



GOVERNMENT OFFICE
FOR LONDON

Sean O'Hara
OFGEM
9 Millbank
Westminster
London
SW1P 3GE

10th Floor
Riverwalk House
157-161 Millbank
London
SW1P 4RR
Tel: 0207 217 3152

30 July 2004

Dear Sean,

**LONDON LOCAL AUTHORITY STREETLIGHTING PFI FORUM –
Consultation Ref: 163/04 . Additional non-discrimination provisions for NGC in
relation to the processing of offers for connection to the GB transmission system**

1. The Government Office for London chairs a forum for London Boroughs who are operating or preparing to operate PFI schemes for the renewal and replacement of streetlighting in their areas. We have been asked to write on their behalf setting out their views on the current consultation mentioned above.
2. The views represented here are those of the London Boroughs of Barnet, Ealing, Enfield, Islington, and Lambeth. Comments centre on three issues:

Accreditation

3. A scheme should be introduced whereby contractors who have achieved accreditation which would state that they have the relevant training, skills, expertise and experience to carry out connections could be able to do so without further recourse to the DNO. Details of how accreditation can be achieved would need to be agreed between DNOs and contractors, and there could be random audit of connections to ensure standards are maintained.

PFI v Non-PFI schemes

4. There is a strong case to be made for differing regimes for PFI and non-PFI local authority connections, given the quantity of connections and transfer work in a large scale investment project. While it is accepted that requests for non-PFI connections can vary during a given period, due to budgetary or other policy variations, this is much less likely to be the case for PFI schemes.
5. PFI schemes have work schedules planned well in advance, and in most cases, have large-scale Core Investment Programmes (CIPs) covering the first five years



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of any contract. Given this certainty of workload, and the obvious advantages in terms of business and resource planning that this would allow the DNOs, we would ask that special consideration be given to a alternative regime for PFI schemes.

6. This may take the form of a separate Service Level Agreement with higher standards, or a different performance regime, reflecting the different circumstances surrounding PFI schemes.

REC / PFI Contractors relationships

7. While competition may exist in other parts of the country, in London there is an effective monopoly of electricity supplier in the form of EDF. Concerns have been expressed that many PFI contractors also have close links to EDF, through either sub-contracting other work, or via the PFI consortia. Given the large sums of money involved coming from the public purse, it is important that the process is not only transparent, open and competitive, but is seen to be so. We would ask, given the particular circumstances, that OFGEM undertakes a specific 'audit' to ensure that in all such cases the extent of these relationships between EDF and contractors are reasonable and do not contravene the principles of the Competition Act?

Yours sincerely,

ANDREW LYNCH

PP

Stephen Shuster

metered / unmetered.



Our ref: RF/SK/HBF/157

14th July 2004

Sean O'Hara
OFGEM
9 Millbank
London
SW1P 3GE

Dear Sean

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

Please find enclosed the HBF's response to the above Consultation Document.

At the last National Technical Committee on 14th June 2004 the issue of responses to Utility Consultations was discussed by all the Members attending the NTC. It was agreed that for this consultation the HBF would reply to OFGEM on behalf of all our Members. Although many Government Departments see the responses to any consultations as weighted on the volume of replies. The HBF as a voice for the Industry, see that in giving one co-ordinated response, as in this consultation we actually are conveying a consolidated view for the Industry which has been derived from our Members input. Which in number terms is the view of over 300 House Building Member Companies that build about 112,000 houses per year with an approximate turnover of £18 billion per year in England and Wales?

We therefore hope you find our response constructive in what to date has been an ineffective introduction of competition in this area.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ray Farrow', is written over a large, stylized graphic element that resembles a signature or a decorative flourish.

Ray Farrow

Enc.

c.c. Ian Hornby – HBF
Sian Lewis - HBF

HBF'S RESPONSE TO OFGEM CONSULTATION DOCUMENT COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION

1. INTRODUCTION

It is disappointing that since it was first identified in December 1998 the introduction of Competition in Connections has only resulted in about 4% of total number of connections per year. Unfortunately the barriers placed to delay competition by DNO's and the ENA is a sad reflection of the ineffective way this issue has been progressed over the last six years.

We would contest the statement made by OFGEM in section 1.3 "that a number of the proposals have been implemented by the majority of DNO's" as being not totally correct. We have constantly argued the need for competition is more weighted to levels of service, than cost. With the only acceptable way forward is to make DNO's compete against ICP's on a level playing field with agreed standards for competency and construction methods.

2. SECTION A – METERED CONNECTIONS

Consent to Connect

We would see that the general site specific consent should be the preferred option and the ENA should be instructed to address all the outstanding issues to meet this objective.

Adoption Agreements

The Adoption Agreement is possibly one of the most important part of this whole process and it is disappointing that no progress has been made on this issue since August 2002. The ENA Proposals unfortunately seem to continue to place barriers in the way of Adoption Agreements and it is our opinion that a Model Adoption Agreement should be compiled with a section attributed to the site variables. It has always been the HBF's position that these Agreements should be tri-partite agreements.

We were of the opinion that this was what was stated in the "Final Proposals" document of August 2002 and it seems that the ENA are continually neglecting their obligations to progress this Agreement. For competition to take place the Adoption Agreement is of the utmost importance and the Regulator should be insisting that DNO's progress a model tri-partite agreement by a specific date or it will be forced upon them.

Memorandum of Understanding with Lloyds Register

We would support any proposals that involve an enhancement of a National Registration Scheme so long as it was not restrictive in practice.

Audit and Inspections Regime

The Audit and Inspection Regime appears more onerous in some ways than what DNO's apply to their own Contractors. If ICP's have the same accreditation as DNO's Contractors is it not responsible to expect the audit and inspection regime to be the same.

Records Information – Greenfield Housing Estates

The ENA Proposals seem fair and reasonable on this issue.

Live LV Jointing High Level Proposals

No Comment.

Technical Framework Documents – G81, Parts 1 to 6

We are in agreement with these documents and would accept that its contents would be constantly reviewed.

3. UNMETERED CONNECTIONS

Although the HBF will not respond on specific items in this section, we would welcome any proposals that will enable street lighting works on Section 278 Highway improvements to be more competitive. As this is the main area of works our Members are specifically involved within an adopted highway.

In relation to street lighting within developments there is a requirement for Accredited Street Light Contractors to undertake transfers where columns need replacing when damaged. At present this process is too onerous and time consuming.

4. SECTION B – OTHER ISSUES

Contestable and Non-Contestable Quotation Split

It was the HBF's view that all DNO's quotations from October 2001 should be split showing the element of Non-Contestable items. This was minuted in the

ECSG Meeting of 22nd October 2001, although it could be read that this is only applicable to applications made by New Entrants. Unfortunately this does not take place and DNO's still provide minimal information.

We are now of the opinion that Non-Contestable Quotations should be made compulsory by OFGEM from a specific date and it should cover every form of development. For many years DNO's have submitted a "one line" quotation without accountability for their costs and as profit making organisations this is totally unacceptable.

Standards of Service

On the key levels of service items applicable to Competition in Connection we will look forward to publication of OFGEM's forthcoming document.

The HBF see that this is again another major issue that needs addressing and competition will force DNO's into applying levels of service that developers require on new developments rather than what DNO's think they should be giving the customer.

Previously the HBF had taken a pragmatic approach to the levying of financial penalties. However, we now feel a more assertive attitude should be adopted with the imposition of financial penalties. Also voluntary standards should be abolished and DNO's should be instructed that they will adopt OFGEM specified levels of service.

License Condition 4 Modification

It is becoming obvious that to ask DNO's to undertake any major issue on a voluntary basis will not take place. So any legal mechanism that can be sanctioned in a reasonable time period would help to push forward competition in this area. On this matter, OFGEM would have to take the lead and determine if this is a necessary requirement, or is it just another barrier placed in the way of Competition by DNO's?

Charges Levied by DNO's for the Provision of POC

We would only comment that if POC is contained in other aspects of the DNO's pricing policy it should not be charged as a separate item.

5. WAY FORWARD

The HBF are aware that OFGEM have introduced other mechanisms for competition in this sector where, it is possible for organisations to operate as Independent Distribution Network Operators (IDNO). This is welcomed by the HBF and we will look forward to working with OFGEM in obtaining more information of how this will proceed in the future.

In relation to Competition in Connections we are somewhat disappointed that Government, OFGEM and Energywatch have been seen to be ineffective in forcing DNO's to accept competition. In fact it is obvious that the DNO's seem to hold the balance of power and for no progress to have apparently taken place in over six years can be seen as a failure by the Industry.

The HBF feel we are now at a crossroads on how Competition in Connections will be taken forward and it is the Regulators who hold the key to the future. Until the DNO's power to make key decisions individually, or collectively, is addressed and they are made to embrace the competitive agenda we do not feel any progress will take place.

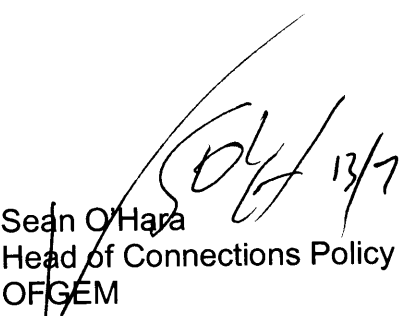
The confusion that seems to exist between Energywatch and OFGEM in recognising that Developers and ICP's are in fact customers, need urgent clarification and a fast track system to resolve disputes is imperative for six years on we could still be in the same position. So we would ask that both Energywatch and OFGEM issue a policy document on this matter so to provide clarity to Developers and ICP's on how disputes will be resolved.

Although we have been critical of Energywatch and OFGEM in this section, we would hope that our observations are deemed to be constructive and are taken in the spirit to alert the Regulators to the important role they play in facilitating competition.

With regard to the future, the HBF would reiterate their continued support to OFGEM on this matter. The need to have competition in this sector was further endorsed by the recently published Barker Review and we will await with interest OFGEM's recommendations.

JULY 2004

ENVIRONMENT DEPARTMENT
HIGHWAYS & ENGINEERING SERVICES


Sean O'Hara
Head of Connections Policy
OFGEM
9, Millbank
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**Hammersmith
& Fulham**
Serving our Community

**LONDON BOROUGH OF
HAMMERSMITH & FULHAM**

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Hammersmith, London W6 9JU

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TEL 020 8753 1081

WHEN TELEPHONING PLEASE ASK FOR

2 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 I am in support of the comments made by the Un-metered Connections Customer Group in response to the proposals of 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 poor.
- 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 and service provision 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.



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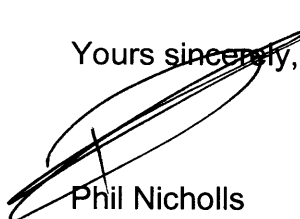


2002-2003
Improving Urban Green Spaces
2003-2004
Street and Highway Works

- 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.

I trust you will take these comments into account in considering this issue.

Yours sincerely,



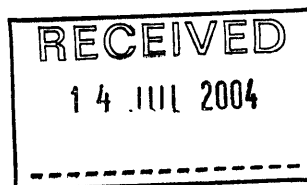
Phil Nicholls
Head of Highways and Engineering

cc: Roy Walker

Engineering Services
HYNDBURN BOROUGH COUNCIL



Your Ref:
Our Ref: JDS/YMW
Date: 12 July 2004
Ask For: Mr Schofield
Direct Line: 01254 356245
Direct FAX: 01254 356280
E-Mail: engineering@hyndburnbc.gov.uk



Willows Lane Depot
Willows Lane
ACCRINGTON
Lancashire BB5 0RT
Tel: 01254 385021

J D Schofield
Head of Engineering Services

OFGEM
9 Millbank
LONDON
SW1P 3GE

Dear Sir or Madam

Competition in connection to electricity distribution system

I write further to the consultation regarding the above. I would like to apologise for the late reply but would hope that the Authority's views will be taken into account.

The performance of United Utilities has long been a concern to officers and members of this Council, with respect to connections to the electricity distribution system. No doubt nationally each Authority can point to its own horror story, when trying to provide quality services to the public they have been let down by distribution companies. The services being provided e.g. street lighting and CCTV surveillance have a direct impact on the safety and quality of life of the public and competition in making connections would seem to be the only way to provide the step change in performance that is required.

Please note that I have discussed this matter with the Council's Deputy Leader who is the Portfolio holder for Planning and Transportation and he endorses these sentiments.

Yours faithfully

J D Schofield
Head of Engineering Services



Public Lighting Signs and Road Markings

Tel: 01895 277511
Fax: 01895 277508
email: tedwards@hillington.gov.uk

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

Our reference: TJLE/L21/2

Date 30 July 2004

Dear sir

Competition in Connections Consultation Document June 2004.

Comments from Tim Edwards IEng MILE on behalf of London Borough of Hillington.

MAIN DOCUMENT

Unmetered Supplies

3.6 Service level penalty payments, from the Local Authority point of view these should relate to the loss of service. In the case of a service fault, transfer service or reconnection we still pay for the energy that we are not using so the penalty should relate to that as well as the DuoS. Consideration should also be given to allow [LA]s to charge for waiting time. For example; delayed response to emergency disconnection where the site cannot be left unattended, we have had cases of operatives waiting between four and eight hours for [DNO] attendance to a damaged service.

APPENDICES

The maximum response times in appendix 1 are not presently being achieved maximum times in figure 1 expressed in days are more realistically weeks.

"Notice of Application for Consent to Connect" forms

This appears to generate a lot of paperwork, I assume these proposals are unlikely to be in place before 2005. Under the E-Government legislation by 2005 Local Authorities should have in place facilities to undertake all operation electronically that can be. These forms should therefore be electronic from the start.

Appendix 6 – Records Information

Item 18

Inventory updates are on a monthly basis as they are billed monthly, sending an updated inventory of tens of thousands of items before two or three lamps can be switched on is ridiculous.

Item 23

Consideration should be given to this information being provided in electronic form as most [DNO]s store their records electronically, this would also overcome any possible

Making a difference

Public Lighting, Environmental Services Group, London Borough of Hillington
Block K, 128 Harlington Road, Hillington, Uxbridge, UB8 3EY

www.hillington.gov.uk

conflicts with the Crown copyright on Ordinance Survey base maps which this information would often be based.

Should consideration be given to Local Authorities providing details of networks not adopted by DNO's but maintained by the Local Authority. As this would mean additional work for Local Authorities this could be offset by a reduction in network maintenance costs.

Appendix 14

14.19 Possible amendments for clarification of responsibilities

14.19 (a) (v) (1) (c) Faulty cutout excluding damage/vandalism

14.19 (a) (v) (2) (d) Faulty cutout due to damage/vandalism

14.27 is not workable, the [LA] may not have control over the volume of new works if this work is being undertaken for a third party or if a major change in funding for street lighting works occurs. Generally where this is likely to happen there would be plenty of notice so this should be amended to allow for advance notice of an increase in excess of the figure stated.

14.29 is not acceptable. I perceive this as being a very rare occurrence and do not recall the [DNO] finding a column with out a door in my Borough in the past 22 years. This should be a local arrangement, we respond to doors off as an emergency at any time of day or night and would expect the [DNO] to report doors off to us for emergency response by us, we would usually arrive on site before their work had been completed. We have two [DNO] covering our area and a number different types of temporary doors would be required and as the [DNO] work for a number of [LA]s I feel they would be carrying a large number doors.

14.35 and 14.37 consider a similar approach to penalty payments, suspend charges for the first year to see how a "swing and roundabouts" approach works, co-operation not aggravation should be encouraged.

14.40 (b) I have reservations as to the necessity for a "tested" label in every lighting column and sign. Every new installation is tested as required by BS7671 and would not be left in a condition that did not comply. Again this could be a local agreement.

Yours faithfully

Tim Edwards
Manager Public Lighting



Sean O'Hara
Head of connections policy
OFGEM
9 Mill Bank
London
SW1P 3GF

Highways House
41-45 Broadwater Road
Welwyn Garden City
AL7 3SP
Fax : 01707 356550
Telephone : 01707 356
My ref : P7/125/54
Your ref :
Date : 13TH July 2004

Dear Sean,

Competition in Connections to Electricity Distribution Systems supplying Hertfordshire County Councils Street Lighting Stock

Hertfordshire County Council is the Street Lighting / Highway Authority covering virtually every electrical installation on the highway in Hertfordshire and is probably the largest authority outside the Highways Agency in the UK in terms of electrical highway equipment. The inventory consists of approximately 138,000 pieces of street furniture including approx. 107,000 street lighting units, and some 500 sets of traffic lights. Most of these units are covered by an un-metered supply connection agreement with the local Distribution Network Operators (D.N.O.).

In October 2002 significant changes were made to the way the Highway service is delivered in Hertfordshire when the last four of ten District Council Agency Agreements were terminated and Hertfordshire Highways was formed. Hertfordshire Highways is a Partnership between Hertfordshire County Council, Amey Lafarge and Mouchel Parkman. Under these new arrangements the term maintenance contractor 'Amey Lafarge' has been designated as procurer of all un-metered connection works.

Prior to and during the early months following the formation of Hertfordshire Highways we were experiencing a deplorable level of service from 24 Seven (the then DNO) with major delays in faults, reconnections, disconnection's, transfers and new un-metered connections. However, since March 2003 we have had extensive meetings and workshops with the D.N.O. to improve the service and time scales for repair or reconnection and the level of service has improved, although there is no recompense for any lack of service that does arise.

In general we support the opening up to competition for this type of work which could result in vastly improved service to the public. The main concern with the current arrangements is the amount of time elapsed between erection of a unit and connection or re-connection. Anything that reduces this time to an absolute minimum will be seen

www.hertsdirect.org

as a major improvement. We estimate that approximately 80% of this type of work should be open to competition and could be carried out by our own maintenance contractor, subject to appropriate training.

The alternative offer of the Service Level Agreement may be interactive between Local Authority and D.N.O., however this does not offer the same possibility of reducing the time to repair or reconnect as the former option. The S L A option offers little in terms of control of that time to the Local Authority. Moreover the limited charge applicable (£2-£4 per annum) is hardly an incentive to trigger the D.N.O. to complete the works within time. For these reasons we do not support this approach.

Hertfordshire Highways is in a prime position to implement a triangular arrangement, that allows competition in street lighting connections, and would recommend that a trial, if needed, could take place within Hertfordshire.

I understand that Amey Lafarge and Mouchel Parkman may write to you on a commercial basis with their own individual views.

Yours Sincerely,



Dave Jackson
Strategy Development Manager (Street Lighting)



U/m

Environment Directorate
Director: G.S. Dunhill

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

Your Ref:
Our Ref: SO/AEC/
Please Ask For: Mr. S. Oates
Direct Line/Extension: 01432 260780
Fax: 01432 261983
E-mail: soates@herefordshire.gov.uk

28th July, 2004

Dear Mr. O'Hara,

OFGEM CONSULTATION DOCUMENT

I refer to the letter received from Joan Walley dated 8th June, 2004. My response to the document is as follows.

The view of this Authority is that nothing short of full competition in connection, including live working on the service cable, will improve the problem of poor performance of the DNO's.

Herefordshire Council is able to support the position taken by the CSS Street Lighting Group and the DfT Lighting Board that a meaningful national Service Level Agreement could be a first step to improving DNO performance.

However, we feel this will only be successful if the agreement has weight i.e. meaningful penalties. It has been the experience of this Authority that after some initial improvement following the 1994 Service Level Agreement between Midlands Authorities and the Midlands Electricity Board, poor performance soon returned.

The present performance level experienced by this Authority from the DNO is very poor and at high cost which is obviously not acceptable. Herefordshire Council request that OFGEM demands substantial improvement in service from the DNO's and if necessary pursue the route of legislation change to achieve full competition.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Derek Powell'.

DEREK POWELL
STREET LIGHTING MANAGER

County of Herefordshire District Council
S. Oates, B.Sc. (Eng.), C.Eng., M.I.C.E.,
Head of Highways and Transportation
P.O. Box 234, Hereford, HR1 2ZD.
Main Switchboard: (01432) 260000

E McCarron C.Eng.M.I.C.E.
Head of Transportation and Roads Service
71 East Hamilton Street
Greenock PA15 2UA
Tel: 01475-714800
Fax: 01475-714825

Inverclyde
council

ECONOMIC DEVELOPMENT
SERVICES

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

enquiries to: Mr G McCready

direct dial no.: 01475-714836

your ref:

our ref: GMcC/08/26/MM.6955

response ref. no:

date: 13 July 2004

Dear Mr O'Hara

COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS

I refer to the consultation documents 124 / 04 a & b published in June 2004 and would ask that you take into account the undernoted comments. The numbers refer to relevant section of the documents.

Unmetered Connections

3.6 The proposal by the DNO's to limit recompense for non performance to be proportionate 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 insurance liability claims it promotes a general sense of well being during the hours of darkness.

Furthermore, the limitation of penalties to the level of DUOS income ignores the significant costs to local Councils in responding to persons complaining about dark lights. These costs tend to be very small for lighting that are speedily repaired but rise as time delay increases.

- 3.8 Service target should reflect the nationally agreed targets laid out in the Audit Commission Performance Indicators.
- 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.
- 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


- 14.2 It would be useful to have positive confirmation that the 5th core network, present in many areas of Scotland, will be fully included given the age and condition of this network.
- 14.3 Please refer to comments for 3.6 above.
- 14.42 You may wish to consider the addition of “injury” between “personal” and “caused”.
- 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 considerations” and ask that this be applied to all matters presently under consideration.

Appendix 1 - Response time prepared by UCCG for Connections

The Government recognises the importance of timeous repairs and requires Councils to report the percentage of repairs to street lights carried out within 7 calendar days. I propose that this time should be the upper limit imposed by you for all emergency / fault repairs.

The other response times would be acceptable.

Yours sincerely



E McCARRON
Head of Service



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

30 July 2004

Dear Mr O'Hara

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

1. The Institution of Highways & Transportation (IHT) is grateful for the opportunity to respond to the consultation document issued by OFGEM, *Competition in connections to electricity distribution systems*.
2. We are aware that you have received a response from the UK Lighting Board, some members of which are also members of the Institution. Consequently we would like to confirm that IHT fully endorses the response submitted by the UK Lighting Board to this consultation, and ask you to note the more general comments outlined in this letter.
3. The considerable efforts that have been made by OFGEM and the User Group to establish an improvement to the current unsatisfactory arrangements for connections is much appreciated. We are also aware of the contribution made by members of the UK Lighting Board and the County Surveyor's Society in assisting you during these discussions. There is 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.
4. The fact that local authorities are unable to have any form of control or real influence over the DNO is an obstacle to continuous improvement, particularly with regard to both the cost and time taken to deliver the service. Local authorities are, of course, required to demonstrate continuous improvement in their service provision that is monitored by local and nationally developed performance indicators.
5. 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 largely dependent upon the provision of a good service by the respective DNO.
6. However, the general public does 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.

7. The Institution of Highways & Transportation, founded in 1930, has 10,000 members concerned with the design, construction, maintenance and operation of transport systems and infrastructure across all transport modes in both the public and private sectors. The IHT promotes excellence in transport systems and infrastructure.

For further information contact:

Vivienne Brown, External Affairs Officer
The Institution of Highways & Transportation
6 Endsleigh Street
London WC1H 0DZ
020 7391 9976
vivienne.brown@iht.org



CYNGOR SIR
YNYS MÔN
ISLE OF ANGLESEY
COUNTY COUNCIL

DEWI V. ROWLANDS, B.Sc., M.Sc., D.M.S., C.Eng., M.I.C.E., M.I.H.T.

Cyfarwyddwr Corfforaethol (Priffyrdd, Trafnidiaeth ac Eiddo)
Corporate Director (Highways, Transportation and Property)

CYNGOR SIR YNYS MÔN
ISLE OF ANGLESEY COUNTY COUNCIL

Swyddfa'r Sir
LLANGFNI
Ynys Môn • Anglesey
LL77 7TW

☎ (01248) 752300 ☎ (01248) 724839

Gofynnwch am • Ask for: **Mr Arwel Roberts**
☎ 01248 752392

Ein Cyf. • Our Ref. 022.50/AR/FWJ
Eich Cyf. • Your Ref.

27 July 2004

FAO: Sean O' Hara, Head of Connections Policy

Dear Sir,

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

I refer to the above document and wish to write to inform you of my support of the comments made by UCCG in response to the proposals made by the Electricity Networks Association and in addition I would make the following comments.

- The level of service currently received from the local DNO is at present satisfactory however there has been a deterioration of service in recent years and I fear that this trend will continue.
- The introduction of a robust Service Level Agreement would assist in formalising the service provision arrangements with the DNO and while national response limits can be set as a base I feel that by setting these response times at local level better response times can be achieved. Should the performance be poor I am concerned that the Force Majeure clause would enable the DNO to use this as an excuse to continue with the poor performance. I would support the use of national and local benchmarking for performance and use of realistic penalties for non-compliance which would support the Authorities Best Value objectives.
- I believe that a workable jointer scheme at reasonable rates would be a very useful addition to the proposals made by DNO, if agreement could be reached with the DNO for this then there would be savings in onsite times resulting in a more efficient service.

It is my opinion that competition in the provision of supply in connections would improve the level of service and increase the overall performance in line with continuous improvement requirements of Best Value.

Yours faithfully,

pp. D V ROWLANDS
CORPORATE DIRECTOR
(HIGHWAYS, TRANSPORTATION AND PROPERTY)

260711



Information is available in large print,
braille, audio tape or pc disk on request

Flint Street
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Please contact:- Howard Webb
Tel No: 01484 225522

E-mail: howard.webb@kirklees.gov.uk
Fax: 01484 225599
Text phone for deaf people: 01484 225531

Our Ref: HM/3.6.2/HW/MP
Your Ref: None

Date: 14 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

COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS

I refer to the above consultation document and would be pleased if you will consider the following points in relation to low voltage unmetered highway connections.

Safety is the most important single issue in the process and must be the primary consideration.

The monopoly position currently enjoyed by DNO's places them in a unique position and as a consequence they have a special responsibility to their customer's which unfortunately seems to have been disregarded in many areas. A high quality service delivered to time and reasonable cost should be an intrinsic part of their operation. Had this principle been followed the demand for competition would not have been created.

In the Yorkshire area in 1998 a partnership document was agreed between YEDL and 23 Local Authorities operating within their licence area. This established clear target times for both fault repair and new connections and had meaningful penalties applied for non-performance. This arrangement worked extremely well and resulted in very few claims. The spirit of the agreement placed the emphasis firmly on partnership and there was a commitment to this on both sides. However, following a change of ownership of the Company in 2002, YEDL announced that the penalties were no longer to be applied and consequently service levels are no longer being achieved. This emphasises the need to establish from the start national minimum service levels and realistic penalties to be applied for non-performance. Using DUoS as a basis for penalties is not realistic and is not applied in other arenas. Most Local Authorities publish a local Best Value performance indicator showing the average time to repair a street light and this includes those that are inoperative due to loss of supply.

Continued over.../



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Street and Highway Works

Our Audit Commission
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Terry Brown
Assistant Director
Highways & Transportation



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-2-

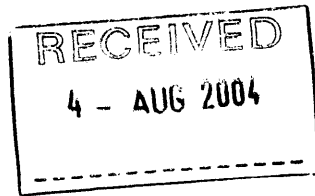
This is to become a national indicator from 2005 and Highway Authorities will be judged and compared on their performance achieved. It is essential that DNO's are required to meet minimum standards to assist Local Authorities to achieve good performance and to provide a good level of service to residents.

The concept of a triangular contact for unmetered connections appears reasonable in being able to allow competition whilst satisfying DNO's who would retain operational control. However, limiting this to service cables seems unduly restrictive and should be limited only by the level of competence of the contractor as agreed by the DNO.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Howard Webb', written over a white background.

HOWARD WEBB
Group Engineer, Lighting and Signs



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London
SW1P 3GE

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Ask for:
Your ref:
Our ref: 2w/DWAcontracts/out/0575
Date: 30 July, 2004

Dear Sirs

Competition in Connections – Response to OFGEM Consultation Document June 2004

I refer to the above documentation and offer the following comments:

1. There has been major concern for many years about the performance of the DNO within Kent and the apparent lack of ability to actually take recourse. This is primarily caused by the lack of any direct contract/agreement between the council and the DNO together with no penalties or performance monitoring. The use of a contract/agreement has been resisted by the DNO.
2. Currently within Kent the DNO is EDF and previously its other incarnation as Seeboard. Kent has suffered considerably by the lack of performance in their attempts to keep the lighting stock in light. The performance of the DNO has manifested itself in the form of:
 - Lost orders
 - A structure that was permanently being changed that resulted in Kent never knowing who to contact in the event of emergency, problems or discussions to improve performance
 - Lack of communication through there being no single point of contact
 - Lack of control over the time periods for carrying out work, with many jobs far exceeding the charter and also the creation of a backlog of jobs.
 - No accountability with no penalties or ability to influence improvement
 - Public satisfaction levels with Kent County Council dropping as the public associate the responsibility for all lighting problems with KCC
 - Member's satisfaction dropping to the point that they wished to take action by installing notices on lighting columns stating that the light was out due to the DNO.
3. Since the advent of EDF there have been big advances to improve not only the performance on the ground but improve the relationship between EDF and KCC. Currently the following are being implemented:



At 35mph you are twice as likely to
kill someone as you are at 30mph



INVESTOR IN PEOPLE

- A joint working group is developing performance monitoring through the use of a balanced scorecard
 - EDF have appointed a customer relation's manager to liase internally and externally with all parties.
 - The use of a recognisable structure with clear lines of responsibility.
 - The use of regular workshops and meetings
 - Removed the need for quotations on the majority of works thereby reducing the time to the start of works
 - EDF have allowed direct contact between their contractors and KCC's contractor to improve co-ordination of the works
 - EDF have offered a "Rent-a Jointer" agreement to allow more efficient jointing. However this has not been agreed as there is still some uncertainty of it use and an apparent lop-sided risk share being placed on KCC
4. The use of penalties on a job by job basis is likely to be counter productive when trying to build relationships and improve performance. In addition on a job by job basis they are likely to be an administrative nightmare. It is far better to have a performance monitoring system in place that has meaning. This should then be used to monitor performance over a set period of time. Only if the performance fails over this given period should financial penalties be imposed and then they need to be of a sufficient magnitude to make a difference.
 5. It is vital that the issue of what a day is, be resolved. Certainly the day should coincide with a standard working day that is used by local authorities across the country. It would also be far better to talk in terms of a calendar day as this is how the public perceives it.
 6. The use of the triangular contract arrangement whilst allowing more companies to actually do connection work does not appear to allow for efficient working as there still needs to be an over emphasis on the Independent Connections Providers (ICP) having to report to the DNO.

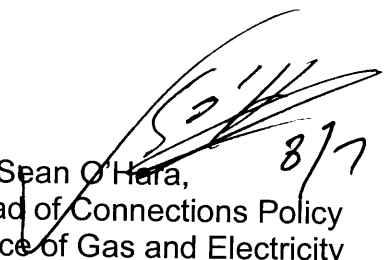
Kent County Council advocates:

1. As an absolute minimum the introduction of a Service Level Agreement that incorporates clearly defined and realistic performance targets.
2. The use of a partnering agreement within the SLA that encourages closer working with common objectives.
3. The use of an overall performance monitoring system that monitors the performance not only of the DNO but also of the local authorities.
4. The use of penalties following systematic failures rather than on a job by job basis. These penalties need to have some weight and actually mean something.
5. The increasing of the powers of OFGEM to allow them to actually intervene in situations of poor performance and have the 'teeth' to actually impose the penalties for poor performance.
6. The opening up of the connections market to open competition.

Yours sincerely



Mike Stephens
Network Manager


8/7
Mr Sean O'Hara,
Head of Connections Policy
Office of Gas and Electricity
Market (OFGEM)
9 Millbank
London SW1P 3GE

Date:
My ref:
Your ref: 05/07/2004
Contact: PH/ofgem
Phone:
Fax: P. Hosking
Email: 0116 265 7104
0116 265 7330
streetlighting@leics.gov.uk

Dear Mr O'Hara,

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

Thank you for the opportunity to comment on the proposals contained in the above document.

Leicestershire County Councils primary interest in this document relates to unmetered connections for street lighting and illuminated signs and all the following comments relate to that activity.

Service Level Agreement

I am pleased that a National Service Level Agreement has been developed that can form the basis of a working arrangement between Leicestershire County Council and Central Networks, our local DNO. I understand that the document has not yet been subjected to any formal legal scrutiny and need to point out that our own legal team would need to review any proposed agreement prior to implementation. I also understand that further work is required to identify specific targets and Leicestershire County Council will work with Central Networks to establish these targets. However these targets need to be on the challenging side of realistic. The public expects a professional level of work on site in a short timescale and we should all be trying to deliver that expectation.

Prior to the recent forming of Central Networks, East Midlands Electricity were working with Local Authorities to develop a Service Level Agreement. Although many Local Authorities were not initially keen on penalty clauses I now consider them to be an essential part of the agreement. It is quite correct that these

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Director, Bruce Jamieson

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penalties should apply to both parties. It is also essential that the penalties be of a sufficient amount for both the Local Authority and the DNO to actively review their working arrangements to ensure that service delivery to the public is actually improved. Punitive penalties, such as those proposed by the Energy Networks Association (ENA) will not be in the public interest and have the potential to be ignored by both parties.

I disagree with the ENA's proposal that penalties should not be imposed in the first year of the agreement. In my experience any delay in the implementation of penalties only allows bad practices to continue. Members of the public who contact us about long outstanding unfinished work find it hard to believe that we don't have service level agreements, with penalties, already in place.

Local Authority funding inevitably leads to peaks and troughs in work ordered from the DNO. The agreement states that the volume of new works ordered by the Local Authority is not to exceed more than 12% in any month of the total volume of new works ordered in the preceding 12 months. The agreement then goes on to say that when exceptional peaks of workload occur that the DNO may not be able to achieve the response times quoted. Whilst this is a reasonable statement in itself, provision needs to be made within any agreement for identifying those works that are to be completed within the agreement response times and those that will not.

I do not agree with the ENA's proposal for Force Majeure and System Emergencies. The circumstances listed are too exhaustive and this section seems to have been written as a "catch all". It needs to be relevant to real emergencies and not a clause that can be used as an excuse for poor performance.

The limitation of liabilities needs to be widened to include third party claims and the limit needs to be £5,000,000 for any one claim, not the £1,000,000 quoted in the draft service level agreement.

In addition, the service level agreement needs to have standards of workmanship detailed. Since the Wigan V United Utilities case Electricity Board works for street lighting purposes have been outside the remit of the NRSWA. It is essential that laid down standards of signing and guarding, the quality and timing of reinstatements and details of procedures should any of these elements of work be unsatisfactory, are detailed in the service level agreement. In many ways it would make sense for the provisions included in the NRSWA to be extended into this area of work even though the local authority would not be able to charge for

inspections or defect notices. Electricity Companies, Independent Connection Providers (ICP's) and local authorities are used to the standards and procedures laid down as part of NRSWA and it seems unnecessary to re-invent the wheel in this case.

Unmetered Connections – Triangular Contract Arrangements

I understand that the triangular contract arrangements have been necessary to allow live working. However I am disappointed that the ENA's proposal for competition in connections will be restricted to live working on service cables more than 1m from the main.

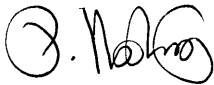
Whilst the ENA's proposals will undoubtedly open up some competition in connections I do not believe that the benefit to local authorities will be as great as either the local authorities or OFGEM would have wanted or expected.

Many street lighting replacement schemes require the use of additional lighting columns to those that previously existed on site. This is to ensure that the street is lit in accordance with the current British and European standards. Most relighting schemes will therefore require works that are a combination of new services from the main, service transfers and service disconnections. Whilst, in theory, it would be possible for some of this work to be subject to competition other parts of the work would not be subject to competition. The proposal by the ENA appears to allow competition in connections but in reality still restricts competition as splits in workload, as described above, inevitably increase local authority administration costs and decrease the actual likelihood of competition.

There are a number of ICP's who currently have authorisation to work live on both service cables and the DNO's mains. Proper Competition in Connections would allow the local authority to invite tenders for works that the ICP's have accreditation for. As the number of accredited ICP's expands then genuine Competition in Connection will occur.

Again, thank you for the opportunity to comment on this proposal. I hope you will be able to incorporate these comments into the final document.

Yours sincerely,

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

Peter Hosking
Team Leader – Street Lighting
on behalf of the Director



Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank,
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Group**

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Email jo.shepherd@lr.org

www.lr.org

Date 19 July 2004

Your ref

Our ref

Dear Sean,

**Subject: Lloyd's Register's Response to the Competition in connections to electricity distribution systems
Consultation Document dated June 2004**

Please see attached the Lloyd's Register responses to the subject consultation document which I hope that you will find both constructive and pertinent.

Yours Sincerely,

Terry Mundy
Manager, Utilities Group
UK Industry Operations,
Lloyd's Register EMEA
Direct Telephone No 01980671596
Mobile No 07712 787 851

**Comments on Ofgem Competition in connection electricity distribution systems
Consultation Document dated June 2004**

**Consultation Document Views of MCCG on subject of the NERSAP MOU
Para 2.22**

Current statement: MCCG state that: 'the NERSAP DNO members have access to un-sanitised reports as a matter of course, as facilitated by the NERSAP MOU''

Response: As a matter of course all NERSAP members will have access to sanitised reports of assessed ICPs, as made available to them through a restricted access location on the Lloyd's Register website and only under circumstances where the DNO member specifically requests details of the identity of the ICP, being reported upon, will that be provided. The clause, providing details of the identity to the DNO, upon request, was included, based upon the view that under circumstances relating to dispute, the requirement may be invoked.

Appendix 2 Page 7 – Adopt at Connection Flowchart

First box

Current statement –'ICP holds relevant accreditation'

Comment: should be more specific

Suggestion: Reword to read, "ICP holds relevant NERS accreditation....."

Appendix 2 – Page 8 – Notice of Application for Consent to Connect Part A – Fourth Box

Current statement –'Confirmation that the ICP together with any subcontractor hold relevant accreditation'

Comment: Should be more specific

Suggestion: Reword to read, 'hold relevant NERS accreditation'.

Appendix 2 – Page 10 – Notice of Application for Consent to Connect Part B – Fourth box

Current statement - -'Confirmation that the ICP together with any subcontractor hold relevant accreditation'

Comment: Should be more specific

Suggestion: Reword to read, 'hold relevant NERS accreditation'.

**Appendix 7 – Page 40 para 7.1 - LV Joint
Last bullet point**

Current statement: Compatibility of procedure with joint design and ESM assessed by NERS (Lloyds)

Comment Within NERS what was formally known as EMS is now referred to as SMS (Safety Management System). Reference to Lloyds Register EMEA if abbreviated should be LR.

Correction: Reword to read , ‘Compatibility of procedure with joint design and SMS assessed by Lloyd’s Register (LR) under NERS

Appendix 7 – Page 40 para 7.2 ICP (Employer)

First bullet point:

Current statement: Electrical Safety management (EMS)

Second Bullet point:

Current statement: ‘EMS includes.’

Correction: Safety Management system (SMS)

Appendix 7 – Page 41 para 7.3 3rd bullet point and 7.4 4th bullet point

Current statement: RESETS certificate

Comment: The NERS Advisory Panel have agreed that there may be options available to the ICP in documenting competency these are :

- Lloyd’s Register’s passport
- The ICP’s own passport which conforms to the principles of the LR passport
- RESETS

Correction: the bullet point should read :

- LR Passport/ICP passport/RESETS

Appendix 7 Table 7.5 – ICP options

4th Row

Current statement: Develop EMS and submit to NERS for approval

Correction: EMS to be replaced by SMS

Similarly correction in notes at the foot of table 7.5

Appendix 14 Page 147 Flow chart top box 3rd Bullet point

Current statement: ICP employees must have RESETS certificate

Comment: The NERS Advisory Panel have agreed that the ICP may use either the Lloyd’s Register passport, the ICP’s own passport (provided it is consistent in layout and format with the LR passport) or RESETS as the means of documenting competencies

Correction: Bullet point should read: LR Passport/ICP’s own passport/RESETS

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

Your ref

Our ref

Date:

HC148/MD/BJN

20th July 2004

Dear Sir

CONSULTATION COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS

I refer to the consultation document published by OFGEM on the subject of "Competition in connections to the electricity distribution system". Lancashire County Council has three DNOs operating within the County of Lancashire.

I would like firstly to express the opinion that the County Council is **dissatisfied** with the performance of our local DNOs. The reasons for this are that:

- the DNOs have failed to meet the target response times in the service level agreement in every month since it was agreed in 1996 and have been unwilling to enter into any voluntary penalty charges for under-performance;
- the DNOs have failed to provide value for money to the residents of Lancashire as their costs are high, there is no competitive market and there is no transparency as to how these costs have been derived;
- there has been no continuous improvement in the service despite the fact that connections are now carried out by contractors appointed by the DNOs;
- there are significant issues with regard to the standard of service for reinstatement and occupation of the highway due to the recent rulings on Section 74;
- there is no incentive for the DNOs to improve customer care.

Lancashire County Council wishes to offer its support for the views expressed by the MCCG and UCCG where these views differ from those of the ENA.

Also, the County Council believes that if the objectives listed below are achieved, then this will result in an improved and more effective service for the residents of Lancashire:

- A national Service Level Agreement, formalising service provision, is the ultimate aim which will allow meaningful comparison between DNO areas in an attempt to improve both overall service delivery and the performance of individual authorities.
- A Service Level Agreement between an authority and their DNO does not disqualify them from being able to operate competition in connections at the same time.

Martin Dunwell • Street Lighting Manager
Highway Consultancy
PO Box 9 • Guild House • Cross Street • Preston • PR1 8RD
Bev/July/12BJN06 MD



2003-2004
Supporting the Rur

- Following the implementation of this Service Level Agreement, no authority should receive a lesser service than that presently being delivered by their DNO.
- Response times should be calculated using calendar and not working days which will be detailed in the new Street Lighting Code of Practice to be issued in the autumn.
- The level of penalty payments should be an incentive to respond within time and should be set at a fixed rate initially increasing over the period of non-response.
- A Force Majeure clause needs to be agreed that will not allow implementation when delays are caused by minor weather conditions or through poor performance.
- The Service Level Agreement should be introduced fully operational from day one and not under a one-year trial period without the imposition of penalties.
- Acceptance of these proposals are the first step in the process of eventual full competition in connections that will not be restricted to live working upon the service cable.

Lancashire County Council would like to express the view that the Rent-A-Jointer scheme is fundamentally flawed because it does not offer any significant benefits to the County Council. The scheme either needs to be revised or implemented more effectively. As a consequence, there has been little take-up of the scheme by Councils.

The consultation document "Best value performance indicators 2005/2006" published by the "Office of the Deputy Prime Minister" includes electricity company connection and repair times in the performance indicator for "The average time for rectification of a street lighting failure". If this were to proceed, this would result in Local Authorities' performance being measured by the performance of a DNO. Under the current framework, we have little influence over this performance.

I attach a copy of recent correspondence between the Cabinet Member for Highways and Transportation and United Utilities, for your information.

I hope that this letter has made clear the County Council's views on this consultation document. However, please contact me if you require any further information.

Yours faithfully

M. Dunwell

Martin Dunwell



LEEDS
CITY COUNCIL

City Services Department

Highways Planning
Helen Franklin, Manager

Selectapost 6
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Mr Sean O'Hara
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Tel No: (0113) 247 5368
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Your Ref:
My Ref: HP/HQ/SL/GEN/CP

Date: 28th July 2004

Dear Sean

**Competition in Connections
Electricity Distribution System, Consultation Document June 2004**

I refer to the above document and in particular to Appendices 13&14, which I welcome and appreciate the opportunity to comment on this very complex subject.

I fully understand some of the difficulties faced in introducing a competitive market but believe that the matter has been painfully slow and that the Network Operators have at every opportunity slowed the process. I welcome the work undertaken by the professional groups and feel that the options for consideration as part of this consultation lays the foundation for future development.

My comments on this consultation document are:

- I have been very disappointed with the performance of the regional electricity company and their contractor over the past year where service standards have dropped to an all time low and to a level below that which was received before privatisation. My ability to effect the service I receive is limited and it is more a case of this is what's on offer, with customer satisfaction a secondary consideration.



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Randal Brown, Director, City Services Department
Web Site: www.leeds.gov.uk
Switchboard: 0113 234 8080

A national Service Level Agreement, formalising service provision, is the ultimate aim which will allow meaningful comparison between DNO areas in an attempt to improve both overall service delivery and the performance of individual authorities. Following the implementation of this Service Level Agreement no authority should receive a lesser service than that presently being delivered by their DNO. Response times should be calculated using working days which will be detailed in the new Lighting Boards Street Lighting Code Of Practice to be issued in the autumn of this year. The response times should be supported with meaningful non-performance clauses and payments.

I would prefer that both parties agree from day one to introduce the SLA and it would be more meaningful if it was tied to agreed performance standards applied to both parties.

- The introduction and use of 3rd party contractors is very good news. The limitation placed on them is however very restrictive and must only be a starting point. How do we identify the length of the service cable from the main, not always shown on record drawings?

The triangular arrangements proposed by the lighting industry makes good sense and removes much of the bureaucracy from the system. In addition it moves elements of risk from the DNO to the contractor, while allowing the company to maintain and safety and administrative function to protect their interests.

The exercise needs to address the issues around the Traffic Management Act in terms of occupancy of the public highway and where the local authority can accommodate contractors to improve service delivery to the council departments.

I have a major concern that this type of arrangement is not being introduced under licence changes or through any powers that the Department for Trade and Industry have.

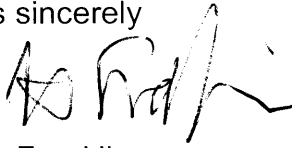
The proposals and their adoption will I understand be on a voluntary basis and not necessarily taken up by all DNO's, this is disappointing and will leave a number of authorities with no alternative but to continue with the current arrangements.

I would acknowledge the positive achievements developed over the past four years in the advent of the 'Rent a Jointer' scheme. This has been a great success particularly in the delivery of Private Finance Initiative (PFI) during the 'Core Investment Programme' the first 5 years of the contract. Unfortunately the gains contributed to this advent have been at the expense of the other highway and lighting authorities outside the PFI market, where resources have diminished to supply demand on the major investment programmes.

The introduction of accredited contractors working on 'Green Field' sites / new developments are very welcomed and needs to be developed further. Guidance on how authorities who act as contractors in this situation needs further explanation. Who is responsible if the street lighting column goes off supply?

The proposals fall far short of a competitive market where clients have the opportunity to gauge value for money and quality and progress must now be made to move that little bit further to achieve that objective.

Yours sincerely

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

Helen Franklin
Highways Planning Manager