTIONS TO ELECTRICITY
DISTRIBUTION SYSTEMS CONSULTATION DOCUMENT 124/04a**

I refer to the above document, to which I would like to comment as follows:-

Whilst competition in this area is long overdue I feel the current proposals do not go far enough and are still far too restrictive to allow efficient and cost effective service provision. Connection charges are now becoming astronomical when compared to the provision of the actual street lighting equipment.

The restriction for the provision of new service connections to DNO's will result in the requirement to have two sets of contractors on site, more than likely, working side by side. Having to liaise with the DNO is time consuming enough at the moment, however, having to liaise with two for placing orders, monitoring progress, street works notices, payment of invoices, etc will produce an increased workload for existing staff.

The restriction of working on a service cable which is greater than 1 metre from the mains cable is nonsensical. Most footways average around 1½ to 2 metres in width. Taking that in most cases the main cable runs up the middle of the footway then this will greatly exclude the number of areas where an independent transfer or disconnection can be carried out.

The Greater Manchester Association of District Engineers (GMADE) street lighting group is currently looking into negotiating a new Service Level Agreement (SLA) with United Utilities. However, it is impossible to negotiate too much detail, as there is no alternative service supplier to approach in the event of a failure to agree to terms and conditions.

/Cont.....

Bury Prestwich Radcliffe Ramsbottom Tottington Whitefield

BURY METROPOLITAN BOROUGH

www.bury.gov.uk



INVESTOR IN PEOPLE



- 2 -

Sean O'Hara, Head of Connections Policy, Office of Electricity & Gas Markets

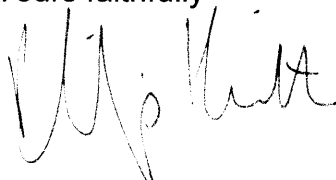
7 July 2004

As such an Ombudsman needs appointing where disputes and disagreements can be heard.

Many Authorities are now considering the use of Local Authority cable networks to DNO energy supplies, slipper type columns, etc in a bid to try and remove the DNO as much as possible. Whilst such alternatives are not always desirable as the best solution it is understandable why this scenario is increasing in popularity.

In conclusion I feel the only real way to dramatically reduce the price of connections is to fully open up the market to approved and licensed organisations competing for the work in all aspects of service provision, not just transfers and disconnections.

Yours faithfully

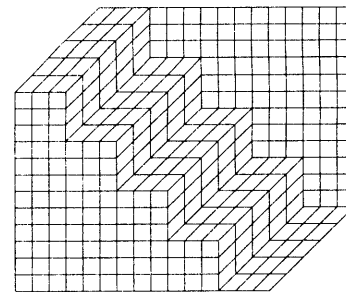


PHILIP HEWITT
PRINCIPAL ENGINEER
(Street Lighting)
Highway Network Services

16 July 2004

By Post

Mr Shaun O'Hare
OFGEM
No 9 Millbank
London
SW1P 3GE



Buro Happold
Planning Supervisors

Metered.

Competition in connections to electricity distribution systems
June 2004 Consultation Document

Dear Shaun,

The introduction section of this consultation refers to a 1998 consultation where customers had identified a need to introduce competition to counter high prices and poor service in the provision of electricity connections by DNOs. It is hugely disappointing that 6 years on, the debate continues and even OFGEM own Connections Industry Review in July 2003 confirmed what was stated some five years previous. The figures of 4% of the total number of connections are carried out by ICPs prove that the regulator has failed to introduce competition across the industry.

Where competition has developed, choice is available to developers but ICPs experience difficulties with DNOs simply because they are not required to co-operate. The view that the majority of DNOs have implemented the proposals contained in the August 2002 document is misplaced.

Allowing ICPs to carry out live jointing will significantly improve competition in connections. We recognise that the ENA have concerns over safety and liability but there is no reason why an ICP cannot manage this activity just as well as any DNO. Within the gas industry, which is inherently more dangerous to the general public than electricity, ICPs have demonstrated competency through the GIRS. The NERS will provide similar security.

The terms of adoption should be no more onerous on the developer when he contracts an ICP than they are when the developer contracts the DNO connection business. While the DNO may wish to enter into some form of adoption agreement with the ICP, the terms should not be tailored to inhibit competition.

The consultation in section B invited further views on a number of issues. Most ICPs will report that they do not receive a firm non-contestable quote with their POC enquiry and not all DNOs will break down the quote they do provide to the level of detail expected. Widening the scope to include brownfield, industrial and commercial projects is welcomed but we would urge OFGEM to review the role of energyswatch in overseeing disputes over the level of charge and the way it is presented. The same should apply to standards of service. The standards have been voluntary which has allowed the DNOs to choose when they meet the standard and when they do not. Because of this energyswatch have no interest in resolving disputes.

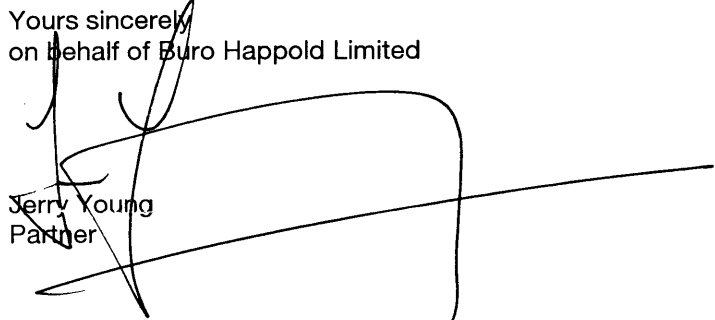
Buro Happold Limited
17 Newman Street
London
W1T 1PD

Telephone 020 7927 9700
Fax 020 7927 9701

Finally there is invitation to comment on licence amendments and charges for provision of information. It is a surprise that OFGEM have never felt the need to regulate these activities. Our view is that any monopoly activity provided by the DNOs including charges and adoption of networks should have closer regulation in as much that charges for these activities are recovered through the regulated business and not the customer procuring the connection. At this time the DNO provides a monopoly on adoption and should be obliged to adopt networks constructed by competent and accredited ICPs.

As a closing comment, we urge OFGEM to accelerate the timescale to introduce full competition in the provision of electricity connections. The DNOs continue to stall progress and OFGEM need to take whatever steps are necessary to prevent this from continually happening. The first soundings of a competitive connection market were heard in April 1995 and OFGEM have succeeded in opening that market to 4% in just under 10 years.

Yours sincerely
on behalf of Buro Happold Limited



Jerry Young
Partner

Ref 1000 040716 CJY Competition in connections to electricity distribution systems
June 2004 Consultation Document



BATH & NORTH EAST SOMERSET

Transportation, Access & Waste Management

Floor 2 South, Riverside, Temple Street, Keynsham, Bristol BS18 3LN

Action Line: (01225) 39 40 41

Facsimile: (01225) 394335

Date: 19 July 2004

Our ref: KS/sl/gen

Your ref:

Direct line: 01225 394342

Fax: 01225 394338

E-mail:

Mr Sean O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
Milbank
London
SW1P 3GE

Dear Mr O'hara

**Re:- Competition and Connection to Electricity Distribution Systems
(Street Lighting), response to OFGEM consultation Documentation June
2004.**

Having reviewed the consultation documents I would wish to make the following comments on behalf of our Council with respect to street lighting distribution system connections:-

Appendix 14

- 1. National Service Level Agreement:-** Our Councils area is covered by two different DNO's, each of which currently operate and perform differently. It would be our intention to ensure any agreements formulated with the DNO's identify consistent standards in order that commitments made to the public for any works can be clearly communicated and all customers would expect similar levels of response from DNO's. Ideally a National Service Level agreement should be sought.
- 2. Calendar Days:-** Due to social change and customers expectations the term working day needs to relate to calendar days excluding bank holidays. Whilst making this point it is acknowledge the DNO's work a five day working week as with Local Councils except for emergency type works. However we provide a commitment to our customers to attend and repair faults within 5 calendar days this is what has been determined socially acceptable by the County Surveyors Society CSS for routine faults. Emergency works defined by their nature are then repaired on either a 2 hour or 1 calendar day response times.



3. **Penalty Payments / Monitoring Systems:-** In order that a real lever for non performance is inbuilt, it is imperative that penalty payments are used these should be determined through a genuine pre estimate of loss. This needs to consider such things as Council staff time in dealing with non completed DNO works and associated complaints, delay and disruption inflicted on other contractors and the Council, site visits required in order to resolve such enquiries, follow up letters, etc. The relation ship with DUOSC does not correlate to the above in any way or form. Ideally the need for implementation of such penalties would not need to be used. As long as the DNO's state what they will do and have the resources to deliver what they say they will do. It goes without saying that an approved Extension of Time process would need to be developed and an authorised person within each Council identified to agree acceptable extensions to deal with situations where shut down etc are required. Finally in order that this system could be monitored an approved management system would need to be run by the Councils to agree such extensions. This may require further thought, but should be able to be built into the Councils existing Street Lighting management information systems.

4. **Shadow Period:-** If the DNO's are confident about their resource levels and management of work why should such a period be necessary? However if some DNO's feel it necessary after all it's only one year.

5. **Specific Points Relating to Clauses:-**

14.20:- In order that future budgets / programmes of works can be planned and cost increases appropriately considered. Is it possible to amend the wording to reflect when prices are reviewed a minimum of three months prior notice of implementation shall be given and price reviews shall be implemented with an effective date of 1 April. This fits in nicely with budgets and other price fluctuation clauses operating in the management information systems.

14.22:- The term "Notice of Erection" is used can this be defined as in our area it is known as a "Notice of Completion of Unmetered Electrical Installation".

14.30:- The term "exceptional circumstances" is used can this be defined. Again this would be an ideal situation for using the Extension of Time process referred to above.

Appendix 15

6. **Safety Reasons For Not Allowing Connections To Main Cables:-** I have difficulty in fully understanding the reasons for not allowing full competition in the market. Clearly competencies and working practices play a role in such work activities. Why should they differ from a DNO who may use a IPC, to the same IPC working direct to the Council. Safety is paramount but common sense also needs to be considered in such circumstances.

7. **Sufficient ICP's:-** Again the principle is fine but approval of sufficient ICP's needs to be facilitated by OFGEMS and a large enough pool needs to exist in each DNO area to ensure true competition.

I hope that above are seen as constructive comments, if you require any further explanation or discussion please do not hesitate to contact me direct.

Yours Sincerely

A handwritten signature in black ink, consisting of a large, stylized 'K' followed by a horizontal line that tapers to a point on the right.

K Showering
Team Leader, Street Lighting
Network Management

21st July 2004

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

ulm.

For the attention of Sean O'Hara - Head of Connections Policy

Dear Sirs

**COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS –
CONSULTATION DOCUMENTS 124/04a AND 124/04b - JUNE 2004**

On behalf of Birmingham City Council I wish to comment on those elements of the above documents which relate to unmetered connections associated with highway lighting and illuminated traffic signs.

As an initial point I do feel that the documents could have been simplified to make them more user friendly and I trust that such factors will not deter bodies from commenting on them.

The City Council firmly believes that the effective lighting and signing of the streets of Birmingham are key functions as far as the community is concerned. We are therefore continually striving to improve the level of service that the Council provides in this direction and are keen to take up every opportunity to do so.

For many years now the City Council has actively endeavoured to obtain an improved level of service from its local electricity board (MEB) and subsequently its privatised successors. We initiated and then provided the chair over a number of years for a joint MEB/Local Authorities Working Group whose work resulted in the joint publication in 1994 of a level of service document which clarified many matters for both sides across the MEB region. Importantly it provided agreed target response levels and standard work costs. Unfortunately, whilst some improvements in performance, (by what is now referred to as the distribution network operator), can be identified since 1994, the general matters of cost and performance still remain unsatisfactory.

Contd.....

Neil Dancer
Chief Highway Engineer
P.O. Box 37 (3/4)
1 Lancaster Circus Queensway
Birmingham B4 7DQ

Your Reference
Our Reference CCS/LG/JN
File Reference
SK21-7.2-5

Telephone 0121 303 7664
Facsimile 0121 303 6599

It is against this background that I make the following comments on the consultation documents:

1. I believe that the City Council should be able to seek competitive tenders for all the work currently undertaken by the Distribution Network Operator (DNO) for the provision and maintenance of connections for street lighting/traffic signs. It is only by this means that the Council will achieve value for money and have a clear opportunity to set a level of service which it believes is appropriate for the community within Birmingham. I acknowledge that the proposals go some way toward this objective but must confirm that full competition remains our long term goal.
2. In BCC's case, were the proposals to be introduced, non-contestable work would be expected to account for only 2% of the "connections maintenance work" but 32% of that provided for "new or improvement" lighting schemes.
3. It is noted that the large proportion of maintenance work available to an ICP will show potential benefits. In Birmingham there is much concern with regard to what is generally considered to be a poor level of service provision by the DNO. Throughout 2003/04 in the Birmingham area 1267 No. orders were raised on the DNO for connection maintenance works with only 975 No. (77%) completed within the current agreed level of service of 15 working days. Such performance means that many units have been out of action for unacceptably long periods and the proposed ability to use an ICP for the majority of this work is welcomed.
4. In addition the ability to use an ICP for maintenance works will be directly beneficial in relation to a proposed National Government performance indicator (BV(X19)) that will require the Highway Authority to determine the average time to repair a street lamp. The proposed indicator specifically includes "electricity supply failures".
5. The 32% figure for new works assumes a clear split for every item of work but situations will arise where the advantages of the new competitive arrangements will be outweighed as a result of the split between contestable and non contestable work, perhaps making it uneconomical and impractical to appoint an Independent Connection Provider (ICP) for a particular scheme. For example, to achieve seamless operations during improvement works, the non-contestable work of the DNO (new service connections on to the main) and the contestable work of the ICP (transfers and disconnections) would need to be closely coordinated to ensure that at least the original illumination levels were achieved at all times during the works. Such coordination would be safety critical and an expense not incurred if all the connection work were contestable.
6. Any charges associated with the DNO costs for site supervision, audits and the adoption process diminish any financial benefit to the local authority achieved by using an ICP. It is therefore vitally important that such DNO costs are tightly controlled. The proposal in the document for each DNO to set its own audit etc. charges is not acceptable and I would propose that a National control mechanism be introduced such that a nationally agreed set of charges can be applied by all DNOs.

7. As the City Council moves towards an all embracing PFI arrangement the lack of competition in connections will increase the risk to the PFI contractor and consequently the cost to the City Council in delivering the service. Competition will assist with meeting the challenging targets of a PFI creating greater flexibility and management control.
8. Since the consultation document proposals allow for the DNO to always figure in the process of connections there must be a robust operational procedure for the control of costs and in the administration of Service Level Agreements. Due to regional differences and a variety of operational arrangements it is preferred that agreement is reached at a regional level within the DNO's geographical area of responsibility. Birmingham together with other Midlands region local authorities has been working within an agreed Operating Procedure and Standards of Service since 1994. This has proved extremely useful in determining an appropriate working relationship and is recognised by the City Council as an acceptable arrangement for a continuing agreement with the local DNO.
9. I concur with the general views of the UCCG noted in paragraphs 3.13 and 3.14 but would add the following comments:
 - a. Penalties to be imposed on a DNO for failing to perform should reflect the true cost to the local authority of the non performance. The sums put forward in the consultation document are not acceptable and further discussion with the UCCG is required to determine appropriate levels on the basis of liquidated damages. Quite clearly the level of any penalty must provide an appropriate incentive for the DNO to meet its target levels of service.
 - b. An extended Shadow Period of 12 months would appear to be unnecessary as there is nothing novel about the proposed arrangements and local authorities wish to take full advantage of any benefits available to them as quickly as possible. It is considered that 3 months is the absolute maximum required to become familiar with revised paperwork systems.
 - c. Standard response times should be in line with the needs of the local community and what it can afford not what the DNO feels either capable of or inclined to deliver. Clause 3.8 would appear to indicate a proposal to amend service targets in line with what a DNO can readily achieve. The service targets once agreed should not simply be amended to take account of a DNO's "experience and auditable performance data". This is exactly the situation that local authorities have been endeavouring to resist for many years.

In conclusion I would confirm that Birmingham City Council in general welcomes the steps being taken towards competition in unmetered connections but I would urge you to give full consideration to the reservations noted above. I look forward to receiving further information on the progress of the proposals.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Dancer', with a large, stylized flourish at the end.

Neil Dancer
Chief Highway Engineer

Environment & Leisure

Director : Vincent Paliczka

This matter is being dealt with by: Mr P L Brooks
☎ 01344 351901 - Fax 01344 351141

Our Ref: PLB/ALK/S/15/1/2

28 July 2004

Sean O'Hara
Head of Connections Policy
OFGEM
9 Millbank
London
SW1P 3GE

Dear Mr O'Hara

Competitions in Connections - Ofgem Consultation Document June 2004

Bracknell Forest Borough Council is a member of the South Central Local Authorities group on behalf of whom the Chairman Tony Stephens is submitting a unified response to the consultation document. I nonetheless see no harm in reinforcing some of the pertinent issues from an individual Authority's standpoint.

The level of service I am currently receiving from my DNO is patchy. It is fortunate that my street lighting contractor is the contracting arm of the DNO and this leads to the completion of new and transferred connections in better than average time.

However, attendance upon supply faults is far less predictable. Some years ago, the DNO published a performance commitment to its unmetered supply customers which stated that "90% of all known faults would be attended to within 10 days and 90% of the remaining faults would be attended to within a further 10 days". The DNO now seems reluctant to pledge this commitment and response times are never guaranteed.

Regrettably, in the eyes of the public, this erratic performance of the DNO is seen as a failure upon the Local Authority and this is frustrating and unfair.

It would assist the delivery of a consistent lighting service if Local Authorities could enter into a formal Service Level Agreement with their DNO similar in complexion to the Customer Guarantee Scheme currently offered to domestic customers. Within the Agreement, I would like to see the use of national benchmarks for performance and penalty payments and the review of the Force Majeure clause so that it is fair and equitable to both parties.

On the grounds that my Lighting Contractor may not always be the sibling company of the DNO I would want to be ensured that an alternative contractor would not be inhibited in providing at least a reasonable and consistent service. It is essential therefore, that there is a substantial pool of accredited Independent Connections Providers qualified to undertake the making of live connections to the LV network and as such, would be approved by the DNO.

There is no doubt that competition would benefit Local Authorities by providing a wider choice of quality and price and introducing efficiencies into the service.

Yours sincerely


Peter Brooks

Principal Engineer (Electrical)

The Borough of Opportunity



Time Square
Market Street
Bracknell
Berkshire
RG12 1JD
☎ 01344 351400
Fax 01344 352555
DX 33611 Bracknell
Minicom 01344 352045
environment.leisure@bracknell-forest.gov.uk
www.bracknell-forest.gov.uk



2001-2002
Maintaining a Quality
Environment

OFGEM
9 Millbank
LONDON
SW1P 3GE

For the attention of Sean O'Hara
Head of Communications Policy

Department of Transportation,
Design and Planning
Major Works Service
Street Lighting Unit
Ground Floor
Flockton House
Flockton Road
BRADFORD
BD4 7RY

v/m

Tel: (01274) 434019
Fax: (01274) 391082
Minicom: (01274) 392613
E-Mail: ian.moore@bradford.gov.uk
My Ref: TDP/M/SL/74925/IM
Your Ref:

27 July 2004

Dear Sir

Competition in Connections for Street Lighting – Response to OFGEM Consultation Document June 2004

I refer to the above document and am writing to inform you that my authority/company is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

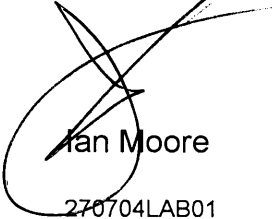
- The level of service I am currently receiving from my local Distribution Network Operator is at best satisfactory and despite a number of recent contractual changes with their sub-contractors the anticipated improvements have not been realised.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with our DNO. I am concerned however that Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance and penalties standards which will assist in my authorities Best Value objectives.
- Competition would have many benefits. It would provide a wider choice for my Authority and introduce efficiencies leading to a faster completion for the erection of a lighting column. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO I cannot understand why the live work should be limited to the service cable.
- I also believe that a workable Rent a Jointer scheme designed would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too

City of Bradford Metropolitan District Council

www.bradford.gov.uk

restrictive and prevent my Authority from gaining benefit from the general principles of such a scheme.

Yours faithfully



Ian Moore

270704LAB01



BRADFORD
one landscape many views



Head of Planning, Highways & Design
Barnet House, 1255 High Road, Whetstone
London N20 0EJ
Switchboard: (020) 8359 2000

Mr. Sean O'Hara
Head of Connections Policy
OFGEM
9, Millbank
London
SW1P 3GE

Contact: Paul Bragg
Tel: 020 8359 4397
e-mail: paul.bragg@barnet.gov.uk
fax: 020 8359 4145
date: 28 July 2004
our reference: PLB/SL/CON/RES/001
your reference:

Dear Mr. O'Hara,

**Re: Competition in Connections – Electricity Distribution Systems –
Consultation Document – June 2004**

Having had the chance to study the above document, I would like to make a number of comments on behalf of London Borough of Barnet.

1. London Borough of Barnet has just received PRG approval to commence the procurement of a PFI Contract for the provision of Street Lighting Services for the next 25 years. The first five years of this contract will involve replacing 75% of the street lighting stock, which in terms of connections works will amount to around 30,000 electricity service alterations. We estimate at current rates the service works alone will cost around £18M, which is approximately 65% of the works cost in that first five year period. It had been hoped that the introduction of competition for service works would lead to savings of at least 30% (£5.4M). However we are extremely disappointed to note that there are no plans to introduce competition into the area of three phase jointing as 87% of the works will involve new connections onto three phase cables. We find this extremely difficult to understand as the arguments put forward by the DNO's can not be justified. My reasons for this statement is that nearly all the DNO's employ sub-contractors to carry out live jointing works at present and this practice has been going on for several years. All of the sub contractors have been verified by the DNO's as being competent to carry out this work. In the EDF area two private contractors have been extensively used over the last few years. However both of these contractors have recently lost the contract to Morrisons who have now supposedly taken over the works for the whole of the EDF area. Therefore I ask the question – Why can I not employ either of these private contractors to carry out this work for my authority. After all they are both proven to be competent in this work area. Initial correspondence from both these companies indicate that it would be possible to save at least 30% on the cost of service works, but it seems that I will not be able to take them up on this offer.
2. If I am going to be forced to use the local DNO then there must be a Service Level Agreement in place which can be used to monitor the performance of the DNO and to which penalties can be imposed for performance which falls below agreed standards. The existing arrangement of a voluntary Charter produced by

my local DNO – EDF Energy, does not work. The timescales detailed in the Charter for service delivery is acceptable to this authority. The problem is that over 90% of the service provided by EDF is not delivered in accordance with these promises.

3. The level of penalties needs to be at a level, which encourages the DNO to perform. The charges will need to be set up as a deduction in monies owed rather than a charge made by the Authority. Otherwise we will spend huge amounts of time chasing for payment.
4. The Service level agreements should be agreed to enable national comparison between each of the DNO's.
5. The Service level agreement and incorporated penalty charges should not be introduced on a trial basis. It needs to be introduced as soon as possible with penalties included from day one.
6. The Authority should not be tied to the SLA and may be able to operate competition whenever it wishes.
7. My suggestions to improve the performance of the DNO's would be that the DNO should provide rates for certain elements of work. I.e. A fixed rate for a disconnection, transfer and new service. The penalty system for non-performance should reduce the rates and these reduced rates should then apply for all future works. Where performance exceeds the standards it will be possible to increase the rates back up incrementally to the original fixed rate. This would then provide an incentive to perform at all times and when the performance does dip there will be an incentive to invest time to resolve the problem areas.
8. The new national Best Value Performance Indicator (BVPI) for street lighting will be adversely affected by poor performance from the DNO. I believe this is wrong because in my opinion the national performance indicator should be used to determine how well the authority manages its service delivery. By including the DNO's work we are actually reporting on something which is outside the authorities management control and is actually a report on the DNO's poor performance. It will therefore be necessary to align the BVPI with the SLA.

In conclusion we are generally disappointed with the proposals as we feel that it is about time that full competition is introduced. I worked for Eastern Electricity for 10 years and many of the arguments the DNO's have made on why competition in connections should not be introduced are in my opinion not justified. The way in which they currently operate is very trusting of the sub contractors they employ as there is little or no supervision of their works. In my experience the local authority seems to act as the DNO's quality checker and therefore I believe that we are experienced and responsible enough to monitor works carried out by proven competent contractors who could be employed by us to work on the DNO network. It is all too often that a new supply is reported by us as a dead service within months of being installed. Surely this shows that the DNO's sub contractors are not all they are made out to be. In the meantime the authority has to suffer the consequences.

I hope you will find my comments to be constructive and of assistance. If you require any clarification of any issue please do not hesitate to contact me.

Yours sincerely,

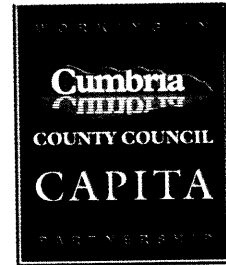


Paul Bragg
Chief Engineer – Highway Services

Your ref:
Our ref: RL1/RJR/LJH
Letter No:

14 June 2004

Ernest Magog
Assistant Secretary
Swan House
207 Balham High Road
LONDON
SW17 7BG



Cumbria Highways

Lower Gaol Yard
The Courts, Carlisle
Cumbria CA3 8NA
Fax: 01228 606577
Telephone: 01228 606744
john.robinson@cumbriacc.gov.uk

Dear Mr Magog

ALL PARTY PARLIAMENTARY LIGHTING GROUP

I refer to your letter to my colleague, Bob Allan regarding the recently published OFGEM consultation document.

The County Council's main interest in this area of work related primarily to the unmetered connections for road lighting, traffic signals, illuminated signs and bollards. Consequently, only Section 3, Unmetered Connections, has been reviewed.

The ENA proposals do not go far enough in freeing up this area of work to competition. The views of UCCG are fully supported. In addition, Sections 3.5 & 3.6 are notably non-committal. The system will need meaningful targets and penalties with teeth if it is to work. Basing the penalty on the level of income from an installation is inappropriate. It should be based on the level of benefit provided by that installation had it been operational.

As a footnote, the consultation document would have been much easier to read had it provided an appendix listing all the acronyms used in the main text.

Yours sincerely

John Robinson
County Roads Engineer (Revenue)

Cumbria Highways hotline tel: 0845 609 6609
e-mail: contact@cumbriahighways.co.uk

A partnership between Cumbria County Council and Capita



29/6/04
SOY
Mr. Sean O'Hara,
Head of Connections Policy,
Office of Gas and Electricity Markets,
9 Millbank,
London.
SW1P 3GE

Your ref:
My ref: NTP/GW
Direct Line: 01872 322301

25th June 2004

Dear Mr O'Hara,

**Competition in connections to electricity distribution systems – Consultation Document
124/04a & 120/04b Comments**

Further to a correspondence I have received from Joan Walley MP (Joint Chair APPLG) I would like to take this opportunity to comment on the progress of the Competitions in Connections Draft Document and the impact that the operation of the local Distribution Network Operator (DNO) has on the street lighting service delivered in Cornwall.

From discussions with my Lighting Engineer I have focused my comments into three categories, where I feel that a service improvement made in these areas will benefit the end user and public sector.

1. SERVICE DELIVERY

- As a Beacon Council and Centre of Excellence Cornwall County Council prides itself on service delivery and has worked over the years to encourage this mindset and culture in its own staff. It is therefore very frustrating when dealing with the Local DNO who has a monopoly and arrogant attitude and considers the Authority as a very small customer mainly due total connected load value, when in effect it should be considering the fact that we have 46,000 points of supply.
- All public sector services are encouraged to strive and demonstrate continual improvement through performance indicators; this is proactively encouraged in all Termed Maintenance Contracts (TMC) that are let by the Authority. It is therefore very frustrating for the Authority to have no control or influence on the DNO whose network we are so reliant on, when it fails and which has such an impact on any performance figures we produce.
- Public services operate on the perception of calendar days. The Authority's Lighting Contract and demonstration of Best Value adopts this format and I find it very antiquated that DNO's still operate on a working day basis. I feel that this needs to be addressed by OFGEM when renewing the DNO Licensing Agreement irrespective of the outcomes of the consultation.
- Based on current performance significant amounts of work are being completed outside of the Local Charter Agreement timescales. Fault repairs on average take three times longer than the quoted timescale and new connection quotations which affect work programmes are taking twice as long. Fortunately, the Lighting Term Maintenance Contractor operates

G:\Personnel\Secal\LENTON\WINWORD\O'hara.doc

PLANNING, TRANSPORTATION & ESTATES

County Hall Truro Cornwall TR1 3AY Tel (01872) 322000 Fax (01872) 323828

Director **Richard Fish** Deputy Director **Nick Powell**

www.cornwall.gov.uk



INVESTOR IN PEOPLE



as a Sub-contractor to the local DNO on programmed works, therefore is able to carry out most of the works on their behalf, however, this is still reliant on the DNO issuing the work which does not always happen usually down to individual personality clashes.

2. **COMPETITIVE WORKS**

- Competition in connections can only improve service of any works programme; public awareness and accountability draw many comments when two street lighting columns stand next to one another awaiting service transfer. In Cornwall on jobs where the TMC Contractor acts on behalf of the DNO, this operation takes place as one and is envied by many other authorities. This is a service that I feel should be available to all authorities.
- All works programmes are affected by DNO resources and implementation of the new SECTOR Scheme and Lloyds Registration will support competence in the available workforce so that resources can be channeled where needed and service demands.

3. **MONITORING**

- Monitoring of public sector services has driven service improvement and accountability. National minimum standards set and administered by OFGEM for DNO services and competition can only move things forward in the right direction, with league tables identifying the best and worst performers.
- Can I suggest that if no further competition in connections can be achieved at the end of this consultation period, DNO's must operate formal Service Level Agreement because present local charters are not being fulfilled and do not give Authorities an acceptable standard of service.

I am sure by these comments you can see there is an appetite for competition and service delivery by the DNO's and I would support whole heartedly any move forward where service delivery and accountability could be improved.

Fortunately Cornwall co-ordinates its services with only one DNO unlike many of my colleagues who have tripartite operators and with those Authorities I feel any National Agreement would benefit.

Yours sincerely,


Deputy Director
Planning, Transportation and Estates



Your ref 124/04a

Our ref NR&PC/LW/THS

Sean O'Hara
Head of Connections Policy
OFGEM
9 Millbank
London
SW1P 3GE

98 Aketon Road
CASTLEFORD
WF10 5DS

tel (01977) 605165
fax (01977) 605811

e-mail :tony.sharp@ce-electricuk.com

15 July 2004

Dear Sean,

Competition in Connections to Electricity Distribution Systems Consultation

CE Electric UK Funding Company (CE) is the UK parent company of Northern Electric Distribution Limited (NEDL) and Yorkshire Electricity Distribution plc (YEDL). This letter represents the response of CE, NEDL and YEDL to Ofgem's publication, '*Competition in connections to electricity distribution systems, consultation document, June 2004*'.

We are broadly supportive of the key elements within the competition in connections (CiC) framework proposals. We believe the overall package presents a sound basic blueprint for the future, and we are happy to endorse the following Energy Networks Association (ENA) proposals:

- Consent to Connect Process;
- Adoption Agreement Framework;
- Lloyd's Register Memorandum of Understanding;
- Records Information;
- G81 Framework Documents; and
- Audit and Inspection Regime.

However, we do have a number of concerns with some of the detailed mechanisms proposed in the consultation appendix document. We regret that our experience with independent connection providers (ICPs) to date has, in some instances, served only to underline these concerns. Nevertheless, we remain committed to a course of positive progress in this area. Where we do identify concerns, therefore, we have attempted not only to present viable solutions but to encourage the offering up of positive, equitable and viable ways forward by ICPs themselves. This latter is an aspect that has arguably been deficient thus far.

The concerns that we have relate primarily to safety and to cost recovery. Essentially we believe it is vital that the following principles be satisfied:

- all jointers working on our network should be working to the same safety rules and jointing procedures; and
- we should be able to recover the legitimate efficient costs which the mechanics of CiC impose upon us over and above those arising from normal section 16 work.

Thank you for giving us the recent opportunity (on 23 June) to discuss with you the issues around cost recovery of managing ICP activity and to express our views. There are clearly a number of options for charging to cover those costs of managing ICP enquiries that arise as a result of CiC and are clearly in addition to those arising from our existing section 16 applications workload.

The above concerns and issues are discussed in more detail in the body of our response as attached, and are presented with our suggestions on the way forward not only with regard to them, but also in respect of the "Other Issues" raised by Ofgem in Section B of the consultation. I hope therefore that you will find this response helpful: if you would like to discuss any aspect of it further, please do not hesitate to contact me.

Yours sincerely

Tony Sharp

TONY SHARP
Regulation Manager

Att.

Section A

Metered Connections

Consent to Connect

ENA Proposals

We are in agreement with the Energy Networks Association (ENA) proposal that the general site-specific consent (option 2) should be the preferred option. We agree with the form and content of Parts A, B and C of the forms that support the consent to connect process, although we suggest (with reference to paragraph 2.5, third bullet point) that part C of the form is also copied to the distribution network operator (DNO) (rather than retained by the independent connection provider (ICP) and made available to the DNO on request). We believe this would provide evidence that work on site had been completed and adequately tested.

Views of the Metered Connections Customer Group (MCCG)

Our views / comments on paragraphs 2.7 to 2.9 are given below:

2.7 – The MCCG appears to be recommending that ICPs with appropriate accreditation should be given general site-specific consent early in the process. Our recent experience of a number of poor-quality installations, carried out by accredited companies on some ICP sites in our area, leads us to doubt whether accreditation in itself will ensure that connections are installed in line with the Electricity Safety, Quality and Continuity Regulations (ESQCR).

We would welcome detailed ICP proposals on the information that they believe they should provide to us prior to consent being granted. For example, this may include:

- full details of their accreditation;
- full accreditation details of any sub-contractor they intend to employ;
- details of their quality and safety management systems designed to ensure compliance with the ESQCR; and
- details of the on-site inspection and testing regime that they intend to apply to a particular site.

2.8 – We have been discussing a live jointing trial in our area and have reviewed the consent to connect process in support of this. Having discussed it with the ICPs involved, we believe that, in the event of an operational incident, all work on site should cease until our engineer has determined an appropriate course of action. This might mean that the consent provided to the ICP remains unchanged, or, in the other extreme, that the ICP would have consent totally withdrawn, dependent upon the nature of the incident.

We have drafted a resolution process as a suggested enhancement to the ENA flowchart (adopt at connection - recommended option) to reflect what should happen if a dangerous situation arose i.e. general consent would be withdrawn and connection-specific consent given.

Adoption Agreements

ENA Proposals

2.10 – We are in agreement with the ENA list of features to be captured within adoption agreements.

2.11 – We totally support the ENA proposal for a flexible framework for adoption agreements to operate in.

We take a very simple approach to adoption: adoption takes place between the party that owns the asset and the party that is going to own the asset. We can only adopt an asset from the party that owns it i.e. whoever has legal deed of title.

When different ICPs have been presented with our adoption agreement, they have typically responded with different issues relating to different aspects of the agreement. Given that these particular ICPs appear to have different requirements in terms of adoption, we believe it would be extremely difficult to achieve a national consensus. Therefore, at this time, we support the DNOs in producing a list of features to be captured within an adoption agreement.

We are happy to consider 2-year warranties but, wherever there are problems with accredited contractors' quality of work, we would be looking for a 5-year warranty (or possibly more for larger projects). We intend that the next adoption agreement we produce should be one that will support a live jointing trial. This will be available for when the trial goes ahead.

Views of the MCCG

Our views / comments on paragraphs 2.13 to 2.19 are given below:

2.14 (second bullet) – As a DNO, we would always seek to agree terms before the ICP begins work on a site. However, we have received very few formal requests to adopt - only requests to make live.

2.15 – We disagree with the MCCG view that, in the first instance, the adoption agreement should be tri-partite. We would question why the MCCG believes that an adoption agreement should be tri-partite, rather than bi-partite between the party that owns the asset and the party that is going to adopt. We believe this may be because the original intention was to involve house builders / developers in addition to the ICP. Nevertheless, from our own point of view the process of adoption generally requires that we engage only with the party holding legal title.

2.16 – Contrary to the views of the MCCG, we believe it to be over-optimistic to try to produce a standard national adoption agreement, due to the different ownership arrangements of the DNOs and the fact that different ICPs have different requirements.

CE Electric UK (NEDL and YEDL)
June 2004 CiC Consultation Response Attachment

2.18 – We disagree with the views of the MCCG that adoption terms currently offered by DNOs are tailored to inhibit competition – they are designed to cover DNO risks and liabilities and long-term ownership and we would be failing in our obligations if we fail to take proper account of such factors. We would welcome any kind of appropriate independent scrutiny of any individual terms that the MCCG might feel able to put forward as examples of such alleged inhibition.

In our experience, one key factor that delays adoption is that ICPs have not formally requested adoption of assets. We support the development of closer working partnerships between ICPs and individual DNOs to minimise problems of this nature. We are always keen to discuss adoption agreements as early as possible with ICPs.

Memorandum of Understanding (MoU) with Lloyd's Register

ENA Proposals

We have signed on to the MoU with Lloyd's Register following the thorough debate at national level over the establishment of a Management Board or an Advisory Panel to oversee the National Electricity Registration Scheme (NERS).

Audit and inspection regime

ENA Proposals

We support the ENA proposal and the audit and inspection best practice regime described in Appendix 5 on the basis that this regime would need to be reviewed as volumes increased. Our recent experience of poor-quality workmanship on some ICP sites has reinforced for us the need for quality audits and for recovery of the costs involved from the ICPs concerned. We would prefer to have confidence in the ability of the ICPs to inspect their own work, which would allow us to minimise quality assurance (QA) visits and let them complete their own work to the required quality standards, but we feel this is not possible at the moment. Based on current experience, we believe that QA visits will remain a key feature of the CiC process.

Views of the MCCG

Our views / comments on paragraphs 2.26 and 2.27 are given below:

2.26 – We disagree with the view of the MCCG that the proposed inspection regime is too onerous in relation to first audit levels. In our area, we have identified a number of quality defects on dead working arrangements (of concern to both us and ICPs), to be resolved before we consider ICPs making their own connections to our network under live jointing arrangements. Following this, as you are aware, we have discussed in general terms some safety and quality issues at our recent meeting with Ofgem.

2.27 – We note, under this paragraph, that the MCCG believes the cost of inspections and audit should not be recovered directly from the ICP being inspected, and that such costs should be recovered through distribution revenues over the asset life. We do not support the view that the cost of inspection should be recovered by the DNOs through DUoS. We believe that such smearing of these costs would act as a major disincentive to achieving the requisite standards of workmanship and could, as such, be regarded as anti-competitive, since quality will be a key element of the basis on which ICPs compete in the market place. It would also amount to cross-

CE Electric UK (NEDL and YEDL)
June 2004 CiC Consultation Response Attachment

subsidy, since use of system charges are not generally intended to recover any element of connection costs. We firmly believe, therefore, that inspection and audit costs should indeed be recovered directly from the ICP under inspection, given that it is the ICP who is required to present a certain quality of workmanship for adoption by the DNO. Our recent experience is that ICPs of all sizes are capable of presenting us with workmanship quality issues and we have a number of examples that cause us concern.

As experience of working with individual new entrants increases and as ICPs demonstrate consistent high quality over time, then we would expect inspection charges for them to reduce.

Live LV Jointing high-level Proposals

ENA Proposals

We support the ENA proposals to enable live jointing on greenfield housing sites to take place and are working towards holding a live jointing trial in our area. We strongly support the DNO route as the least-cost way of managing the risks associated with live jointing. This would be consistent with the way in which we employ contractors and any sub-contractors working for NEDL and YEDL. For the time being, we would not support the use of ICP materials, working practices and safety rules on our networks, until a generic DNO nationally-agreed package had been developed, and we would be willing to explore this further. When working on our network, we have a strong preference for ICPs to use our materials specifications and work to our safety rules as we would have difficulty inspecting unfamiliar joints made to different jointing standards, and would not wish to introduce the costs of training our staff to inspect a range of jointing practices into the CiC process.

G81 Technical Framework Documents Parts 1 to 6

ENA Proposals / Views of the MCCG

We accept the ENA proposals set out in appendices 8 to 13, together with the views of the MCCG, on the basis that these are evolving documents.

We see the G81 draft documents as being good and comprehensive and we would be looking to develop something off-the-shelf from these as NEDL / YEDL appendices.

Unmetered Connections

Service Level Agreement (SLA)

We do not support the blanket introduction of a national service level agreement. We are concerned that the proposals, whilst aiming to improve customer service (through the prospect of a penalty), may not fulfil the aim of facilitating competition, in that the proposed service level agreement could in effect lead to DNOs inadvertently discriminating between those local authorities (LAs) that had signed the agreement and those that had not, thereby creating the potential for monopolisation of the market by SLA-embracing LAs rather than facilitation of competition.

**CE Electric UK (NEDL and YEDL)
June 2004 CiC Consultation Response Attachment**

We do, however support the use of DNO specific working agreements including some service levels, where such agreements can be tailored to suit the specific requirements of the customers wishing to be party to it and the service offerings of the DNO.

Furthermore, we already operate a formal working practice agreement with lighting authorities within our YEDL service area, this agreement includes some service levels for particular activities. We have decided that this is appropriate due to specific regional circumstances prevailing in YEDL, where there are a number of large metropolitan councils and high volumes of street lighting.

Within NEDL, we operate long established working practice arrangements that support a more diverse mix of large city lighting authorities and authorities that manage rural areas. Within these general arrangements we have also been able to tailor a specific solution for a large private finance initiative (PFI) scheme that is being established. To date, we have had no reason to establish a more formal written agreement.

One of the key features of the YEDL working practice agreement is that it is based on an agreed level of weekly volumes across the group of (23) public lighting authorities (PLAs). Large schemes issued to us *en bloc* are excluded, and where volumes are higher than the agreed level during peak periods, the service levels are temporarily re-negotiated. Under this agreement, PLAs have a responsibility to forecast volumes, which should be fixed for a period. In support of our approach we would be happy to share with Ofgem details of how the YEDL agreement operates.

From our perspective, one of the important matters concerning public lighting is that, if Ofgem are looking for a standard for DNOs to provide the level of service required, then it is not unreasonable for DNOs to expect harmonisation of ways of working across the PLAs operating under the same agreement.

In addition to the requirements of the PLAs, there are particularly high-volume projects such as those driven by PFI schemes. We believe the best approach for such projects is to sit down with the customer and review all the options available, including rent-a-jointer arrangements or agreed service levels with an appropriate balance of risk and reward. However, we would say that the main driver from the PFI schemes is completion on time.

In relation to penalty payments, we would seek to clarify whether Ofgem see penalty payments as a refund of the connection charge. Some of the penalty payments would relate to repairs (transfers and knockdowns), which are not new connections activities. DUoS revenues from street lighting are small and it is unclear how the penalties would be funded. We believe that connection charges would need to be re-structured to fund such penalty payments.

Triangular Contract Arrangements

Under the proposed triangular contractual model, we feel the arrangements would require the successful accredited ICP to come fully under the operational control of the DNO for the purposes of live electrical works - this would be in line with the initial ECGS proposals. Taking into account Ofgem's acknowledgement that DNOs are low-cost, low-risk organisations, we feel it needs to be emphasised that the proposed triangular arrangements could bring us additional uncovered costs and risks.

CE Electric UK (NEDL and YEDL)
June 2004 CiC Consultation Response Attachment

In particular, we have concerns that it is unclear as to where responsibility and liabilities sit for the management of ICPs on site.

If the triangular arrangements involved an ICP working for a LA carrying out live jointing in the highway, we would have serious concerns. We believe that we should obtain the experience of a successful live jointing trial in relation to greenfield housing prior to opening up to competition the potentially more hazardous activity of jointing in the highway.

We would have no problem with the proposed model unless the LAs wanted all the associated responsibilities and liabilities to rest with the DNOs. We believe that the principle is sound so long as risk and reward are appropriately balanced - i.e. the LAs must accept the right level of management responsibility for their contractors.

We would welcome Ofgem updating us on any feedback from lighting authorities on the unmetered connections proposals.

Section B

Other issues

Contestable and non-contestable quotation split

We currently present quotations for non-contestable costs in accordance with the template recommended by Ofgem. In respect of greenfield housing, we provide a contestable / non-contestable breakdown to ICPs requesting this. This breakdown does not automatically appear in the quotation letter to all customers. Adoption and inspection charges vary and therefore they are not contained in the split. For these, we make reference to the statement of charges.

In light of the proposed extension of G81 to brownfield and industrial and commercial (I&C) sites we would be willing to provide a contestable / non-contestable breakdown upon request. However, we would not be looking to provide this breakdown automatically to all customers requesting connections under section 16 because it is our experience that ICPs are only focussing on specific types of customer and projects.

Standards of service

We continue to strive to achieve the three voluntary service standards set out on page 2 of the consultation document:

- time taken to provide point of connection (POC) information;
- time taken to provide design approval; and
- request for on-site connection.

We have re-structured our connections business setting up a "Call to Quote" process that includes a dedicated resource focussing on management of non-contestable works and provision of customer service to ICPs.

With regard to the third standard, we believe it is not appropriate to set a standard where one does not exist for connections provided under SLC16. Recently we have experienced problems with ICPs who appear to have misunderstood the requirement

**CE Electric UK (NEDL and YEDL)
June 2004 CiC Consultation Response Attachment**

on DNOs to give provisional dates 10 working days prior to the required connection date, and who have believed this to mean that on-site connections should be provided within 10 working days of request.

With regard to the extension of the voluntary service standards to ICP brownfield and I&C sites, we see no problem with extension to brownfield housing re-developments and possibly to simple I&C sites. We believe brownfield I&C sites to be in a different market, for which appropriate standards need to be considered. It may not be appropriate to apply service standards, for example, where the end-user's equipment includes motors, welders and certain types of electronic equipment, i.e. we may require more time to carry out the studies.

Licence condition 4 modification

During the CiC consultations NEDL and YEDL have not been amongst the DNOs requesting a licence modification. That is not to say that we oppose a modification, rather that we think it is not necessary to impose a further duty where robust policies and processes should suffice. A licence modification such as has previously been proposed will not bring any comfort in respect of potential safety liabilities.

Legal advice prepared for the DNOs in January 2002 put forward the view that, under Ofgem's proposals as they stand, distributors may pick up liabilities in relation to the contestable connection works at two points in time – during the course of the works, and after adoption (and at any stage of the process should the contractor not be creditworthy or should it become insolvent). Some of these liabilities could be limited by a more robust adoption agreement. In particular, the post-adoption liabilities (at least during the defects liabilities period) could be significantly strengthened. Insolvency could also be protected against, to some extent, by making the developer liable should its contractor cease to be able to meet its obligations under the agreement. The December 2001 update document stated that some distributors wanted to be bound by a licence condition requiring adoption as they considered that this would give them some protection in the event of accidents: however, our legal advice on this is that there is no merit in this line of reasoning. The legal difficulties identified with a policy of compulsory adoption remain unresolved.

Therefore, we are satisfied that we shall be suitably protected by the combination of other measures being developed by the ENA:

- the Technical Framework Document and DNO Appendices;
- the National Registration Scheme – which seeks to ensure that new entrants are competent to carry out the work;
- the inspection of the asset by the DNO – which ensures that the DNO has the opportunity to undertake reasonable inspection of the network prior to adoption; and
- the Adoption Agreement in respect of contractual warranty to deal with poor workmanship.

Charges levied by DNOs for the provision of point of connection (poc)

We do not automatically charge for design work up-front for section 16 enquiries. We tend to add the cost of the design work to the connection charge. The entitlement to the "free" connection offer sits with the customer. Where a single ICP acts as agent

CE Electric UK (NEDL and YEDL)
June 2004 CiC Consultation Response Attachment

to the customer, this entitlement may sit with the ICP including the entitlement to a poc free of any up-front charge.

For most CiC sites in our area multiple ICPs ask for a poc in addition to the section 16 enquiry and we need to have a means of recovering the cost of these additional enquiries. We believe that recovering the cost of these additional enquiries by adding it to the connection charge is inappropriate as only one ICP will be successful and would end up bearing the cost of the other enquiries. Where a customer employs a single ICP as his agent, the treatment between section 16 and CiC is clearly comparable.

We are considering a review of charges for non-contestable works to facilitate the most appropriate exercise of our section 19 powers in the light of CiC, including:

- a reduced charge for a poc where we have already done the design work (to reflect the administration costs only);
- an increase in the design approval charge (to reflect the numerous calls we receive from ICPs wishing to discuss the poc and their design);
- a review of project management charges to fully reflect the costs of managing the on-site non-contestable works such as live jointing.

We are happy to consider the views of ICPs in relation to how charges can be recovered equitably. One solution might be that we produce a single poc pack and provide it to the builder / developer for distribution to multiple ICPs.

CE Electric Suggestions - additional incentives / areas of work

- There appears to be a general call from ICPs for DNOs to operate standard procedures, yet ICPs have the freedom to operate their businesses as they wish, with different ICPs having different requirements from the market place. It may be useful for Ofgem to get the ICPs together and encourage them to develop a shared way of working in the same way the suppliers participate in a market with prescribed trading arrangements.
- We believe there would be value in ICPs and DNOs forming closer business working arrangements according to the market development in different areas, but the management time and resources required to facilitate this is significant.
- We suggest that ICPs should be asked to bring forward expeditions and positive suggestions as to how they would bring competition to smaller one-off customers since the ICPs seem to be focussing on housing and larger developments, and how they could manage one-off customers' perception of this.
- We would be interested to know how Ofgem see the DNOs being able to recover the legitimate and efficient additional costs of CiC over and above those arising from section 16 applications. We believe it reasonable to recover direct, or as on-cost recovery in connection charges from the ICPs, but ICPs appear to believe this is not appropriate.

Sean O'Hara
Head of Connections Policy
Ofgem
9 Millbank
London SW1P 3GE

Central Networks
Pegasus Business Park
Castle Donington
Derbyshire
DE74 2TU
central-networks.co.uk

Lesley Queripel
01332 393324

lesley.queripel@central-
networks.co.uk

Thursday, 15th July 2004

Competition in connections to electricity distribution systems

Dear Sean,

Thank you for the opportunity to comment on Ofgem's recent consultation on Competition in Connections. This letter represents the views of both Central Networks East and Central Networks West, and our comments are set out in the same order as the consultation document.

1. Introduction

The introduction to the consultation paper says that DNOs should automatically provide a split of contestable and non-contestable charges for quotations for Greenfield sites. This is not in fact the case, and Central Networks provides complete single price quotations for applications under Section 16 of the Electricity Act, but does provide non-contestable quotations broken down in the agreed manner for competitive connections. It should also be recognised that, in order to provide quotations in a timely manner, it is necessary to quote the wayleaves and easements element as an indicative figure.

Regarding live working, as we have discussed with you in the past, we would find it very helpful to see formal progress reports from the ongoing trials in order to inform our own internal debate on this issue. We intend to commence serious work on this issue in early 2005, following the peak of the ongoing integration process.

We believe there were flaws in Ofgem's 2002/3 Connections Industry Review which is referenced a number of times in the consultation, and would like to see Ofgem consult on the content of the next review in order

Central Networks East plc
2366923

Central Networks West plc
3600574

Central Networks Services Limited
3600545

Registered in
England and Wales

Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

to ensure it provides more valuable information on the industry.

Finally, we note that the Metered Connections Customer Group consists only of ICPs and contractors, and does not actually include any end customers. It would be more accurate to represent their views as those of competitors, as becomes apparent when discussing some issues – for example, on the subject of adoption agreements, the MCCG is supportive of tripartite agreements, whereas in our experience customers such as developers do not wish to be party to such agreements.

2. Part 2

2.1. Consent to Connect

This is related to live working, and as you know, Central Networks is not yet prepared to allow live working on our networks. However, we are considering introducing a pilot scheme, and as mentioned earlier, would find progress reports from the trial already underway very helpful.

Of the four options proposed in Ofgem's paper, we believe option 2 to be the most acceptable, as it would allow ICPs to operate in a DNO's region, but in a managed manner.

Clear arrangements need to be in place to exclude the performance of unadopted networks from a DNO's performance statistics.

2.2. Adoption Agreements

Central Networks supports the need for an effective and equitable adoption agreement. We feel that there is little merit in developing a national tripartite adoption agreement at this point, until there is consensus amongst end customers and developers that they want to be party to such an agreement. We believe that a standard bipartite adoption agreement, provided it addressed matters such as asset standards, acquisition of property rights and title to assets, would be sufficient.

2.3. Memorandum of Understanding with Lloyds Register

In paragraph 2.22 of the consultation, the MCCG suggests that the identity of ICPs should be protected in assessment reports. It is our view that safety and standards would be compromised if this were the case, and that good performing ICPs will benefit from identification.

2.4. Audit and Inspection Regime

We believe the current arrangements where the ICP is directly charged for inspections encourages the ICP to deliver high standards, and will ultimately reduce the frequency of inspections for good performers, and give them a

competitive advantage over poorer performers. In the longer term, standard inspection charges could be recovered through the price control, with additional project-specific inspections charged to the ICP. A DNO's efficiently incurred costs should an ICP fail to meet its obligations under the adoption agreement could also be recovered through the price control, using similar arrangements to those in place for supply businesses ceasing trading. This would protect DNOs and could also remove the need for unpopular surety arrangements.

The arrangements would need to cover the costs associated with inspecting the assets of the failed ICP in order for the DNO to satisfy itself as to their quality, as well as the costs of any remedial works the DNO reasonably deems necessary. In addition, the arrangements should also provide for the assets taken over to be added to the DNO's RAB in order to ensure there is sufficient funding to operate and maintain the assets over their lifetime.

2.5. LV Live Jointing

See earlier comments under 'Consent to Connect'.

2.6. Technical Framework Documents

Central Networks recognises the need for appropriate specifications to support competition in connections and we have updated our design manual, which is issued to ICPs on CD. However, we understand that not all DNOs are as advanced, which does not provide a level playing field across all DNO regions.

3. Part 3

3.1. Unmetered Connections Service Level Agreements

Central Networks supports the principle of SLAs, and has done a lot of work with regional street lighting authorities in our East region. However, for such arrangements to work effectively an SLA must include incentives or penalties on both sides, such as volumes of work, notice periods and so on, as well as two-way termination provisions.

The final bullet on page 19 should include provision for suspension of arrangements for system emergencies as well as Force Majeure, as the two may not always coincide.

3.2. Unmetered Connections Triangular Contract Arrangements

We do not support this proposal as we believe that the safety risk and additional responsibility placed on the DNO greatly outweigh any benefit to the customer above that which would be delivered by a national SLA.

Our views on live working are set out earlier in this response.

4. Part 4

4.1. Contestable and Non-Contestable Split

We have already commented on this earlier in our response.

We already break down all non-contestable quotations in accordance with the national template, with the exception of diversions.

4.2. Standards of Service

Central Networks applies, monitors and reports its performance against the voluntary standards for competitive enquiries.

4.3. Licence Condition 4 Modification

We support the principle of licence modification as we believe this will better protect the interests of DNOs in the face of increasing pressure to reduce the levels of inspection and requirements for surety. Licence modification would also facilitate the introduction of arrangements for the DNO to recover efficiently incurred costs arising from failure of an ICP, and to better protect customers of the ICP.

4.4. Charges Levied by DNOs for the Provision of POC

This should not be confused with the charge for information on POC element of the non-contestable break down.

We do not believe there is a need for a charge at the time of application for connection. However, fees for subsequent modifications to the application could be levied as they would act as a disincentive for unnecessary reworking of the same application. Fees could apply to both competitive and section 16 connections.

If you need any more information, or would like to discuss any of the points made in this letter further, please do not hesitate to contact me.

Yours sincerely

Lesley Queripel
Policy and Compliance Manager



**CHESHIRE
COUNTY COUNCIL**

OFGEM
9 Millbank
London
SW1P 3GE

Engineering Service

Backford Hall
Chester
Cheshire CH1 6EA

**Alan Stilwell
County Engineer**

Date: 28 July 2004

Our Ref: ML/NH/8381

Your Ref:

For the attention of Mr Sean O'Hara, Head of Connections Policy

Dear Sirs

**COMPETITION IN CONNECTIONS FOR STREET LIGHTING - RESPONSE TO OFGEM
CONSULTATION DOCUMENT JUNE 2004**

I refer to the above document and am writing to inform you that my Authority is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

- The level of service I am currently receiving from my local Distribution Network Operators is extremely poor and following many rounds of meeting with promises of efficiencies, any improvements to service are always short-lived.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with our DNO. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse.
- I would support the use of national benchmarks for performance and penalties standards which will assist in my Authority's Best Value objectives.
- Competition would have many benefits. It would provide a wider choice for my Authority and introduce efficiencies leading to a faster completion for the erection of a lighting column. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO I cannot understand why the live work should be limited to the service cable.
- I also believe that a workable Rent a Jointer scheme designed would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too restrictive and prevent my Authority from gaining benefit from the general principles of such a scheme.

/continued over...

If you have difficulty making contact
please phone 01244 602424
Website: www.cheshire.gov.uk

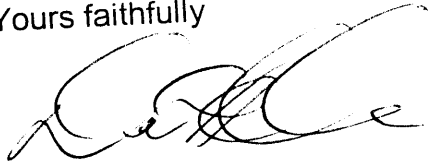
TRAVELWISE



INVESTOR IN PEOPLE

I trust you will take on board my Authority's comments and keep me advised of further progress.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Neil Heller', written in a cursive style.

Neil Heller
Principal Engineer
(Lighting)

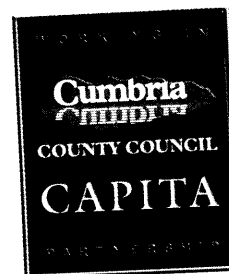
Phone: 01244 603521
Email: neil.heller@cheshire.gov.uk
Fax: 01244 603909

JLF

Your ref:
Our ref: RL1/CRW/LJH
Letter No:

8 July 2004

Sean O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
LONDON
SW1P 3GE



Cumbria Highways

Lower Gaol Yard
The Courts, Carlisle
Cumbria CA3 8NA
Fax: 01228 606577
Telephone: 01228 606748
chris.wallace@cumbriacc.gov.uk

Dear Mr O'Hara

COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS RESPONSE TO CONSULTATION DOCUMENT

I refer to the above consultation document and am writing to inform you that Cumbria County Council supports the introduction of competition in to un-metered connections and the alternative of a Service Level Agreement.

The level of service I was receiving from my local Distribution Network Operator (United Utilities) and their Sub-Contractor was poor and as such a decision was made a number of years ago to work with United Utilities 'in-house' Construction and Maintenance Service (CMS) for service alterations. Despite a number of challenges from within the United Utilities organisation, this method of working has resulted in a greatly improved level of service and offers the chance to plan and discuss any proposed works with the staff who will be organising the works and staff on the ground. Indeed, at a meeting last year with the DNO and their nominated Sub-Contractor, the Sub-Contractor's representative affirmed that they would be unable to match the performance of CMS.

This local working arrangement, although providing a better service to Cumbria than that offered by the DNO's Sub-Contractor is not perfect and could be improved upon. I look towards the new competition document to open up this service and provide this improvement.

Using CMS instead of the nominated Sub-Contractor does not alter the fact that Cumbria pays a premium over other Authorities within the United Utilities region for service alterations. This premium applies, we are informed, because of the geographical location of Cumbria, the unwillingness of contractors to work in the area and regardless of who carried out the service alteration work.

In the past, approaches have been made to the DNO concerning the possibility of training members of our lighting contractor's staff to enable them to carry out work on the live DNO network. Although never fully dismissed the restrictions that would have been placed upon the type and quantity of service alteration work the operative would have been allowed to undertake, together with the costs involved in the training and supervision aspect, meant that the proposals were never going to be cost effective.

Cumbria Highways hotline tel: 0845 609 6609
e-mail: contact@cumbriahighways.co.uk

A partnership between Cumbria County Council and Capita

Competition would provide a wider choice for my authority and introduce efficiencies leading to a faster completion for the erection of lighting columns and other apparatus requiring an electricity supply. This would improve the service for all users of the highway network. However, limiting live work to the service cable will only produce a partial improvement and given the fact that any third party contractor would be under the operational control of the DNO I cannot understand why the live work should be limited to the service cable.

In the Service Level Agreement I am concerned over dispensations given for Force Majeure and system emergency issues. These circumstances should be clearly defined to reduce potential conflicts. I would also support the use of specific national time periods for the work in the Agreement. These should be the maximum allowable times which could be reduced by local agreement. The charges for non-performance should be quantified and should be at a level at least equivalent to those made for the failure to connect a domestic supply.

Until we see an introduction of competition into this field of work or a Service Level Agreement with clear standards and charges for non-performance there will be no incentive on the part of the DNO to improve their standards or methods of working and offer a more competitively structured pricing regime. I can see no reason why we should be paying a premium for connections in Cumbria.

Yours sincerely



Chris Wallace
Highways Network Manager

OFGEM
9, Millbank
London
SW1P 3GE

Attention of: Sean O'Hara, Head of Connections Policy

13th July 2004

Dear Sir,

Competition in connections for street lighting - Response to OFGEM Consultation Document June 2004.

I refer to the above document and am writing to inform you that my company is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

- The level of service I am currently receiving from the Distribution Network Operators is generally poor. We apply for around 30 un-metered connections per month however we are continually frustrated by broken promises on dates for connection and an apparent attitude that shows no regret at their inability to deliver to reasonable timescales.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with the DNOs. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance and penalties standards which will assist in my authorities Best Value objectives
- Competition would have many benefits. It would provide a wider choice for my company and introduce efficiencies leading to a faster completion for the erection of a lighting column. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO I cannot understand why the live work should be limited to the service cable.
- I also believe that a workable Rent a Jointer scheme would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too restrictive and prevent my company from gaining benefit from the general principles of such a scheme.

The roll out plans for our network of on street information kiosks, known as i+ Points, is completely dictated by power connection. The apparent lack of accountability to meet connection dates provided within the initial quotations means that we have no opportunity to ensure that service levels are adhered to. Each month we fail to meet target our credibility as a business is undermined and we are all too often let down by failure to have power connected on the date originally quoted.

Yours faithfully,

Jonathan Steeden
Director of Products and services

My Ref: HP/HO/SO/OT3/BG/SMB/
Your Ref:

Date 13th July 2004



Mr S O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
LONDON
SW1P 3GE

Dear Mr O'Hara

**RE : COMPETITION IN CONNECTION TO
ELECTRICITY DISTRIBUTION SYSTEMS**

I am writing to you to register the views of Cardiff County Council in response to Consultation Document 124/04a and Appendix Document 124/04b, in particular to references made to Unmetered Connections.

For your information it should be noted that the County Council is responsible for maintaining some 36 thousand street lighting points together with 4 thousand illuminated street signs with approximately 90% of the combined total having individual DNO services.

It should also be noted that the County Council is presently committed to replacing aged and structurally unsound street lighting at a rate of some 800 units per annum giving rise to the same number of DNO service transfers within 3 m of existing lighting points.

Clearly, from a purely economical point of view, any reduction obtained in the unit cost of a unit transfer would result in an increase in the scale of future replacement programmes.

However, it is the view of the County Council that, notwithstanding the importance of safety and liability issues and the understandable need to properly address such issues, there appears a concerted effort on the part of DNO's to inhibit the scope of meaningful competition.

Contd.....

PLEASE REPLY TO: Highways and Parks, Brindley Road, Leckwith, Cardiff
CF11 8TX Tel (029) 2078 5270 Fax (029) 2078 5217
e-mail HIGHWAYS@cardiff.gov.uk



The County Council is certainly of the opinion that any Independent Connection Provider who has satisfied and obtained Lloyds Registration should be able to undertake a range of responsibility in line with proven competence.

Furthermore the County Council supports the view of the Unmetered Connections Customer Group that it would be illogical for a Highway Authority to employ an ICP who carries out live mains work for the local DNO yet is restricted in what is allowed under competition. It is hoped that meaningful competition can be achieved sooner rather than later and it is believed that the most likely route toward acceptance is the degree of operational control exerted by the local DNO.

With regard to proposals for developing Unmetered Connections Service Level Agreements, the County Council is cautious concerning the prospect of standard service categories applying equally throughout the Country. The view of Cardiff County Council is that circumstances and level of performance affecting a large urban local authority may be quite different to more rural situations.

In this regard the County Council strongly recommends the development of local service agreements and has a proven relationship with the local DNO geared to this end.

In consequence it is the belief of Cardiff County Council that were there in place a realistic pricing schedule together with an effective local service level agreement then the desire for competition in connection would be reduced.

Without the ability to mutually agree at local level issues affecting pricing and performance the route towards full competition would be strongly supported.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bryan Geeves', written in a cursive style.

Bryan Geeves
for
CHIEF HIGHWAYS & PARKS OFFICER

Our ref: MS/HTT/0408

16/7
Mr Sean O'Hara
Head of Connections
OFGEM
9 Millbank
London
SW1P 3GE

CHADWICK HOUSE
WARRINGTON ROAD
BIRCHWOOD PARK
WARRINGTON
WA3 6AE

t: 08707 771153
f: 01925 512610
e: info@coreutilitysolutions.com
w: www.coreutilitysolutions.com

Tel: 01925 512736
Fax : 01925 512607

Date 14 July 2004

Dear Sean,

OFGEM CONSULTATION "COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS" JUNE 2004.

Please find attached Core Utility Solutions response to OFGEM consultation "competition in connections to electricity distribution systems" June 2004.

We believe we have as much experience as anybody in the connections market and are currently working in the following DNO areas:

- Manweb
- Scottish Power
- United Utilities
- YEDL
- NEDL
- Aquila
- EME
- SSE

As you are probably aware, the processes and standards of performance from the DNOs varies greatly and whilst I do not believe any of the DNOs are deliberately acting in an anti competitive manner, it would be wrong to assume that the market is free and open.

The initiatives outlined in your consultation will greatly help the development of an open competitive market, providing they are fully taken on board by the DNOs. I believe there may need to be some incentive for this to happen. Please find below my comments to the consultation.

Consent To Connect

Core supports the views of the MCCG and ENA proposals in that option 2, general site specific consent, should be given. Whilst this is the most pragmatic way forward, I believe



there is still some work to do to cut down on the amount of paperwork the ENA proposal suggests.

Additionally, the consent to connect process outlined in Appendix 2 refers only to greenfield sites, however the process applies to brown field sites also.

Adoption Agreements

This is one area where there has been little industry progress, in fact the industry has stepped backwards. Core is currently entering into different adoption agreements for each DNO area. Whilst we have tried to negotiate “balanced” adoption terms, we have generally not been very successful as the terms of the AA are offered on a “take it or leave it” basis. We have entered into some of the agreements under duress, for fear of disadvantaging the customer we are working for.

I still see no reason why the ENA cannot come up with a standard “national” adoption agreement. The ENA should appoint a solicitor to act on behalf of all of its members. To produce a national agreement would also reduce the costs to the industry as a whole as each DNO is appointing their own solicitors. The ENA proposals fall well short of any national agreement and I believe they have failed to provide leadership.

NERS

Core is Lloyds accredited to carry out third party contestable work in every DNO area that we work. The NERS scheme is a major step forward and we are now accredited under the new scheme. This will reduce our costs of maintaining our status as an accredited contractor and we fully support this initiative.

We support the views and arguments of the MCCG that the NERS MoU should be changed so that Panel Members only view sanitised reports.

Audit and Inspection

It is quite correct that a DNO is allowed to audit and inspect Core’s work as often as it feels necessary to ensure the assets it is going to adopt have been constructed to appropriate standards and meet specification. However, the cost of the inspections varies considerably across DNO areas and the current method of charging the ICP directly does not incentivise the DNO to carry out the audit and inspection in an efficient manner. Also, there seems to be little recognition, in the charging structure, of the volume of work an ICP does in a particular DNO area. I believe the only way a DNO can be appropriately incentivised to carry out inspection work is for these charges to be recovered through DUoS.

Live Jointing

Core has been participating in live jointing trials in both the SP and UU areas for more than 12 months now. To date, there have been no safety or quality issues with either trial. I am concerned though that the process has now stalled. Live jointing has allowed Core to manage the site delivery to the customer and by reducing the handoffs between the DNOs and Core, the work quality of the work has improved.

YEDL have entered into preliminary discussions to allow a live jointing trial, but progress has been very slow. I do not see a live jointing trial in YEDL before 2005. Whilst I recognise

OFGEM cannot force this issue, your support and “encouragement” of the DNOs is vital in pushing this forward. I think the DNOs should be challenged on why the trials are being continually extended, rather than making live jointing a contestable activity.

Contestable And Non Contestable Quote Split

Core supports the view that the quote from a DNO should split the contestable and non contestable elements and also that the non contestable elements should be split into the various items described on page 27 of the consultation. However, I am not of the view that this split needs to be provided for every quote, I think it is reasonable though that the DNO provides the information on request from either the customer or ICP.

Standards Of Service

This is probably the area of greatest disappointment to Core. The concept of standards of performance are fundamentally correct and the identification of the three key standards of:

- Point of connection enquiry;
- Design approval; and
- Calling off non contestable site work.

are appropriate.

However by making the standards voluntary, some DNOs have interpreted voluntary as “optional”. Core, as a business, has suffered greatly by the non performance of the DNOs on these standards. There has been a lot of focus on the first two standards and less on the third standard.

In the gas industry, Transco only really started to deliver to their standards of performance once OFGEM started to measure them and non compliance meant that there was a financial penalty. I believe the same has to happen in the electricity industry. These three standards must become guaranteed and penalties must be applied.

Core has plenty of data of how the DNOs are not complying with the standards, which we would be glad to share with you.

Licence Condition 4 Modification

Adoption of assets is currently being undertaken by DNOs on a voluntary basis. A licence modification that requires a DNO to adopt on a “fit for purpose” basis has its pros and cons. However, on balance I believe the pros outweigh the cons. A licence modification would clear up ambiguities and variances in the current process. I believe it would allow for standardisation across the industry, which would reduce DNO costs and also ICP costs. Also, if the modification is linked to a suitable form of adoption agreement. I believe a national AA could be established much more easily.

Charges levied by DNOs for the Provision of PoC

Clearly, a DNO incurs costs for carrying out PoC work. Whilst I do not believe the cost represents a barrier to entry, the charge varies considerably across DNOs and does not usually reflect the fact that if more than one ICP applies, the cost should be shared across the ICPs (or perhaps carried by the successful ICP). Determining the PoC for most schemes is usually straight forward once you have access to the records. I believe that if the DNOs

made their network records available, an ICP could determine the PoC with little risk and be confident of quoting the customer. The PoC could then be part of the design approval process.

Next Steps

Following responses from the industry, Core would support the publication of a final decision document on the way forward for the industry. My only concern though is that the document is not then implemented by the industry. I should be pleased to see the document address this issue.

Yours Sincerely,

Mike Scowen



W McClymont
Managing Director
Core Utility Solutions



**CORPORATION
OF LONDON**

Department of Technical Services

Philip Everett BSc, CEng, MICE, Director

Corporation of London
PO Box 270, Guildhall
London EC2P 2EJ
Facsimile 020 7332 1140
john.burke@corpoflondon.gov.uk

Direct Line
020 7332 1102
Exchange 020 7606 3030
Ext 1102

Please ask for
John Burke
Our Reference
PS/Grp 5/JB/OFGEM
Your Reference

Sean O'Hara, Head of Connections Policy
Office of Gas and Electricity Markets,
9 Millbank,
London,
SW1P 3GE

Date
28 July 2004

Dear Sir,

Competition in Connections to Electricity Systems - Consultation Document.

The following is a considered response to your above document.

The Corporation of London has always been supportive of any initiative which, by way of competition, increases choice, provides value for money, and brings benefits to all sectors of the community, and commerce. Our comments will be restricted to the perceived consequential results of the introduction of the proposals, as they may affect the operation of our services to our Stake Holders.

Within the context of the opening-up of the electricity supply industry within the United Kingdom, we must be largely guided by our first hand experiences over the last two decades.

As a background to these experiences, prior to the late 1980's, the Corporation had had, for many decades, an excellent working relationship with our local supply authority, London Electricity. With the introduction of privatisation, this relationship continued under the revised circumstances. In general terms, supply faults on the public lighting were attended to within five to ten calendar days (not working days), new service requests were dealt with within three to four weeks, and only in exceptional circumstances were these times exceeded.

However, by the early 1990's the situation started to deteriorate, initially by the introduction by London Electricity of a "Customer Charter" which seemed to place all the emphasis upon the domestic customer at the expense of the local Authority. Fault repairs became extended, in many cases taking weeks rather than days, and connection of new services almost ceased. Actual communication between the Authority and the Service Provider virtually ceased when London Electricity was replaced in the mid 1990's by "24/7". It proved impossible to get any commitment for fault repairs or new services, and each attempt involved repeated telephone calls and faxes, usually with little result.

Against this background, we are sure you will understand how the prospect of possible benefits of increased third party access to the distribution network, and possibly the use of



2003-2004
Street and Highway Works

“external” jointers for supply connections, and fault repairs, was greeted with great interest by the Corporation. It appeared as the only solution from an ever deteriorating situation, with litigation being the only alternative.

However, the scene has dramatically changed over the last twelve to eighteen months with the “coming-out” of EDF as our new Service Provider. Although we were aware of the transfer from 24/7 to EDF, there was initially little perceptible change in the deplorable status quo, however, following a series of “Meet the Customer” meetings held between EDF and the various London Boroughs, and a series of specific meetings, one-to-one, there has been a significant improvement in relationships, and which have now started to bare fruit.

EDF are demonstrating a greatly improved understanding of our needs and requirements, and we turn are able to provide a greatly improved co-operation, not only on highways and public lighting related matters, but also across their commercial customer connection base. A twelve month back-log of faults has now been almost totally cleared, and new connections are back to an acceptable level of three to five weeks. Provided this continues, and EDF achieve performance standards which they have intimated are their goals, we will have little cause to complain.

With regard to the current document, and against the background outlined above, our initial enthusiasm for private intervention into the Supply Connections market has somewhat declined, the main thrust being that, if the Service Provider actually provides a realistic and reasonable service, there is considerably less pressure from the customer for alternative arrangements!

Having said this, we can still see a specific need for the third party alternative. Large residential projects, multiple industrial estate service connections, and connections to priority sites all demand and alternative to the monopoly currently held by the Supply Providers. We would fully support the initiatives of training additional, “outsiders” to a level of competency equal, or better, to that provided by the DNO’s, but we do have concerns about “redirecting” from within the industry, trained operatives (jointers) to the private sector, the net result of which, certainly in the short to medium term, would be a depletion of the DNO’s resources and a short fall in their ability to provide an acceptable service to existing customers. This consequence must be addressed, along with the similar problem of “Rent-a-Jointer”, both of which could cause severe shortages of existing trained jointers.

Perhaps a system of phased training should be enforced whereby existing certified jointers cannot apply for new certification under an alternative employer within twelve months (18 months?) of the introduction of the new requirements.

Whilst fully endorsing the need to continue and ensure the highest standards of safety, the proposals seem to have a “built-in” delay of three weeks, or more, with the various exchanges of paperwork and certificates. (See Appendix 2; Parts A, B & C, also Appendix 6, 8-15)

We would also hope that the Training courses, and certification schemes, would include those for the civil contractor responsible for exposure, and reinstatement, of the underground ducts and cables, and that final reinstatements will be carried out within specified time scales. This would help open-up competition further.

Completion of Adoption should not delay, or obviate, any obligation upon the DNO's to rectify defects, or rectify losses of supply, to the customer, regardless of fault, if requested by the local Authority.

Local Authorities shall retain and reaffirm any ability, previously agreed with DNO's to access existing street lighting service cut-outs, for the purpose of replacing failed fuses, without further notification. (This may also require some form of training and certification).

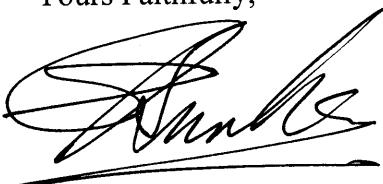
In conclusion, whilst noting the figures contained in Appendix 1. for Response Times; and welcoming the introduction of a "High Priority Fault Repair" classification in Figure 1., Figure 2, the response time (max.) of seven weeks for Standard 2. New/Transferred Connections; remains totally unacceptable.

And whilst perhaps outside the remit of comments on this documentation, we would strongly recommend for your consideration, the introduction of "Performance Indicators" for DNO's regarding their performance in the area of fault repair, and service connection performance, to the extent that financial penalties could be introduced for performance below an agreed minimum "average" response times.

We have already suggested to Central Government, that Local Authority PI's for Street Lighting, should be sub-divided to reflect fault delays beyond the Authorities responsibility, and attributable to the delays of the Supply Provider, which would certainly highlight short comings.

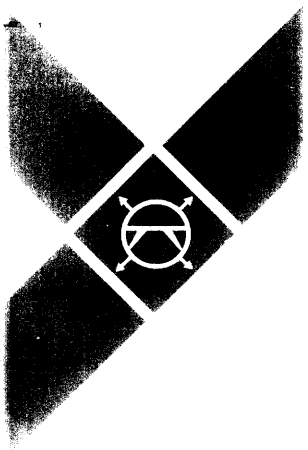
We trust that the above is of some assistance in your deliberations, and that you continue to be vigilant, and pursue improved standards of service by the Electricity Supply Industry on behalf of all customers..

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'John Burke', written over a horizontal line.

John Burke, Group Engineer
Department of Technical Services.

cc:
Peter Cook
Brian Elliott



CSSS

Unmetered

Chris Tunstall
Deputy Chief Executive (Environment and
Change Management)
Environment
County Hall
DURHAM. DH1 5UQ

Tel: [0191] 383 3346
Fax: [0191] 383 5510
e-mail: christopher.tunstall@durham.gov.uk

Mr Sean O'Hara
Head of Connections Policy
OFGEM
9 Millbank
LONDON
SW1P 3GE

22 July 2004

Dear Sean

**Competition in Connections Electricity Distribution Systems
Consultation Document June 2004**

I refer to the consultation document you have issued with regard to the introduction of Competition in Connections and I am pleased to respond on behalf of the County Surveyors' Society.

Local authorities are, of course, required to demonstrate continuous improvement in their service provision that is monitored by local and nationally developed performance indicators. With regard to road lighting, the performance of an authority, when undertaking repairs to their distribution network or when connecting new or replacement lighting, is dependent upon the provision of a good service by the respective DNO. Consequently, the fact that local authorities are unable to have any form of control or real influence over the DNO is a continual obstacle in driving forward continuous improvement, particularly with regard to both the cost and time taken to deliver the service.

Needless to say, the general public, understandably, do not differentiate between the roles of the street lighting column installer and completion of the connection to the network by the DNO. In many instances, the quality of the service provided by the local authority is dependent upon the efficient and effective co-ordination of these operations.

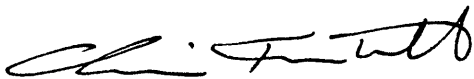
Continued/...

The considerable efforts being made by Ofgem and the User Group you have established to improve the current unsatisfactory arrangements for connections is much appreciated. I am also pleased that representatives of the UK Lighting Board and the County Surveyor's Society have been able to assist you in these discussions. There is undoubtedly a need for improved arrangements to be introduced and the somewhat negative responses of the electricity companies to many of the proposals of the User Group are disappointing.

As you are aware, the response you have received from the UK Lighting Board has been prepared after discussion with and with the assistance of the County Surveyors Society's Street Lighting Group. Consequently, I should like to confirm that the County Surveyor's Society fully endorses the response to your consultation made by the UK Lighting Board.

Kind Regards.

Yours sincerely



Chris Tunstall
Chairman, Engineering Committee
County Surveyor's Society

Our Ref: HM/3.1.O.L/JFP/LJN
Your Ref:
Please contact: Mr J F Pullen
Telephone: 01422 392952
Fax: 01422 377600
Email: john.pullen@Calderdale.gov.uk
Date: 22 July 2004



www.calderdale.gov.uk

Mr Sean O'Hara
Head of Connections Policy
Office of Electricity & Gas Markets
9 Millbank
LONDON
SW1P 3GE

Regeneration & Development
Engineering Services
Northgate House
Northgate
Halifax
HX1 1UN

U/m

Dear Sir

COMPETITION IN CONNECTIONS - CONSULTATION DOCUMENT JUNE 2004

I refer to the above document which set out the principals for the introduction of competition and a series of appendices relating to the document.

Over a number of years we have worked with our distribution network operator (DNO) to improve the service in street lighting connections and fault specifications. In the early years major improvements were reached, service levels were agreed and standard connection charges.

More recently these standards have fallen dramatically and it has been necessary to involve senior management to rectify the situation. They have initiated an action plan to try to restore performance to agreed levels of service, but to this date there has only been a small improvement.

We are continually trying to improve our own standards in conjunction with our maintenance contractor to resolve the repairs of lamp outages (4 days) in trying to achieve best value.

We must be seen to be improving the service and to achieve this we must reduce the standards of the local DNO to a satisfactory level, and this can only be achieved with competition.

It may be appropriate to agree a national service level agreement formalising service provision so that comparisons between DNO areas can be monitored in an attempt to improve overall service delivery.

Contd



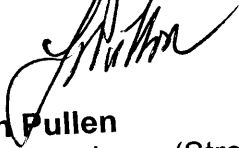
Martin Hibbins
Head of Engineering Services

Penalty payments should be agreed as an incentive to respond within agreed standards.

We need competition in connections even if it is limited to jointing onto existing service cables. This would allow local authorities to employ independent connection providers to carry out the work.

As an Authority we are continually looking to improve our services in partnerships with our maintenance contractor and competition is an intricate part of this improvement.

Yours faithfully



John Pullen
Group Engineer (Street Lighting)
Engineering Services

Martin Hibbins
Head of Engineering Services

CAPITA SYMONDS

V/M

Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank
LONDON
SW1P 3GE

Date: 29th July 2004
Your Ref.:
My Ref.: TAP/SL9
Please ask for: T A Powell
Direct Dial: 01254 273434
Fax: 01254 273559

Dear Sir,

**Re: Competition in connections to electricity distribution systems
Consultation Document**

I write regarding the above and in particular the proposals on Unmetered Connections. I wish to make the following comments:-

Service Level Agreement – This should provide a sound framework document that can be adjusted by local authorities and DNO's in consultation to meet their needs. The minimum response times identified in Appendix 1 should be the starting point. The level of performance penalties should reflect the inconvenience caused to an Authority's residents rather than any relationship to DUoS charges. An initial charge of £10 for failure to restore within 5 working days of the prescribed repair time, with an additional £1 per day thereafter should focus the DNO's service delivery. A shadow period is not necessary as both DNO's and local authorities have information on current performance levels. The incentive to improve would therefore be immediate. The Force Majeure clause should not include "shortage of material or delays in delivery".

Live Connections – the current method of service delivery allows a local authority no control or discretion over costs or program. As a consequence, while service delivery by the DNO should be balanced across several authorities, it often operates on a first come first served basis. The use of an ICP operating on behalf of the local authority but under the operational control of the DNO would improve both of these elements and it would provide additional flexibility for the local authority. In discussion with the DNO they can determine the standard of service they require and thereby the competency level required from an ICP.

Yours faithfully



T A Powell
Capita Symonds Ltd
For Blackburn with Darwen Borough Council
Capita Symonds Ltd

CastleWay House • 17 Preston New Road • Blackburn • BB2 1AU Tel: 01254 273000 • Fax: 01254 273559

www.capitasymonds.co.uk

Registered office as below • Registered in England No: 2018542
Part of The Capita Group Plc, 71 Victoria Street, Westminster, London, SW1H 0XA • www.capita.co.uk

With regard to the standards of service in the consultation document you have suggested should apply, the council would like to see a better performance than suggested as it is our experience that contractors generally adhere to the maximum time rather than the minimum, we feel these should be reviewed.

If you have any queries please ring me on 0161 474 5667

Yours faithfully

A handwritten signature in cursive script that reads "L. Bennett".

**LES BENNETT
ENVIRONMENTAL SERVICES MANAGER
STREETSCENE**



**ADRAN PRIFYRDD A CHLUDIANT
DEPARTMENT OF HIGHWAYS AND TRANSPORTATION**

Ysgrifennydd y Sir/County Secretary – Ronald Evans, LL.B
Prif Swyddog Priffyrdd/Chief Highways Officer – David H. Peel, BSc C.Eng MICE MIHT

Yr Heath, Ffordd Penmaenmawr/The Heath, Penmaenmawr Road,
Llanfairfechan LL33 OPF

U/m.

OFGEM
9 Millbank
London
SW1P 3GE

FAO Sean O'Hara, Head of Connections Policy

DYDDIAD / DATE

26 July 2004

EIN CYF / OUR REF

PA/PL.00.00

EICH CYF / YOUR REF

GOFYNNWCH AM / PLEASE ASK FOR

P. Adderley

EST / EXT

5489

LLINELL UNIONGYRCHOL / DIRECT LINE

01492 575489

Dear Sir

Competition in Connections For Street Lighting – Consultation Document June 2004

I refer to the above document and write to advise you that my Authority is generally in support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association.

In addition I make the following comments:

1. The level of service that I am currently receiving from my local DNO (Scottish Power/Manweb) is generally satisfactory. They have appointed a contractor to carry out the majority of their work on unmetered supplies in the area and this works reasonably well however responses to urgent faults consistently fail to achieve the targets, which are set in our current Service Level Agreement (SLA).
2. Our current SLA is very similar to the one proposed for use nationally, our experience with this leads me to believe that if the standards are widely known within the industry and management within the local DNO ensure that there is a culture of wanting to achieve the targets then the level of service will improve.
3. Locally we have had a SLA for many years, however initially this was not widely known within the DNO, certainly at the "shop floor" and although this has improved over the years, as has the service to some degree, there still appears to be a lack of monitoring by the DNO to ensure that the standards are met.
4. Whilst I appreciate the concerns of the DNO concerning working on "mains" I would have thought that by specific formal authorisation the DNO should be able to ensure that any concerns over mains working can be alleviated. As stated above our DNO has allowed an authorised contractor to undertake new connections to the mains, however for fault rectification in my area the contractor is not allowed to work on or within 1 metre of the main! The contractor could therefore joint onto the main, but if there is a subsequent fault on the joint it has to be referred to the DNO for rectification. This situation does not exist throughout the DNO area, as in some Authorities the contractor is allowed to undertake all work.
5. The level of penalties should be set so that they are meaningful. The majority of Authorities of which I have knowledge do not have staff resources available to enforce penalties and only want the DNO to comply with the SLA. The cost of applying penalties, if required, should be taken into account in setting the level.

Yours faithfully

pp. D. H. Peel
Chief Highways Officer

FF6N / TEL (01492) 574000

FFACS / FAX (01248) 681881

Ni ddyliid cyflwyno dogfennau llys drwy ffacs
Fax not to be used for serving proceedings

Your ref:

Our ref: SL/MH/08

Please ask for: Mr. M. Harwood

Direct line: 01384 814502

SDH 1/7/04
f.a.o. Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

28 June 2004

Dear Mr. O'Hara,

Re: Competition in Connections to Electricity Distribution Systems – Discussion Documents

I refer to the above documents, your reference 124/04a and 124/04b, which set out proposals for the future management of electricity connections.

My principal function at this Council concerns connections to street lighting and illuminated signs, therefore my immediate concern is with the sections that refer to unmetered connections and their contractual arrangements. This does, however, not preclude there being a separate response from this Council concerning other sections of these documents.

I have read the relevant sections referring to unmetered connections and, broadly, I feel that the concerns raised by the Unmetered Connections Customer Group (UCCG) in paragraphs 3.13 – 3.17 and 3.23 – 3.27 of Consultation Document 124/04a reflect my own concerns. I have in addition a number of other comments and observations which are listed below; the paragraph numbers relate to the relevant paragraphs in the Consultation Document 124/04a unless otherwise stated:

3.5: "...no specific targets have been identified within the document. These targets are to be proposed through wide and effective consultation"

The import of this section appears to be that a single target/timescale structure will be put in place nationally. I would venture that this might cause a problem as localities vary widely in type, structure and need, and what may be right for one locality (e.g. rural areas) may be inappropriate for others (e.g. city centres). I would suggest that the priority and response times in the tables contained in paragraphs 14.25 and 14.26 of Document 124/04b should be fixed locally, either between each DNO and LA individually or, as an alternative, between a group of authorities in the area of a single DNO and that DNO.

Continued

3.6: "...no specific penalty payments have been identified should be proportionate to the level of Distribution Use of System income"

I concur with the observation made by the UCCG in paragraph 3.14 (there are in fact two paragraphs of this number in the document; I refer to the first of these). I offer a possible solution in that a local authority can incur additional costs in managing late completion contract works, whether in staff time or other identified costs. The authority may be able to recover these costs from their contractor through liquidated damages if their contract so allows.

I would suggest that an authority is capable of calculating the additional cost of managing late completion unmetered supply works and any penalty payment should reflect this. This could be stated in the Service Level Agreement but may be varied if unforeseen circumstances result in greater cost. This would also work if the authority was the defaulting party and the DNO required recompense, as at present with the cost of abortive calls to site.

3.20: "...ICPs involved will be those that are currently employed as contractors to DNOs"

While this is intended as a temporary arrangement and may be acceptable in the short term, I feel that I need to stress that aspect as it may not be cost-effective for an authority to deal with a limited number of ICPs. Large authorities (such as shire counties) who deal with more than one DNO may find that they have to contract with two or more ICPs if the individual ICP is on one DNO's list but not the other(s), restricting the size of individual contracts and therefore the authority finds itself unable to deliver economies of scale. It would be better for all accredited ICPs to have shadow contractual arrangements with all DNOs, whether operated or not, and perhaps those contractual arrangements need to be rethought, replacing them with a new nationally-based agreement to which all ICPs and DNOs agree.

3.22: "...the one metre from the main restriction"

I agree with the comments made by the UCCG in paragraphs 3.24 and 3.25 in this context and could not add to them. I do, however, foresee an anomaly. If a road is relit and the lighting column positions change, what is going to prevent an ICP from lengthening the existing service cable (which it is not prevented from doing under the proposals) to the new column position? The possibility exists that parallel cable runs of some considerable length could be introduced, not perhaps best installation practice but allowable under these arrangements. The DNO could get round this by stipulating a maximum length of service cable from the mains joint to the column but would they be prepared to pay the cost of policing the works? Surely the best solution is to allow a suitably qualified ICP to provide mains joints as the UCCG has opined.

As far as the document goes the proposals are a starting point from which we would want to proceed. They in no way represent the position at which we wish to arrive in relation to connection works and it may be valuable here to set out our 'wish list' for these works:

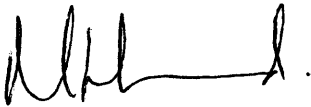
- Arrangements to be put in place to allow full and complete competition for connection works, including joints from the main;
- The ability to allow new entrants (in addition to existing ICPs) to carry out the functions of an ICP when so accredited, including an authority's maintenance contractor or in-house service provider;

Continued

- Works involving the first emergency attendance to damaged equipment to become contestable, allowing an authority's accredited contractor to make safe or effect repair at first attendance without having to involve a second party.

It has been alleged that local authorities are unconcerned with the outcome of these negotiations. I can assure you that this is certainly not our view and that of the authorities that I deal with on a regular basis, from which I expect you will receive similar responses. I thank you for the opportunity of expressing our opinions and hope for a mutually satisfactory outcome.

Yours sincerely,



Mel Harwood
Team Manager – Street Lighting





Doncaster
Metropolitan Borough Council

9/7/04
Mr S O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
LONDON
SW1P 3GE

Contact: Mr B Hale
Tel: 01302 735079
Fax: 01302 735028
E-Mail:

Our Ref: NS/LS/BEC/4500/CEEWH/CB
Your Ref:
Date: 7 July 2004

Dear Sir

**OFGEM CONSULTATION DOCUMENT
COMPETTITION IN CONNECTIONS**

I am pleased to see that work continues in trying to influence levels of service, quality and cost in the electricity distribution market through competition and service level Agreements.

I am particularly interested in the un-metered electricity surplus primarily to street lighting and associated functions.

Over the years the financial pressures, tendering requirements and more recently best value objectives and criteria have without doubt impacted on Local Authorities and provided many challenges which have lead to improved efficiency and cost effectiveness.

Sadly, many of these benefits have been somewhat undermined by the performance and action of the DNO's on whom the street lighting industry and Local Services heavily rely on.

The cost implications associated with lighting connections etc have failed to follow that of Local Authority's but more importantly the quality and performance has often undermined the local street lighting operations and services.

I am therefore pleased to see that competition is becoming more accessible but as I feel the issue of jointing onto the mains to be very restrictive as it remains under the DNO as sole provider, I am equally pleased that service level agreements are also being developed. I would particularly like to see these developed against some national minimum standard in order to protect the public and offer some reassurances in relation to the overall connections process and timescales which undoubtedly still represents major problems and annoyance at a local level.

Continued.....

Local Services
Directorate of Neighbourhood Services,
Scarborough House, Chequer Road, Doncaster, DN1 2DB

I accept that there is a scope for local or regional variance, but this could then be through potential variances against the national standards ~~against~~ as negotiated and agreed locally and taking into account potential cost implications etc for improved standards but further adding to the options and choice. I think it is extremely important that these service standards reflect modern and local expectations and aspirations and also are underpinned through a meaningful penalty system without which they become meaningless and of no value.

To emphasise the importance of this issue I refer you to the local arrangements in Yorkshire which were secured through a local partnership agreement between the street lighting Authorities and the relevant DNO.

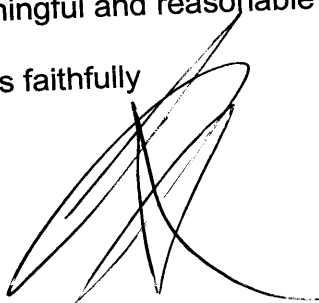
It was evident when the DNO came under pressure and was unable to meet the previous and agreed targets and performance levels that they did not honour the rebates, although they made efforts to improve it was through that experience that the real value of a true partnership or agreement for recompense etc was highlighted to be vital in securing performance.

Council's are investing in lighting in the wider public interest to reduce crime, the fear of crime, nighttime accidents and to promote and provide wider social and society benefits.

The loss or lack of use of these facilities due to delays in connection represents a loss of service/asset provision and this loss needs to be factored into the rebate or penalty criteria.

Finally I would also like to raise a concern that in determining levels of performance how important it is that as little as possible be left as being "by agreement" as again from experience this can simply be an excuse through the lack of such an agreement etc, to cover large projects and so effectively exclude or limit the influence of them in relation to meaningful and reasonable timescales.

Yours faithfully



pp S N SHERRATT
ACTING HEAD OF LOCAL SERVICES



CYNGOR
Sir Ddinbych
Denbighshire
COUNTY COUNCIL

Iwan Prys Jones
 Cyfarwyddwr Corfforaethol - Amgylchedd
 Corporate Director : Environment

Steve Parker
 Pennaeth Gwasanaethau Amgylcheddol
 Head of Environmental Services

F.A.O. Sean O'Hara
 Head of Connections Policy
 OFGEM
 9 Millbank
 London
 SW1P 3GE

Eich cyf/Your ref
 Ein cyf/Our ref
 Dyddiad/Date
 Rhif union/Direct dial

TJ/WD
 12th July 2004
 01824 712116

Dear Sir

**Competition in connections for Street Lighting - Response to OFGEM
 Consultation Document - June 2004.**

I refer to the above document and am writing to inform you that Denbighshire County Council is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:-

- The level of service I am currently receiving from my local Distribution Network Operator Areva T&D UK Ltd is generally good, and has improved a great deal since Scottish Power transferred the street lighting work to Areva.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with our DNO. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance and penalties standards which will assist in my authorities Best Value objectives.
- Competition would have many benefits. It would provide a wider choice for my Authority and introduce efficiencies leading to a faster completion for the erection of a lighting column. However, limiting live work to the service cable will not do enough and given the fact that any third party contractor would be under the operational control of the DNO I cannot understand why the live work should be limited to the service cable.
- I also believe that a workable Rent a Jointer scheme would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too restrictive and prevent my Authority from gaining benefit from the general principles of such a scheme.

Yours faithfully

Steve Parker
Head of Environmental Services

Storfa Parc Cinnel, Bodelwyddan, Sir Ddinbych. LL18 5UX
 Ffôn 01824 712123 Ffacs 01824 712124
 Kinmel Park Depot, Bodelwyddan, Denbighshire. LL18 5UX
 Tel 01824 712123 Fax 01824 712124



Sean O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
London
SW1P 3GE

Stewart Ibbotson
Assistant Director
Environmental Services
Consultancy & Contracting Division

Dave Winfield
Street Lighting Engineer
Street Lighting Services
Efficiency Works, Burley Close
Turnoaks Business Park
Chesterfield S40 2UB

Telephone (01246) 244060
Facsimile (01246) 244089
E-mail dave.winfield@derbyshire.gov.uk
Direct Dial 01246 244064
Ask for Dave Winfield
Our ref CES/DAWDW/Ofgem
Your ref
Date 12 July, 2004


Dear Sean

**Competition in connections to electricity distribution systems
Consultation documents**

I refer to the above and have been guided to Section 3 Un-metered connections of 124/04a and Appendices 1, 14, and 15 of 124/04b. These are of specific interest to me due to the highway lighting relationship.

Please find attached my views and comments which I hope will be of some value.

Yours sincerely



David Winfield
Lighting Engineer

Section 3 Unmetered Connections

Item 3.6 - The penalty needs to be a meaningful amount that encourages DNO 's to perform to SLA requirements.

Item 3.7 – The 12 month shadow period is a reasonable approach. The robust approach mentioned is welcome.

Item 3.14 - To use the penalties that are used in the domestic/business side would be a fair way forward.

Item 3.15 – I agree there should be clarity to avoid potential disputes.

Item 3.22 – What risk transfer will the LA's expect? Will live jointing work be restricted the PVC cables?

APPENDIX 1 - Response times prepared by UCCCG for connections.

The minimum times stated should become the maximum times.

The longer it takes to respond to an emergency the greater the cost to LA's. There is also the public perception of a person waiting by an incident can be negative.

Insurance companies question the actual times and this places an unnecessary claim on LA's time demand on LA's having to explain the reasons why DNO's take so long to respond.

APPENDIX 14 UNMETERED CONNECTIONS SERVICE

Criteria for acceptance of unmetered supplies

Electricity suppliers need to be consulted as our supplier did not agree that they had a duty to provide and read the meter.

Every time we change suppliers the new supplier will have to take over this responsibility? So there needs to be a procedure in place that enables suppliers to know they are responsible and ensure transfer of meter responsibility.

GENERAL COMMENTS.

INVOICES

There should be an item for invoices in that the timescale should be to provide an invoice within 28 days of completion of the work stated on the order. Invoices disputes to be resolve within 28 days of notification



Mr Sean O'Hara
Head of Connections Policy
OFGEM
9, Millbank
London
SW1P 3GE

16/7

Dorset Engineering Consultancy
Pullman Court, Station Approach
Weymouth Avenue, Dorchester DT1 1GA

Telephone: 01305 or 01202 225355
Fax: 01305 or 01202 225301
Email: r.l.mainstone@dorsetcc.gov.uk
DX: DX 8716 Dorchester
Web site: www.dorsetcc.gov.uk

Date: 14 July 2004
Your ref:
My ref: DC6010_RMa1407041.doc

Dear Mr O'Hara

REF – COMPETITION IN CONNECTIONS – RESPONSE TO CONSULTATION DOCUMENT

On behalf of Dorset County Council, I am writing to provide the feedback requested on the published consultation document. I have also taken part in discussions with groups of authorities in the South & South West regions and have added my support to the response from those groups. In Dorset we fall within the boundaries of two DNO and receive a very mix level of service across the authority. Although our present levels of investment would not make competitive connections currently worthwhile, the service level agreement, especially if a nationally agreed one, would be particularly useful in standardising service delivery.

In addition I would like to emphasise the following points:

- Penalties should be realistic and not linked to the DUOS levels, e.g. each failure should incur a fine of £5 - £10 and increase over time. I do not see the benefit in a shadow period for fines.
- The levels of service should be standardised across the country with published league tables to compare DNO performance.
- The response times should be calendar days, not working days and should reflect the current best practice in the country.
- New connections should be included in the competition arrangements, the argument that only the DNO can identify cables correctly is not borne out in practice.
- The Liability and Force Majeure clauses give concern and need to be brought to the same standards seen in current contracts.

Thank you for the opportunity to comment and I hope the project to deliver positive change moves quickly on.

Yours sincerely

Rod Mainstone
Principal Engineer



Director of Environmental Services Miles Butler



FS 45303



INVESTOR IN PEOPLE

elm



Your ref M/RIE/JR1
Our ref 0191 383 3458
Direct Tel 0191 383 4128
Fax bob.smith@durham.gov.uk
e-mail Bob Smith
Contact

Making a difference where you live

Mr S O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
LONDON
SW1P 3GE

23 July 2004

Dear Sean

**Competition in Connections to Electricity Distribution Systems
Consultation Document**

On behalf of Durham County Council, I have considered the issues contained in the OFGEM consultation document 124/04a and relevant Appendices in 124/04b and would respond as follows.

- Whilst a National Service Level Agreement will specify minimum requirements, where existing local SLA's have standards that are better than the national SLA these shall be maintained or improved.
- A SLA will be required by all Authorities, and not just those wishing to remain outside the competition field, as the DNO must be engaged to provide new main connections, make repairs and respond to emergencies. The SLA therefore must not prevent a Highway Authority from pursuing competition at anytime, if this is considered necessary to improve standards for example.
- The ability to invoke penalty payments should be incorporated into a SLA for poor or non-performance by either the HA or DNO. However, care must be taken to ensure that the arrangements for their implementation are practical and that the cost of supervising, agreeing permissible non-compliances and administering such a scheme does not outweigh the benefits. It is essential that the penalties are of such magnitude to incentivise better performance.

Continued/...

ENVIRONMENT
Durham County Council
County Hall Durham DH1 5UQ
Main Telephone (0191) 383 3000
web site: www.durham.gov.uk

Chris Tunstall C.Eng - Deputy Chief Executive (Environment & Change Management)



- The HA is required to restrict work issued to ICP's to that more than one metre away from the main, measured along the service cable, presumably to the point of termination at the cut-out within the column or sign. As the location of the main may not be known, all highway equipment will be presumed to have in excess of one metre of service cable.
- Although the proposals suggest restricting work to service cables only, the initial agreement must be seen as a first step towards enabling competition to be applied to the full range of service provision. The initial agreement should include provision for the expansion of the arrangements to embrace mains connections. It is a likely scenario that the DNO contractor and the HA's ICP will be one and the same and could be working in the same street both jointing mains for the DNO and undertaking service transfers for the HA.
- In the north of England particularly it is common practice, by agreement, to mount street lighting lantern assemblies on DNO overhead line network poles. The agreement should extend contestable work to include both transfers and new connections on overhead networks.
- The service work by ICP's is restricted to cables supplying loads of 500 watts or less at 230 volts. This would exclude service work on some columns that support twin arm lanterns and distribution feeder pillars that are not metered for practical reasons and this does not seem to be logical.

I trust the above is useful to you in your efforts to secure improvements in performance and cost of unmetered public lighting service works.

Yours sincerely



for **Bob Smith**
Street Lighting Section

Hopetown House, Brinkburn Road,
Darlington DL3 6ED
Tel: (01325) 388766 Fax: (01325) 388724
DX 69280 Darlington 6
Web site: <http://www.darlington.gov.uk>

Mr Sean O'Hara
Head of Connections Policy
OFGEM
9 Millbank
London
SW1P 3GE

Date : 23 July 2004
Please ask for : John Ray
Direct Line : 01325-388744
Your Reference : -
Our Reference : JMR/LB
Document Name : DF230704-2LB*1

Dear Mr O'Hara

**Competition in Connections
Electricity Distribution Systems - Consultation Document June 2004**

Further to the above, I would make the following comments:

1. For some time now we have had to suffer delays in bringing back into service lighting units that have failed but which were not fed directly from our own PL circuits. Delays of up to 12 weeks for work to be carried out has not been unusual. The public are dismayed when delays occur and cannot understand why it takes such a long time to do what is often a straight forward job.
2. With the re-introduction of a BV PI for street lighting repair response times, it is essential that a more timely, efficient and cost-effective connection service is provided.
3. I think that response times for connections by the DNO's should be calculated using working days not calendar days.
4. I see no need for a trial for the national SLA; bring it in straight away.
5. There are many other issues raised in the consultation and I can advise that Darlington Borough Council support the comments made by Roger Elphick, the Chair of the UK Lighting Board.

/.....

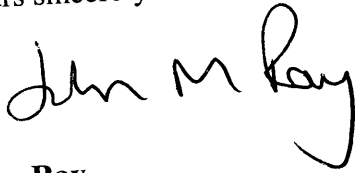
23 July 2004

Mr Sean O'Hara

Finally, can I just say that from the Council's perspective the important thing is that as many street lights are working as planned at any one time and that when a light faults it is brought back into operation without delay. The current arrangement for connections work by the DNO's does not meet our requirements.

I trust these few comments are helpful.

Yours sincerely

A handwritten signature in black ink that reads "John M Ray". The signature is written in a cursive style with a large, sweeping "J" and "R".

John Ray
Head of Engineering and Highways Operations



DEVON COUNTY COUNCIL

Edward Chorlton
County Environment Director

Mr. Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Lucombe House
County Hall
Topsham Road
Exeter
Devon
EX2 4QW

Your ref:
My ref: CED

Date: 27 July 2004
Please ask for: Edward Chorlton

Phone: 01392 382149 e-mail: environment@devon.gov.uk
Fax: 01392 382135

Dear Mr. O'Hara

**Competition in connections to electricity distribution systems – Consultation Document
124/04a & 120/04b**

Further to correspondence I have received from Joan Walley MP (Joint Chair APPLG) I would like to take this opportunity to comment on the progress of the Competitions in Connections Draft Document, and the impact that the operation of the local Distribution Network Operator (DNO) has on the street lighting service delivered in Devon.

From discussions with my Lighting Engineer I have focused my comments into three categories, where I feel that a service improvement made in these areas will benefit the end user and public sector.

1. Service Delivery

- Devon County Council prides itself on its service delivery and has worked over the years to encourage this culture in its own staff. It is therefore disappointing when dealing with the Local DNO monopoly which considers the Authority as a just another small customer mainly due to total connected load value, when in effect it should be considering us as a major customer due to the fact that we have over 80,000 points of supply.
- All public sector services are encouraged to strive and demonstrate continual improvement through performance indicators; this is proactively encouraged in all Term Maintenance Contracts (TMC) which are let by this Authority. The County Council relies entirely on the network provided by the DNO, but has no control over it when shortcomings or failures occur. It would therefore be helpful if the DNO was judged on similar performance indicators which could then be linked to the County Council's performance indicators in some way.
- Public services are judged on their performance against the principle of calendar day timetables. The Authority's Lighting Contract and demonstration of Best Value adopts this format and it is inconsistent that the DNO still operates on the old fashioned basis of a working day time table.
- Based on current performance, significant amounts of work are being completed in excess of the Local Charter Agreement timescales. Fault repairs on average take three times longer than the quoted timescale and new connection quotations which affect work programmes are taking twice as long.

2. Competitive Works

- Competition in connections can only improve service, and assist in the programming of works. In Devon the TMC is the preferred sub contractor of the regional DNO and this arrangement is envied by many other authorities. It means that the TMC can carry out certain works for the DNO with their approval, thus ensuring a good standard of service.
- All works programmes are affected by DNO resources, and the implementation of the new SECTOR Scheme and Lloyds Registration will support competence in the available workforce so that resources can be directed where needed and service demands.

3. Monitoring

- Monitoring of public sector services has driven service improvement and accountability. The effect of competition and the application of National minimum standards administered by OFGEM for DNO services can only move things forward in the right direction.
- Can I suggest that even if no further competition in connections can be achieved at the end of this consultation period, DNOs must operate a formal Service Level Agreement because present local charters are not being fulfilled and do not give Authorities an acceptable standard of service.

It is my understanding that a regional working group has been set up to liaise with our local DNO (Western Power Distribution) with a view to drawing up a local service level agreement. My lighting engineer has been asked to sit on this working group and assist in the drawing up of a document.

From these comments I hope it is clear that we believe there is a real need for competition, and for service delivery improvements by the DNOs and I would support whole-heartedly any move forward where service delivery and accountability could be improved.

Fortunately Devon County Council co-ordinates its services with only one DNO, unlike other authorities that may have to work with up to three operators and for those Authorities I feel any National Agreement would be beneficial.

Yours sincerely



Edward Chorlton
County Environment Director



From :
Councillor :

Terry Neville
0208 351 1352
20th May 2004

Stephen Twigg MP
House of Commons
Westminster
SW1A 0AA

Let's write to

PATRICIA

HEWITT

Dear Stephen

Street Lighting Connections

Further to our recent telephone conversation, I attended a lunch meeting at the House of Commons a couple of weeks ago hosted by the Parliamentary Lighting Group, specifically to discuss the problems of the monopoly that the main utility providers have for connecting up to street lighting.

This is a problem of national proportions as was made clear by the attendees at this lunch. It is certainly a problem in Enfield which of course I am very familiar with and by way of illustration the symptoms of the problem are that you can literally wait weeks, if not months, to have a new lamp column, be it "new" in the sense of a newly placed one, or a replaced column, connected to the main electricity supply. The Council is not allowed under rules which are claimed to be based on Health and Safety, but which I believe to be anti-competitive, to make the connection itself, or to authorise any other contractor so to do.

At the lunch a number of people spoke, including the OFGEN regulator who is currently consulting on the problem with all interested parties. A number of people spoke and I am bound to say that I thought and indeed said when I spoke that this at its heart a fairly simple problem, which is being sadly overly complicated by obfuscation.

To flesh out that last comment, it seems to me that the problem has a relatively simple solution. First, if there are health and safety considerations, anyone knows that these would apply as much to any contractor as they do to the energy provider. The Regulations governing this activity (though I have not seen them myself) are claimed to provide that the energy provider remains responsible for the safety of the network, something that I can well understand. However, it is not so difficult surely to amend those regulations to ensure that whilst the network provider retains that ultimate responsibility it can be possible for other **approved** contractors to – presumably those carrying NICEE qualifications, to carry out the work with possibly the local authority given an indemnity which they in turn could secure from their contractors. I am not suggesting that this is the only solution but it certainly shows there are other ways of

Members Room

London Borough of Enfield
PO Box 50, Civic Centre, Silver Street
Enfield, Middlesex. EN1 3XA

Tel: 020 8366 6565
DX: 90615 ENFIELD
www.enfield.gov.uk



EAST RIDING

OF YORKSHIRE COUNCIL

The Highways Building Beckview Road off Grovehill Road Beverley East Riding of Yorkshire HU17 0JP
Telephone 01482 395613 Facsimile 01482 395055 www.eastriding.gov.uk

Huw Roberts Director of Operational Services

6/7
Sean O'Hara
Head of Connections Policy
Office of Electricity and Gas Markets
9 Millbank
London
SW1P 3GE

Enquiries to: Mike White
Direct Dial: 01482 395684
Our Ref: OSD/SL/MW
SR/10033
Date: 2 July 2004

Dear Sir

Competition in connections to electricity distribution systems

I refer to your consultation documents on the above.

Street lighting both in terms of maintaining the existing stock and provision of improvements whether to combat the fear of crime, enhance the street scene or reduce traffic accidents is a major issue for Highway Authorities. In striving for improvements and to deliver better value to the customer one issue has remained unresolved, the costs incurred in making new connections. As the other costs have been challenged and honed, this protected vested interest has remained doggerly resolute in its upward trend. It needs competition to help us collectively deliver more for our pound spent. Fifty percent of my new installation budget now goes to the Electricity Company on connection fees over which I have no say, nor control.

It is on this basis that I support the contentions made by the 'UCCG' as represented in your document, paragraphs 3.23 through to 3.27.

To summarise, I support the philosophy that the connection business should be fully exposed to competition and be free from 'spoiling' hindrance.

Yours faithfully

Mike White
Principal Engineer
Highways



INVESTOR IN PEOPLE

Darryl Stephenson Solicitor Chief Executive



2001-2002
Tackling Youth Drug Misuse
2002-2003
Community Legal Services
Tackling Fuel Poverty
2003-2004
Supporting the Rural Economy



**Development & Environment
Roads and Infrastructure**

Duncan Hamilton BSc.,C.Eng.,M.I.C.E.
Head of Roads & Infrastructure

The Triangle
Kirkintilloch Road
Bishopbriggs
Glasgow
G64 2TR

Telephone: 0141 578 8000 (Switchboard)
Fax: 0141 578 8550
Direct Line: 0141 578 8605
Email: ian.runciman@eastdunbarton.gov.uk

Mr Sean O'Hara
OFGEM
Office of Gas and Electricity Markets
9 Milbank
London
SW1P 3GE

Our Ref: EDCR/LIGHT1/LET/G52/S407/0085
Your Ref:
Date: 12 July 2004

Dear Mr O'Hara

Competition in connections - Response to OFGEM Consultation Document June 2004

I refer to the Consultation document 'Competition in connections to electricity distribution systems' June 2004 and wish to comment as follows.

1. The time scales available to make comments was not sufficient and should be extended.
2. The Electricity, Safety, Quality and Continuity Regulations 2002 while not forming part of this appraisal, are referred to on a number of occasions, in particular within the executive summary. In referring to this document it should be noted that implementation of these regulations defines all road lighting authorities in Scotland, who all own to some extent, their own cable networks, as Distributors. There may be a need to separate this within any agreement between local authorities and energy suppliers.
3. The Service Level Agreement (SLA) approach appears to be reasonable but must reflect the need to provide the service requirements to the individual bodies. I would suggest that the response times must be in line with those suggested in the Street lighting Code of Practice which is in line with the minimum times within Appendix 1 figures 1 to 4.
4. Within the SLA approach references to penalty levels are not realistic and do not reflect any incentive to perform. Any penalty must provide an incentive and with purely monetary levels similar to those suggested, would give no reason for any changes to current working practices with DNO's. Indeed it is difficult to see what monetary penalties would achieve even at higher levels. The return of moneys to local authority businesses may not always be easily handled with financial controls restricting what monies can be utilised usually on an annual basis. Additional funds being presented may simply be lost as unspent revenue or capital allocated funds. A more realistic approach may provide free future services from the DNO.

In any applied penalty system however monitoring by OFGEM is essential. Further, published performance figures, published locally and nationally, should be used as an incentive to encourage DNO's to perform.

Vicki Nash	• Chief Executive
Valerie Watts	• Assistant Chief Executive
John W. Mundell	• Strategic Director • Commercial
Sue Bruce	• Strategic Director • Community
George Thom	• Strategic Director • Development & Environment





From :
Councillor :

Terry Neville
0208 351 1352
20th May 2004

Stephen Twigg MP
House of Commons
Westminster
SW1A 0AA

Let's write to

PATRICK

HEWITT

Dear Stephen

Street Lighting Connections

Further to our recent telephone conversation, I attended a lunch meeting at the House of Commons a couple of weeks ago hosted by the Parliamentary Lighting Group, specifically to discuss the problems of the monopoly that the main utility providers have for connecting up to street lighting.

This is a problem of national proportions as was made clear by the attendees at this lunch. It is certainly a problem in Enfield which of course I am very familiar with and by way of illustration the symptoms of the problem are that you can literally wait weeks, if not months, to have a new lamp column, be it "new" in the sense of a newly placed one, or a replaced column, connected to the main electricity supply. The Council is not allowed under rules which are claimed to be based on Health and Safety, but which I believe to be anti-competitive, to make the connection itself, or to authorise any other contractor so to do.

At the lunch a number of people spoke, including the OFGEN regulator who is currently consulting on the problem with all interested parties. A number of people spoke and I am bound to say that I thought and indeed said when I spoke that this at its heart a fairly simple problem, which is being sadly overly complicated by obfuscation.

To flesh out that last comment, it seems to me that the problem has a relatively simple solution. First, if there are health and safety considerations, anyone knows that these would apply as much to any contractor as they do to the energy provider. The Regulations governing this activity (though I have not seen them myself) are claimed to provide that the energy provider remains responsible for the safety of the network, something that I can well understand. However, it is not so difficult surely to amend those regulations to ensure that whilst the network provider retains that ultimate responsibility it can be possible for other **approved** contractors to – presumably those carrying NICEE qualifications, to carry out the work with possibly the local authority given an indemnity which they in turn could secure from their contractors. I am not suggesting that this is the only solution but it certainly shows there are other ways of

Members Room

London Borough of Enfield
PO Box 50, Civic Centre, Silver Street
Enfield, Middlesex. EN1 3XA

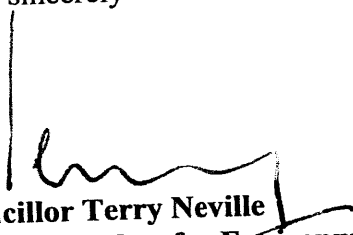
Tel: 020 8366 6565
DX: 90615 ENFIELD
www.enfield.gov.uk

tackling the problem rather than continuing to put up with this totally unsatisfactory position. It also of course raises the question of competition (or lack of it) amongst the energy providers. A recent example in Enfield showed us being quoted for the one piece of cabling for which we do not for some historical reason rely on the energy providers monopoly i.e. Mollison Avenue, where the energy provider quoted £1million to carry out a job which was subsequently done for us for several hundred thousand less.

Speaking with some of the attendees after the luncheon, it appeared that another problem is getting any Minister to accept responsibility for this area. I was told that the DTI which clearly has responsibility for energy, did not seem to want to ascribe responsibility to any particular Minister, and in particular Gerry Sutcliffe it was said did not have responsibility. Plainly this cannot be so, somebody must have ministerial responsibility and I would be very grateful if you could identify who that is and then perhaps arrange a meeting which I would obviously wish to attend, with those involved with the Parliamentary Lighting Group in order that we might be able to take this forward.

I am copying this letter to Vas Slantonas and Mike Thompson the Managing Director of David Webster Ltd one of the principal contractors in this field who are active within the Parliamentary group.

Yours sincerely



Councillor Terry Neville
Cabinet Member for Environment, Street Scene and Parks

Cc Vas Slantonas, Director
ASLEC (Association of Street Lighting Electrical Contractors)
Bowden House
1 Church Street
Henfield BN5 9NS

Mike Thompson, Managing Director
David Webster Ltd
Netherfield Lane
Stanstead Abbots
Ware SG12 8HE

Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank
London SW1P 3GE

Date: 29th July 2004

Our Ref: CiCJune
Your Ref: 124/04a

Dear Sean

Consultation Document: Competition in Connections to Electricity Distribution Systems, June 2004

EDF Energy is pleased to provide the Company's response to Ofgem's recent consultation document on Competition in Connections on behalf of EDF Energy Networks LPN, EPN and SPN Ltd. We believe the paper makes a significant contribution across a number of important areas and our detailed comments are provided in the attached paper.

EDF Energy has welcomed the opportunity to participate and actively contribute to the work of the DNO workgroup, presented within the document under the auspices of the ENA. It is important to achieve the right balance between the entry of new Independent Connection Providers, providing competitive choice to customers, whilst ensuring the public and company safety and health are not compromised and that where a licensed distributor agrees to adopt assets, that he is not financially or legally disadvantaged in that process.

The key points included in our response can be summarised as follows:

- We are willing to support the 'Consent to Connect' process, but only in the context of live jointing to new assets installed for housing developments in Greenfield sites and excluding the first live joint to EDF Energy's existing distribution network
- An ICP should continue to take full safety, legal and financial liability for assets installed by them until adopted and for any agreed live working on assets previously installed by them

EDF Energy, Networks Branch
Atlantic House
Henson Road
Three Bridges
Crawley
West Sussex RH10 1QQ

Tel: 01293 509370 Fax: 01293 509447
Email: Peter.Merrick@edfenergy.com

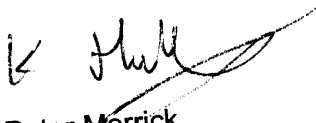
EDF Energy Networks Ltd
Registered in England and Wales
Registered No: 3870228
Registered office
40 Grosvenor Place Victoria
London SW1X 7EN

www.edfenergy.com

While not explicitly within the scope of the current consultation, EDF Energy believe the advent of Embedded Distribution Networks (EDNs) has created a number of new operational, commercial and strategic issues for DNOs and we are concerned at the lack of clarity in this area. EDF Energy believe there would be great merit in initiating a dialogue with Ofgem in the immediate future, potentially across all DNOs, to ensure a robust, sustainable and consistent framework, balancing the needs of current and future connected customers, is established in this important area.

Should you wish to discuss any of the specific points within this paper further, please do not hesitate to call me directly.

Yours sincerely



PM
Peter Merrick
Head of Regulatory Affairs
Networks Branch

EDF Energy's response to Ofgem's June 2004 consultation on Competition in Connections to Electricity Distribution Networks.

Section A – Metered Connections

Consent to Connect Process

EDF Energy is broadly supportive of the proposed option described within paragraph 2.5 around the consent to connect process and believe it provides an effective outline process when applied in tandem with an appropriate framework for adoption. The development of the Consent to Connect process has been strictly limited to cover greenfield residential scenarios only and EDF Energy believe this is an appropriate demarcation, in order to cater for the safety of DNO operatives, ICP (Independent Connection Provider) operatives and the public alike.

While EDF Energy find the proforma for Consent to Connect within Appendix 2 useful, we do not regard it as either prescriptive or a national standard and will continue to develop the proforma further, where we see opportunities for improvement in the efficient operation of the process. Similarly, EDF Energy reserves the right to apply a 'connection by connection' consent process where the performance of an ICP might warrant. Of course, objective and transparent criteria would be used to determine when it might be appropriate to apply this more specific approach.

EDF Energy believes that further work is required to clearly define and agree the allocation of liability and risk on assets that may have been made live (through the actions of a suitably accredited ICP) but are not actually adopted by the DNO through the failure of the ICP/Developer to meet all conditions precedent within the adoption agreement. We are willing to support the premise that the separate adoption and energisation processes are held coincident and that adoption of enlivened assets should occur following successful testing of the live assets, once jointing is completed. However, EDF Energy is not willing to take on the liability for the performance, operation or safety of the unadopted network or the subsequent down-stream live working that the ICP may be involved in. We do not believe that there is sufficient clarity in the existing legislation to protect a DNO in this regard.

Adoption Agreements

EDF Energy supports the Framework Contents for an adoption agreement developed by the ENA. This framework document provides sufficient flexibility to individual DNOs, ICPs and final customers in agreeing a final form of the document that protects the interests of all parties. However it should be recognised that as currently, adoption is a matter of choice for the DNO, we do not believe it is appropriate for the Adoption Agreement to be a single national standard. EDF Energy support the view that both tri-partite and bi-partite agreements have merit, depending on specific circumstances and may use both forms moving forward, taking a flexible approach to the needs of all stakeholders

Memorandum of Understanding with Lloyds Register on NERS

EDF Energy believes the MOU represents an effective means of providing governance over the accreditation body and scheme. EDF Energy supports the independent use of Lloyds register for the accreditation of contractors to work within its licensed areas. Lloyd's ability to carry out meaningful audits has continued to improve and EDF Energy now has sufficient confidence that the process is sufficiently robust to protect our interests. EDF Energy believes significant revision of the current scheme will however be needed to cater for live working (green field sites) administered by NERS if implemented.

As the MOU sets out the governance arrangements between NERSAP and Lloyds, it would be inappropriate to outline the term of office for membership of NERSAP within this document. EDF Energy continues to see membership of NERSAP as voluntary and a

suitable mechanism for discussing best practice and will continue to support the body in its current form.

Audit & Inspection Regime

EDF Energy supports the definition of best practice set out in paragraphs 5.1 – 5.8 for the Audit and Inspection of third party assets to be adopted by the host DNO. As paragraphs 5.1 – 5.8, indicate, the audit levels need to be sufficiently flexible to reflect the broad range of performance and quality in the work performed by specific ICPs. Charges for the audit and inspection of third party assets should be simple, transparent, and consistent and represent a fair pass-through of the inspection costs incurred. Charges will continue to be applied directly to the party responsible for the assets being inspected

Live Jointing High Level Proposals

While there remains significant further work within this area, EDF Energy do not see significant obstacles to establishing a framework based around the proposals as described within the consultation document. EDF Energy believes the following specific points need to be taken into consideration when developing the proposals further.

- When a third party installs new connection assets, at that time he will have greater knowledge and experience as to their disposition. The adoption process describes a series of steps that would ensure an adequate knowledge transfer to enable the incumbent DNO to take over the ongoing responsibility for maintenance. Until those steps are complete, we would not want to work on those assets. There is a demonstrable and significant increase in the associated risks of a third party working on assets that are owned by another party when compared to a third party working on network assets that they have installed and own: the result of separating responsibility and control. We have therefore concluded that it is not sensible to allow ICPs to perform the first live joint onto existing EDF Energy assets. However in order to support the controlled extension of competition in connections for live jointing on Greenfield housing estates, we would be willing to allow ICPs to perform live jointing where firmly limited to those discrete assets that they had recently installed and providing that we had not installed any other additional assets in the immediate vicinity.
- The membership and constitution of the ENA Assessment Panel should be determined and agreed by all DNOs before further development work is undertaken on the wider framework. This is essential in order for DNOs to establish the necessary confidence in any future approvals process.
- Appropriate measures need to be put in place to ensure a sensible mechanism of cost recovery is available for DNOs operating both the ENA assessment panel and the wider processes around the assessment of ICP operative competence.
- Further work is required to bring greater clarity to the relationship between this element of the consultation document and those elements associated with the Consent to Connect process, NERSAP MOU and Adoption Agreements such that a robust and effective approach to live jointing by ICPs may be achieved.
- While NERS will undoubtedly provide a reasonable level of assurance of an operatives competence, DNOs will need to retain the option to apply such processes/tests as it feels are required to provide assurance of competence before network access is granted. The criteria and methodology to be applied to any such test should be objective and transparent.

Extension of G81 Framework Documents to Brownfield Sites

EDF Energy supports the extension of the G81 suite of documents to cover Brownfield Sites, a development that mirrors our current application within EDF Energy.

Extension of G81 Framework Documents to Industrial & Commercial Sites

EDF Energy is supportive of extending the contestable definition to include the design of all contestable schemes, including industrial and commercial connections and believe the G81 suite of documents provide an appropriate mechanism to achieve this.

UMS Connections Service Level Agreements

EDF Energy is broadly supportive of establishing a National Service Level Agreement (NSLA) for the provision of UMS supplies. However, we have a number of additional concerns:

- EDF Energy believes the NSLA should form only a single component of a range of tools to bring greater flexibility to the UMS market segment which includes rent-a-jointer, jointer only, balanced scorecard and other innovative methods of working with customers to deliver an excellent service. Hence, as only one of a number of innovative ways of providing UMS connections, we believe the application of the NSLA should be voluntary on all parties.
- EDF Energy believes targets should be established through an appropriate process of consultation across all stakeholders. It is likely that service levels will vary across the country, reflecting the different needs across the diverse range of operating environments within the UK. This may be achieved on a DNO by DNO basis or at a lower, more refined basis, to be determined through further local consultation.
- EDF Energy supports Ofgem's position that any penalties where applied following poor performance should be comparative to the annual DUOS income derived from a typical UMS installation i.e. in the same way penalties under EGS standards are in proportion to annual domestic metered DUOS revenues. For the advent of penalties in this area to be successful, they must be applied in a balanced way on the defaulting party
- The operation of the NSLA is likely to result in additional one-off and ongoing costs associated with the requirement to record and report the data. These costs will need to be passed through to the UMS customer market segment.
- EDF Energy supports the arguments put forward that a shadow period of one year of operation of the NSLA is a prerequisite, before formal introduction of compulsory penalties, allowing both DNOs and Lighting Authorities to understand the risks and benefits of applying the NSLA.

UMS Connections - Triangular Contract Arrangements

EDF Energy rejects the proposal on Triangular Arrangements. It does so for the following principal reasons:-:

- Number of Contracts

The proposal involves three contracts: DNO/HA (Highway Authority), HA/ICP and ICP/DNO.

A standing contract between an HA and the DNO relating to all ICPs may be possible. Each HA and DNO is free to contract on the terms it desires. Accordingly concluding a standing contract between a DNO and the HAs in its distribution

services area may be difficult, as distribution services areas do not align with HA boundaries. It can be expected that each DNO and each HA will want consistent terms relative to the areas within their respective boundaries: agreeing a standard standing agreement that is not a worthless descent to the lowest common factor can be expected to be difficult. The highest standard, not the lowest must be the goal. That the Dept of Transport is also an HA should not be overlooked.

A standard standing contract between HA/DNO can only operate successfully if it prescribes the essential components of the HA/ICP and ICP/DNO contracts. Each of these is freely negotiated at the time that the HA appoints the ICP. Unless agreement is reached on all three agreements the triangle will collapse. There is the likelihood that each triangle will contain different terms in particular because it is suggested that there is no constraint on ICP numbers. The greater the number of potential contracting parties the greater the diversity of views as to what is or is not appropriate. The duration of a particular triangle is uncertain and is, as far as any one corner of the triangle is concerned, capable of termination by one or both of the other two.

The number of contracts and the variety of terms that will result has cost and control implications for all DNOs. These costs must be directly recoverable from the HA whether or not a particular contract proceeds to completion. The DNO can choose with whom it wishes to negotiate when appointing its own contractors: if it is to be foisted with those of another's choosing it must not have to bear the costs of that process.

- Responsibility and Control.

While the proposal anticipates the DNO taking 'operational control' of the ICP for the purposes of live jointing aspects – this should not equate to the HA absolving itself of all responsibility for the actions of the ICP. If personal injury or death is caused or loss or damage to property occurs the injured party including the DNO should look entirely to the HA and its ICP. The HA appointed the ICP as its agent. It is liable as principal. The DNO must not be penalised through IIP or to the extent that it is it must be indemnified by the HA and ICP against all losses etc that flow from the HA's contractor's default. Regulation 25 of the ESQC Regulations must be amended so that where an HA appoints an ICP to effect connections the DNO has no responsibility.

There are significant commercial aspects that need to be clearly defined, even at this conceptual stage e.g. The DNO in providing 'operational supervision' to the ICP, may cause the ICP additional to incur additional costs (additional excavation for example to identify cables). These costs will then be borne either by the ICP or HA, in either case the obvious potential for dispute is clear.

- Adoption.

The DNO should not be obliged to adopt the property of another person. This should be a matter entirely for agreement between the DNO and the HA.

- The criteria for the qualification of ICPs is not clear. EDF Energy undertake an extensive assessment process before letting a new contract. This assessment includes assessment against the EFQM model, a process taking 3-6 man days as well the more conventional processes associated with a more conventional procurement process.
- While limiting the scope of works to those elements of the work that are more than 1 metre from the main is a sensible control and one that EDF Energy would, all other elements excluded, be willing to support, its effect will be to add complexity to administering this scheme, both for the Lighting Authority and DNOs.

Section B – Other Issues

Contestable and Non Contestable Quotation Split

For a number of years EDF Energy has routinely provided quotation breakdowns between Contestable and Non-Contestable work in the prescribed form. This is initiated on the request of the Customer, rather than automatically and EDF Energy believe this is consistent with previous proposals of the ECSG, dating back to 2001. In many instances customers do not require the additional complexity and cost associated with splitting these two elements and if they do not require it, we see little value in providing this service. We will therefore continue to provide such a split, only where the customer specifically asks for it.

Standards of Service

EDF Energy shares Ofgem's view as to the benefits of developing and agreeing a minimum, useful number of voluntary standards of service, reported by DNOs. We agree this is a helpful way to add transparency to the effectiveness of this part of the market place. In addition and to provide a level playing field, in agreeing to such a set of reporting measures, we believe it is important for ICPs to be required to establish a similar set of reporting measures, to which we would be happy to support the definition phase.

Licence Condition 4 Modification

Whilst there may be sufficient benefits to the DNO to support a licence modification requiring him to offer to adopt assets installed by an ICP, these are by no means compelling at this stage. There is further risk to the successful implementation of the remaining proposals put forward by the DNO working group, through the necessary delay in considering this proposal and definition in detail at this time.

We have therefore concluded that such a consideration should only be taken forward for full DNO debate as a part of a Stage 2 working group with Ofgem once the initial proposals have been fully defined and sufficiently implemented. This will allow for a detailed assessment of the incremental benefits of such licence modifications and will by necessity, take full account of the range of valid reasons where we would not be willing to adopt.

Charges Levied by DNOs for Provision of Point of Connection Information

EDF Energy believes those costs, generated in the course of providing this additional information to ICPs, should be specifically recovered from those parties requesting such services, and to which we have incurred such costs. Whilst charges clearly need to be cost reflective, Ofgem has often argued that they should also provide the appropriate incentive for proper behaviour. It cannot be right for ICPs to receive this specific service they require, free of charge and for these specific costs incurred by DNOs to be spread over a wider range of customers. This suggestion appears, at first sight, to be discriminatory.

The two alternative approaches, either recovering these additional costs through DUOS or across all those customers seeking new connections also has a number of other disadvantages:

- They dilute the cost reflective message within the connections process, effectively subsidising the connection interface required by the ICP at the application stage at the expense of those applications that proceed to connection.

- They encourage multiple applications to be made on a purely speculative basis, requiring additional resources to meet the additional workload and increasing the overall cost of providing a connections service.
- They are not consistent with the principles of section 19 of the electricity act, namely that the distributor may require expenses reasonably incurred in providing such services to be defrayed by the person requiring same.