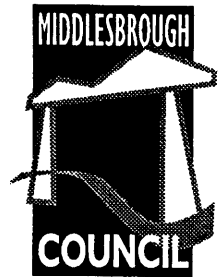


MIDDLESBROUGH COUNCIL

Brian Glover

Head of Transport & Design Services

P.O. Box 65, Vancouver House, Central Mews, Gurney Street, Middlesbrough. TS1 1QP
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22nd July 2004

Mr Sean O'Hara
Head of Connections Policy
OFGEM
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R F DAWSON

Dear Mr O'Hara

COMPETITION IN CONNECTIONS CONSULTATION DOCUMENT

In reference to the above Consultation Document, Middlesbrough Council would wish to have the following comments placed on record.

Middlesbrough Council would first wish to endorse the comments and recommendations forwarded to you by the UK Lighting Board.

In addition to this, we would wish to stress upon you the importance of competition in overcoming the kind of problems recently experienced by this authority due to the failings of local contract arrangements within the Connections industry.

It is felt that issues like this cannot be allowed to affect the ability of lighting authorities to perform at the highest possible standards, at a time when everyone is striving to make marked improvements in service delivery.

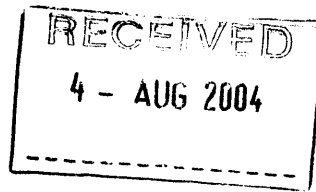
I trust that these comments will be of assistance and will emphasise the level of concern which exists over competition in Connections.

Yours faithfully

R F DAWSON
Group Leader
Built Environment
Solutions Group

(19178)

30 July, 2004



Mowlem Energy Ltd *working for you*
Fairbourne Drive
Atterbury
Milton Keynes
MK10 9RG

Tel: 01908 487 541
Fax: 01908 487 501

Ofgem,
9 Millbank
London
SW1P 3GE

Attention: Mr. Sean O'Hara Head of Connections Policy

Dear Sean,

Subject: Competition in Connections June 2004 Consultation

Please find attached the Mowlem Energy response to the above consultation document. None of our response is confidential and can be placed in the Ofgem library.

I look forward to the publication of the Ofgem final decision document later this year.

Yours sincerely,
For and on behalf of Mowlem Energy

A large, stylized handwritten signature in black ink, appearing to be "David Clare".

David Clare

Encl: 4 page consultation response

General

The consultation document is a welcome step forward insofar as it captures the views of the various working groups that were set up following the July 2003 workshop. Significant progress had been made by the ECSG set up in October 2000 that resulted in OFGEM publishing a final proposals document in August 2002. A large proportion of that work seems to have been duplicated by the ENA working group and in effect delayed introduction of competition in connections by a further two years.

We are disappointed that the way forward outlined by OFGEM still indicates that there is further work required to define "the way forward" and the indicative timescale when OFGEM issue a final decision document is stretching to the latter part of 2004.

If past experience is anything to go by this document will not be published until 2005 as inevitably the DNOs find some way to delay further the introduction of competition. That said, as an active ICP, indeed the only independent ICP participating in the live working trials in United Utilities and Scottish Power, the framework developed so far provides a suitable and workable way forward and Ofgem should direct the DNOs to follow this.

The original principles developed by the October 2000 ECSG around which competition could develop hold true in this latest consultation. In those DNO areas that have taken on the framework specification documents, G81, the adoption agreement guidelines, the National Electricity Registration Scheme and the standards of service, competition has started to develop. In most of those DNOs areas who have not, or been slow to, recognise OFGEM intentions in the August 2002 final proposals document, competition has either not developed or been very slow to develop.

It therefore remains somewhat of a mystery why OFGEM consider it is necessary to develop a way forward when one already exists.

In the introduction section of the consultation document reference is made that the majority of DNOs have implemented the proposals outlined in the August 2002 document. While the DNOs may state this to be the case the reality is different. We operate regularly in 5 DNO areas and not every one of those meet the standards of service expected or provide a breakdown of non-contestable charges in the detail expected. We have operated in a further 5 DNO areas and have had to withdraw because of the difficulty experienced in obtaining basic information such as point of connection and non-contestable quote. We have one DNO area, for example, where it takes 6 weeks notice to secure a simple service connection.

Response to Section A

Consent to Connect

The general site – specific consent (option2) is preferred and it is important that DNOs recognise that ICPs holding appropriate NERS accreditation will be tendering for projects on the basis that consent will be granted. The definition of appropriate accreditation needs to be agreed. Our view is that the ICP entering into the adoption agreement should have control and management accreditation for all activities being carried out including an Electrical Safety Management System (ESMS). It is inappropriate for a party to enter into adoption who do not fully understand the implications. This would satisfy the DNO concerns over reg. 25 of the ESQC Regulations. The process of temporarily suspending consent and maintaining continuity in the event of an incident on the newly adopted network is dependent upon the DNO having in place operational systems that do not delay attendance to network incidents. The DNO should meet the same response times as if there were connected customers.

Adoption Agreements

It is clear from the ENA proposals that each DNO has its own view on the form of adoption agreement. We have no preference on either. Whoever is the principle party offering newly installed assets to the DNO for adoption should be party to the agreement and hold relevant accreditation otherwise the value, credibility and purpose of the accreditation scheme is lost. We believe that it is inappropriate for the DNO to maintain a relationship with a developer in a competitive arena and find inconsistencies in why DNOs believe the developer is more competent to offer assets for adoption than an ICP. We are opposed to any form of surety and believe that the requirements set out in the August 2002 document

are adequate. There maybe occasions when the DNO require an ICP to lodge a form of security but generally expect that the DNO perceived risk is managed through the accreditation scheme and the inspection and monitoring that the DNO is entitled to undertake.

The adoption agreement if tri-partite should contain no commercial references between any one of the parties and we are particularly opposed to the inclusion of part 7. The adoption agreement should be no more onerous on the developer than if the developer had contracted the DNO own connection business.

Lloyds Memorandum of Understanding

We fully support the views of the MCCG outlined in the consultation document. We are of the view that the NERSAP is strongly biased towards the DNO in that the DNO panel members have access to information "on demand". We think that this is inappropriate. We are also concerned that the NERSAP are able to give advice and direction by majority view. We object to them giving direction when they are not accountable to the ICPs customers or investors.

We do not accept the methodology of electing the ICP members. It is undemocratic for a name to be drawn by Lloyds and the panel members should not determine the process. Those NERS registered ICPs should elect their representative not the DNO dominated NERSAP.

Inspection and Audit

The DNOs have the right to satisfy themselves that an asset they are being asked to adopt is fit for purpose. The link between them discharging their obligations under the ESQC regulations and the recovery of those costs results in an unacceptable level of charge to the ICP. The DNOs have made a case under the current Distribution Price Control Review (DPCR) for additional revenue allowance as a result of the ESQC regulations and could have included inspection and monitoring of ICPs when making their case. However they have chosen to maintain the link between frequency of inspections and level of charge. The appendix document makes reference to the DPCR publication of March 22nd. Reference to this document does not indicate that OFGEM have any intention to bring into the price control scope any aspect of inspection and audit. OFGEM's intent is to set up a working group with DNOs and ICPs to discuss the issue of charging schedules. The latest DPCR document published on June 28th fails to cover this issue and refers readers back to this consultation.

The ENA proposal makes no association with NERS in either triggering any escalation of the frequency of inspections (which theoretically they are free to do at any time) or in arbitration where the ENA infer that any decision it is at the sole discretion of the DNO. This is inappropriate.

Records Information Greenfield Housing

There is nothing unreasonable detailed in appendix 6 providing that the DNO provides a two-way flow of information. The obligation on each party to provide this information should be contained in the adoption agreement. There are some minor anomalies. For example, the question in table 2 item 16 "can DNO issue MPANs for connection to a network it neither owns or operates prior to adoption" assumes in asking the question that the developer status under competition in connections effectively changes. The DNO should issue MPANs in the same way regardless of whether the new network is installed by an ICP or by a DNO connection business.

Live Jointing High Level Proposals

In principle the ENA proposals are acceptable and the establishment of an ENA assessment panel for LV joints will provide clarity on the type of LV joint acceptable to the DNOs. Before the panel is established it should not prevent the DNOs defining within their material specifications what constitutes an approved joint, and the lack of an ENA approval should not prevent competition in connections through live jointing progressing. It's not acceptable that the ENA intend ICPs to fund the assessment panel. The DNOs have managed without an ENA (or EA) assessment panel for an approval process in the past and fail to justify why the need now arises.

We do have some concerns over the ENA proposal to consider that a large ICP differs to a small ICP. The risk and liabilities on live jointing are the same regardless in how many areas an ICP operates. It is our view that all ICPs wishing to undertake live jointing meet the obligations outlined under option 1. Under option 1 it should be the ICP as employer that is interviewed for the network access certificate otherwise the ICP loses resource flexibility. The ENA proposal encourages the ICP to opt out of certain elements of the EMS and it is difficult to understand why the ENA would endorse a dual standard EMS. There is no guarantee that the ICP contain their activity to one DNO area which will then cause confusion in the market and introduce potential risk to live jointing by ICPs.

G81 Framework Documents

We support the views of the MCCG. We would expect that these documents continue to evolve.

Response to Section B

There is reference throughout the document to the Electricity Price Control Review Policy Document March 2004. On Monday June 28th, OFGEM published their initial proposals for the next 5-year distribution price control review period. That latest publication covers any previous discussion on non-contestable charges and competition in connections by making reference to this consultation. It is now clear following the DPCR process that OFGEM have no intention of bringing into the regulatory arena any charges associated with the provision of connection monopoly services and appear to have dropped the subject in either consultation process.

Contestable / Non Contestable Quotation Split.

We have been pressing for transparency on these charges since before October 2000 and since October 2001 the DNOs were supposed to produce a breakdown of charges. It is wrong to state that the DNOs provide this breakdown with respect to Greenfield development because the DNOs have chosen only to provide these when requested to do so and even then the breakdown is often referred to as an estimate. The involvement of energywatch into the dispute process has helped the DNOs maintain their position. Energywatch are ineffective in resolving competition in connection disputes. They fail to recognize ICPs as customers. Similar breakdowns should be provided for brownfield, industrial and commercial projects to which the DNOs will interpret as meaning "when asked". They ought to provide a breakdown on all enquiries (not just those on request), that allows the customer to decide whether there is any benefit in acquiring further quotations for contestable work. While this anomaly exists, the DNO has the opportunity to distort competition by quoting a high value of non-contestable charges and thereby pricing out the ICP.

The failure to include non-contestable charges as part of the initial proposals within the price review has further set back the development of competition because the lack of incentive on DNOs.

Standards of Service

The DNOs have secured their position with regard to financial penalties applied to standards of service. The very nature of them being voluntary allows the DNO to decide when they will meet them and when they will not and undoubtedly the review due to be published in the summer of 2004 will not show unfavourably against the DNO. There are only 4% of connections undertaken competitively allowing sufficient scope for the DNOs to distort the true position. The consultation makes reference to paragraph 3.39 of the Electricity DPCR document dated March 2004. In section 3.40 OFGEM have clearly given the DNOs another 5 YEARS to review how best they can incentivise DNOs to meet standards of service further weakening the ICPs position and the growth in competitive connections. Notwithstanding these comments, the DPCR document has now been superseded and has removed any reference that the DPCR will address non-contestable charges within the next price control period. There is only one reference to non-contestable charges in the June DPCR document and refers the reader to this document for Ofgem views! It is unsatisfactory that neither of the two consultations addresses the issue of the level of non-contestable charges that are a serious barrier to competition.

The DPCR consultation refers to the removal of overall standards in April 2005. Why would the DNOs introduce a voluntary standard if they have not done so far.

Licence Condition 4 Modification

A licence modification should again be considered to address whether DNOs should be obliged to adopt networks constructed to a standard set by the framework specifications, the adoption arrangements and the safeguards provided by NERS. Additionally, a licence modification could allow OFGEM to determine on adoption agreements and upon the level of charge for non-contestable services set by DNOs.

However, a licence modification should not be proposed unless there is support for it from a majority number of DNOs. A proposal for a licence modification that is subsequently rejected will further delay or even prevent competition developing.

Charges for the Provision of POC information.

We maintain the view that monopoly activities that cannot be provided by anyone other than the DNO should be provided without charge and the recovery of the costs incurred made through the price control formula. I have made these comments in previous consultation responses

- Electricity DPCR March 2004
- Electricity DPCR December 2003
- Competition in Connections December 2001 update document
- Competition in Connections July 2000 proposal document

I have also commented in the Structure of Charges consultations that the method of recovery of non-contestable charges (which provision of POC is one) slows down the introduction of competition in connections. Other chargeable non-contestable activities are also absorbed in the delivery of a section 16 application, for example design approval, and these should not be additionally recovered.

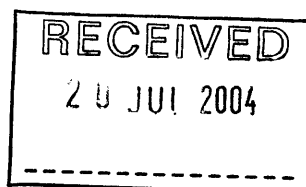
The April 2004 structure of charges update document relates only to the charging methodology and not the charges. The June 2004 LC4 licence amendments confirmed the change to the methodology and a requirement that the methodology does not prevent, distort or restrict competition. While Ofgem does not regulate the charges it has no powers to determine whether the actual charge does not prevent, distort or restrict competition only whether the methodology of applying them does.

Conclusion

The following summarises our position:

- We urge Ofgem to bring together their respective consultations so that there is a cohesive approach to the treatment of non-contestable charges. Neither consultation is addressing this issue and the stalemate of DPCR3 in 1999 will remain. The length of time it has taken develop a competitive market is too long and there appears to be no incentive on the DNOs to accelerate this timescale. Ofgem appear unable to influence progress and it is ironic that July 2000 proposal document stated that in 6 DNO (PES) areas, 100% of connections have been carried out entirely by the host. Four years on the situation is not much different. Where competition has developed it is in the DNO areas that were allowing competitive connections four years ago.
- We urge OFGEM to publish their decision document early in the last quarter of 2004 and detail what action Ofgem expect to take against DNOs who fail to comply with Ofgem decision.
- We urge Ofgem to direct DNOs to comply with the framework specifications, registration / accreditation scheme, adoption process and standards of service outlined in the August 2002 document.
- We urge Ofgem to adopt the live jointing framework developed through the trial with United Utilities and the model proposed by Lloyds ESMS. We also urge Ofgem to direct DNO to comply with that framework by January 1st 2005.
- The DNOs should be incentivised to broaden the scope of activities defined as contestable and bring these charges into the scope of the DPCR before another price control opportunity is lost. We are disappointed that the opportunity to separate DNO connection business from the licensed business has been lost. The next DPCR period is focussed on supply quality and reliability and places no importance on developing competition in connections.
- Finally the Electricity Act section 22 dispute procedure needs to be reviewed and in particular the role of energywatch and Ofgem in that process. It currently does not work and the DNOs can take advantage of that.

BG/DES



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19 July 2004

Sean O'Leary

Response to Ofgem Consultation Document – Competition in Street Lighting Connections

The City Council welcomes the opportunity to set out its response to this consultation document in respect of competition in street lighting connections.

As you are no doubt aware, the City has for some time been dissatisfied with the performance of the former EME (now Central Networks) both in their delivery of the street lighting connections service and also in their significant level of charges which have recently increased.

It is considered that there are two critical issues that Ofgem as regulator of the industry should seek to address :

- performance
- competition

With regard to performance, whilst the Service Level Agreement proposal is considered a potential way forward, the City would support the view of the UCCG (Unmetered Connections Customer Group) in this matter; namely, that the penalties for non-compliance must be sufficient within any agreement to ensure that the local DNOs respond to problems within a reasonable time.

Secondly, and perhaps more important, is the issue of competition which the City considers needs to be addressed. The charges for disconnections and reconnections in any street lighting column replacement programme is currently accounting for approximately one third of the overall cost of the works. When the local authority is having to manage on limited budgets for street lighting it is considered unacceptable to allow continuation of a monopoly position.

It is understood that the DNOs are still maintaining their position that live connections onto a main must be done by the DNO or its own contractor. This argument is not tenable when the City as highway authority could employ the same contractor as the DNO to carry out work on street lighting but is then not allowed to make the final connection to the main. The principle should be, that contractors approved to carry out mains work by the local DNO should be able to carry out the work on behalf of a local authority.

In summary, what the City Council is seeking is a robust Service Level Agreement with appropriate penalties for non-performance and a move towards full competition across the street lighting connections industry.

Yours sincerely

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

Councillor Brian Grocock
Portfolio Holder for Transport and Street Services

NORTHUMBERLAND

J/m,

COUNTY COUNCIL

County Hall • Morpeth • Northumberland • NE61 2EF

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Director of Operational Services - John Nicholson

S. O'Hara
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Our Ref: M/GEN/114/GH
Your Ref:
Contact: Malcolm Smith
Direct Line: 01670 534260
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E-mail: MASmith@northumberland.gov.uk
30 July, 2004

Dear Mr O'Hara

Competition in Connections Electricity Distribution Systems – Consultation Document June 2004

I refer to the above document and I am pleased to respond on behalf of Northumberland County Council.

In considering the consultation document, I am aware of the response made by UK Lighting Board and the comments made in the Chairman's letter of the 20th July, 2004. These comments are supported, although I would emphasise the following:

1. For the County Council street lighting is a service with a high public profile which supports the achievement of a number of key objectives such as improving road safety and reducing crime and the fear of crime.
2. In view of this the County Council seeks the provision of an efficient and cost effective service which as far as is practical addresses public expectations, and in support of this it is important that connections to the distribution network are an integral part of the whole service. The introduction of a national Service Level Agreement formalising service provision and stating response times which reflect the pressures placed on local authorities would support this approach.
3. At present different engineers operate to different standards within existing DNOs and in turn different DNOs operate to different standards from each other. A national Service Level Agreement will help to address the irregularities within DNOs and across the country.,
4. An important part of any Service Level Agreement are the provisions made for performance management and incentives to perform well and penalties for poor performance. Financial penalties should be on a sliding scale for non-compliance and they should be set at a realistic level to act as an incentive for the DNO to meet the prescribed standards.



General Manager - Highways Division - David Laux

This is particularly relevant for street lighting where the consequences of any poor performance by the DNO will have an adverse impact on the County Council's overall street lighting performance and it is the County Council who are held to account for any inadequacies by the public. It should be noted that the proposed re-introduction of the Best Value Performance Indicator for street lighting repair response times will be affected by the repair times for connections. Again this underlines the consideration of service provision as a whole.

5. Following implementation of a National Service Level Agreement no authority should receive a lesser level of service than that presently being delivered by their DNO.
6. The national Service Level Agreement should be fully operational from day one and not subject to a one year trial period without the imposition of penalty payments. Local experience applying the provisions of the New Roads and Streetworks Act Section 74 has shown that giving a trial period free from penalty payments does not necessarily achieve improvements in performance over that period.
7. The County Council seeks to provide the street lighting service as efficiently and cost effectively as possible within the limited resources it has available. Provision to introduce eventual full competition in connections, although subject to appropriate checks and balances, is supported. The introduction of the proposals in the Consultation Document should not diminish the urgent need to advance to full competition in connections.
8. The introduction of a Service Level Agreement between an authority and their DNO should not prevent that authority from operating competition in connections at the same time.
9. A national register of competent contractors (Lloyds Registration) should include two categories :
 - Live service work only, and
 - Mains cable workThis would enable contractors to provide a more comprehensive level of service, while remaining under the DNO's operational control.

I trust that these comments will be of assistance and if you need any further clarification please do not hesitate to contact me direct.

Yours sincerely



Malcolm Smith
Policy Team Manager

Cc N Johnson



John Owen, B.Sc., C.Eng., M.I.C.E., M.I.H.T.
Grŵp Cyfarwyddwr, Gwasanaethau Lleol a Thechnegol
Group Director, Technical and Local Services

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FAO Sean O'Hara, Head of Connections
Policy

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Llythyru electronig / Email : tlshelpdesk@powys.gov.uk
Eich cyf / Your Ref :
Ein cyf / Our Ref : ABD/PI/SL/01
Dyddiad / Date: 12 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 our local Distribution Network Operators as below:
South Powys – Western Power is good,
Part of South Powys – MEB is satisfactory,
North Powys – Scottish Power is satisfactory.
- 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/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 Authority from gaining benefit from the general principles of such a scheme.

Yours faithfully

Bryan Davies
Street Lighting Manager



FS 28347

Cyngor Sir Powys County Council

Metered,
30th,

POWER ON

connections

Competition in connections to electricity distribution systems

Response to Ofgem Consultation Document 124/04a and 124/04b - June 2004

POWER ON

connections

Preamble

Power On Connections was formed in 2003 solely to provide electricity new connections under the auspices of Ofgem's Competition in Connections initiative.

Having gained full design and construct accreditation under the Lloyds NERS scheme on a nationwide basis, the company now has direct experience of operating in nine DNO areas.

Power On Connections is a totally independent company working solely on behalf of the consumer with no ties to any network operator, energy supplier or other licensed utility business. It provides representation on the Metered Connections Customer (User) Group which in turn contributes directly to the work of the Electricity Connections Steering Group (ESCG) and the Ofgem workshop promoting Competition in Connections.

POWER ON

connections

1. Executive Summary and Introduction

Our experiences as an ICP during the last nine months vary widely depending on the DNO with responsibility for adoption. Within this document, we offer detailed responses to the issues raised in the Consultation Document wherever we have direct experiences to base the response on. For clarity, we have used the same numbering sequence as the Consultation Document.

Overall, we would characterise the key problems faced by us as an ICP attempting to offer competitive alternative services to host DNO's as:

- Widespread failure of DNO's to meet (or even recognise) the service levels for responding to Point of Connection requests.
- Inconsistent approach to the level and timing of charges for Point of Connection advice and "design".
- Lack of transparency in derivation of non-contestable charges in some areas.
- Widely diverging and often onerous terms of adoption imposed.
- Widespread lack of formal acceptance of the Lloyds NERS scheme in lieu of any DNO specific accreditation schemes.

However, it is our experience that amongst the DNO's collectively, effective processes exist for all aspects of competition in connections; fair and transparent charging mechanisms exist; and equitable adoption agreements are in place - unfortunately none of these characteristics apply to any one DNO.

In response to paragraph 1.9 of the Consultation Document - inviting suggestions for initiatives or areas of work which Ofgem should consider in order to further develop competition - we believe that efforts should now be directed at examining the diverse solutions already developed across the industry and establishing which are the most effective. Clearly this effort is only worthwhile if Ofgem is able to ensure a far more homogeneous acceptance of frameworks and standards developed than has historically been the case.

POWER ON

connections

2. Section A – Metered Connections

Consent to Connect

Power on Connections is not currently involved in live LV connections for Greenfield Housing but concurs in general with the views of the MCCG as stated in the Consultation Document.

Adoption Agreements

Having now negotiated and reluctantly entered into Adoption Agreements with four DNO's, the lack of any recognised standard framework is extremely worrying. Defect Liability periods sought vary from twelve months to sixty months; one sided indemnification clauses and unnecessarily high levels of insurance are insisted upon by some as a fundamental requirement and overlooked entirely by others; levels and types of surety required differ enormously. Negotiation of acceptable terms is made impossible by the frequently stated reminder that any agreement to connect is entirely voluntary on the part of the DNO and therefore whatever terms are offered are offered largely on a take it or leave it basis. We are aware of many instances where DNO's have adopted despite the ICP refusing to enter into the agreement. Relying on brinksmanship is clearly not a satisfactory way for the industry to operate and a clear stance must be taken by Ofgem.

As with many aspects of the approach taken by Central Networks (East) to the overall introduction of effective competition in connections, the Adoption Agreement required by it is an example of how simple and fair an Adoption Agreement can be whilst fully protecting the legitimate concerns of a DNO.

The choice of a bi-partite or tri-partite agreement must not be left with a DNO. Any framework must allow for either with the choice being determined by who has title to the assets being adopted. Where title rests with the ICP, there should be no obligation for the developer to enter into the agreement.

It is imperative that an equitable framework be agreed by all DNO's in line with the August 2002 Final Proposals Document and that some form of binding arbitration route be made available to resolve any disputes that arise in the future.

POWER ON

connections

Memorandum of Understanding with Lloyds Register

We concur with the views of the MCCG as stated in the Consultation Document.

Audit and Inspection Regime

Power On Connections recognises the right of a DNO to satisfy itself as to the compliance of an ICP's work with the standards required. Neither do we object in principle to the recovery of the costs incurred by a DNO via a pre-agreed charge within the non-contestable costs. However, the frequency of inspections upon which such charges are based should be set based on the levels that are reasonable on the assumption that the NERS accredited ICP will act in accordance with its obligations. Should an ICP fall short of its obligations and additional inspections be required then these should be charged directly to an ICP who should absorb them and not pass them directly on to the customer.

We have experience of DNO's including for up to 18 inspections at £150 per inspection on simple schemes and actually undertaking only one or two.

Records Information - Greenfield Housing Estates

Power On Connections support the proposals as set out in Appendix 6.

However, on a connected issue, it should be recognised that the standard of information provided by DNO's to ICP's varies widely and we would urge the widespread adoption of the methods employed by Central Networks (East) where comprehensive information on its requirements are issued on a controlled CD based manual to all registered ICP's.

Live LV Jointing High Level Proposals

Power On Connections is not involved currently in the live jointing trials and therefore has no specific comments to add to the MCCG's view.

G81 Part 1 to 6

No specific comment. Framework appears useable.

However it should be noted that these documents are a high level document and clearly do not give enough information for an ICP to be able to construct a network in compliance with the detailed DNO requirements.

POWER ON

connections

The detailed standard must be produced by all DNO's in a format which makes the information readily available to ICP's. Once again the stance taken by CN East to provide all this information on a controlled CD ensures the ICP has all the required information.

In a number of DNO's this information is still not available in any format and we have experience of DNO's providing hand sketched details, which is totally unacceptable.

3. Unmetered Connections

Power On Connections is not active in this field. No comments.

4. Section B – Other Issues

Contestable and Non Contestable Quotation Split

Power On believes that the DNO should be obliged to provide when requested a clear statement of non-contestable charges, broken down in the recognised "LC4" format for all developments, whether Greenfield, Brownfield or I&C.

The lack of transparency, extended timescales and requirement for payment prior to advising these costs and the associated point(s) of connection in many DNO's are the single biggest impediment to competitive access.

Recommendation:

1 – That Ofgem formally confirm that the CinC cost breakdowns must be provided to an applicant irrespective of the nature of the development.

Standards of Service

In our experience, only Central Networks (East) consistently complies with the majority of the agreed Standards of Service. In other areas the timescales actually achieved are two to five times the targets set. As with any Service Standard, widespread observance simply will not occur unless they are mandatory and accurately reported.

POWER ON

connections

The request for on-site connection needs greater clarity, it is our view that this standard refers to the time required between notifying the DNO that a connection is required and actually getting the connection made. Certain DNO's interpret this standard as having 10 days to outline when the connection will be made and the actual connection date could be up to 2 months later. This is clearly unacceptable.

Recommendations:

- 1 - That the specific requirements of each standard are clearly documented to all DNO's so there is no confusion on what the standard actually means.
- 2 - That the standards set out in para 1.3 of the Consultation document be made obligatory.
- 3 - That all DNO's be required to formally measure and report compliance with the standards on an annual basis.
- 4 - That Ofgem make clear to EnergyWatch that ICP's are customers as far as these standards are concerned and that complaints from an ICP must be dealt with.

License Condition 4 Modification

Whilst the whole basis for the introduction of competition in connections remains a voluntary one, progress towards the level of transparency and common practices will be slow indeed. It is interesting to note that the stated reason for not proceeding previously was a "lack of support for such a change by a number of DNOs" and no mention is made of the opinions of either the ICP's or consumers.

Recommendation:

- 1 - That Ofgem introduce a license modification to make it a statutory requirement for DNO's to adopt assets properly constructed by accredited third parties (i.e. NERS accredited ICP's).

Charges Levied by DNO's for the Provision of POC

Power On Connections view is that charging in advance for the provision of Point of Connection information to customers seeking to access competition whilst no such charge is made for providing a section 16 quote is anti-competitive.

It is also apparent in certain DNO's that a charge for design is required before a point of connection is given. Our experience shows this charge in the EDF area

POWER ON!

connections

can be as much as £5,000.00. Clearly this is not cost reflective for the work that is undertaken and creates a complete barrier to competition.

Recommendation:

- 1 - That DNO's be disallowed from charging "up-front" for the provision of Point of Connection information.
- 2 - That all charges made for non-contestable works within the LC4 charging mechanism be cost reflective, and where applicable, similar to the charges and the timing of the payment incorporated within section 16 quotations.

Executive Director : Adam Wilkinson



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Email: bob.stevenson@rotherham.gov.uk
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**Economic &
Development Services**

My Reference Your Reference Please ask for
128/17/040714 Bob Stevenson

14 July 04

OFGEM
9, Millbank
London
SW1P 3GE

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

Dear Sean,

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 as Principal Lighting Engineer for Rotherham Borough Council I am 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 worse now than it has been in the past and this is after recent attempts to improve to the service. Even though Lighting Engineers throughout the area work in partnership with them to improve the service, we have difficulty in securing improvements to the service.
- 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 or removal of lighting units. 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 sincerely,

Bob Stevenson
Principal Lighting Engineer
Economic & Development Services



**Development Department
Technical Services**

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TS14 7FD

J/m

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

DX60041 Normanby

Our Ref: RE/CLA
Your Ref:
Contact: Mr R Easley
Date: 20 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 Redcar & Cleveland Borough Council is in full support of the comments made by the UCCG in response to the proposals made by the Electricity Networks Association. As an Authority presently procuring a bid for PFI I would like to make the following additional comments:

- Although we presently operate with a Service Level Agreement the level of service we are currently receiving from our local Distribution Network Operator is generally poor.
- I am concerned that the proposed Force Majeure clause would enable operators 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 that will assist in Redcar & Cleveland Borough Council's Best Value objectives.
- Competition would have many benefits. It would provide a wider choice for Redcar & Cleveland Borough Council and introduce efficiencies leading to a faster completion for the erection of a lighting column. It would also improve the PFI contractor's ability to procure a better service. 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.
- Presently, the majority of highway electrical servicing work in the Borough involves the replacement/addition to the existing infrastructure and this is where our service target problems arise. The service delivery offered by the "Rent a Jointer Scheme" is far superior in that a street lighting column can be erected, serviced, and commissioned in one visit. We believe that a workable "Rent a Jointer Scheme" would be an essential addition by the DNO

in your discussion document. At present, terms that have been offered have been too restrictive and prevent our Authority from gaining benefit from the general principles of such a scheme.

- I also have concerns regarding the tables in appendix 1, figure 1 to 4, with suggested targets based on existing minimum response times. These appear to be no better than the target times at present and we would be looking to seek an improvement.

Yours faithfully

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

Rob Easley
LIGHTING ENGINEER

24/7/04

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL
RESPONSE TO OFGEM CONSULTATION DOCUMENT JUNE 2004

I refer to the above and would wish to confirm the following.

Rhondda Cynon Taf County Borough Council is dissatisfied with its present level of service and response it is presently receiving from its D.N.O. [Western Power Distribution] and would wish to add its weight to the lobby requesting an urgent introduction of a meaning full "service level agreement" (S L A), as a first step as outlined in the document recommended by the E.N.A, but to continue to strive for "full competition" in connections in the fullness of time.

With regard to the D.N.O response to the proposed E.N.A. service level agreement, we would wish to make the following comments.

1. The need to trial a S.L.A for 12 months is not clearly not acceptable inasmuch as the D.N.O have already had a vast experience already in field of street lighting connections, gained it must be said over many years actually doing the work and therefore it is difficult to envisage any gain from a trial period other than to further dilute a meaningful SLA.
2. The D.N.O. suggestion for penalising either poor or non performance, we feel will not be of a significant value to be an incentive to encourage them to strive to meet or indeed improve on the SLA performance response targets.

To sum up Rhondda Cynon Taf County Borough Council feels that Ofgem should strive to ensure that a meaningful service level agreement is introduced where the D.N.O contracted under the agreement to provide a service to street lighting authorities within a reasonable time scale coupled with a reasonable cost which reflects the D.N.O's. monopoly position and to continue to strive for "full competition" in connections.

Howard Thomas
Senior Engineer, Street Lighting.

RWE Innogy

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

Name Terry Ballard
 E-Mail terry.ballard@rweinnogy.com

30th July 2004

Dear Sean,

Competition in connections to electricity distribution systems (124/04a)

The following comments are made on behalf of RWE Innogy plc, Innogy Cogen Ltd., RWE Trading, Innogy Cogen Trading Ltd., Npower Ltd., Npower Northern Supply Ltd., Npower Yorkshire Supply Ltd, Npower Northern Ltd, Npower Yorkshire Ltd, Npower Renewables Ltd and Npower Direct Ltd.

As a business within the RWE Innogy group, Npower New Connections is an Independent Connections Provider (ICP) offering an end to end service for the provision of connections for Industrial and Commercial installations at voltages of 11kv and higher. It also supports the associated supply and metering activities. Experience gained by the ICP leads us to the view that obstacles continue to exist when attempting to negotiate new connections of this type.

This response does not refer to connections associated with unmetered supplies or multiple domestic installations (new housing sites), although the views expressed here are believed to apply to these activities also. We would welcome Ofgem's confirmation that the processes and infrastructure now in place also apply to connections to the Industrial and Commercial market as well as for greenfield domestic/light commercial developments.

RWE Innogy is supportive of the approach Ofgem has taken to developing policy in this area and significant progress has been made in encouraging the competitive provision of connections. Several companies now consider that it should be viable to operate in this part of the electricity market. However, DNOs will inevitably continue to be monopoly providers of services to ICPs operating in their geographic area. In this respect DNOs have noted that the Ofgem Final Proposals Paper (August 2002 54/02) is not binding on them and that Ofgem is not able to enforce the proposed service standards and obligations proposed in it. Accordingly we continue to be concerned that a DNO can effectively frustrate the evolution of competition in connections. Our concerns are described in more detail below, but in summary our view is that:

- Further measures are needed to ensure that DNOs will comply with the proposals set out in its Final Proposals Document of August 2002
- The practices of some DNOs continue to create barriers for ICPs in the carrying out competitive works, yet other DNOs have developed arrangements that assist ICPs when carrying out this type of work.

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 I www.rweinnogy.com

Registered office:
 Windmill Hill Business
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- ❑ Ofgem should confirm to all parties that the processes and infrastructure now in place should be adequate to facilitate voluntary arrangements for competition in connections in the industrial / commercial market.
- ❑ Ofgem should promote the development of a Code, which will be binding on DNOs and supported by licence conditions if necessary, that would facilitate competition in connection, particularly in respect of standards of service, charging methodologies and treatment of their own connection businesses
- ❑ The manner in which Ofgem and Energywatch resolve disputes raised by ICPs needs reviewing.

Our specific comments on the issues raised by the consultation are as follows:

Consent to Connect

We favour DNOs granting site-specific consents prior to completing connection offers and support the views of the MCCG expressed in paragraph 2.6. Work on this subject should also take account of the points raised in clauses 2.7 to 2.9 of the consultation document.

Adoption Agreements

Adoption Agreements should be balanced and fit for purpose. In many instances DNOs do not offer agreements that meet either of these criteria, nor those laid down in Ofgem's August 2002 proposals. Existing arrangements are uncoordinated and can be an obstruction to competition. Adoption Agreements should be of a standard form with explicit arrangements for settling disputes. Incorporation of a model form of Agreement into a multi-party Code might be an efficient means of achieving this.

Memorandum of Understanding with Lloyds Register

We would agree with the concerns raised by Ofgem in sections 2.21 to 2.24. These matters should be referred back to Lloyds Register and the Advisory Panel for consultation and resolution.

Audit and Inspection Regime

An inspection regime is obviously necessary, but it should apply to all distribution connections irrespective of who has carried out the work, and whether or not it was pursuant to a Section 16 application or a competitive offer. The same arrangements should apply to work carried out by both ICP and DNO staff. In this respect we agree with the views of the MCCG, particularly those in section 2.26.

Charges for this type of work should be clearly laid out in a Charging Statement, and charges recovered through distribution revenues over the life of the assets. It would be instructive for Ofgem and ECSG to review current practices and charges levied by DNOs for carrying out audits and inspections.

Records Information Greenfield Housing Estates

In some instances the quality of the data, drawings and information produced by DNOs in response to enquiries by ICPs falls well below an acceptable and safe standard. Similarly, on occasions some DNOs have failed to provide details of network design and planning criteria expeditiously. In this respect we would commend the practice of Central Networks (East) who provide the requisite information on a single CD-ROM. This is an efficient and helpful practice that should be adopted by all DNOs. Ofgem should invite the ECSG to make minor modifications so the arrangements also apply to I & C type installations.

Live LV Jointing

Generally we agree with the MCCG's views in clauses 2.31 and 2.32 of the consultation document, and believe the G81 arrangements to be appropriate.

Unmetered Connections

Since we have little involvement in this sector of the market we have not made any comment on Section 3.0 of the consultation document.

Contestable and Non-contestable Split

In some cases DNOs do not make their charges for non-contestable works transparent in their LC4 Statements. Charges can vary in a way that is often hard to reconcile with the costs of the work and in some cases charges for non-contestable work are not justifiable. Some customers have commented that DNOs have indicated that they may be unwilling to accept some aspects of the work carried out by ICPs suggesting not only a confusion in the boundary between contestable and non-contestable works but a reluctance by some DNOs to work with ICPs.

Charges for non-contestable works should be clearly described in the LC4 Statement and this requirement should apply equally to ICPs and DNOs own businesses. Works associated with reinforcement and diversions for new business connections should be within the scope of competition in connections and the methodology by which they have been derived comprehensively described. This would enable an ICP to control better a project on behalf of its customer, as was promoted under Clause 2.4 of the Final Proposals Document.

Tariff Support and O&M Charges

The treatment of O&M charges in respect of non-contestable works, and the refund of Tariff Support is inconsistent. Typically, a DNO will require payment of O & M charges at the time of the acceptance of terms (which could be up to 16 weeks prior to energisation) yet it will not make a refund of the tariff support until after energisation. O&M costs will not be incurred until after the site is energised and hence the charges should become due simultaneously with the refund of the tariff support. A mechanism that would offset the O&M charges against non-contestable charges would simplify the approach for all parties.

Standards of Service

The standards proposed in paragraph 1.3 of the consultation paper are both generous and achievable, but compliance by the DNOs is only voluntary. Conditions in the Distribution Licence should set out the standards and Ofgem should publish comparative reports of DNOs' performances. Ideally, we would like a similar regime to that which operates in the gas industry with penalties and incentives to encourage compliance with standards. Our view is that the original Final Proposals Document (54/02) already makes provision for both complex and complicated schemes, including EHV connections¹, and it is reasonable to include these types of projects in the scope of competitive connections.

Charges levied by a DNO for the provision of POC information.

Delays in providing Point of Connection (POC) information can frustrate the connection process and mean that an ICP cannot easily meet the needs of its customers. Charging methodologies should have clear time-scales in which a DNO should provide POC information. Some DNOs insist that ICPs and customers pay an administration fee and information charge before they are prepared to provide POC information. Neither of these charges was mentioned in the Final Proposals Document nor are their bases described in, or form part of, the charging methodology.

A DNO must hold this information in any event and will use it to carry out design work for new connections and, as well as providing it to any business proposing to carry out a connection, including their own. There is evidence that some DNOs do not make charges for this work when they carry out the work for section 16 type connections. This practice is unreasonable.

The cost to DNOs for providing this information is negligible; they have to hold this information. In the event that any type of connection does not proceed DNOs will be left with these costs and will have to recover them in some way. The approach some DNOs apply to charges to ICPs for POC information is not consistent with the cost recovery from their own business. We believe that as a general principle the charging methodologies

¹ pages 39 & 41

should apply equally to ICPs and DNOs' own businesses. Furthermore, DNOs should not be allowed to require 'up front' fees for POC information but should recover them through their charges for non-contestable works.

Dispute Resolution Process

The formal dispute resolution process for competition in connection type works has been defined by Ofgem and the ECSG and promoted under Section 6 of the Final Proposals Document (54/02). Presently, energywatch prefers that a customer, rather than an ICP, raises a dispute concerning competition in connections. Although the consumer body may be able to resolve some complaints, in other cases its lack of enforcement powers mean that a DNO need not comply with its decision. Furthermore, resolution of disputes can be so protracted that the competitive process becomes untenable.

The Memorandum of Understanding between Ofgem and Energywatch sets out the scope of each party's responsibility for dealing with complaints. However, it focuses on disputes between customers and licensees and does not extend to disputes about aspects of competition in connections. We suggest that Energywatch and Ofgem review the Memorandum of Understanding with a view to incorporating a mechanism for ICPs to dispute matters that inhibit competition in the provision of connections.

In conclusion

RWE Innogy believes that its Npower New Connections business should be able to operate successfully in a competitive connections market, offering customers an alternative to connections provided by DNOs. In so doing they will support the view that "effective competition" will provide the best protection to consumers². However, in order for an ICP to operate effectively in this market Ofgem should address the following aspects in order to facilitate competition:

- Provision of information - DNOs should be required to make available information essential to ICPs for their business on a timely and complete basis.
- Transparency, of costs and operations - DNOs should be required to provide a breakdown of their costs, and demonstrate the principles and methods on which their charges are based.
- Equity of treatment – DNOs must demonstrate that their approach to facilitating new connections does not discriminate between ICPs and their own businesses.

For competition in connections to be effective ICPs need clarity and confidence in the regulatory and commercial regime that applies. The development of a Code that DNOs will be bound to by relevant conditions in their Licence is an approach that Ofgem might contemplate, especially since it is clear that the present voluntary arrangements are not wholly effective. Such a Code would set out the responsibilities and obligations of all parties and provide framework for the settlement of disputes by arbitration or Ofgem, whichever is the more appropriate given the circumstances.

Since operating in this sector we have gained a substantial amount of experience and data relating to the application of competition in connections. We would be happy to provide this information to Ofgem if it would assist in progressing the policy objectives.

Yours sincerely

Terry Ballard

² Ofgem Electricity Distributions Price Control Review, Initial Proposals June 2004, para 3.46

2 July 2004



OFGEM
9 Millbank
London
SW1P 3GE

F.A.O. Sean O'Hara, Head of Connections Policy

6/7

Environment Services
Roads and Transportation
Roads Repair Service
Stirling Council
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Springkerse Road
Stirling
FK7 7SN
DX. ST28
Tel. 01786 443546
Fax. 01786 462696
E-Mail nowekp@stirling.gov.uk
Head of service Les Goodfellow
Our ref: S/CL/G/PN
Your ref:

Dear Sir

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

I refer to above document and would inform you that my authority is in full support of the comments made by UCCG in response to the proposals made by the Electricity Networks Association. In addition, I would provide the following comments.

The level of service that we are currently receiving from our local Distribution Network Operator is poor. With the time from of a request to completion for new connections, transfers and disconnections ever increasing, it is getting very difficult to estimate completion times for lighting projects.

The introduction of a Service Level Agreement would certainly assist in formalising the provision arrangements with our DNO. However, we are concerned 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 penalty standards that 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 quicker completion times for lighting projects. However, limiting live work to the service cable will not be 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.

We also are of the belief that a workable Rent-a Joiner scheme would be a useful addition to the proposals made by the DNOs in your discussion document. At present, the terms that have been offered are too restrictive and prevent my authority from gaining benefit from the general principals of such a scheme.

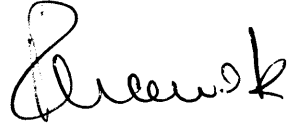
Director: Arthur Nicholls

2.

Sean O'Hara, Head of Connections Policy
2, July 2004

In essence, the need to have competition in connections is essential to ensure the timeous completion lighting projects while the use of national benchmarks and penalty standards will assist greatly in our Best Value aims.

Yours faithfully

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

Peter Nowek
Street Lighting Team Leader

Director: Arthur Nicholls

Tel: 01932 795116
Fax: 01932 795122
Email: terry.page@surreycc.gov.uk



SURREY
COUNTY COUNCIL

Local Transportation Service
Spelthorne
Council Offices
Knowle Green
Staines
Middlesex TW18 1XB

OEGEM,
9 Millbank
London
SW1P 3AG.

Your ref: FAO Sean O'Hara
Our ref: A/Lighting/TWP

5 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 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 that I am currently receiving from both of the local Distribution Network Operators is improving, in particular that from E.D.F. Energy following a monthly meeting with their Customer Relations Manager. Some improvement is being noticed with Southern Electricity Contracting; both have some way to go to meet our expectations.

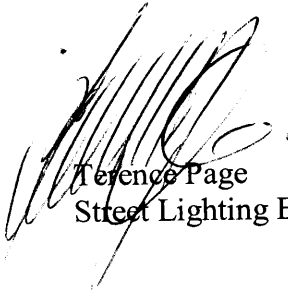
The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with both of the D.N.Os that serve us. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support 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 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 D.N.Os 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 sincerely,





Terence Page
Street Lighting Engineer.

Community & Environment Services

Corporate Director: Penny Spencer

Shirehall, Abbey Foregate
Shrewsbury, SY2 6ND



Shropshire

COUNTY COUNCIL

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

website: www.ShropshireOnline.gov.uk

Date: 7 July 2004

e-mail: maurizio.d'alesio@shropshire-cc.gov.uk

My ref
A432/MD/

Your ref

Tel (01743)
253124

Fax (01743)
253181

Please ask for
Mr M. D'Alesio

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 Shropshire County Council is in full support of the comments made by the Unmetered Connections Customer Group in response to the proposals made by the Electricity Networks Association. In addition I would make the following comments:

- The level of service the County Council currently receives from the local Distribution Network Operators is generally satisfactory but varies, particularly with the seemingly constant change of parent companies, personnel and management. Most of the County is served by Central Networks, while the north-western area is served by Areva acting on behalf of Scottish Power Systems.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with the DNO's. However, I am concerned that the Force Majeure clause could be used as an excuse for poor performance. The use of national benchmarks for performance and penalties standards would help in achieving Best Value targets.
- A competitive market would benefit all parties by providing a greater choice for Local Authorities and introducing efficiencies that would lead to quicker completion of the installation of a lighting column. However, limiting live work to the service cable will only perpetuate existing frustrations. As any third party contractor will be under the operational control of the DNO, it is difficult to understand why the live work should be limited to the service cable. Real and open competition in this area would encourage the DNO's to sharpen their pencils and might actually result in more work being generated by local authorities as a consequence of lower connection costs.

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For local rate calls dial (01939) 238100 (N Shrops)
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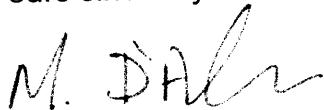


2001-2002
Beacon Council
Partnership
Group Council

- A workable Rent-a-Jointer scheme would also be a useful addition to the proposals made by the DNO's. At present, the terms that have been offered have been too restrictive and have not been considered by Shropshire County Council as a viable option.

The introduction of fair competition in unmetered connections is long overdue and has been a major contributory factor to the delay in upgrading old lighting installations. In Shropshire, nearly 80% of street lighting is low pressure sodium and over a quarter of the lighting stock is more than 30 years old. A third or more of the cost of replacing a column is the electrical connection from the mains. A reduction in this cost would therefore generate more work, resulting in improved lighting that was more energy efficient, less night-time pollution and a reduction in crime and fear of crime.

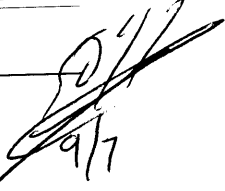
Yours sincerely

A handwritten signature in black ink, appearing to read 'M. D'Alesio', written in a cursive style.

M. D'Alesio
Street Lighting Officer

Riverway
Stafford, ST16 3TJ
Direct Line: (01785) 276561
Facsimile: (01785) 277213
E-mail: peter.harrison@staffordshire.gov.uk

Please ask for: Peter Harrison


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

HoHM/PJH/JMS/SL/OfGEM

7 July 2004

Dear Sean

COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTIONS SYSTEMS CONSULTATION DOCUMENT – JUNE 2004

Thank you for the opportunity to comment on the consultation document distributed in June. Progress in resolving this matter has been unnecessarily slow and is affecting the ability of Highway Authorities such as ours reacting to public expectations regarding the completion of road lighting schemes.

I do not believe competition in connections will deliver significant cost savings but it will allow a robust framework for the completion of schemes on time. Regularly we are let down by the DNO who do not deliver their work within acceptable timescales. DNO's have been notoriously bad at keeping to their standards of service and with no penalties they are not incentivised to making lasting service improvements.

My comments on this consultation document are:-

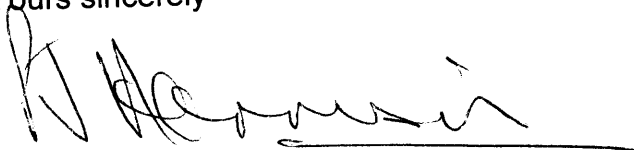
1. The introduction of a national service level agreement, policed by you, is most welcome. This will allow the worst offenders to be named and shamed and will act to incentivise the DNO's into making continuous improvements to their service delivery.
2. It is essential that service delivery times are comprehensive, meaningful and deliverable by the DNO's.

Continued ... /2

3. I understand the difficulty the customers and DNO's have regarding penalties for the late delivery of connections or service repairs. What the DNO's have not mentioned is the disproportionate amount of staff time spent in Highway Authorities dealing with complaints due to DNO service works, either new connections or service repairs. The cost of this disturbance, the frustration it causes Highway Authority staff and the loss of benefit to the general highway user in reduced accidents, anti-social behaviour and attacks against the person or property is not reflected in the ENA response of deducting the paltry annual DUoS fee. In my view, if the annual DUoS is to be used as the basis of penalising the DNO for not completing the work on time, then it should be used with a multiplier. The multiplier would double the penalty for each day the works remain incomplete, to a maximum of 50% of the works value. Using this methodology, only half the DNO works value is at risk and delays of a day or two would have a negligible financial effect, but would, possibly, affect their performance compared with other DNO's.
4. I understand the DNO's proposal to have a one year 'shadow arrangement' to monitor the effectiveness of the new arrangements without penalties being applied. In some ways I can sympathise with this, but in reality the arrangements are nothing new. Most DNO's currently have standards of service that they give lip service to, so why do they need a longer period to adhere to them? If they are working towards their voluntary standards of service then making them 'official' will cause no difficulty.
5. Currently the proposals for unmetered supplies connection relate to service cables and no closer than 1 metre from the main cable. I believe this should be the start and it should be the intended aim to continue this work to include all connections.

This work must not stop now. The lighting industry has waited a long time for competition in connections and if this fails now it will affect the credibility your office and that of the Government to act to what should be a simple issue.

Yours sincerely



P.J. Harrison
Principal Lighting Engineer

OFGEM,
9, Millbank,
LONDON.
SW1P 3GE
For the Attention of Sean O'Hara, Head of Connections
Policy.

**City Highways
Development Services**
Swinton Hall Road,
Swinton, Salford, M27 4HH .

Phone 0161 603 4000
Fax 0161 603 4054
Email stuart.collins@salford.gov.uk
Web www.salford.gov.uk

My Ref EH/CH/SC/SL/01
Your Ref

Date 8th July 2004

**Subject: COMPETITION IN CONNECTIONS FOR STREET LIGHTING –RESPONSE TO OFGEM
CONSULTATION DOCUMENT JUNE 2004**

Dear Sir,

I refer to the above document and am writing to inform you that Salford City 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:

- My local DNO United Utilities are currently providing a service that is unacceptable to Salford City Council. We are experiencing protracted delays in the connection of street lights on major and small relighting schemes, as well as "one off" connections. These delays can in some cases result in the Highway being unlit and poses a danger to the local community. United Utilities appear to have no control over their preferred contractor and programmes of work are being imposed on the customer, rather than the customer determining their order of priorities.
Since the High Court judgement, which removed any control under the New roads and Street Works Act levels of service have deteriorated even further. Works are over running, with excavations being left open for long periods, with guarding and signing often being neglected.
- A national Service Level Agreement would go some way towards formalizing service provision arrangements with our DNO. The lighting industry has endured a lack of service for many years and I am concerned that the Force Majeure Clause would enable them to continue with poor performance and use this clause as an excuse.

The penalties proposed are not robust enough to force the DNO to provide service levels acceptable to Local Authorities. Why are the ENA suggesting a shadowing period, when they have already systems in place to monitor performance and poor performance is already apparent?

I would wish to see a form of noticing similar to that contained in the New Roads and Street Works Act to provide a proper basis for the co ordination of street works. This should include consideration of Traffic Sensitive streets and start and completion date notifications.

A defect and inspection regime as outlined in NRSWA must be included and paid for by the DNO or his preferred contractor. Together with a sample inspection and monitoring scheme, again paid for by the DNO.

A further clause should be included to bring signing, lighting and guarding into line with the Code of Practice, " Safety at street works and road works".

I would welcome the introduction of national benchmarks, which would assist my authorities CPA objectives and in light of the new BVPI proposed for 2005/06 which measures response times for the repair of street lighting faults.



- Opening up competition would bring many benefits to Local Authorities and the local communities. It would provide a wider choice for them and would lead to increased efficiencies for the connections of road lighting projects. However limiting "live" working does not go far enough, considering that any third party contractor would be under the operational control of the DNO.
"Rent a jointer " opportunities are at present limited and not widely advertised by DNO's. A welcome addition to your proposals in the discussion document would be an affordable and pragmatic approach to the introduction of workable "Rent a jointer " schemes.

Finally, all local authorities would wish that OFGEM show a real commitment to a speedy introduction of the proposals and conclude what has been a very lengthy process.

Yours sincerely



Stuart Collins
GROUP ENGINEER
CITY HIGHWAYS
STREET LIGHTING SECTION

Date: 15 July 2004

Your ref:

Our ref: RVC/H3089



Please ask for: Rachel Crompton

Extension:

Direct Dial Tel: 625442

Fax: 622287

email: rcrompton@southribble.gov.uk

Civic Centre, West Paddock,
Leyland, Lancashire PR25 1DH
Tel: 01772 421491
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email: info@southribble.gov.uk
website: www.southribble.gov.uk

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

Dear Mr. O'Hara

COMPETITION ON CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS

South Ribble Borough Council supports wholeheartedly the concept of introducing competition in connections to electricity distribution systems, as being a rational approach to developing improved customer service and quality in service delivery to streetlighting connections/fault repairs.

The current system is found to be failing local people who rely on streetlighting for road safety, personal and property security and social amenity. This Council is taking every possible step to improve our service in this field but we find our potential for success is hampered by the lack of responsiveness from our regional electricity company.

If the competition rules could include secure performance targets/compliance management procedures, I am confident that members of the public will soon see improvements in service.

Thankyou for giving us this opportunity to comment.

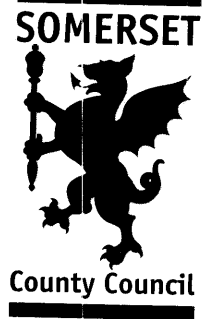
Yours sincerely,

RACHEL CROMPTON
HIGHWAYS MANAGER

Copy for Cllr Tony Pimblett, Streetscene Portfolio Holder

Economy, Transport & Environment Department

N Farrow MA (Oxon) DMS MCIPD Corporate Director
County Hall, Taunton, Somerset TA1 4DY
Tel: (01823) 355455
Fax: (01823) 356113/356114



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

please ask for
Brian Cull

01823 358090
highways@somerset.gov.uk

my reference
dm 7915

your reference

16 July 2004

Dear Mr O'Hara

Competition in connections to electricity distribution systems – Consultation Document 124/04a and 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 Competition in Connections Draft Document, and the impact that the operation of the local Distribution Network Operator (DNO) has on the highway lighting service delivered in Somerset.

From discussions with my Lighting Engineer and adjacent authority's 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

- Somerset County Council recognises the importance of service delivery and for many years has worked to encourage improved performance and promote the culture in its own staff. It is therefore extremely disappointing and frustrating when it comes to rely upon local DNO's to perform to a similar level when there is no legal or mandatory requirement to do so. The DNO's currently have a monopoly on service works and although our total connected load may be considered relatively low, Somerset have some 51,000 points of supply and service works account for between 35% and 40% of the total annual replacement lighting budget of the County Council.
- Public sector services are encouraged to demonstrate continual improvement through performance indicators. This is proactively encouraged in all Term Maintenance Contracts (TMC), which are let by this Authority. This Authority relies entirely upon the DNO network, but has no control when shortcomings or failures occur. It would be logical to be able to judge the DNO's on similar performance indicators.
- Based upon current performance, significant amounts of DNO works are being completed long after the target dates published in the Local Charter Agreement. This applies both to fault repairs and to the production of new service quotations and impacts on service delivery, public perception and the programming of works.



INVESTOR IN PEOPLE

Julie Clarke Assistant Director Stuart Jarvis County Planning & Transport Officer
Matthew Jones Head of Waste Services Paula Hewitt Head of Regulation Services

2. COMPETITIVE WORKS

- Competition in connections can only improve service and greatly assist in the programming of works programme. Somerset County Council's TMC is also one of the local DNO's sub-contractor which improves the service delivery by ensuring that installation and service works may be carried out as one. This situation is only currently available to a few Authorities' and I believe it should be available to all through competition.
- All works programmes can be affected by lack of 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 required.

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 the removal of the monopoly can only improve circumstances. I believe that initially minimum standards can be negotiated with the local DNO's with a view to the introduction of national standards within a set period. Somerset would not be prepared to agree to a lesser standard of performance to that which we are presently getting from the local DNO's.
- Somerset County Council are in agreement with all other South West Authority's who are suggesting that if no further achievements are possible in competition in connections, then DNO's must be asked to enter into formal Service Level Agreements (SLA). In fact my Lighting Engineer has agreed to sit on a regional working group to assist in the drawing up of a formal local SLA with Western Power Distribution.

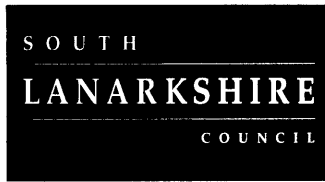
Nationally there is an appetite for competition and service delivery by the DNO's and I would support any move that would improve service delivery and accountability.

I believe that the South West Region Authority's through their lighting engineers will shortly be corresponding with you with their collective thoughts.

Yours sincerely



Brian Cull
Project Manager



ENTERPRISE RESOURCES

EXECUTIVE DIRECTOR IAIN URQUHART

Roads and Transportation Services

Our ref: TEM/DMCN/18/1
Your ref:
If calling ask for: David G McNair
Date: 12 July 2004

Sean 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 – consultation documents.

I refer to the consultation documents published on 3 June 2004 and request that you take into account the following comments. The numbers refer to relevant sections of the documents.

Unmetered Connections Service Level Agreement.

3.6 (& 14.3) 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 trip accidents it promotes a general sense of well being during the hours of darkness. I trust you will wish 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 very small for lights that are speedily repaired but to rise exponentially with time.

The payment of penalties per se is not something that local Councils would wish. However, experience has shown that DNO's and their predecessors consistently have failed satisfactorily to 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'.

Montrose House, 154 Montrose Crescent, Hamilton ML3 6LB
Telephone: 01698 453652 Fax: 01698 453600
DX579641, Hamilton 3
e-mail: enterprise.hq@southlanarkshire.gov.uk



INVESTOR IN PEOPLE

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

Unmetered Connections – Triangular Contract 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.

14.42 You may wish to consider the addition of 'injury' between 'personal' and 'caused'.

14.45 to 14.47 I do not wish to consider these sections until I have been able to consult the Council's solicitor, and I will revert to you if I have any comment to make.

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.

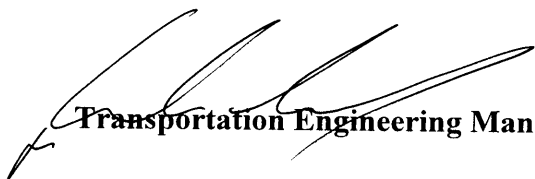
Only the minimum response times shown in figure Nos. 1 to 3 inclusive would be acceptable.

General

The Government recognises the importance of timeous repairs and requires Councils to report the percentage of repairs to street lights carried out within 7 days. I propose 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 **David McNair on 01698 453652.**

Yours sincerely,



Transportation Engineering Manager

Montrose House, 154 Montrose Crescent, Hamilton ML3 6LB
Telephone: 01698 453652 Fax: 01698 453600
DX579641, Hamilton 3
e-mail: enterprise.hq@southlanarkshire.gov.uk



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Solihull
METROPOLITAN
BOROUGH COUNCIL

OFGEM
9, Millbank
London
SW1P 3GE

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

JEANETTE MCGARRY
CORPORATE DIRECTOR OF COMMUNITY
SERVICES

Transport and Highways
Central Depot, Moat Lane
Solihull, West Midlands B91 2LW.
Tel: 0121-704-6435 Fax:0121-704-8152
E-mail: bbrant@solihull.gov.uk

Please ask for: Mr B Brant
Direct Line: 0121-704 6339

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 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 Operator is generally poor. Although they generally respond to emergency or high priority requests satisfactorily, the response to programmed works is often too prolonged. In addition we encounter frequent inaccuracies and extreme delays in invoicing causing problems for the authority in terms of its financial management.
- The charges for works are not excessive at present and seem fair and equitable.
- 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/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.

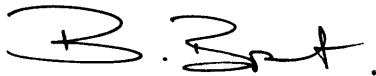


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- **I also believe that a workable Rent a Jointer scheme designed would be a useful addition to the proposals made by the DNOs in your discussion document. At present terms that have been offered have been too restrictive and prevent my Authority from gaining benefit from the general principles of such a scheme.**

Yours truly,

A handwritten signature in black ink, appearing to read "B. Brant". The signature is stylized with a large, looped initial "B" and a cursive "Brant" following it.

**B Brant
Operational Services**

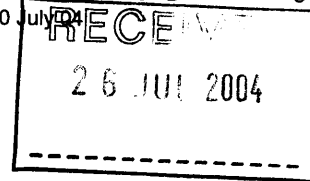


Environment & Transport

OFGEM
9 Millbank
London
SW1 3GE

Andrew Guttridge
Roads and Bridges Manager
Endeavour House
8 Russell Road
IPSWICH
IP1 2BX
Suffolk

Your Ref: 124/04
Our Ref: 451/00
Enquiries to: A. Guttridge
Direct Line: 01473 265015
Fax: 01473 216884
E-mail: andrew.guttridge@et.suffolkcc.gov.uk
Date: 20 July 2004



Dear Sirs

CONSULTATION RESPONSE – COMPETITION IN CONNECTION TO ELECTRICITY DISTRIBUTION SYSTEMS.

On behalf of Suffolk County Council, I would like to make the following comments in response to your consultation document.

The issue of unmetered connections and current DNO performance is a high priority issue for Suffolk County Council. Completion of both and small projects is regularly delayed by late completion of connections despite efforts by the County Council to programme and co-ordinate all activities within each project. In one very recent incident on a high profile regeneration project, other contractors involved were left standing on site when the DNO failed to arrive to undertake pre-arranged work. In other cases there could be a serious safety implication where schemes remain unlit for long period waiting solely for a mains connection. This is of particular concern where such schemes are constructed specifically as casualty reduction measures.

I would like to raise the following specific points in response to the consultation document:

1. The aim in the medium term should be to have a national service level agreement for all DNO's with nationally defined performance indicators and a national performance target. This will encourage both DNO's and local authorities to aspire to, and learn from, the performance of the best.
2. The service level agreement between any authority and their DNO should not disqualify them from being able to operate competition in connections at the same time.
3. Any service level agreement should be fully operational from its introduction, not under a trial period. Our elected councillors and our customers will not tolerate further prevarication in introducing a proper regime of performance standards and meaningful sanctions for non-performance.
4. The level of penalty payments needs to provide an adequate incentive. The suggestions in paragraph 3.6 of the consultation document are laughable. Initial fixed charges should increase over a period of non-response to a level which fully reflects the cost to the authority and the community associated with the non-functioning of a particular project. Where a DNO fails to attend to participate in a co-ordinated programme of work, the DNO should be liable for the full costs of the other parties. This is equitable as DNO's already charge their full costs if an authority makes a late cancellation.

5. Any force majeure clause needs to be clearly defined such that it cannot be invoked when delays are caused by minor weather conditions or by poor performance.
6. The current proposals should be seen as a first step, not the final goal. I would urge you most strongly to press ahead with arrangements which will lead to full competition in connection with live working not limited to service cables. Provided that proper safeguards are in place, this could transform this area of our service and eliminate what our customers perceive as unnecessary duplication, bureaucracy and delay.

I hope that these comments are helpful and that you will give them due consideration. I hope also that you will appreciate how important this issue is in Suffolk. I believe that there is some urgency to introduce modernised arrangements which will significantly increase potential capacity to undertake connections. Street lighting PFI schemes appear to be gaining favour and any of these in a DNO area will be very demanding on resources to undertake connections. If nothing is done, this could have a substantial adverse affect on other authorities in the DNO area.

Yours sincerely

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

Andrew Guttridge
Roads and Bridges Manager

Environment, Land and Property

Acting Director: Brian Davidson, BSc., CEng., M.I.C.E.

Strategy and Design Services

Burns House, Burns Statue Square, Ayr KA7 1UT

Tel: (01292) 616256

Fax: (01292) 616367

Email: bobby.borland@south-ayrshire.gov.uk

Our Ref: S&L/52.00/RAB

Your Ref:

Date: 14th July 2004

If phoning or calling please ask for: Mr Robert Borland

Sean 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
CONSULTATION DOCUMENTS**

I refer to the consultation documents nos. 124/04a and 124/04b regarding the above and would comment as follows.

Document 124/04a

- Paragraphs **3.6** and **3.14**. – I would strongly agree with the UCCG that any penalties levied against the DNOs should be of a sufficient magnitude to act as an incentive to perform. The proposal to apply penalties based on DUoS charging regimes would be of no consequence whatsoever to the DNOs and does not adequately reflect the importance of reliable street lighting to local authorities and the general public.
- Paragraphs **3.12** and **3.17** – I strongly agree with the UCCG view that there should be some form of "safety net" in the event that a DNO unilaterally withdraws from an SLA. DNOs will be driven by commercial interests whereas LAs are driven by service interests.

Document 124/04b

Appendix 1 – Response Times

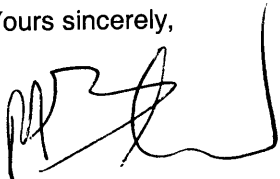
- Figure 1 – Standard 1 Emergency/Fault Repair. – Assuming that "days" in this standard means "calendar days" and not "working days", then the minimum response times would be acceptable. I would suggest however that the response time for the repair of a single unit is reduced to 7 days (5 working days) in line with the reporting requirements of the Statutory Performance Indicators.
- Figure 2 – Standard 2 New/Transferred Connections – Assuming that "days" in this standard means "working days" and not "calendar days", then the minimum response times would be acceptable.
- Figure 3 – Standard 3 Providing Quotations - Assuming that "days" in this standard means "working days" and not "calendar days", then the response times would be acceptable.
- Figure 4 – Provision of Information by LA - Assuming that "days" in this standard means "working days" and not "calendar days", then the Notice periods would be acceptable.

Appendix 14 – Unmetered Connections Service Level Agreement

- Paragraph **14.3** – See 3.6 and 3.14 above.
- Paragraph **14.3** – Any adjustments made to service targets following a shadow period must not be determined solely by the commercial interests of the DNOs but must be by mutual agreement of both parties.
- Paragraph **14.27** – The 12% limit is too prescriptive. There must be scope within the SLA to vary this limit by mutual agreement between the SLA and LA.
- Paragraph **14.30** – Not prescriptive enough. DNOs should not be given any scope to fail to meet the requirements of the SLA. Appropriate levels of cooperation and coordination between the DNOs and LAs should ensure that targets are met.
- Paragraphs **14.36** and **14.37** – Standard charges should be introduced for abortive site visits. If penalties are to be based on actual cost, they are then open to abuse.
- Paragraph **14.38** – Penalties for failure to perform should be charged at £x per failure **per working day** as opposed to a fixed penalty. This will encourage DNOs to rectify failures as soon as possible following any deadlines, rather than waiting until the next deadline.
- Paragraphs **14.44 to 14.47** – This section would be subject to scrutiny by each LA's Legal Department, all of whom are likely to have differing views, opinions and requirements. I would suggest however that a further paragraph is inserted at this point in the SLA, stating that, notwithstanding any local agreements, this SLA does not relieve any party of their legal obligations under the Electricity at Work Regulations (1989), The Electricity Safety, Quality and Continuity Regulations (2002), The New Roads and Streetworks Act (1991) or any other Statutory Instruments in force at the time being.
- Paragraph **14.48** – See paragraphs **3.12** and **3.17** above.

I trust you will find the above comments constructive and should you wish to any of the above, please do not hesitate to contact me.

Yours sincerely,



ROBERT BORLAND
PRINCIPAL ENGINEER (LIGHTING)



SANDWELL METROPOLITAN BOROUGH COUNCIL

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

My Ref: HGG/TN
Your Ref:
Please ask for: Hugh Graham
Telephone No. 0121 569 4279
Date: 28th July 2004

ulm

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 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 less than satisfactory and has, if anything, deteriorated in recent months.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with our DNO. It should also be stated that a SLA should not disqualify any Local Authority from being able to operate a competition in connections system at the same time.

The Service Level Agreement when introduced should operate fully from day one and not under a one year trial period without the imposition of penalties.

I am also concerned however that the Force Majeure clause as currently proposed is little more than a get out clause that the DNO would exploit to the full. Network emergency is already the most commonly used excuse for poor performance and I cannot see that situation changing if this cause remains unaltered.

- I would support the use of national benchmarks for performance and penalties standards which will assist in my authority's Best Value objectives.

I would also suggest that the Priority and Response Times should be fixed locally, either between each DNO and Local Authority or between a group of Local Authorities in an area of a single DNO. This is because a Single National Target/Timescale structure might not suit all Local Authorities.

Cont'd ...

Highways Direct
Environment House, P.O. Box 42, Lombard Street,
West Bromwich, Sandwell, West Midlands. B70 8RU
E-Mail: Highways@sandwell.gov.uk
Telefax: 0121-569 4280



INVESTOR IN PEOPLE

www.sandwell.gov.uk




- 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 Jinter scheme designed would be a useful addition to the proposals made by the DNOs in your discussion document. My authority did recently enquire about the scheme only to find that it wasn't actually available!

The introduction of genuine competition to this service cannot come soon enough and I await with interest the outcome of the present negotiations.

It has been alleged that Local Authorities are not concerned with the outcome of these negotiations. I can assure you that this is not the view of Sandwell Council and I would like to thank you for providing the opportunity for us to express our views on this matter.

Yours faithfully

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

Peter Whitehouse
Head of Highways Direct



CITY AND COUNTY OF SWANSEA
DINAS A SIR ABERTAWE

Office of Electricity and Gas Markets,
9, Millbank,
London.
SW1P 3GE.
For the attention of Sean O'Hara,
(Head of Connections Policy)

Please ask for:
Gofynnwch am:
Direct Line:
Llinell Uniongyrchol:
E-Mail:
E-Bost:
Our Ref:
Ein Cyf:
Your Ref:
Eich Cyf:
Date:
Dyddiad:

Mr. G.T. Cooper

01792 841668

GTC/JGW/14.61.012
2176

21st July, 2004.

Dear Sean,

Competition in Connections Consultation Documents
Electricity Distribution Systems

Further to the publication of Document 124/04a and appendix 124/04b I comment as follows.

The proposals contained in Document 124/40a are a welcome step forward following such a long period of consultation, particularly the progress in regard to the possibility of an early resolution concerning work on service transfers (both low voltage supplies and fifth core supplies). However the aim should still be to allow competition for connections on the low voltage distribution system.

The move towards formal Service Level Agreements is also welcomed but if a national system was employed then this would be more beneficial for benchmarking and comparison between the performance levels of the different D.N.O.'s. Also, if an Authority signs up to a local service level agreement then this action should not preclude that Authority from the competitive connections process. No Authority having signed up to such a service level agreement should receive a lesser service than they presently receive from their D.N.O.

In order to tie in with existing Performance Indicators all response times should be stated in calendar days for fault repairs, but could be termed in working days for new connections work.

CONTACT THE ABOVE OFFICER FOR THIS INFORMATION IN YOUR PREFERRED FORMAT
CYSYLLTWCH Â'R SWYDDOG UCHOD I DDERBYN Y WYBODAETH HON YN Y FFORMAT O'CH DEWIS

ENVIRONMENT DEPARTMENT • TRANSPORTATION AND ENGINEERING
ADRAN YR AMGYLCHED • CLUDIANT A PHEIRIANNEG

HIGHWAYS, PLAYERS INDUSTRIAL ESTATE, CLYDACH, SWANSEA, SA6 5BJ
PRIFFYRDD, YSTAD DDIWYDIANNOL PLAYERS, CLYDACH, ABERTAWE, SA6 5BJ

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ISO 9001:2000
FS 33795

2.

It has been suggested that non-performance penalties would be levied against the D.N.O.'s on the basis of the Distribution Use of Systems (DUOS) charges. Due to the minimal nature of these charges per annum it is felt that this level of penalty would not be enough of an incentive to the D.N.O.'s to be concerned about non-performance.

Non-performance of the D.N.O.'s due to severe weather conditions is, of course, acceptable however there is the feeling that poor weather conditions could be used as an excuse for non-performance; and that perhaps agreed guidance notes on these matters need to be drawn up. Again it is accepted that conditions can vary between very close geographical areas.

Hoping these comments will be of use to you for the production of the final report.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'G. S. Cooper'.

GEOFF COOPER,
PUBLIC LIGHTING ENGINEER



SURREY
COUNTY COUNCIL

Local Transportation Service
Reigate & Banstead
Town Hall
Castlefield Road
Reigate
Surrey RH2 0SH

U m

Contact Officer: Peter Withers
Tel-Direct Line: 01737 737348
Our Ref: RB42
Date: 28th July 2004

Mr S O Hara
OFGEM
9 Millbank
London
SW1P 3GE

Dear Mr O'Hara

RE: COMPETITION IN CONNECTIONS FOR STREET LIGHTING CONSULTATION DOCUMENT JUNE 2004.

Currently my Authority is experiencing a service that is less than satisfactory and feels that the existing charter is not being acknowledged by the local DNO. This situation is leading to a significant amount of time in dealing with customers and forwarding their concerns onto EDF. A move to regulate a national charter with substance is deemed as absolutely essential in order to maintain public safety. This way, there would have to be some recompense for the non-achieving of a service level and emphasizes the responsibilities for providing a public service.

Appendix Document 124/04b

Appendix 1 – Response times prepared by UCCG for Connections

All times are in working days and refer to repair time.

Figure 1 Standard 1 Emergency / Fault Repair

Emergency	within 2 hours
High Priority Fault Repair	1 day
Fault Repair – Single Unit	10 days
Fault Repair – Multiple Units	3 days

Figure 2 – Standard 2 New / Transferred Connection

Works 1-10	20 days
Works Up to 50	By agreement within 30 days
Knocked down columns	5 days

Figure 3 – Standard 3 Providing Quotations

Quotation for non-standard works	15 days
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Figure 4 – Provision of information by Lighting Authority

New Works 2-10 connections	5 days
New Works 11-50	10 days
New Works >50	By agreement



Appendix 14 – Unmetered Connections Service Level Agreement

Definitions

General observation: Throughout the document specific clauses are not referred to correctly, (numbers do not relate to the correct section).

The term Local Authority (LA) should equally apply to an Agent, Consultant or Contractor appointed by the LA to act on its behalf.

14.2 (4th Bullet Point) Change “may” to **shall**. More details required regarding the penalties and reasons for poor performance.

14.3 *Shadow Period* to be omitted, both parties should understand agreement prior to the document coming into effect.

Will this document be legal, if not scrutinized legally?

This document must be legally binding in order to apply its contents.

14.7 Calendar Day to be extended to **17.00** pm not 16.30 pm.

14.13 “High Priority” definition requires an accurate description and who deems the priority as high.

Quality of Information

14.19 Incorrect reference “(See section 6)” should be section 14.25.

14.20 Local Authorities to be notified 6 months in advance of any price changes.

Priority Response Times

14.27 The value of new works received in a month of no more than 12% does not take into consideration the conditions imposed on LAs to carry out new works, a figure of 25% would be more acceptable.

Work to be carried out

14.29 Omit clause, not necessary.

Abortive calls and payments

14.34 Change “will endeavour” to “will meet”.

Standard payments for failure to perform

14.38 The meaning of “failure” is ambiguous and requires a more precise definition. The values of failures should be £5 for value X and £10 for value Y if the repair is not completed within 7 days for value Z.

Force Majeure and System Emergencies

14.43 To what extent would Force Majeure be enforced and would OFGEM be the party to announce Force Majeure?

The circumstances for enforcing Force Majeure and their extents are ambiguous and require quantification.

Omit “short of material and delays in deliveries” from this clause.
Adverse weather conditions and floods will only apply once the Home Office announce a “Severe Weather Warning”.

Limitation of Liabilities

14.46 Is this clause legally acceptable?

14.47 Is this clause legally acceptable?

Termination Clause

14.48 This clause requires robust safeguard mechanisms.

Either party must have reasonable grounds for termination and this decision must be decided by OFGEM.

Dispute Resolution

Any disputes unable to be resolved by the LA and DNO shall be referred to OFGEM.

**Appendix 15 – Unmetered Connections Contract -
Triangular Arrangements**

General Comments

If this system can significantly reduce the amount of time taken to replace a knocked down column and get back into service, this process would be much appreciated by both LAs and the public.

Currently the rent-a-jointer scheme is very restrictive and only lends itself to major projects and PFI's, if this is to succeed the scheme requires greater flexibility.

15.2 Delete “more than 1m cable”

15.9 If the Approved Contractors have satisfied working practices of the DNO, why are they to be supervised by DNO.

As part of your consultation process, I would ask that all the above points are duly noted and implemented. If you require any further information, please do not hesitate to contact me.

Yours sincerely



Peter Withers
Street Lighting Engineer

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

Please ask for: Mr Bass

Direct Dial No: 01793-466346

Email: rbass@swindon.gov.uk

Our Ref: TSG/rlb/C3173

Your Ref:

28 July 2004

Dear Mr O'Hara,

Competition in Connection to Electricity Distribution Systems
Consultation Document 124/04a & 124/04b

Further to the letter from Joan Walley MP [joint Chair APPLG] I can advise that the matter has been discussed internally, and also our representative has met jointly with lighting engineers within the same DNO area, namely Scottish & Southern Energy Plc. It is my understanding that the South Central Local Authorities [SCLA] group will be providing a joint response.

These comments are intended to reinforce that joint response,

- The activities of Swindon BC are such that 'competition in connections' is not considered appropriate, however,
- The current informal service level provided by our DNO may be reasonable [repair 90% of faults within 10-days], but there is concern regarding the time taken for the other 10%
- Therefore the implementation of a nationally agreed and effective service level agreement [SLA] is considered vital to ensure that this Council,
 - Provide good service delivery to our stakeholders
 - Maintain and improve on our BVPI's
 - Provide a safe environment to the public by minimising dark areas
- There should be only one set of response times [no min^m/max^m], and believe that all times should be in calendar days, consequently,
- The response times in Appendix 1 should be,
 - Emergency 2 hours to attend and start
 - High priority faults 1-day
 - Single unit faults 10-days
 - Multiple unit faults 3-days
 - 1-10 new/transfers 21 days
 - 11-50 new/transfers 42-days
 - +50 new/transfers by agreement

NB: With regard to Appendix 14 clause 25, reference is made to service definitions, but these are not shown in the documents.

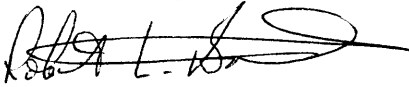
- In the best interests of consistency, a 'high priority fault' should apply to busy road junctions and pedestrian crossings, although these are only examples.



- Any SLA should be effective immediately [no trial period], and penalties should be meaningful, i.e.
 - £5 for first week or part week overtime, rising to,
 - £10/week or part week thereafter
- The extent of 'force majeure' is considered too embracing, and should,
 - Better define adverse weather conditions
 - Delete reference to shortage of materials on the basis that good stock management is within the control of the DNO.

In conclusion, whilst this Council has a reasonable working arrangement with its DNO, it is our view that a nationally agreed SLA will provide a level playing field, and demonstrate to our stakeholders that the Council is committed to service delivery.

Yours sincerely,



R. L. Bass
Principal Electrical Engineer
for, Technical Services Group.

Cc: Denis Cole

Ofgem Consultation – Competition in Connections and National SLA

Scottish & Southern Energy DNO

South Central Local Authorities Response

The South Central Local Authorities (SCLA) met in Winchester on the 5 July 2004 to discuss the Ofgem consultation documents regarding Competition in Connections and the proposed National Service Level Agreement for the provision of unmetered services and cable fault repairs. The following is the agreed response of the SCLA and Ofgem are requested to note the scale of this unified response as being significantly greater than that of a single response.

The SCLA only considered Appendices 14, (1) & 15, those being the parts of the document that pertained to the unmetered supply market.

Para 14.1 – the SLA should not provide a worse service that is currently enjoyed by the SCLA's at the present time.

Para 14.2 – the SLA shall cover the whole Scottish and Southern Energy – South Central area - for the purposes of this response and to enable the monitoring of all works to be consistent across the area. In the event that an SLA would only be available to the SCLA's via negotiation then negotiated SLA must be common across the whole of the DNO area of operation.

The 'rules' for the implementation of the 'Force Majeure' should be clearly stated or left out altogether since it is believed that the actual incidence of such an event is so slight as to be of no consequence.

There should be a fair and reasonable application by both sides in the event of a nature disaster.

The term Local Authority (LA) should equally apply to an Agent, Consultant or Contractor appointed by an LA to act on its behalf to progress the works.

Para 14.3 – the SLA to begin straight away with no trial year.

Para 14.7 – the working day should be based on the EU 48 hour week and not restricted to the hours in the document. It should be noted that a more flexible approach is being considered as regards the term 'working day' and in particular the term 'calendar day' is being used to assess time lapses.

Para 14.8 – The use of the word – 'designated contractor' should be used consistently throughout this document as with other such terms used to describe various bodies or actions.

Para 14.11 – it is suggested that an example of a response time should be inserted to ensure that the time span is clear. i.e. call out 12:00pm - attend by 2:00pm for a – ‘2 hour attendance’.

NB – there are a number of instances in the draft document where reference has been made to a paragraph which was numbered as the original draft i.e. ref to Section 6 in sub para (iv) 14.19.

Para 14.20 – price review of service charges – LA’s to be advised of potential increases in the Oct prior to the implementation of new charges in the April of the following year. (This will ensure that the budgetary process picks up the proposed increase at the appropriate time.)

Para 14.22 – Notice of Erection needs to be defined – believed to mean the ‘Completion Certificate’ i.e. ready for connection.

Para 14.25 – SCLA’s considered the range of times set out in Appendix 1 and confirmed that they would wish to see the following times laid down for the Scottish & Southern DNO area of southern England as follows:-

All times to be in ‘Hours’ or ‘Calendar days’ – (Working Days are shown in brackets)

(NB:- The SCLA’s proposals for Appendix 1 are deemed to be included within the schedule set out below.)

Standard 1

Emergency – attend and make safe – start work within 2 hours.

High Priority – restore supply within 1 day

Fault repair – single unit within 10 days (8 working days)

Fault repair – multiple units within 3 days

(These last two timings to bring this DNO into line with the old SWALEC area which has approx the same DUOS charge as the SCLA’s Host DNO).

Standard 2

Works 1 to 10 – complete within 21 days of date of order (15 working days)

Works 11 to 50 – complete within an agreed programme but not more than 42 days (30 working days)

Works over 50 – via agreed programme

Standard 3

Quotation for Non Standard work – within 21 days (30 working days)

Standard 4

Provision of information requested from LA’s

Works 1 to 10 – response within 2 days of query raised

Works 11 to 50 – response within 14 days (10 working days)

Works over 50 – by agreement

(The group did query why 'standard 4' was required as generally queries during the quote phase or installation phase were dealt with quite quickly and it wasn't in the LA's interests to delay.)

Para 14.27 – add 'unless agreed otherwise'

Para 14.32 – most LA's would also include electronic communication particularly with E Government just about to descend upon us.

Para 14.38 – The SCLA's would recommend that the performance rebates should be as follows:-

£5 for the first week or part week over time increasing to £10 per week or part week there after.

NB it should be noted however that the SCLA's were more concerned that a level of service consistent with the above proposals would be the required DNO out put.

14.43 – how is a declaration of Force majeure dealt with – does it come from the DNO or Ofgem?? – can it be challenged??

Paras 14.45 and 14.46 – these clauses are not appropriate for what in effect is a letter of agreement. In the event of a death or serious accident/incident all manner of claims will be made and to try to limit or deny liability in not a position the industry can take at the present time.

Appendix 15

The SCLA's understood the essence of the document and asked that all references to be common – i.e. is it LA or HA??

The main concern was whether there would be a pool of ICP's ready to bid in all areas – can Ofgem insist that all ICP's are put into the Pool of every DNO?

Finally, as with the Welsh Authorities – SCLA's saw this document as a first step towards full competition and could not understand the logic behind the DNO's decision to restrict competition by excluding new joints onto mains cables when the same jointer via a different order would in all probability undertake the work. This doesn't make it a safety issue but a commercial one and Ofgem should be minded to make this a Licence condition in the event of procrastination by any DNO.

List of Authorities within the SCLA Group and the respective points of Contact:-

Hampshire County Council – Tony Stephens
West Berkshire Council – Alan Braisher
Bournemouth Borough Council – Chris Hardy
Bracknell Forest Borough Council – Peter Brooks
Royal Borough of Windsor & Maidenhead – Stephen Burrell
Wiltshire County Council - Judy Dommett (Mouchel Parkman)

Bath & North East Somerset – Keith Showering
LB of Hounslow - Andrew Porter & Ian Goodger
Dorset County Council – Rod Mainstone
Swindon Borough Council – Robert Bass
Surrey County Council – Keith Beard (plus David Piesley – not present)
Portsmouth City Council – Ray Privett
Southampton City Council – Mike Adams
Oxfordshire County Council – Robert Newman
Slough Borough Council – Ken Mann

A.L. Stephens
Central South Local Authorities Group

ulm

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

Your ref:
My ref: W/HES/GW/85017
Ask for: Glyn Williams
 Group Engineer
 (Highways Electrical)
Email: enquiries@cornwall.gov.uk
Date: 29th July 2004

Dear Mr O'Hara

**Competition in Connections to Electricity Distribution Systems
Consultation Document 124/04a and 120/04b Comments**

Following a meeting which took place at Exeter on the 13th July 2004, I would like to take this opportunity to comment on behalf of the South West Local Authority Engineers (SWLAE) regarding the OFGEM consultation documents "Competition in Connections" and the proposed National Service Level Agreement for the provision of unmetered services and cable fault repairs.

The following is the agreed response of the SWLAE and OFGEM are requested to note that the scale of this unified response as being significantly greater than that of a single response.

The SWLAE have focused comments relevant to Appendices 14, 1 and 15, those being the parts of the document that pertained to the unmetered supply market and which we feel that a service improvement made in these areas will benefit the end user and public sector.

Para 14.1 It was felt by SWLAEs that a formal SLA would improve the service that the current DNO charter fails to do.

Para 14.2 The rules for the implementation of the "force majeure" should be clearly stated or left out altogether since it is believed that the incident is so slight as to be of any consequence. OFGEM, as the regulating body, should publish a set of DNO league tables so that best and worst performers could be monitored. It was also felt that OFGEM should take a pro-active approach to performance and not rely on local negotiations.

The term Local Authority should equally apply to an agent, consultant or contractor appointed by the LA to act on its behalf to progress the works.

Document1

NETWORK SERVICES
PLANNING, TRANSPORTATION & ESTATES

Western Group Centre Radnor Road Scorrier Redruth TR16 5EH Tel (01872) 222000 Fax (01209) 821151
Director **Richard Fish** Deputy Director **Nick Powell**

www.cornwall.gov.uk



Para 14.3 It was felt that the SLA Agreement level of penalty payments should be an incentive to perform well and not so minimal like using the DUOS penalty structure suggested in the document. An initial fixed rate is to be preferred linked with the category of fault increasing over the length of the period of non response.

The SLAE in the WPD area currently hold bi-annual meetings with the DNO to discuss performance and it was felt by all that the monitoring period (shadow) had already been completed and that the performance penalty structure should begin from the day of the agreement.

Para 14.7 The group felt that due to the fact Best Value Performance Indicators and service perception by the public is measured in calendar days, that this should be adopted into the document. Whilst I understand supplementary advice has been issued by CSS Street Lighting Group adopting the working day approach the group felt strongly opposed to this recommendation.

Para 14.10 The SWLAE suggested that the fault completion date should include the completion and return of the paperwork closing any audit trail.

Para 14.11 It is suggested that an example of a response time should be inserted to ensure that the timespan is clear, ie call out 12.00pm and fault reported on Monday, attended and cleared to the teams by Friday for a Category 3 response.

Para 14.19 (ii) Most Local Authority fault management systems operate GIS referencing. This should be considered in the document.

Para 14.20 Price review of service charges - LAs should be advised of the potential increases in the October period prior to the implementation of new charges in the April of the following year. This will ensure that budgetary increases can be accounted for and subsequent bids made.

Para 14.22 Notice of erection needs to be clarified/defined. The group believed it to mean "completion certificate"

Para 14.25 SCLA's considered the range of times set out in Appendix 1 and confirmed that they would wish to see the following times laid down for the WPD area of South West England as follows:-

All times to be in 'hours' or 'calendar days'

Standard 1

Emergency - attend and make safe - start work within 2 hours.

High Priority - restore supply within 1 day.

Fault repair - single unit within 10 calendar days.

Fault repair - multiple units within 3 calendar days.

Standard 2

Works 1 to 10 - complete within 21 days of date of order.

Works 11 to 50 - complete within an agreed programme but not more than 42 days.

Works over 50 - via agreed programme.

Standard 3

Quotation for Non-Standard work - within 10 days.

Standard 4

Provision of information requested from LAs.
Works 1 to 10 - response within 2 days of query raised.
Works 11 to 50 - response within 10 days.
Works over 50 - by agreement.

The group did query why 'Standard 4' was required as generally queries during the quote phase or installation phase were dealt with quite quickly and wasn't in the LA's interests to delay.

Para 14.27 Add 'unless agreed otherwise'.

Para 14.32 Some members of the SWLAE operate an electronic communication reporting system with the DNO. This should be included in the document particularly relevant with the E Government objectives.

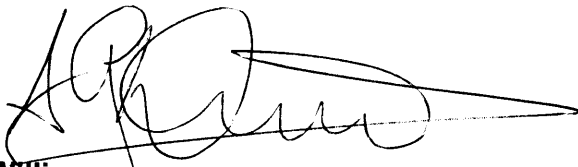
Para 14.38 The SWLAE's recommend that the performance rebates should be in line with the category of response required, ie a 3 day fault £5 if not cleared, increasing over time to £10 for every 3 day period after that.

Appendix 15

The SWLAEs understood the essence of this document and requested that all references be rationalised with Appendix 14 to mean the same.

I am sure by these constructive comments you can see that there is appetite for competition and service delivery by the DNOs. All public sector services are encouraged to strive and demonstrate continuing improvements and it was felt, as a group, that it was now time that the DNOs become accountable when not performing.

Yours sincerely



Glyn Williams
GROUP ENGINEER (Highways Electrical)
CORNWALL COUNTY COUNCIL

[Signed on behalf of South West Lighting Authority Engineers in Western Power Distribution Area]

Mark Johnson, Devon County Council
Norman Emmett, Plymouth City Council
Dave Simmons, Torbay Council
Rod Mainstone, Dorset County Council
Phil Thomas, South Gloucestershire County Council
Trevor Gutteridge, Somerset County Council
Darren Smith, Bristol City Council
Shaun Chilcott, North Somerset County Council
Keith Showering, Bath City Council



SP Transmission & Distribution

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

Your ref

Our ref

Date

30 July 2004

Contact/Extension

Carl Woodman
01698 413336

Dear Sean

Competition in connections to electricity distribution systems 124/04a – June 04

I am writing on behalf of SP Distribution and SP Manweb in response to the above consultation paper.

In recent years we have been an industry leader with regard to opening up the connections market to competition in our two licensed areas. Our success in this regard is highlighted by the fact that almost 50% of all new connections in our area are provided by 3rd parties compared to the 4% quoted by Ofgem's paper for the whole of the UK. This achievement however has not been without its difficulties and has required considerable effort and a sustained commitment from our management team.

The ESQC regulations place an absolute responsibility for compliance with the regulations upon the owners or operators of networks. Our experience of operating the processes and procedures that allow 3rd parties to design, develop and construct new connections to our network, as well as in some cases undertaking live jointing on our network, has confirmed our view that such processes expose the DNO to additional, sometimes long term, risks. Whilst many of the proposals in Ofgem's consultation paper go some way to reducing such risks, they do not remove them completely.

We remain committed to the objective of extending the scope of competition, but we are concerned about the management time and costs that have been and will continue to be associated with leading this process on behalf of the industry.

The efforts of a small number of DNO's have now shown that competition in connections can successful be achieved and that most technical and process issues can be

Members of the ScottishPower group

New Alderston House Dove Wynd Strathclyde Business Park Bellshill ML4 3FF
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overcome. However if competition in connections is to become the 'norm' and to be more widespread nationally we believe that Ofgem must now give thought to how DNO's can be incentivised in such a way that addresses the additional risks they face, and thus encourages them to embrace the concept.

I trust you will find our detailed comments with regard to the consultation paper (attached) both helpful and constructive and if I can be of further assistance please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "Carl Woodman". The signature is fluid and cursive, with a small flourish at the end.

Carl Woodman
Engineering Strategy Manager
SP Transmission & Distribution

Competition in connections to electricity distribution systems Consultation paper June 2004 – 124/04a

SECTION A – METERED CONNECTIONS

- 2.7/9 Consent to connect – we believe it is inappropriate and not in accordance with the principle of the ESQC regulations for DNOs to give an advanced commitment that they will enter into a site specific consent. We would hope that the MCCG’s concerns could be overcome by confirmation that such consent would not be unreasonably withheld.
- 2.8 Operational incidents - We agree that there must be a predefined process for dealing with operational incidents on ‘newly’ adopted networks. Such a process must be based upon current DNO operational procedures for incidents involving their own staff but will also need to cover the possible suspension or withdrawal of consent to connect. We believe that this process should be contained within an ‘Operational Procedures Document’. It should be noted that the agreements we have put in place to permit live jointing by ICPs on ‘newly’ adopted networks require their withdrawal following an ‘operational incident’ and this has proven to be both required, and successfully implemented, on at least one occasion.
- 2.15 Adoption agreements – Whilst the ENA proposals allow for flexibility in the form of adoption agreements, we support the desire expressed by the MCCG for adoption agreements to be tri-partite. With regard to ‘surety’ arrangements we generally support the liability, insurance and 2-3 year warranty proposals set out in Ofgem’s August 2002 Final Proposals document. However for these arrangements to be effective they need to be enforceable should the need arise. Therefore where any party to such arrangements has difficulty demonstrating their likely ability to fulfil such provisions, say through an adverse credit rating, then we would expect that party to offer an alternative form of guarantee, such as in the form of a bond.
- 2.26 Inspections and audits – As is recognised by the MCCG, it is appropriate for DNO’s to be satisfied that new assets installed by ICP’s are fit for purpose, constructed in accordance with DNO specification, and that workmanship is to an acceptable standard. It is particularly important that DNO’s achieve such a level of comfort with regard to new ICPs working within their area at the earliest opportunity. We therefore believe the ENA proposals for ‘scaled’ inspection and audits are appropriate. We would also comment that our experience of operating the proposed inspection and audit regime shows the MCCG’s concern that “proposed first level frequencies are too onerous and should be reduced to a level that is more realistic and practical” is unfounded. It needs to be borne in mind that the DNO will take over long-term responsibility for the assets concerned following adoption, and the inspection regime should be designed with this in mind.
- 2.27 Inspection and audit costs – We do not agree with the MCCG proposals that inspection and audit costs should be spread across all users of the DNO network. We believe that inspection and audit costs should be levied directly to the ICP concerned as only this approach exposes ICPs to the cost-quality signals that will incentivise appropriate performance.

- 2.32 ENA assessment panel – Current practice requires ICPs to gain approval for a joint type from each DNO in whose area they plan to use it. This approach has led to the situation where a single ICP may have to resource the use of different joints for each DNO area in which they operate. The proposed ENA assessment panel was intended to assist ICPs by giving them an opportunity to seek approval for a joint from a single body which they would then be able to use nationally. However since the MCCG seem to have concerns regarding the proposed ENA assessment panel we will be more than happy to see the current individual DNO approval mechanisms continue in their present form.

SECTION A – UNMETERED CONNECTIONS

- 3.3/16 Service levels – We believe that the process to establish service levels for unmetered supplies should closely reflect the approach that was successfully adopted for the development of service levels associated with the provision of supplies to greenfield housing developments. We believe that the key stages are:

- Agree and clearly define the measures to be used.
- Ensure that time is allowed for robust and consistent reporting mechanisms to be established.
- Introduce a requirement for DNO's to report against the defined measures in order to establish current performance levels.
- Develop targets that reflect regional requirements and performance variations and only then, if performance fails to achieve acceptable levels, consider if there is a need to reinforce the targets with penalties.

The approach outlined above will ensure that the reporting regime is robust and that the statistics produced are consistent across DNO's. It will further ensure that any decisions with regard to targets are based upon factual information rather than the biased opinion of any individual(s) or organisation(s).

With regard to some of the detailed issues raised by the UCCG we would confirm our views as follows:

- 3.13 – Penalties – Should there ultimately be a need to introduce penalties then they must be related to either the annual DUoS received from the connection or the cost of the service/product being provided by the DNO. This approach would not be dissimilar to that taken for other standards of service where the £50 payment quoted by the UCCG represents around 75% of the annual DUoS revenue received from a domestic customer.
- 3.14 – Working day - Working days are Mon-Fri 0800-1630 excluding bank holidays. If however local authorities are prepared to pay premium rates for services provided outside these hours, e.g. for emergency work, then we may consider more onerous response times.
- 3.15 - Force Majeure – The force majeure clause in the proposed unmetered connections SLA is consistent with other performance standards, such as the Guaranteed Standards, that apply to DNO's. The concern expressed by the UCCG, that DNO's will hide behind such a clause, is therefore unfounded.

- 3.17 SLA take-up – We agree with the UCCG that inconsistent take-up of the national SLA by local authorities is a concern that may undermine the benefits of having a national SLA. We therefore believe Ofgem should consider how local authorities could be incentivised to sign up to the national SLA once it has been finalised.
- 3.24 Live jointing restrictions – Safety is our overriding concern with regard to allowing 3rd parties to undertake live jointing on our existing network. Given the range of types of existing LV mains cables and the potential for their incorrect identification we remain of the view that live jointing by 3rd parties on our existing network must be restricted to service cables.

SECTION B – OTHER ISSUES

- 4.3 Contestable / Non-contestable quote breakdown – We support the proposed breakdown structure for the non-contestable element of quotations which contain both contestable and non-contestable costs elements. We agree that the proposed headings are applicable not only to greenfield housing developments but also to brownfield, commercial and industrial sites.
- 4.4 Breakdown for ‘other’ quotations – The headings proposed within paragraph 4.3 are not applicable to certain other types of quotations, such as those relating to connections to be provided under a DNO’s licence obligation, as such quotations do not contain any contestable work.
- 4.6/7 Standards of Service – Brownfield, industrial and commercial connections are typically more complex than greenfield housing developments. However, we believe that the existing service measures will be applicable to such developments but that different target response times may be necessary. It will only be possible to establish suitable targets once the processes are bedded in and sufficient evidence of existing performance levels has been gathered.
- 4.8/10 Need for licence condition – We do not believe that a licence condition is either necessary or desirable. It is not appropriate for DNO’s to be required to take over long term responsibility for an asset constructed by a third party over whom it has no direct control. Providing DNOs treat third party connectors equitably, and comply with adoption agreements and other relevant documentation, it should be the DNOs decision whether to adopt in a particular case with due regard to its statutory obligations. This arrangement will also encourage ICP’s to construct networks to a high standard so as to ensure that the DNO is willing to adopt the finished assets, whereas the existence of a licence condition, obliging the DNO to adopt, would remove this ‘quality incentive’ from ICP’s.
- 4.11/12 Charges for provision of POC – The cost of providing section 16 quotations is taken into account within the connection charge itself. It is therefore consistent that reasonable costs of processing connection applications including provision of POC information should be included in the charge to the counter-party concerned. Our current approach, when similar requests for POC information are received from multiple ICPs, is to levy the charge on the successful applicant thereby avoiding any over recovery through multiple charges relating to the one project.



GDJR/ACS/200661/HAS/1207/GEN

OFGEM
9, Millbank
London
SW1P 3GE

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

BY EMAIL AND POST
5 August 2004

Dear Sirs,

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

We refer to the above document and write to inform you that this company has the following comments with regard to unmetered supplies for highway lighting equipment within Area 3 of the Highways Agency's Motorway and Trunk Road Network:

Level of Service

The level of service currently received from our local Distribution Network Operator (DNO) is less than satisfactory with slow response to requests for service works. In addition, attendance to emergencies has been a matter of concern.

Service Level Agreement, Appendix 14

The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with the DNO. However, given the potential for misuse, the rules for the implementation of the Force Majeure clause (14.43) should be clearly stated or removed altogether. We would support the use of national benchmarks for performance and penalties standards and add that any financial penalties should be sufficient to provide an incentive to the DNO to meet the targets set (14.38).

Competition in Connections, Appendix 15

Competition in connections should be beneficial, as it should provide a wider choice and introduce efficiencies leading to faster completion of power provision to street lighting equipment. However, limiting 'non-DNO' live working to the service cable and barring work on the mains, appears to be restrictive (15.2). Given that any third party contractor would be under the operational control of the DNO and be accredited by Lloyds Register/NERS, it would seem to be reasonable that live work is not limited to the service cable.

We thank you for the opportunity to comment on these proposals and trust that the above proves helpful in your deliberations.

Yours faithfully

Andy Sanders (Lighting Design Team Leader)

Contact Officer: Peter Withers
Tel-Direct Line: 01737 737348
Our Ref: RB42
Date: 27th July 2004



SURREY
COUNTY COUNCIL

Local Transportation Service
Reigate & Banstead
Town Hall
Castlefield Road
Reigate
Surrey RH2 0SH

Mr S O Hara
OFGEM
9 Millbank
London
SW1P 3GE

Dear Mr O'Hara

**RE: COMPETITION IN CONNECTIONS FOR STREET LIGHTING
CONSULTATION DOCUMENT JUNE 2004.**

Response from SOUTH EASTERN LOCAL AUTHORITIES:-

London Borough of Croydon
London of Bromley
London of Sutton
Brighton and Hove Council
Surrey County Council
East Sussex County Council
West Sussex County Council
Kent County Council
Medway Council

The above group have the following views and comments regarding the proposals outlined in documents 124/04a and 124/04b.

Currently the group has experienced a service that is less than satisfactory and feels that the existing charter is not being acknowledged by the local DNO. A move to regulate a national charter with substance is deemed as absolutely essential in order to maintain public safety. This way, there would have to be some recompense for the non-achieving of service level.

Appendix Document 124/04b

Appendix 1 – Response times prepared by UCCG for Connections

All times are in working days and refer to repair time.

Figure 1 Standard 1 Emergency / Fault Repair

Emergency	within 2 hours
High Priority Fault Repair	1 day
Fault Repair – Single Unit	10 days
Fault Repair – Multiple Units	3 days



Figure 2 – Standard 2 New / Transferred Connection

Works 1-10	20 days
Works Up to 50	By agreement within 30 days
Knocked down columns	5 days

Figure 3 – Standard 3 Providing Quotations

Quotation for non-standard works	15 days
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Figure 4 – Provision of information by Lighting Authority

New Works 2-10 connections	5 days
New Works 11-50	10 days
New Works >50	By agreement

Appendix 14 – Unmetered Connections Service Level Agreement

Definitions

General observation: Throughout the document specific clauses are not referred to correctly, (numbers do not relate to the correct section).

The term Local Authority (LA) should equally apply to an Agent, Consultant or Contractor appointed by the LA to act on its behalf.

14.2 (4th Bullet Point) Change “may” to **shall**. More details required regarding the penalties and reasons for poor performance.

14.3 *Shadow Period* to be omitted, both parties should understand agreement prior to the document coming into effect.

Will this document be legal, if not scrutinized legally?

This document must be legally binding in order to apply its contents.

14.7 Calendar Day to be extended to **17.00** pm not 16.30 pm.

14.13 “High Priority” definition requires an accurate description and who deems the priority as high.

Quality of Information

14.19 Incorrect reference “(See section 6)” should be section 14.25.

14.20 Local Authorities to be notified 6 months in advance of any price changes.

Priority Response Times

- 14.27 The value of new works received in a month of no more than 12% does not take into consideration the conditions imposed on LAs to carry out new works, a figure of 25% would be more acceptable.

Work to be carried out

- 14.29 Omit clause, not necessary.

Abortive calls and payments

- 14.34 Change “will endeavour” to “will meet”.

Standard payments for failure to perform

- 14.38 The meaning of “failure” is ambiguous and requires a more precise definition. The values of failures should be £5 for value X and £10 for value Y if the repair is not completed within 7 days for value Z.

Force Majeure and System Emergencies

- 14.43 To what extent would Force Majeure be enforced and would OFGEM be the party to announce Force Majeure?
The circumstances for enforcing Force Majeure and their extents are ambiguous and require quantification.
Omit “short of material and delays in deliveries” from this clause.
Adverse weather conditions and floods will only apply once the Home Office announce a “Severe Weather Warning”.

Limitation of Liabilities

- 14.46 Is this clause legally acceptable?
14.47 Is this clause legally acceptable?

Termination Clause

- 14.48 This clause requires robust safeguard mechanisms.
Either party must have reasonable grounds for termination and this decision must be decided by OFGEM.

Dispute Resolution

Any disputes unable to be resolved by the LA and DNO shall be referred to OFGEM.

Appendix 15 – Unmetered Connections Contract - Triangular Arrangements

General Comments

If this system can significantly reduce the amount of time taken to replace a knocked down column and get back into service, this process would be much appreciated by both LAs and the public.

Currently the rent-a-jointer scheme is very restrictive and only lends itself to major projects and PFI's, if this is to succeed the scheme requires greater flexibility.

15.2 Delete “more than 1m cable”

15.9 If the Approved Contractors have satisfied working practices of the DNO, why are they to be supervised by DNO.

As part of your consultation process, I would ask that all the above points are duly noted and implemented. If you require any further information, please do not hesitate to contact me.

Yours sincerely

Peter Withers
Street Lighting Engineer
(Group Co-ordinator)

≡ Scottish and Southern Energy plc

30/7
Sean O'Hara
Head of Connections Policy
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Head Office
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Our Reference:
Your Reference:

Telephone: 01738 456400
Facsimile: 01738 456415
email:

Date: 22 July 2004

Dear Sean

Competition in Connections to Electricity Distribution Systems

I am writing in response to the consultation document on the above subject, which was issued in June.

As you know, SSE has been active in pursuing the development of private electricity and gas networks throughout the country and, particularly in electricity, we have worked to address the issues arising from the required commercial and settlement framework over the years. We have also been active in the area of streetlighting competition. We therefore welcome the opportunities provided by competition in connections for properly qualified entities to build, maintain and in some circumstances to own network infrastructure. In our view, this has the potential to drive increases in customer service and value for money in the connections market.

We are therefore broadly supportive of the areas of work set out in the consultation document. I attach a note of our detailed comments and think it might be helpful if I set out some general themes below. In summary, we have some concerns over the Ofgem's assessment of competition in connections and the overall justification for further initiatives in this area. We also feel that more work needs to be done to clarify key processes (especially those associated with live working) and that, generally, more time is needed for proposed arrangements to be in and the competencies of independent connections providers (ICPs) to develop.


Scottish Hydro-Electric


SOUTHERN
ELECTRIC


SWALEC


Delivering
your electricity

Ofgem's presentation of the Competitive Background

We are concerned that the picture painted by Ofgem in the introductory pages of the document is somewhat misleading. We do not believe, for example, that "complaints of high prices [and] poor service" as suggested in the document, characterises the connections service that SSE provides as a DNO. On the contrary, we routinely survey our customers' perception of the connections service they have received and the results display a high level of customer satisfaction. Thus the impression that Ofgem has formed about service levels is presumably not geographically uniform across Great Britain.

We would also caution against sole use of the information from the annual connections survey to judge the effectiveness of competition. Provided that an effective framework with supporting procedures is in place to facilitate a customer using competitive connection services, the effectiveness of competition should not be judged solely by the number of customers who choose to take advantage of competitive processes. On the contrary, factors such as the service levels provided by the host DNO, the availability of properly qualified competitor groups and their competence should be considered in any assessment. As regards these latter points, it is our experience that contractors are having difficulty in getting the accreditations they require through the National Electricity Registration Scheme (NERS) and further, we have had to redo jointing work carried out to inadequate standards by nationally-operating independent connections providers. It is thus, in our view, too early to judge whether the existing framework is providing effective competition. A transitional period should be expected and judgement suspended until existing arrangements have bedded in.

On a more general note, we are aware that ICPs are interested in the provision of multi-utilities (energy, water and communications infrastructure). It is our understanding, however, that it is the issues in the independent provision of water services rather than energy networks that are preventing the further development of competition in this area.

Live Working

Safety and liability issues are paramount when considering any live working on distribution systems. Now that the Electricity Safety, Quality and Continuity (ESQC) Regulations have come into force, the subsequent discussions and clarifications have addressed some of our earlier concerns about allowing live-working on our networks by third parties. Nonetheless, there are substantial issues of process to be clarified, building on the work that the ENA has already undertaken. In particular, our understanding that the NERS modules are intended to fully qualify ICP staff in specific aspects of connections work including live jointing is at odds with the apparent intention of Appendix 7 that the DNO would have significant involvement with such ICP staff. For example, it is our opinion that we would not carry out a detailed assessment of staff who have been approved through the NERS process, as set out in Appendix 7, as this may compromise our liability should there be an incident. We would see it being incumbent on the accreditation process to ensure that contractor competency is verified, and that the

liabilities would be contained within this. It is evident therefore, from the high level nature of the content of Appendix 7, that more work needs to be done to develop the detailed interfaces in this respect.

We note that live-working trials have been underway for many months in some DNO areas. It would be useful for the industry to hear what has been learnt from these trials and how it can feed in to the development of both the high level principles discussed above and the developing “consent to connect” arrangements.

Regulatory Impact Assessment

As noted in previous responses, we remain concerned that there has been no Regulatory Impact Assessment (RIA) on the costs and benefits of this area of work and its detailed policy development. In particular, the continuing emphasis on the further development of competitive procedures for multiple connection developments (green field and brown field development sites) raises the concern that while, for example, housing developers may benefit, final consumers of electricity or purchasers of new houses will not. We recommend that a RIA is performed before further developments of policy in this area.

The Way Forward

It is evident from the consultation document and its appendices that more work is required to clarify processes in certain key areas of competitive connections work. It also appears to be too early for the NERS scheme to have produced a pool of competent organisations and individuals qualified to undertake a complete range of connections work.

In our view, a period of regulatory stability is required while existing arrangements bed in, the detail of processes are developed as required and ICPs develop competence in carrying out the different types of connection work. It is important for there to be safeguards in place, as part of the competitive framework, where ICPs seek to have DNOs adopt assets rather than take on long-term licence obligations themselves and where an ICP works live on a DNO network. Voluntary adoption agreements appear to us to provide a suitable framework for the key issues between DNO and developer to be addressed. It is natural (and in our experience, has been justified by events) for a DNO to be cautious in accepting the work done by third parties whose competence is unknown. Over time, this initial caution is likely to be relaxed provided that ICPs can demonstrate their competence. In the meantime, it is reasonable for the additional administrative costs borne by the DNO in, for example, inspecting ICP work to be recovered from the ICP.

I hope these comments are helpful.

Yours sincerely

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

Rob McDonald
Director of Regulation

Scottish and Southern Energy plc
Detailed Comments on Competition in Connections
June 2004 Consultation document

Chapter 1: Introduction

- We are not convinced that the NERS scheme mentioned in paragraph 1.3 is as advanced as the text implies. Some contractors that we have dealt with appear to be having difficulty in accessing and being assessed in the modules they need.
- This paragraph also notes that Ofgem expects automatic breakdown of contestable/non-contestable elements of quotation. SSE's policy is to provide a complete connection quotation for all the work necessary, as required by licence. If any customer asks for a breakdown of costs, indicates initially that they are interested in getting competitive quotes or are themselves an ICP, then we provide a quotation for non-contestable works, following the categories listed in the document. In our view, this provides each customer with the information they want, and is consistent with good customer service.
- We note that the "live working trials" have been underway for many months. It would be interesting to learn whether these trials are reaching a conclusion, whether the experience has influenced the developing "consent to connect" arrangements discussed later in the consultation and whether live working will now be rolled out in the DNO areas mentioned.
- As we have commented in our introductory points, the situation described in paragraph 1.4 (4% of connections undertaken by an ICP) does not reflect a position where competition in connections is "not working". There is a learning curve for ICPs to address in terms of demonstrating competency in the required skills. The initiatives described should be given a period of time to bed in, particularly the widespread availability and use of the NERS accreditation scheme.

Chapter 2: Section A – Metered Connections

Consent to connect

We agree in principle with the development of option 2 for this process but, for the avoidance of doubt, we only agree that LV live jointing can be captured by the processes being developed. In relation to the comments of the MCCG, we agree that more work needs to be done on the detail of the proposed process. Issues that occur to us include how the DNO will be informed about issues affecting other customers arising from work that the ICP is doing. When considering how the outlined process would actually work in practice, we also agree with the MCCG that more "dovetailing" of the consent to connect principle into the wider adoption framework is required.

Adoption Agreements

We agree that there would be benefit in having a standard form of adoption agreement across all DNOs and were involved in the early work by the ECSG to develop an outline adoption agreement. We have since developed our own adoption agreement based on this earlier work. We agree that the ENA work captures the general outline of what is required, and that some of the detail could be based on what Ofgem put forward in their August 2002 Final Proposals document. However, some of the precise values put forward in that document are not, in our view, appropriate. For example, in the area of a defects liability period, we firmly believe that 2 year's warranty is not sufficient and our adoption agreement has a standard 5 year period. The fact that we have had to undertake a large amount of re-jointing due to lack of competence on the part of an ICP does not give us confidence that any lesser period is appropriate.

Memorandum of Understanding with Lloyds Register

We understand the comments of the MCCG in relation to the access by DNO Panel members to assessment reports other than at times of dispute. If a process has been set up to certify individuals it should be presumed to be working without the need for further checking in individual cases. However, this needs to be balanced by rapid notification to all DNOs if an individual or ICP has accreditation for any module withdrawn. It should not be possible for an individual who is dismissed for poor work from one ICP organisation to start with a clean slate with another ICP.

Audit and Inspection Regime

We support the principle of a reducing sampling scheme put forward by the ENA. It is reasonable for the DNO (and has certainly been proved necessary in our experience) to inspect the work of parties who have no track record with it. It is equally reasonable for these frequencies to reduce over time, provided that satisfactory workmanship is found in the earlier level audits and inspections. Clearly, there will be additional costs for the DNO in carrying out this work and therefore it is reasonable that charges should be made. SSE has not charged for these services up to now, but expects to introduce such charges from 1 April 05 and understands that these will be treated as excluded service income.

Live LV Jointing High Level Proposals

Our comments on this important issue appear in the covering letter.

Brownfield Design and Planning

- We support the principle of extending competition in connections work to brownfield sites, but would make the point that, for reasons of managing network connectivity, some aspects of brownfield planning and design could really only be done by the DNO as custodian of the wider network considerations. In practice, sensible boundaries and sub-division of tasks between DNO (infrastructure) and ICP (developments) could be accomplished through early liaison on design requirements. The reference to ER G77 at paragraph 8.74 of Appendix 8 should be updated to refer

to ER G83. In our view, these guidelines should make it clear that when any domestic-level generation is to be connected, the DNO needs to be fully consulted.

- As a general point, we note that there is a lot of repetition in the appendices associated with the G81 Technical Framework, for example between appendices 8 & 11, 9 & 12, 10 & 13. In producing a final document, it may be possible to reduce this.

Chapter 3: Section A – Unmetered Connections

Generally, we support the development of the two different approaches presented in this chapter, namely the “triangular contract arrangements” for those Authorities that wish to introduce competition in streetlighting services and the service level agreement for those Authorities that prefer to deal with the local DNO. SSE works flexibly with lighting Authorities within its distribution areas to provide what we believe to be good levels of service that meet these customers’ needs.

We note that the detail of arrangements seems less well developed than in the metered connections area. In particular, the form of adoption agreement and processes are likely to be somewhat different from those around metered connections, given the relatively larger number of individual connections. Thus, more work would appear to be necessary to develop both approaches towards workable procedures.

Chapter 4: Section B – Other Issues

Contestable / non-contestable Quotation split

As stated above, we provide a non-contestable quotation automatically to an ICP or whenever a customer requests this. We believe that this provides customers with the information they require whilst minimising the costs of providing quotations. We are therefore against blanket, automatic provision of contestable / non-contestable details for any specific types of work but are happy to provide the non-contestable breakdown whenever it is requested.

Standards of Service

- SSE monitors its performance under the existing voluntary standards and has recorded excellent levels of service. We therefore do not believe that the imposition of additional standards in this area can be justified. We also agree with the previously expressed view that the number of such standards should not be out of proportion to the amount of DNO work in this area compared to others.
- We note that Ofgem might have to consider whether financial penalties should apply for failure to meet standards. We would be firmly opposed to any such penalty.

Licence Modification

In our view, a licence modification requiring a DNO to adopt assets is not necessary or appropriate.

Other Points

- In the Appendix document, we have noticed some inconsistency in terms used between different appendices. For example, DNO/DLH and ICP/NE which we imagine stands for “new entrant”. In the finalisation of documentation, it would be helpful if consistent notation is used.
- We understand that some issues have been raised in relation to the boundary requirements for licensed ICPs setting up embedded networks. We have some experience in this area ourselves and would be interested to be involved in any Ofgem meetings on the subject.