



Our ref: Admin.Misc.6.5955.cc

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

## Street Management

Windsor House  
42-50 Victoria Street  
London SW1H 0TL  
Phone 020 7343 5000  
www.tfl.gov.uk

16 July 2004

Dear Mr O'Hara

### **RE: Competition in Connections to Electricity Distribution System**

I have been asked to respond to the two consultation documents 124/04a & 124/04b on behalf of Transport for London Street Management, which is responsible for the illuminated street furniture on the Transport for London Road Network (TLRN). This does not cover other areas within TfL such as the Underground or Traffic Signals who may respond separately.

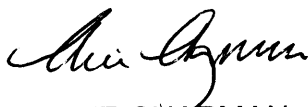
The majority of the illuminated street furniture (street lighting etc.) is supplied with electricity on an unmetered basis and falls within four distribution network areas (London, Eastern, Seaboard and Southern) operated by EDF Energy and Scottish & Southern Energy. Comments provided below are therefore limited to the relevant sections of the consultation documents:

- The introduction of a national Service Level Agreement (SLA) would be welcomed. It is expected that this will help deliver improved service delivery, consistent service provision and enable meaningful comparison between DNO areas.
- It is considered that SLAs should incorporate processes for monitoring, review and for delivering continuous improvement.
- The penalties identified for poor performance based on the annual DUoS charges are too small to be appropriate and would provide no incentive to improve on poor performance.
- Where penalties are to be introduced they should be set at a level to provide an incentive to meet targets and be progressive i.e. increasing penalties for continuing failures or extreme poor performance.



- Simple performance indicators and targets should be developed for the range of standard services provided, which can be used to supplement the financial penalties by publishing performance tables for the DNO areas.
- A Service Level Agreement between an authority and their DNO should not disqualify them from being able to operate competition in connections at the same time. Although this is less likely to be pursued if a SLA is effective.
- Following the implementation of a Service Level Agreement no authority should receive a lesser service than that presently being delivered by their DNO.
- Response times should be calculated using calendar and not working days, which I understand, will be detailed in the new Street Lighting Code Of Practice to be issued in the autumn.
- A Force Majeure clause needs to be agreed that will not allow it to be called into force for inappropriate reasons such as delays caused by minor weather conditions or through poor performance.
- The Service Level Agreement should be introduced fully operational from day one and not under a one-year trial period without the imposition of penalties.

Yours sincerely



CLIVE CHAPMAN

**SOUTH CENTRAL AREA**

Email: [clivechapman@streetmanagement.org.uk](mailto:clivechapman@streetmanagement.org.uk)

Direct line: 020 7941 7323

Copy to: Dave Johnson - TfL



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

**Please reply to:**

Patrick Carney, Service Manager (Highways)  
Highways & Street Services, 4<sup>th</sup> Floor Roebuck  
House, Abbey Road, Torquay, TQ2 5TF

**My Ref:** PC/PB 7/1/2

**Your Ref:** --

**Telephone:** 01803 207710

**Fax:** 01803 207670

**E-mail:** Patrick.Carney@torbay.gov.uk

**Date:** 28 July 2004

---

**To request a copy in another format or language phone 01803 207710**

Dear Mr. O'Hara

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

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

From discussions with my Lighting Engineer I have focused my comments into three categories, where I feel that a service improvement made in these areas will benefit the people of Torbay both Private and Public sector.

**1. SERVICE DELIVERY**

- Torbay Council prides itself on its service delivery and has worked over the years to encourage this culture in its own staff, and Term Contractor by introducing performance related payment for repairs within the Contract. It is therefore disappointing, when dealing with the Local DNO who consider us to be of second priority to other customers who have agreements and non performance rebates in place.
- Even when the DNO attends site to locate a fault, it may be some time before it is rectified to normal working due to their staff being called elsewhere.

2 / contd...

---

**Michael Yeo, Director of Environment Services**

Development & Conservation Services • Engineering & Property Services • Environmental Health & Consumer Protection  
Highways & Street Services • Operational Services • Strategic Environmental Policy

**www.torbay.gov.uk**

- All public sector services are encouraged to strive and demonstrate continual improvement through performance indicators; this is proactively encouraged in all Term Maintenance Contracts (TMC) which are let by this Authority. Torbay Council relies mainly on the network provided by the DNO, but has no control over it when shortcomings or failures occur. It would therefore be helpful if the DNO were judged on similar performance indicators (P.I.) which could then be linked to the Torbay Council's performance indicators in some way.
- The proposed new street lighting PI for 2005, BV (X19) relates to the average time for rectification of a street lighting failure. This indicator is to include Electricity supply failures, which puts a heavy burden on the Local Authority to be responsible for things outside of their control.
- Public services are judged on their performance against the principle of calendar day timetables. The Authority's Lighting Contract and demonstration of Best Value adopts this format and it is inconsistent that the DNO still operates on the old fashioned basis of a working day time table. I feel that this needs to be addressed by OFGEM when renewing the DNO Licensing Agreement irrespective of the outcomes of the consultation.
- Based on current performance, significant amounts of work are being completed in excess of the Local Charter Agreement timescales. Fault repairs on average take three times longer than the quoted timescale and new connection quotations, which affect work programmes, are taking twice as long.

## **2. COMPETITIVE WORKS**

- Competition in connections can only improve service, and assist in the programming of works. In Torbay the TMC is the preferred sub contractor of the regional DNO which helps column replacements but not outages, this arrangement is envied by many other authorities. It means that the TMC can carry out certain works for the DNO with their approval, thus ensuring a good standard of service.
- All works programmes are affected by DNO resources, and the implementation of the new SECTOR Scheme and Lloyds Registration will support competence in the available workforce so that resources can be directed where needed and service demands.

## **3. MONITORING**

- Monitoring of public sector services has driven service improvement and accountability. The effect of competition and the application of National minimum standards administered by OFGEM for DNO services can only move things forward in the right direction.

3/ contd ....

- Can I suggest that even if no further competition in connections can be achieved at the end of this consultation period, DNOs must operate a formal Service Level Agreement because present local charters are not being fulfilled and do not give Authorities an acceptable standard of service.

It is my understanding that a regional working group has been set up to liaise with our local DNO (Western Power Distribution) with a view to drawing up a local service level agreement.

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

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Patrick Carney', with a long, sweeping flourish extending to the right.

**Patrick Carney**  
Service Manager (Highways Management)  
Highways & Street Services

Your ref/Eich cyf:  
Our ref/Ein cyf: CH/YM/S80  
Date/Dyddiad: 26 July 2004

Please contact/Cysyllter â: Clayton Hogan  
Direct line/Llinell union: 01633 648413  
Direct fax/Llinell ffacs: 01633 648390

OFGEM  
9 Millbank  
LONDON  
SW1P 3GE

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

Dear Sir

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

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

- The level of service I am currently receiving from my local Distribution Network Operator is indifferent.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with our DNO. I am concerned however that the Force Majeure clause would enable them to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance and penalties standards which will assist in my authority's Best Value objectives.
- Competition would have many benefits. It would provide a wider choice for my Authority/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 Joiner scheme designed would be a useful addition to the proposals made by the DNO's 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.



INVESTOR IN PEOPLE  
U:\DFTE\Teams\Consult\BAPM\YM\SI L\OFGEM\Tel 30.07.04.doc



Consultancy  
Housing Grants



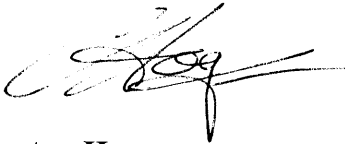
ES54399 Economic Development  
ES54640 Planning  
ES40799 Property Services  
ES53689 Support Services

Continued/...

-2-  
OFGEM  
26 July 2004

- Clarification is also required as to what constitutes works to DNO systems ie where a service is isolatable via the fifth core. As the majority of transfers of services in our Borough fall into this category our response times for the replacement of defective columns would be greatly reduced and would cause the least inconvenience to the public.

Yours sincerely



**Clayton Hogan**  
**STREET LIGHTING ENGINEER**  
**TECHNICAL SERVICES DIVISION**

# LIGHTING

UK LIGHTING BOARD

UK Lighting Board Secretariat  
Department for Transport  
Zone 3/23, Great Minster House  
76 Marsham Street  
London SW1 4DR

Telephone 020 7944 2239  
e-mail  
andrew.oldland@dft.gsi.gov.uk

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

Roger Elphick  
Durham County Council  
Tel: [0191] 383 3465  
Fax: [0191] 383 4128  
e-mail: roger.elphick@durham.gov.uk

Dear *Sean*

20 July 2004

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

I refer to the above document and am pleased to provide the following response on behalf of the U.K. Lighting Board.

1. The road lighting industry faces a huge task of removing the maintenance backlog by the end of the 10 Year Transport Plan period. As you are aware, this backlog has recently been reassessed by the Department of Transport with the assistance of the U.K. Lighting Board. Connections to the distribution network are a fundamental part of the street lighting service and it is therefore vital that changes are made to the current method of operation in order to ensure the provision of a more efficient and cost effective service. In addition, the outcome from the proposed re-introduction of a new performance indicator regarding street lighting repair response times will be affected by the repair times for connections.
2. The introduction of a national Service Level Agreement, (SLA) formalising service provision and containing common definitions, conditions, response times and penalty payments would allow meaningful comparisons to be made between DNO areas, assisting the drive to continuous improvement in service provision. Guidance on various aspects of service provision, including response times, is of course included in the street lighting Code of Practice, a second edition of which is due to be published later this year.
3. At present there are numerous stand-alone arrangements with each SLA, some of a formal nature and others less so, that have resulted in wide variations in the response times being achieved for work of a similar nature. The individual DNO's have generally set response times to suit their own operational arrangements without due consideration to those of the client authorities. Whilst individual DNO's currently negotiate their own performance



standards, the consequences of any poor performance by them has an adverse affect upon the performance figures of their respective authority who can be held to account for any inadequacies. After much discussion, it is considered that response times for connections by the DNO's should be calculated using working days and not calendar days.

4. The national SLA should be introduced in a fully operational form from day one and not subject to a one-year trial period without the imposition of penalty payments. The type of work included is identical to that presently undertaken for which each DNO should already have in place established procedures and methods of work.
5. The level of penalty payments should be an incentive to perform well, being set at an initial fixed rate increasing over the length of the period of non-response. An initial fixed rate is to be preferred to a payment reflecting actual loss, which would be subject to a claim and counter claim culture. The ENA contend that any payment should be proportional to the level of Use of the Distribution System income, but it is considered that this would be of such an insignificant monetary value that there would be an inadequate incentive to perform well. This was highlighted in the original discussions with the User Group.
6. A Force Majeure clause needs to be agreed that will not allow exemption when delays are caused by minor inclement weather conditions or through poor performance.
7. Following the implementation of the SLA no authority should receive a lesser service than that presently being delivered by their DNO. In addition a SLA between an authority and their DNO should not prevent them from being able to operate competition in connections at the same time or at different times.
8. During the negotiation concerning the proposed Triangular Arrangements for Unmetered Connection Contracts, the User Group representatives conceded, in accordance with the wishes of the DNO representatives, that operational control of the actual connections process should remain with the DNO. In such circumstances, the U.K. Lighting Board therefore considers that competition for connection work should not be restricted to service cables only.
9. The U.K. Lighting Board considers that their acceptance of the principle of a national Service Level Agreement and in particular the proposed Unmetered Connections Triangular Arrangements is to be seen as a first step in the process towards eventual full competition in connections that will not be restricted to live working upon service cables only.

For various reasons, the issue of Competition in Connections has been allowed to continue at a pace that has frustrated and exasperated many within the industry. The U.K. Lighting Board acknowledges that these proposals are a genuine and very welcome attempt to move the issue forward. However, now that draft proposals have been produced, it is important that OFGEM report quickly upon the responses received. Final recommendations must be produced without further delay to meet the expectations of the industry now that the draft proposals have been published.

I hope you find these comments to be constructive and of assistance. If you need any further clarification please do not hesitate to get in touch.

Kind Regards.

Yours sincerely

A handwritten signature in black ink that reads "Roger Elphick". The signature is written in a cursive style with a large initial 'R' and a distinct 'E'.

Roger Elphick  
Chairman  
U.K. Lighting Board



UTILITY MANAGEMENT  
& ENERGY CONSULTANTS

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

30<sup>th</sup> July 2004

Our Ref: ofg-300704-conresp-tm

Dear Sean,

**UPL Response to Competition In Connections Consultation Document**

Further to my email and your recent request please find enclosed UPL's response to your consultation document 124/04 regarding competition in connections to electricity distribution systems.

As I am sure you are aware we are keen to continue to contribute to the development of such competition in electricity connections which we believe is in the interests of our customers.

Should you have any queries with the enclosed then please don't hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T. Mortlock', written over a horizontal line.

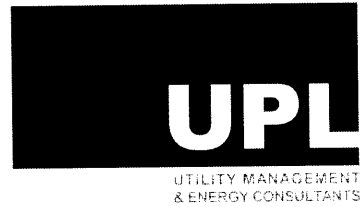
Timothy Mortlock  
Business Manager

Utility Partnership Ltd.  
Prennau House, Copse Walk,  
Cardiff Gate Business Park,  
Cardiff, CF23 8XH.

Tel: +44 (0)29 2073 9500  
Fax: +44 (0)29 2073 9501

email: mail@up-ltd.co.uk  
Web: www.up-ltd.co.uk

Company reg no. 3197379



# **Competition In Connections To Electricity Distribution Systems**

## **UPL Response to OFGEM Consultation Document 124/04a**

**July 2004**

Prepared by:  
Timothy Mortlock  
Utility Partnership Limited  
Prennau House  
Copse Walk  
Cardiff Gate Business Park  
Cardiff  
CF23 8XH

## **Contents**

<b>BACKGROUND .....</b>	<b>3</b>
<b>INTRODUCTION.....</b>	<b>4</b>
<b>SECTION A – METERED CONNECTIONS .....</b>	<b>5</b>
CONSENT TO CONNECT .....	5
ADOPTION AGREEMENTS .....	5
MEMORANDUM OF UNDERSTANDING WITH LLOYDS REGISTER.....	6
AUDIT AND INSPECTION REGIME.....	6
RECORDS INFORMATION – GREENFIELD HOUSING ESTATES.....	6
LIVE LV JOINTING HIGH LEVEL PROPOSALS .....	6
G81 PART 1 TO 6.....	7
<b>UNMETERED CONNECTIONS .....</b>	<b>8</b>
<b>SECTION B – OTHER ISSUES.....</b>	<b>9</b>
CONTESTABLE AND NON-CONTESTABLE QUOTATION SPLIT.....	9
STANDARDS OF SERVICE .....	9
LICENCE CONDITION 4 MODIFICATION.....	9
CHARGES LEVIED BY DNO’S FOR THE PROVISION OF POC .....	10
<b>GENERAL COMMENTS.....</b>	<b>11</b>

## **Background**

UPL were formed in 1996 and since then have developed a broad client base, primarily consisting of major UK and international companies with large time sensitive capital budgets, providing a wide variety of wholly independent utility consultancy services. These services include managing the provision of utility connections to industrial, commercial and residential developments across the UK.

Through this work UPL have direct experience of provision of between 5000-8000 connections per annum, within each DNO area. In order to deliver this requirement we have tended to utilise the DNO's under their statutory obligation to provide new connections, although have been at the forefront of utilising competition in connections wherever possible should it deliver either cost, quality or service level benefits to our customers. UPL also manage the delivery of a large number of gas and water connections on behalf of our customers.

UPL is a totally independent company working on behalf of our customers. We provide representation on the Metered Connections Customer (User) Group that contributes to the Electricity Connections Steering Group and to OFGEM's promotion of competition in connections.

The views expressed within this document are supported by our major 'connections' customers, particularly those in the telecommunications and housing industry with their major requirement for timely and cost effective electricity supplies.

## Introduction

As an independent utility management consultant we have experience over the past eight years of service levels from DNO's with respect to statutory connections and to their performance with regard to competitive connections. This document provides detailed responses to the issues raised in OFGEM's consultation document 124/04a on competition in connections to electricity distribution systems based on this direct experience.

We would summarise the major impediments we face in utilising competition in connections to provide cost, quality and service level improvements to our customers as:

- DNO's failure to meet the basic service levels identified by OFGEM in section 1.3
- Inconsistency between DNO's in timing of provision of non-contestable costs, provision of point of connection and design information and their associated charges
- Some DNO's lack of separation between their asset and connection businesses and / or providing unfair advantages to their connection businesses
- Some DNO's restrictive practices in access to network information
- Lack of transparency in non-contestable charges and some DNO's "loading" costs into the non-contestable elements
- Lack of acceptance of Lloyds NERS scheme as a replacement for DNO specific accreditation schemes
- Onerous and inconsistent adoption agreements
- Restrictive and costly design approval and inspection charges / regimes
- DNO's requiring their own wayleave documentation to be obtained but not allowing 3<sup>rd</sup> parties to obtain them on their behalf
- DNO's adopting an asset at no cost with no competition for ownership

It is our experience that DNO's willingness, their processes and structural ability to facilitate competition in connections vary by significant margins, as do the associated costs and service levels.

When compared to competition in connections within the gas industry it is clear that the DNO's continued to maintain an effective monopoly with high cost and poor service delivery. Indeed one DNO's connections business admits *"the norm within the industry is reactive, resulting in delays to connection installation."*

We believe that OFGEM should concentrate on agreeing and implementing standardised and compulsory processes, service levels, costs and adoption agreements. This is in order to provide the national framework for competition in connections to deliver price and quality of service benefits for end customers in an area which continues for many to mean a DNO's price to a DNO's timescale.

## **Section A – Metered Connections**

### ***Consent To Connect***

In general UPL concurs with the views of the MCCG as stated in section 2.6-2.9 of the consultation document.

We would comment that live connections trials are currently limited in scope, but that for metered connections the main improvement would be for DNO's to comply with the timescale for provision of final connections. If such compliance was achieved then the imperative for live connections would be reduced.

We would also point out that some DNO's are specifying that the ICP must obtain their own wayleaves / consents for installation of utility infrastructure, and they must also obtain their own wayleaves / consents in order to enable adoption to proceed. This can lead to landowners having to sign two wayleave permissions which is impractical, and means that the customer is still in the hands of the DNO's ability to obtain wayleaves for their asset. Typically DNO's are not pro-active in this area.

***UPL accept that DNO's require wayleave permissions in place prior to providing consent to connect and adopt, but would recommend that such permissions are standardised and can be obtained on behalf of the DNO by the ICP.***

### ***Adoption Agreements***

There is an obvious lack of and urgent need for standardisation in DNO's adoption agreements. Such a national standard should not be based on the 'lowest common denominator' in terms of the terms that DNO's are willing to accept.

Defect liability periods currently vary by DNO, as do indemnification clauses, levels of required insurance, requirement for bonds etc. DNO's continue to see adoption agreements as 'take it or leave it' and do not impose similar restrictions on their own connections agents. The lack of any form of standardisation can place additional costs on ICP's and affect their ability to compete on a level playing field and to ensure that issues are resolved in a timely manner prior to site construction works.

The lack of standardisation also results in time, effort and therefore cost being expended on each agreement in order to ensure liabilities are not being unduly accepted or imposed.

In addition most customers do not see the need for tripartite adoption agreements, and would be deterred from proceeding down a competitive route by being contractually involved with such liabilities.

***UPL would strongly recommend that a national and standard bilateral adoption agreement be put in place for all industrial, commercial and residential connections.***



### ***Memorandum Of Understanding With Lloyds Register***

UPL agree with the views of the MCCG as outlined in section 2.2 of the consultation document.

### ***Audit And Inspection Regime***

UPL accept the DNO's requirement to ensure the compliance of the ICP's work to the necessary standards.

However the charges for such inspections are often punitive, and designed to act as an impediment to competition. For example UPL do not believe that just as inspection regimes and therefore costs should apply to works undertaken by ICP's, but also to works undertaken by their own connections agents.

The current situation is essentially imposing additional costs on connections being undertaken by ICP's compared to those undertaken by the DNO's agents.

In addition DNO's often charge for far more inspections than are actually subsequently undertaken.

UPL therefore generally agree with the MCCG's views as outlined in section 2.26 and 2.27 that the current frequency of inspections is too onerous and that the inspection costs should not be directly recovered from the ICP unless due to their poor quality of work.

***UPL would recommend that as the DNO's are adopting an asset from which they are subsequently to derive income, they should inspect and audit ICP's works at no charge. This is operating under the initial assumption that NERS accredited ICP's will act in accordance with their obligations – should they fail to do so and additional inspections are required then charges could be levied direct to the ICP and not passed on to the end customer.***

### ***Records Information – Greenfield Housing Estates***

UPL broadly support the proposals as set out in Appendix 6.

We would however point out that the level of information provided by DNO's varies widely.

***UPL recommend that comprehensive information of a DNO's requirements are issued to all ICP's and published on the internet for all interested parties to access.***

### ***Live LV Jointing High Level Proposals***

UPL would recommend the extension and acceleration of live jointing trial and encourage OFGEM to make such trials mandatory. NERS Lloyds accredited ICP's should not be treated differently to the DNO's own contractors. It is currently the case that a contractor working direct for a DNO can complete live jointing, but when the same contractor competes for

competitive work within the same DNO area then it is not allowed to live joint. UPL also believe that DNO's own connections agents are given unfair advantage in their ability to complete final live connections (just as they are able to determine their own point of connection to the DNO's network and do not obtain design approval).

***G81 Part 1 To 6***

UPL would note that G81 documents do not always provide sufficient information for an ICP to design and construct a network in compliance with the DNO's detailed requirements.

DNO's should provide and publish on the internet detailed standards to enable ICP's and interested parties to obtain the required level of information.

UPL have had experience of requesting G81 documents from DNO's to be advised that they are unavailable thus making compliance with their requirements for an ICP impossible.

***UPL would recommend that it be mandatory for DNO's to publicly publish their detailed and standardised G81 requirements.***

### **UnMetered Connections**

UPL believe there is a need for mandatory connections service level agreements from the DNO's where competition in connections is not being utilised and would generally concur with the views of the UCCG.

We believe that the "rent-a-jointer" scheme has been fatally flawed by DNO's restrictive requirements for length of 'lease' period and the associated notices. A continuance of such restrictive practices can be seen in the DNO's proposals for live work only to be allowed on service cables, with live connections to the main being done by the DNO / their contractor.

UPL agree with the UCCG that where a contractor is under the operational control of the DNO they should be allowed to carry out all work within their range of competence (as assessed under the NERS Lloyds accreditation scheme).

UPL believe that unless OFGEM acts to impose such new measures then restrictive practices will continue to inhibit competition in unmetered connections.

## **Section B – Other Issues**

### ***Contestable And Non-Contestable Quotation Split***

UPL believe the DNO should be obliged by OFGEM to provide in all cases a detailed statement of non-contestable charges, broken down in the standard LC4 format for **all** connections.

The lack of transparency, timescales and requirement for payment in advance of provision of firm non-contestable costs and associated points of connection are one of the biggest impediments to competition in connections.

***UPL would recommend that all DNO's are obliged to provide detailed LC4 cost breakdowns to all applicants irrespective of the development type***

### ***Standards Of Service***

In our experience none of the DNO's consistently meet the majority of the agreed standards of service, although the level of performance varies widely by DNO.

UPL believe that standards of service should be compulsory for all DNO's, who should also be obliged to accurately monitor their performance against them.

The delineation between OFGEM and Energywatch in enforcing standards of service also needs to be clarified, in addition to ensuring that Energywatch do more than champion domestic energy supply concerns which is their current primary (and almost exclusive) focus.

The standards of service also require greater clarity, notably in what constitutes complex or complicated schemes and in the timescale for provision of on-site connections. In our experience DNO's can and do implement standards of service in a manner which does not reflect customers needs.

***UPL would recommend that all service levels be mandatory and clearly documented, and that the DNO's be obliged to formally report against their performance. In addition Energywatch should treat commercial complaints with the same importance as domestic.***

### ***Licence Condition 4 Modification***

UPL believe that competition in connections should be a compulsory part of a DNO's obligations, as therefore should be the requirement to adopt assets. Without such a move it will be extremely difficult for common practices to be agreed across all DNO's.

***UPL recommend that Ofgem introduce a licence modification to make it a statutory requirement for DNO's to adopt assets constructed to the necessary standards by NERS Lloyds accredited ICP's.***

### ***Charges Levied By DNO's For The Provision Of POC***

UPL believe that it is anti-competitive for DNO's to charge for provision of POC information whilst making no charge for a section 16 quotation.

In addition some DNO's do not always provide firm non-contestable costs with the POC, providing them instead following design approval which makes comparison of costs difficult for the end customer.

Most DNO's charge a similar amount for provision of POC plus design approval as they do for design work associated with a section 16 quotation. The completion of a 'contestable design' must have some value associated with it and DNO's charges should therefore be reflective of this.

Some DNO's continue to charge design costs in advance prior to POC information being provided, and this is a major impediment to competition.

***UPL recommend that all DNO's be obliged to provide POC's and firm non-contestable costs within the agreed service levels free of advance charge. In addition charges for provision of POC's and design approvals should be cost reflective and less than the design costs incurred for section 16 quotations.***

## **General Comments**

Some DNO's have put in place a separation between their connection businesses and the asset company. However this places the supposedly independent connections business in an advantageous position compared to ICP's when competing for work in that area. This is due partially to the sheer volume of work given to these agents, the level of access they have to DNO asset information, the lower level of inspections required and often that the connections agent can simply identify their own points of connection and approve their own designs.

UPL believe that Ofgem should act to ensure that DNO's do not inhibit competition by placing their own connections agents in a preferred position.

For example EDF are the only DNO who continue to refuse even the most basic direct access to their existing networks information (cable records). In addition the level of information provided by other DNO's varies markedly and can make it difficult to independently verify preferred points of connection and network reinforcement charges.

*UPL recommend that all DNO's be obliged to provide basic access rights to their network asset information.*

Finally UPL believe that DNO's currently have the best of both worlds i.e. in most cases they undertake the statutory connection and thus far competition in connections has merely enabled them to increase their standard connection costs rather than remove this work from them. In addition where competition in connections does take place then the DNO are still able to charge significant amounts in non-contestable costs whilst then being provided with a free asset from which they are going to derive revenue.

***UPL recommend that DNO's consider connecting new assets to their network for no charge given that they will be the beneficiaries of that asset and derive long-term recurring revenue.***



met firm  
and.

United Utilities PLC  
Dawson House  
Great Sankey  
Warrington WA5 3LW

Telephone 01925 237000  
www.unitedutilities.com

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

30 July 2004

Dear Sean

**Competition in Connections to Electricity Distribution Systems**

I am pleased to have the opportunity to respond to your recent discussion document on competition in connections. United Utilities has within its group structure a licensed distributor, and a separate competitive connections company, so we recognise the different perspectives that are reflected in the consultation document.

Whilst we recognise the relatively low number of connections undertaken by an Independent Connections Provider (ICP) it is important to note that this does not accurately represent the situation in the North West. The Connections Industry Review of July 2003 that you refer to indicates activity over 15% in the north-west compared to 4% nationally. This reflects our policy of facilitating competition both commercially and technically.

I make this point deliberately. An important concern for us is to understand how Ofgem intend to ensure the conclusions reached in this consultation process are implemented. You report that the proposals made in August 2002 have been embraced and implemented in many cases on a voluntary basis by the DNOs. Some, however, (for example live jointing trials) have only been adopted by a minority of companies, including ourselves. This is reflected in the continuing frustrations that our competitive connections business experiences in operating across the country.

We believe a key objective for Ofgem should be to ensure consistency across the country. Reliance on a few companies' willingness to further develop competition appears unsustainable to us. Typically this willingness involves extra costs both in developing ideas and proposals and then implementing them. There appears to be no positive incentive to encourage or reward these behaviours. Equally there appears to be little dis-benefit in not making changes. We recognise and accept that different DNOs will have different perspectives in this area. However, the interests of customers need to be to the forefront and a common framework across the country will promote this. It is important that this framework provides sensible guidelines and not the lowest common denominator. Some flexibility will inevitably be required to reflect the differences between the companies and should be achievable within a broad framework.

Commenting on the specific areas in the consultation:

### **Consent to Connect**

We are broadly happy with the proposals made by the ENA group. Option 2 as described strikes the right balance between assurance and control. Option 3 could be used as an interim measure in the event of remedial actions being required as a result of audit defects. This would be better than completely stopping the live jointing arrangements. This is the kind of approach we are using for our live jointing trial.

### **Adoption Agreements**

We agree with the Metered Connections Customer Group (MCCG) that the adoption agreements require terms that are balanced and suitable and should be agreed before site construction commences. We recognise the difficulties for the industry to develop a common legal agreement, particularly where it is a voluntary commercial agreement. Tri-partite agreements should be the norm but that the circumstances of particular projects may require different arrangements, for example, if the developer is not the landowner.

The level of surety needs to be commensurate with the risks faced by the DNO. We do not believe that bonds would normally be required but in some circumstances they may be necessary. We are aware that customers (typically developers) are keen to see the development of multi-utility services to new sites, and have therefore been working on our adoption agreements for water, wastewater and electricity assets to align, where possible, the processes and terms that we have with our customers. Our aim is to standardise to make it easier and consistent for them. We hope that Ofgem will work with other regulators to ensure that a consistent framework is developed across utilities, so that network owners, connections providers and their customers can all benefit from multi-utility opportunities.

### **Memorandum of Understanding with Lloyds Register**

The Memorandum of Understanding has been a useful development in clarifying the relationship between Lloyds Register and the National Electricity Registration Scheme Advisory Panel. Our priority is to ensure the quality of the scheme in order to maintain our confidence in it. We note the detailed points made by the MCCG, but do not support any changes to the Memorandum of Understanding at this stage.

### **Audits and inspection**

We believe that it is important to have a tiered system of inspections, in which initially high levels of inspection are reduced over time, subject to successful results. This structure ensures that necessary standards are applied at the outset and that ICPs who provide the appropriate quality are able to move a lower level of audit and inspection.

It is important, however, that new entrants are not deterred and we believe there should be a fast track ramp down process, particularly for ICPs who have successful track record in other regions. This demonstrates that such companies have robust processes but high initial inspections, in the short term, are still required because experience has demonstrated that quality can vary across organisational units within the same organisation. However, more rapid ramp down criteria should be applied to such companies once the local capability is demonstrated.

We support the principle of including number of inspections / number of sites / time period within the criteria. However, it may be difficult for ICP's to guarantee 5 sites within a 6



month period as this may not reflect commercial reality. This may need to be reviewed. It may also be sensible to consider “construction phases” rather than sites.

We believe the inspection costs should be recovered directly from the ICP. Clearly there is a need to consider the practical arrangements to ensure cost reflectivity whilst retaining a degree of simplicity to minimise the administration overheads. A mechanism that incentivises high quality ICPs by reduced inspection charges is in the interests of all participants.

### **Records Information**

We note the proposals and have no further comments.

### **Live LV Jointing High Level Proposals**

Clearly this proposal will only work if the industry is jointly supportive. It requires participation of all DNOs not only to assess the different joint types but also to approve them for use on their network and adopt them. Our existing jointing system is currently the only one approved to the existing G81 standard and we would therefore expect it to be approved and adopted by any ICP using it anywhere across the country. Equally we would approve and adopt any other joints to that standard.

### **G81 Technical Framework Documents**

We are comfortable with these proposals, as we have not restricted competition to greenfield housing in the past. We are reviewing our own documents to update them where necessary.

### **Unmetered Connections Service Level Agreement**

In principle United Utilities support the development of this Service Level Agreement subject to the majority of Local Authorities (LAs) indicating they would participate in such an agreement. This is important as it would be an administrative burden to develop such arrangements only for a small number of authorities to use them. Clarification of definitions and reporting is essential as experience shows that there will be differences of interpretation across the country if this is not sufficiently addressed

The proposal for a 12 month roll-out is sensible and practical as it allows for resolution of any teething problems in a less confrontational environment. We understand the LA concerns but do not agree DNOs should enter a new agreement with the possibility of penalty payments where neither party has any experience of operating under these arrangements, and the performance definitions nor targets are not yet agreed.

Ofgem already has existing powers to incentivise improvements and the visibility of performance, on a consistent basis, will enhance this.

We believe some of the proposed amendments made by the Unmetered Connections Customer Group (UCCG) would increase costs and an agreed recovery mechanism is required before DNOs could accept these.

### **Unmetered Connections – Triangular Contract Arrangements**

These proposals represent a significant first step in introducing competition into street lighting work. However we have some concerns over the roles of the three parties and how liabilities would be assigned. Further work is required to make them viable, even on a trial basis. United Utilities would be happy to get involved in developing them further, if it was demonstrated that there was sufficient demand from LAs for such arrangements.

### **Contestable and Non-contestable Quotation Split**

United Utilities provide a split for the non-contestable activities to all ICPs quoting for a project. As mentioned earlier we do not restrict competition to greenfield housing sites and therefore already provide this information. Clearly we have no control over what level of information each ICP provides to the developer.

We encourage Ofgem to introduce measures to ensure that all DNOs provide firm quotations of non-contestable costs at the time of provision of Point of Connection information. This will facilitate the establishment of a level playing field essential for the promotion of national competition in the connections market.

### **Standards of Service**

We believe that more could be done to enhance the levels of service that ICPs receive but that changes need to be applied on a nationally consistent basis. Currently all DNOs operate the voluntary standards and report against them under Licence Condition 24 returns, though performance varies and there are no consistent definitions.

Reviewing the definitions that apply would improve the consistency of application across the country but if Ofgem want to significantly improve the performance then a more formal approach will be necessary. Establishing robust processes for monitoring achievement against the (clearly) defined standards would be a necessary first step before any consideration of whether financial penalties are required.

We have previously suggested that these standards should be incorporated into the Electricity Standards of Performance Regulations.

### **Licence Condition 4 Modification**

We have previously indicated our support for an appropriate licence condition modification and still support that view. Clearly there are a number of issues to be resolved in the drafting but in principle we would support the development of a licence obligation to adopt connection assets. This would need to limit the obligation so as to protect the DNO from having to adopt sub-standard assets. There are two situations that this would need to cover. Firstly the construction of assets that are intended to be adopted, ie similar to the prevalent process now, where the DNO agrees specifications and designs and sample audits the installation. Secondly the emergence of embedded networks, constructed and operated by independent DNOs, means that the host DNO would need appropriate protection from having to compulsorily adopt networks at a later date. (e.g. if the independent DNO went into liquidation). In these instances the DNO would have had no visibility or input to the design or specification of the network.

Using common licence obligations is more likely to result in a more standardised national adoption agreement than the current voluntary arrangements.

### **Charges levied by DNOs for Provision of Points of Connection**

Our policy is to charge ICPs for points of connection. The active competitive market for new connections in the North West means that United Utilities faces more applications for point of connection than other DNOs. This creates additional costs for us as a DNO and we believe the most appropriate way of recovering these costs is from the applicants – this being both cost reflective and providing the correct price signals. There are real costs here to ensure that the individual requests from ICPs are being met, it is not just a simple matter of posting out a copy.

In general section 16 applications are for smaller, less complex jobs and we receive only single applications for such jobs. The point of connection charge is therefore included within the quotation for the whole job. We recognise that this is a different treatment but one we believe is appropriate.

However, as we have indicated elsewhere in this response, we put great value on the creation of a consistent national framework and would review our approach if national guidelines were agreed.

### **Summary**

In summary therefore we are supportive of most of the proposals from the ENA working group, and see them as a positive contribution to further develop competition in connections. Ofgem needs to play a key role in ensuring that they are implemented in a consistent way across the DNOs.

United Utilities would wish to partake in further discussion to help develop these proposals into workable solutions. If you require any further information or want to discuss any of the issues raised please do not hesitate to give me a ring.

Yours sincerely

**Mike Boxall**  
**Head of Electricity Regulation**





Mr. S.O'Hara,

14<sup>th</sup> July, 2004

I trust the above is self-explanatory.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'R. E. Harris'.

R. E. Harris  
for Operational Manager Highway Maintenance  
ar ran Rheolwr Gweithredol Cynnal a Chadw Ffyrdd

30<sup>th</sup> July 2004

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

Mr Vince Colby  
VBC Associates  
109 Duchess Drive  
Newmarket  
Suffolk CB8 8AL

Dear Sean,

**OFGEM Consultation – Competition in Connections to Electricity  
Distribution Systems, June 2004.**

Further to OFGEM's decision to carry out a further consultation on Competition in Connections to Electricity Systems I have pleasure in providing you with the consultation response on behalf of VBC Associates and the Metered Connections Customer Group (MCCG).

The MCCG represents the industry sector seeking to compete in the market place with the monopoly DNO's. Group members represent Independent Connections Providers, IDNO Applicants, Developers, Developer's Agents, Equipment Manufacturers and major House Builders via the participation of a representative of the House Builders Federation (HBF). The group can draw upon a significant level of experience in the embryonic CinC marketplace.

Each member company has provided OFGEM with a consultation response representing their individual company views and opinions. This response presents the consolidated view of the MCCG on the key issues presented in the consultation. We have used this response to lobby OFGEM on the issues that we feel need to be addressed urgently to better facilitate the progress toward OFGEM's stated objective of full Competition in Connections to Electricity Systems.

The MCCG would like to make you aware of their view, that a large amount of the information contained in the consultation has formerly been consulted upon and OFGEM's 'decisions' from the previous consultation outlined within the Final Proposals Document August 2002. We feel that a combination of the DNO's disruptive attitude to the CinC process and OFGEM's lenient management of the DNO's leaves them compelled to consult on the all issues rather than the outstanding issues from the previous consultation process. Having said that it has become obvious from the public opinion, actions and in some case inactions of the DNO's that many of them do not recognise some of the requirements from OFGEM's Final Proposals Document August 2002. Therefore we urge OFGEM to take this opportunity to ensure that a firm commitment to the requirements of the subsequent Decision Document in this consultation process have been unequivocally accepted and openly sign-on to by the DNO's prior to public release.

## **Key Issues**

### **Adoption Agreements**

An area that clearly needs attention from OFGEM, DNO's are clearly ignoring the reasonable and balanced requirements set-out in the Final Proposal Document August 2002. In some cases, with unreasonable terms being offered that are not suitable and a barrier to competition.

Further more the stage at which Adoption Agreements are being produced by the DNO's is of great concern. The work of the ECSG clearly meant for the Adoption Agreement to be agreed and signed prior to site works commencing, so that the correct contractual framework could be captured for the construction and adoption phases. A number of members are NOT being provided with the DNO 'Standard' Adoption Agreements at the appropriate times to allow agreement to be reached so as to not impact the Providers service provision. For organisation of the DNO's capacity there is no genuine reason for this level of performance. It is beggars belief that a DNO cannot manage to provide a standard AA document prior to proposed start dates (unless there are seeking to employ disruptive behaviour).

The MCCG continue to fully support the views presented in clauses 2.13 to 2.19. Additionally we would like greater support from OFGEM in relation to the development of reasonable AA and challenges to the unreasonable terms offered by DNO's. This support would be best imparted by the provision of a disputes resolution procedure that allows exactly that course of action – disputes resolution.

### **Standards of Service**

Yet another area where DNO's have paid only lip-service to. In the main DNO Service Levels across the three key standard of performance are utterly woeful. To the extent that we believe the implementation of original SOP process should be re-considered in the light of DNO continued derisory performance.

Within the Final Proposals Document August 2002 a greater number of SOP's existed against which the DNO's argued for a reduction to the following

- Point of Connection Enquiry
- Design Approval; and
- Calling off non-contestable site work

the current performance level of the DNO's calls in to question whether OFGEM were too lenient at that time with the DNO's. OFGEM need to consider increasing the number of standards and attributing sufficient specific financial penalties. We have noted within the DPR Consultation that an intention exists to remove overall standards. Therefore we seek clarification has to how this would impact CinC SOP's and that any adverse impact to the purpose of SOP's is consider in the light if any impact.

Voluntary standards have acted to dilute the process further with some DNO's appearing to consider compliance voluntary!

The MCCG has substantial data on the performance of DNO against the current SOP's.



## **Live Jointing**

The MCCG continues to support the points in sections 2.31 & 2.32.

Currently there is Live Jointing trials being undertaken in two DNO areas on a voluntary basis. The MCCG seek clarification as to the next steps on completion of successful trials. There is no doubt that the ability to carry out live jointing would greatly increase the on-set of competition and therefore the success of the trials to date should be the used as a sound basis for further development of this work area. There is no reason why live jointing should not be possible in the other DNO areas.

## **Dispute Resolution**

The CinC process has reached its current position as a result of a number of factors, the contribution of OFGEM and the ECSG, the stated aim of OFGEM, the levels of commitment and investment of new entrants, the behaviour of the DNO's etc. An area that is key to the overall process is the disputes procedure. In Section 6 of the Final Proposals Document August 2002 a disputes procedure was presented to the marketplace. Consider the disappointment to companies that have invested substantial investment in supporting OFGEM in the introduction of full competition when it becomes evident that the Disputes Procedure in question does not work, mainly as a result of the OFGEM – Energywatch relationship.

This situation cannot be allowed to continue and the MCCG appeal to OFGEM for a review of the disputes provision. Whilst we welcome a disputes procedure and process it is clearly of no benefit if it does not operate. Additionally we firmly believe that this situation is being exploited by the DNO's.

From another angle, OFGEM cannot commence a long-term initiative with the introduction of a number of initiatives without being prepared to support the new market participants in such an important area. Whilst ICP have unresolved disputes, service and creditability suffers and ultimately a new entrant's existence in the marketplace could be compromised.

## **Other Metered Connections Issues**

The MCCG confirm our continued support of our views presented in the consultation document in the following other areas

- Consent to Connect
- NERS Memorandum of Understanding
- Audit and Inspection Regime
- Records Information
- G81 Technical Framework Documents

## **Section B - Other Issues**

### **Contestable & Non-contestable Quotation Split**

The MCCG urge Ofgem to impose a total compliance regime on the DNO's placing an obligation on them to provide a non-contestable / contestable split and breakdown as per the presented format for all connections enquiries.

Yours sincerely,

**On behalf of VBC Associates and MCCG**

A handwritten signature in black ink that reads "Vince Colby". The signature is written in a cursive style with a large, sweeping 'V' at the beginning and a long, trailing flourish at the end.

**Vince Colby**  
**VBC Associates**  
**(Chairman of the MCCG)**



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

**Our reference:** DES/HS/SL/KTB/MD/19.85  
**Your reference:**  
**Please ask for:** Keith Benson  
**Extension:** 8025  
**Direct line:** 01942 488025  
**Date:** 15 July 2004

Dear Sean

### **OFGEM Consultation Document – Competition in Connections**

I refer to your recent consultation document with reference to the above.

Firstly, may I state that Wigan Council welcomes the opportunity to be involved in the consultation process that will hopefully lead to an improvement on the current situation within the street lighting electrical connections industry.

After due consideration I now enclose my comments and observations on your proposals. I intend to structure my response as follows:

- Overview of United Utilities (UU) and electrical connections in Wigan
- Overview of the UU's current performance
- Comments on OFGEM Competition in Connections proposals

### **Overview of United Utilities and electrical connections in Wigan**

Historically, the performance of UU carrying out electrical connections in Wigan has been poor. The situation became particularly dire in 2001, with the Council's ability to deliver street lighting and highway improvements schemes being jeopardised. Furthermore, as the public do not make a distinction between the Council and UU, the image of Wigan Council was being tarnished. This was particularly frustrating as the existing Street Lighting Agreements had no facility for penalising UU for their poor performance and UU hold a monopoly position on connections.

As a direct result of UU poor performance, the Council commissioned an Overview and Scrutiny Select Committee to review the effects that UU have on the Service Delivery of the Council. The key findings of the report are summarised below:

/Continued...

- A new SLA be produced between Wigan Council (including the 9 neighbouring Gtr Manchester Authorities) and UU
- Develop targets that are meaningful and customer focussed, i.e. the street lighting electrical connection works will be completed within 'x' working days of commencement on site
- Ensure that there are robust systems in place for communicating information on targets to all stakeholders and residents
- Establish a clear definition of when a job is completed i.e. a job that has been fully reinstated and all debris / barriers removed from site
- Develop robust monitoring and reporting arrangements
- Maintain the continuity of workload and deliver service connections (to negate peaks and troughs) consistently throughout the year

### Overview of the UU's current performance

As a result of investigating the poor performance by UU in 2001, it was recognised that there was clearly a lack of any performance management/monitoring being undertaken by UU or its sub-contractors. In 2002 Wigan Council's Street Lighting team developed and introduced a robust system to monitor the status and value of orders placed with UU and also to monitor their performance. This information is summarised below:

	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Orders placed	458	440	165
New Services	658	935	231
Transfer Services	610	622	191
Disconnections	395	623	131
Reconnections	131	118	32
Total	1794	2298	585
Orders completed within SLA targets	<b>12%</b>	<b>37%</b>	<b>28%</b>
Cost £	587,681.15	707,671.89	239,701.00

From the table above it can be seen that in 2002/03 only 12% of all the orders placed by Wigan Council's street lighting section were completed within the agreed SLA targets.

/Continued...

With a lot of hard work and closer liaison, which has predominantly been driven by Wigan Council's street lighting team, this figure rose to 37% for 2003/04. Whilst this represented a move in the right direction, it is still far from satisfactory.

Furthermore, on March 29 2004 UU declared that they were to increase the cost of service connections with effect of 1<sup>st</sup> April 2004. This amounted to a period of 1-day notice of intent, which clearly is not acceptable or practical to manage. In the current Street Lighting Authority Agreement there is an agreed notification process that clearly states that notification of any price review by United Utilities will take place in the October preceding the April of the new financial year.

The notice period of 1-day gave Wigan Council no time in which the planned program of works, scheduled for the financial year and commencing 1 April 2004, could reflect their increased charges. This left the Council in an embarrassing position where it has committed to delivering a planned program of works, which now cannot be met.

The price increases proposed by UU are shown below and range from 19 to 41%. In comparison, over the same period of time, the prices that Wigan Council has been able to obtain from street lighting contractors in an openly competitive environment have risen by only 14.29%.

	31/03/04	1/04/04	% difference
New Services	412	516	<b>+26</b>
Transfer Services	288	341	<b>+19</b>
Disconnection	243	341	<b>+41</b>
Road Crossing up to 15m	1277	940	-36

I am not aware that there have been any significant changes in the working practices involved in carrying out service connections that can justify such a price increase.

Wigan Council, as with all other Local Authorities, has to provide its services within the legal framework of Best Value. Considering the current monopoly held by DNO's on electrical connections, combined with high cost and poor performance in service delivery, the principles of Best Value cannot be achieved.

### **Comments on OFGEM Competition in Connections proposals**

Whilst I acknowledge that you do not have the authority to force the DNO's into a competitive environment, the current arrangement for procuring electrical connections is totally unacceptable to Wigan Council.

As a minimum Wigan Council would like to see the proposed SLA introduced on a national basis, to replace the current local agreements, which vary considerably nation-wide.

/Continued...

The SLA should contain appropriate incentives/threats for the DNO's to perform and deliver the service to a minimum standard. Also a national league table showing the performance of all the DNO's should be published on an annual basis. The DNO's should be made to enter into the SLA a part of their DNO unmetered license agreement.

With regard to Appendix 14 – Unmetered Connections Service Level Agreement consultation document I have the following specific comments to contribute:

- Appendix 1 - I agree that there should be a hierarchy of response times as proposed. However, in Figure 2 the Response Time (max) for 1-10 services appears high and I would like to see this reduced to 20 days. Figure 2 should also include for a disconnection of service
- Item 14. 3 - Penalties for poor performance should be determined at a level suitable to act as an incentive to perform. The proposed link to DUOS charges is not appropriate. Furthermore, these penalties should come into effect with the SLA.
- Item 14.7 - I would like to see the definition of a working day extended to 07:30am to 18:00 pm Monday to Friday inclusive, but excluding public holidays
- Item 14.9 – Completion date – The date of completion should reflect that 'all works' are completed on site (not just the electrical connection) and as such must include for the permanent re-instatement and removal of barriers etc. The majority of complaints received from residents are related to the length of time an excavation is left 'open' and the barriers are not maintained
- Additional definitions for the connections should also be included i.e.
  - New connection – The provision of a DNO supply assuming that no extension to the existing DNO distribution system is necessary, except for the length of service cable up to a maximum of 50m.
  - New service connection up to 5m – Excavate and install not more than 5m cable, make service connections joint, terminate in unit and permanently reinstate
  - Transfer service – Connect a new unit to replace an existing unit not more than 3m distant, including excavation, installation of new cable, make service connections joint, terminate in new unit, remove termination in old unit and permanently reinstate
  - Disconnection of service – Excavate, cut and permanently bottle end the service cable and permanently reinstate

/Continued...

- Road Crossing New service connection up to 15m – Install a new road crossing up to 10m carriageway, install cable, make service connections joint, terminate in unit and permanently reinstate
- Item 14.20 – I agree that prices must be subject to review. However, this should be limited to an annual review and cover the period 1/4/\*\* to 31/3\*\*. There should also be a minimum notice period of 3 months to allow forward planning.
- Item 14.36 & 14.37 – I agree that both parties should be able to recover their cost for abortive calls. These payments should be of equal value and set at a level to only reflect actual cost incurred due to lost time. I would suggest that this figure does not exceed £100.00.
- Item 14.42 – Require opinion of Wigan Council's legal representative
- Item 14.43 - Require opinion of Wigan Council's legal representative. However, the Force Majeure should only include situations that are beyond both parties control and not be used as a shield for poor performance
- Item 14.46 - Require opinion of Wigan Council's legal representative
- Item 14.48 – If the termination clause is invoked, with no alternative connection service option available to an LA, what is the position of the LA in protecting service standards and delivery?

Furthermore, the court ruling in March 2003 decided that street lighting electrical connections are classed as works for road purposes and as such are exempt from NRSWA. However, the existing DNO service connection charges have not been reduced to reflect their cost saving's. Wigan Council's Street Works co-ordinator has been consulted and has the following comments for your consideration.

- In the absence of any control under the New Roads and Street Works Act, and in order to provide a proper basis for the co-ordination of street works a form of Noticing similar to that contained in the NRSW Act should be continued. This should include the consideration of the Traffic Sensitive Streets issues and proper start/complete date notifications. I note that the Response Times mentioned in the consultation document do indicate that the number of Working days between the starting date and the completion date is a measured period. There should be another Response time indicating the number of days spent on site. **This is most important**
- A defect and Inspection Regime as outlined under NRSWA should be implemented and paid for by the DNO or their sub-contractor.

/Continued...

- The current connection charges have not been reduced, since the court ruling in March 2003, and so they must still include a proportion of cost to cover this activity
- A sample inspection or monitoring scheme should be implemented (costs covered by the DNO as highlighted above)
- A contractual arrangement to bring signing lighting and guarding into line with the Code of Practice, "Safety at Street Works and Road Works"
- All the above issues have been discussed and agreed at both NW Highway Authorities Group (The highways side of NW HAUC) and the Highway Maintenance and Street Works Group of NW HAUC

With regard to Appendix 15 – Unmetered Connections Contract – Triangular Arrangements document I have the following specific comments to contribute:

- Item 15.1 - I agree with the principle that there needs to be a tri-party agreement. To protect the interest of all parties only ICP's accredited to the Lloyds register should be able to undertake work under this arrangement
- Item 15.2 - The ICP's should be allowed to carry out the whole range of connections that they have been deemed competent to undertake and not only the transfer or disconnection of a service
- Item 15.9 – There is a need for clear definitions and reason as to the circumstance in which a DNO can withdraw consent for an ICP to work on its networks
- Item 15.12 – The responsibility for NRSWA should be agreed between the LA and the ICP as a part of the specific contract arrangements
- Item 15.13 – The HA/ICP must retain a joint responsibility for the constructed asset. The ICP must retain the liability for poor workmanship/premature failure
- Item 15.13 – The asset should become the responsibility of the DNO with immediate effect not a period awaiting adoption. If the new asset fails the DNO would be able to recover any losses through normal conditions of contract and associated guarantee periods

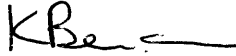
/Continued...



- 7 -

I trust that these comments will contribute to taking forward your proposals for both a new SLA and opening up the market to competition in the near future.

Yours faithfully

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

**Keith Benson**  
Street Scene & Lighting Manager  
Department of Engineering Services

Our Ref: AD/nvt

14 July 2004

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

Chantry House  
High Street, Coleshill  
Birmingham B46 3BP  
Telephone: 01675 467666  
Fax: 01675 467655  
E-mail: construction.birmingham@willmottdixon.co.uk

Dear Sean

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

Further to your consultation document Competition in connections to the electricity distribution systems I have pleasure in submitting comments on the competitive market.

We have welcomed with open arms, the opportunity to step aside from the torturous route that was the only alternative before the open market. We can now rely on a quote from the market which is actually what we need and is not given a 6 month "maybe" return date, or has to be requited because we did not have one piece of information of the address, or even worse not been given a price at all because we are in competitive tender and it may not become an actual project.

I would ask you to make the system easier to use than it is at present and make the systems more open market user friendly. This will enable us to use the alternative suppliers without having to trawl through the red tape that appears to be in to deter us from competition and towards the 'old fashioned' DNO.

There also appears to be significant differences of processes and charges for each Distribution Company. In our opinion the works are very similar in each area and therefore a single process for all DNO's to follow needs to be introduced to stop individual Distribution Companies from developing their own process, which at times are cumbersome and appear to stifle competition.

I have found that prices vary from area to area in relation to the non-contestable works which I find difficult to understand. Surely there is or should be some standardisation of the charges that will assist us in pricing projects and also to remove any confusion.

I would ask that as the Regulator you consider the above points and find a way to introduce, a single process for all distributors, cost reflective and transparent charges for the non contestable works and a single straight forward adoption process

Also at: CARDIFF • COBHAM • HITCHIN • LEEDS • NOTTINGHAM

2.

Our Ref: AD/nvt

14 July 2004

These are my thoughts on the current status of competition in connections and I would look forward to the regulator taking strong steps to ensure this market can develop and continue to encourage further individuals to offer a competitive alternative to the market.

Yours truly,

**WILLMOTT DIXON CONSTRUCTION LIMITED**

*A.D. Dyson*

PP

**ADAM DYSON**  
**M & E Services Manager**  
**BIRMINGHAM OFFICE**

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

*Avonbank  
Feeder Road  
Bristol  
BS2 0TB*

*Telephone 0117 933 2277  
Fax 0117 933 2428  
Email [bwestlake@westernpower.co.uk](mailto:bwestlake@westernpower.co.uk)*

*Our ref*  
584

*Your ref*  
124/04a

*Date*  
14 July 2004

Dear Sean

**Competition in Connections – Consultation – June 2004**

Please find attached the response from Western Power Distribution (South West) and Western Power Distribution (South Wales) to the above consultation document.

Also, on behalf of Phil West and myself, I would like to thank you for your recent visit to WPD and for the open and helpful discussions at the meeting.

Yours sincerely



*R G* R G WESTLAKE  
Regulatory & Government Affairs Manager



**Western Power Distribution –  
Comments on Ofgem consultation 124/04a June 2004**

**General comments on Executive Summary and Introduction**

1. It is disappointing that Ofgem should repeat comments drawn from the Connections Industry Review, despite DNOs having jointly written to object to it's bias, and having regard to the more positive and even handed discussions between DNOs and Ofgem which followed the joint letter sent from Jim Tame in October 2003. That letter included the following comments –

“This factsheet was produced following an extensive information-gathering exercise by Ofgem. So far as DNOs were concerned, response to Ofgem’s information request, made as it was under Standard Condition 24 of the Distribution Licence, was both obligatory and subject to regulatory action if found to be inaccurate. For non-DNO respondents, however, submission of information was entirely optional and unfettered as to its quality by any regulatory constraints. Despite this, Ofgem appear to have (at best) disregarded or (at worst) disbelieved the submissions of DNOs in favour of those of independent connections providers (ICPs).”

“In addition, the sweeping responses of ICPs invited by rather broad (and sometimes leading) questions have tended to be accorded prominence and status beyond their likely worth. For example, comments alleging “*poor standards of service from the DNO*”, “*delays in the provision of information from the DNO*” and “*inaccurate information being provided by the DNO*” have been prominently reported without any attempt at independent or objective verification by Ofgem or any placing in context through scaling of these allegations against the proportion of total work done”.
2. The Executive Summary and Introduction continually refer to “ENA’s proposals”; completely neglecting to mention that a number of the areas concerned are in accordance with Ofgem’s August 2002 “Final Proposals” document and / or have been agreed with ICP representatives, and Ofgem in ECSG. Such omission undervalues the extensive work of both ECSG and UCSG members, and gives an impression that the proposals presented are solely those of ENA when this is not the case.
3. Para. 1.6 states that “only” 4% of LV connections were undertaken by an ICP in the period June 2002-May 2003, and implies that this is due to “barriers to entry”. This totally ignores that –
  - the DNOs have a statutory duty to offer terms for connections  
DNOs have to offer a least cost connection, and are subject to price control, auditing by Ofgem and determination by Ofgem of the reasonableness of the charges
  - ICP’s are not subject to these requirements, may choose to operate only in specific geographic areas, and may not wish to pursue particular schemes.
  - Work which has been contested and “won” by the DNO is not considered
  - DNOs may have offered Customers a “rent a jointer” alternative ( eg as taken up previously in Bristol )

**Western Power Distribution –  
Comments on Ofgem consultation 124/04a June 2004**

It might even be argued, that as-

- DNO costs have been reduced through efficiencies and Distribution Price Controls
- DNOs are subject to Ofgem Regulation which ICPs are not
- DNO service levels further improve

Customers have positively elected to use DNO's for contestable work.

It is thus not clear on what basis the conclusion can be substantiated that the level of contested work demonstrates barriers to entry.

**Comments on Section A – Metered Connections**

4. Para 2.1 – please see comment 2 above.

**Consent to Connect**

5. Consent to Connect Process – WPD support the proposal outlined as site specific consent, and the process covered by the Part A,B,C forms. In particular, it is considered that -

- Part A assists ICPs in advance of site works commencing,
- Part B is a pragmatic way of DNO's being aware of work taking place on particular parts of their newly extended system
- Part C avoids DNO's being positioned in the critical path for connection of new properties using new materials ( ie "standard" new service cable, cut outs, meter boxes and new internally BS compliant house wiring)

6. It is agreed that the issues raised in 2.8 are important and a clear process including communication plans is required to cover the situation where an incident has impact on ICP work at the site. The process should be detailed in the Adoption Agreement. WPD will respond to faults on the adopted network as it would for other faults on its network. If it then emerges that the fault was due to a breach of conditions precedent for adoption, that would be pursued with the ICP under terms set out in the Adoption Agreement. It is accepted that there are other matters concerning communication in the event of an incident, e.g. for the purposes of cable tests.

**Adoption Agreements**

7. ( Para 2.17) WPD's standard adoption agreement is tri-partite and is based on the model set out in the Ofgem 2002 "Final Proposals" document. It would be desirable if it were possible to agree standard terms for surety, guarantees and limitation of liability.

**Western Power Distribution –  
Comments on Ofgem consultation 124/04a June 2004**

8. If ICP's have evidence ( which they should have, if they are in the written terms of an adoption agreement) that a DNO is acting in breach of Competition law, they should raise this with Ofgem, otherwise comments such as "tailored to inhibit competition" are not justified and should not have been included in the consultation document.

**Memorandum of Understanding with Lloyds Register**

9. Further information ( over that contained in this consultation ) is needed relating to the process for reporting incidents of unsatisfactory work, and where substantiated, the ensuing course of action. Additionally, there should be published means of independently checking the currency of accreditation.

**Audit and Inspection regime**

10. ( Para 2.26) The audit and inspection regime in the present consultation is the same regime with the same frequencies as agreed within ECSG and, ( save for an version error by Ofgem which was pointed out at the time), included in the August 2002 Ofgem "Final Proposals" document. Para 1.5 of this consultation states that the proposals of that August 2002 document should form the foundation of any further initiatives..." Consequently these have been already agreed.
11. (Para 2.27) – If ICPs were not to meet the costs of inspection, save for repeat inspections caused by poor quality work, there would be no incentive on them to progress to a higher qualification having reduced inspection levels, and consequently the DNO Customer base in general would pay for this lack of driver.

**Records information – Greenfield housing estates**

12. It was understood that these were already agreed by MCGG within ECSG. WPD are happy with the proposal.

**Live LV jointing high level proposals**

13. ( Para 2.32) WPD wish to emphasise that the acceptability of live jointing proposals rests heavily on a suitable accreditation regime, which is coupled with both an acceptable safety management system and the design / materials employed in an approved joint. There have been recent developments within the European Standards (EN) environment on type testing of joints, and it is probable that these will aid further discussion.

**G81 Technical Framework Documents parts 1-6**

14. WPD believe that these are a vital part of the overall CiC process as they define many issues with which DNOs have to comply by virtues of legislation or Regulatory requirements. If they were not in place, there would be no common foundation to support other aspects of the CiC process, such as accreditation. However, with the extension to 11kV industrial and commercial connected loads, it

**Western Power Distribution –  
Comments on Ofgem consultation 124/04a June 2004**

is felt that this form of the TFDs has probably reached its limit, as beyond this point connections become far more complex in their interaction with existing networks. Whilst DNOs could publish extensive “telephone directories” of specification and other technical requirements, it would very time consuming and not be particularly helpful as it would still need discussion at an early stage to determine which permutation of selections from the specifications would apply in the given instance. Any extension of TFDs beyond that covered by the present consultation should therefore relate to high level processes which define the route to the specific requirements.

15. Against all of the G81 documents, the MCGG comment that they have accepted the documents within the forum of ECSG, but point out that as they are “evolving” documents, acceptance was made on that basis. The MCGG have agreed the documents which are included in the current consultation, and it should be noted that as the G81 documents fall under the remit of Ofgem required “Governance” arrangements, changes to those documents would be subject to further consultation.
16. Due to an error in the drafting of the consultation, the versions of the TFDs which have been included are not the formatted ENA versions which were provided to Ofgem for the consultation, sent in e-mail from Philip West of WPD to Sean O’Hara Ofgem on 6<sup>th</sup> April 2004. As the differences between those versions and the ones included in the consultation are trivial, Ofgem are invited to agree that no further consultation is necessary on the ENA formatted versions.

**Unmetered Connections**

17. It should be noted that the scope defined in para 3.2, is defined by Balancing and Settlement Code of Practice 520, and is not arbitrarily selected. As such ENA are simply reflecting obligations already imposed by Ofgem.
18. In ( the first ) para 3.14 the UCGG question that the order of penalty should be in proportion to the level of Duos income derived from a typical lighting installation annually”. It is understood to be a legal tenet that any damages must reflect actual loss and that electricity companies are not liable, by Clause 21 ( c) of the Electricity Act 1989 as amended by the Utilities Act 2000, for consequential costs arising from loss of supply.
19. In the second para 3.14 UCCG seek that the definition of a working day be a calendar day. Such a definition would be perverse, lead to increase in DNO costs through out of normal hours working, and fails to recognise that the SLA was voluntary. For DNOs such as WPD who already offer good standards ( ref. – comment from HA representative in ECSG meeting), it would impose a doubly unnecessary burden. It should also be noted that the Electricity ( Standards of Performance Regulations) 2001, SI 2001:3263 also refer extensively to “working day” standards.



**Western Power Distribution –  
Comments on Ofgem consultation 124/04a June 2004**

20. Clause 3.15 – it is understood that the Force Majeure clause was taken from another nationally accepted document, however, an alternative definition can be found in Section 17 of The Electricity (Standards of Performance Regulations) 2001, SI 2001:3263.

**Unmetered connections – triangular contract arrangements**

21. WPD fully support the ENA comments in clause 3.22 relating to the “1 metre” from main restriction. In opening up live low voltage underground cable working, it is essential that issues of accreditation covering all of the permutations of cable type and joint, safety management system, and the design / materials of the joints themselves are all thoroughly addressed. Since there are limited types of service cable, these issues when limited to service cable work are far more readily addressed than seeking to cover a very wide permutation of cable identification issues involving both LV and HV cables and the variations between DNOs of both the types of these cables and the jointing systems / designs / materials and their associated safety management. It is quite possible that a contractor already undertaking live service jointing work on one DNO's main cable, may not already meet the requirements to undertake similar jointing on another DNO's main where there are different HV, LV cables or related approved jointing systems. This is also relevant to UCCG comments contained within paras 3.23, 3.24 and 3.25.

**Comments on Section B – Other Issues**

**Contestable and Non-Contestable Quotation Split**

22. Para 4.4 - WPD have no difficulty in providing this information upon request.

To provide the same level of detail to, for example non-ICP, Customers would probably simply cause confusion. It should be noted that O&M and tariff support lines will disappear from April 2005 anyway.

**Standards of Service**

23. Para 4.6 – It is important to all parties, Ofgem ICPs and DNOs, that statements contained within Ofgem published documents such as the Connections Industry Review are accurate, auditable, fair and balanced. It is inequitable that statements are included based on un-verified information or on simple un-audited leading questions when information provided by DNOs is under audited, Ofgem set controls such as DPCR. Ofgem should engage positively with the parties to overcome this deficiency.
24. Para 4.7 – The difficulty in extending voluntary standards of service to brownfield and industrial and commercial sites should not be under-estimated, as their complexity increases significantly and the statutory duties relating to consultation with other agencies introduce significant variability into timescales ( for example planning consent issues for substations of non “pocket” style standard )..

**Western Power Distribution –  
Comments on Ofgem consultation 124/04a June 2004**

Consequently, it is suggested that Ofgem do not pursue the extension of such voluntary standards unless there is a proven need to do so, and, if so, it would be subject to a regulatory impact assessment.

**Licence Condition 4 Modification**

25. WPD do not favour a modification..

**Charges levied by DNOs for Provision of POC**

26. . In the case of a non-contested Section 16 connection, the charges to the Customer will include the costs of designing the connection, which include determination of POC. It would be perverse if the cost of providing POC information on a contested connection were to be met by the Customer base in general, as this would represent a cross subsidy of only contested business. Any proposal to shift costs of POC or design into the wider Customer base by funding via DUOS would be counter to previous statements by Ofgem that the costs of connections should be reflective of actual costs.

**EMBEDDED NETWORKS**

27. It is evident that there is increasing activity nationally on new proposed embedded networks. Whilst CiC processes are well developed and understood, the situation in respect of embedded networks are far from being so. There are a great many issues surrounding embedded networks on which there is no recognised practice or guidance. WPD strongly believe that Ofgem should arrange a meeting of all DNOs to identify the full range of issues and to discuss by what means they can be resolved, ideally reaching consensus. Such a meeting should be arranged quickly. It is understood that many other DNOs are of similar view, though Ofgem can readily determine this by circulating an e-mail enquiring if a meeting would be of value.



**City of Wakefield  
Metropolitan  
District Council**

**Environment Services  
Highways and Engineering**  
*Head of Highways and Engineering: Andy Kerr BSc CEng MICE*  
P O Box 47, Newton Bar, Wakefield, West Yorkshire, WF1 2YN  
Tel: 01924 306053 Fax No: 01924 306404 Minicom: 01924 306091

Your Ref :  
Our Ref : HNM/IE/ PFI

Please reply to  
Telephone No  
Date

Mr. I.Evans  
(01924) 306045  
29 July 2004

Sean O' Hara  
HEAD OF CONNECTIONS POLICY  
OFFICE OF ELECTRICITY AND GAS  
MARKETS  
9 MILL BANK  
LONDON SW1P 3GE

*u/m*

Dear Sean,

**COMPETITION IN CONNECTIONS TO ELECTRICITY DISTRIBUTION SYSTEMS**

The street lighting service in Wakefield is currently provided by Amey Highways Ltd. This is in partnership with the Council through the Wakefield Street Lighting PFI agreement. The project started on the 2<sup>nd</sup> February 2004. It involves the replacement of around 28,000 life expired lighting columns with new ones, designed in accordance with modern standards. The installation works, which started in April 2004, will be completed by the end of 2008. Amey are also responsible for maintaining the street lighting from day one of the contract until 2029.

As the Street Lighting PFI contract manager I am responsible for monitoring the contract and ensuring that Amey meet their contractual obligations within the agreement. There are six performance standards, several of which require the involvement of the local DNO. For the installation works the risk in managing the performance of the DNO has been transferred to Amey Highways Ltd. For maintenance issues such as no supply or a RTA, Amey may request an excusing cause if the DNO does not perform. This is on the basis that Amey have taken, and continue to take, all necessary actions to mitigate any delay or disruption to the service.

Full competition in connections would undoubtedly lead to significant savings for both the Council and the contractor on a project of such magnitude. Having reviewed the recently published consultation documents 124/04a and 124/04b I would conclude that the proposed introduction of competition in unmetered connections is no more than a token gesture. It would in my opinion not generate any significant cost savings and possibly result in a poorer street lighting service to the public. The proposed limitation of competition to the jointing of an existing service cable at a distance of greater than one metre from the mains cable, will in most instances result in the work having to be carried out by the DNO. Where the LA or their agent can carry out work, the LA (or their agent) will now have to carefully co-ordinate works with an additional contractor and the DNO. The following scenario is an example of such.

Eg. As part of a lighting scheme an existing lighting column requires disconnecting and a replacement one connecting. Assuming the old lighting column is not within one meter of the mains cable, under the new proposals the LA (or their agent) may disconnect the column. Unfortunately, as is often the case, when upgrading street lighting, the new columns are not alongside the existing columns. Again assuming this is true, it is likely that the new column is positioned adjacent to a mains cable. As such it is now within one metre of the cable and the therefore the new connection must be carried out by the DNO. To avoid plummeting the street into darkness, the works would have to be carried out on the same day. This will inevitably lead to an increase in planning costs, delays and streets left for a short period of time with out lighting. On a wider scale this is of course not acceptable.

I would therefore conclude that competition in unmetered connections should be extended to include the full range of services.

Corporate Director: Ian W. Stephenson

g:\environment\_services\highways\_and\_engineering\slight\ievens\standard letters\competition in connections.doc



There will always be local Authorities that would wish to continue with the service being provided by the DNO. The introduction of a Service level agreement should ensure that the service that they receive from the DNO is to an agreed acceptable level. With regards to the proposed Service Level Agreement within the consultation document I would like to make the following comments: -

- a) Clarification is required that the agreement can be made between the DNO and a Local Authority or its agent.
- b) A local authority (or its agent) that chooses to operate competition in connection shall still have the right to a SLA for the works that may be excluded from competition.
- c) The level of penalty payments should be an incentive to the DNO to respond within the agreed time. The penalty payment should be set at a fixed rate that increases by a factor dependant on the length of time outside the required completion date. The SLA must ensure that jobs, which fall into the penalty system, have incentives for the DNO to target the faults as priorities and not allow the jobs to remain uncompleted. Under previous SLA this has happened and the DNO has no incentive to complete the work if the penalty does not increase. The DNO will therefore concentrate their efforts on limiting other potential penalties.
- d) The SLA shall not include a one-year trial period without the penalty deductions. Penalty deductions must commence at the start of the agreement and it is at the discretion of the LA as to whether or not they are applied.

If you require any further information on the above do not hesitate to contact me.

Yours sincerely

Ian Evans  
Contract Manager  
Street Lighting PFI



City of Westminster

Environment and Leisure Department  
Director: Joe Duckworth

This matter is being dealt with by:  
**Nigel Parry**

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

Direct Line: (020) 7641 3227  
Fax no: (020) 7641 2046  
Email: nparry@westminster.gov.uk

My ref: EL/HM/NP  
Your ref:

Date: Thursday, 29 July 2004

v | m.

Dear Sean

### **Competition in Connections**

I refer to the recent request for feedback from local authorities on the relationship with the local DNO; EDF energy in our case and the progress on 'competition in connections'.

In general terms the perceived and actual levels of service provision to Westminster by EDF Energy is poor. I attach tables indicating their response times for the service delivery and you will see that they achieve some of the agreed response times but in far too many cases they are out of agreed charter levels.

This has been the case for many, many years where the response times do not fit with agreed criteria and especially with today's social expectations. EDF Energy taking over from 24seven has acknowledged the situation and promised to achieve the level of service required. It would be fair to say that the situation has improved in the last six months, but still falls short of their own standards

However much frustration is generated by the difficulty in contacting the right people at EDF and getting them to regular meetings to discuss not only day to day issues and programmed works but to look at service improvements.

There are four points I wish to raise regarding the level of service provided, these are

- Fault repairs
- Planned connections
- Rent-a-jointer
- Alternative contractors making connections.

Fault repairs – Dead Mains,

I appreciate that every company needs a system to control its works on the street but we are still working under constraints that have long passed with all our other

P.O. Box 240, Westminster City Hall, 64 Victoria Street, London SW1E 6QP  
Main Switchboard 0171 641 6000 LONDON Dx 2310 VICTORIA  
Internet site: [www.westminster.gov.uk](http://www.westminster.gov.uk)

suppliers. For example EDF still insist that notification of a 'dead main' can only be provided by one individual based at our contractors, this can obviously lead to situations where repairs are delayed.

The attached table and graph show that very often when they do the work it is well within the set period but far too often the repair is delayed weeks and causes a great deal of concern to local residents and the City Council itself. It does beg the question that if they can complete the works well within the set period for 50% of the faults then why does the other 50% take so long?

Planned/Programmed works,

Westminster City Council is keen to provide a well-lit environment for all residents and visitors to the City and is funding the upgrading of its lighting stock across all areas. The EDF connection is a major part of the programme in both terms of cost and time.

With regards to cost it can be as much as 40% of the new street light installation cost dependant upon the type of equipment being used and a substantial reduction in rates would enable the limited budgets to be used more effectively in relighting the City.

In relation to the delay in time, we are currently enjoying an average of twelve-week delay between placing an order and works commencing on site for a standard project. Despite discussions relating to achieving a one-pass planned work where columns are erected, lanterns wired, the EDF connection completed and any old units removed and the ground reinstated within a single five day period, as has been achieved working with other DNO's in other parts of the country, we are still finding no improvement in project delivery.

Discussions on receiving an enhanced service for an enhanced price have stalled as EDF are not willing at present to confirm that they can be flexible enough to provide sufficient resources to meet the demand for work even at a higher price.

Rent-a –jointer scheme,

We have been in discussions with EDF regarding trialing this initiative in Westminster for the last few months and assuming they are keen to progress this idea they have taken a protracted period to decide what levels of competence they require from our contractors, and as yet we still do not have a price for the service but are about to make a commitment to a specific project involving over 100 connections.

Although the principal is sound and I have no doubts EDF will make the trial a success they are still focused on the constraints surrounding the work as opposed to the service delivery and simplifying the process for the customer.

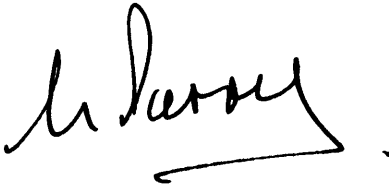
Alternative contractors making connections,

We have a number of specialists lighting contractors working for Westminster and in discussions with them it is clear they have qualified operatives who can and have carried out jointing onto live cables for DNO's. These contractors are obviously keen and able to offer a very competitive service but some of them have a relationship with EDF and similar utilities are thus reluctant carry out work directly for local authorities should they then be excluded from further works for the DNO's. Others do not have any links are keen to start work but due to the constraints in place are restrained from any works

I have tried to keep this brief but would be happy to supply further details of the lack of service provided should it be required. I look forward to a more robust attitude

from OFGEM towards the connections market and can assure you Westminster will be one of the first to take advantage of the opportunities hopefully to be provided.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nigel Parry', with a horizontal line extending from the end of the signature.

**Nigel Parry**  
**Street Lighting Manager**

## **Environmental Services**

Mr Sean O'Hara  
Ofgem  
9, Millbank  
London  
SW1P 3GE



Waltham Forest  
tel: 020 8496 2515

our ref:  
your ref:  
date: 30 July 2004

### OFGEM Consultation Documents 124/04a – 124/04b Competition in connections to electricity distribution systems

Dear Mr O'hara

Thank you for the opportunity to comment on the above proposals. After consideration I have concluded that the following points best represent this authorities view for the way forward.

- A National Service Level Agreement, formalising service provision, is the ultimate aim which will allow meaningful comparison between DNO areas in an attempt to improve both overall service delivery and the performance of individual authorities.
- A Service Level Agreement between an authority and their DNO does not disqualify them from being able to operate competition in connections at the same time.
- Following the implementation of this Service Level Agreement no authority should receive a lesser service than that presently being delivered by their DNO.
- Response times should be calculated using working days, which will be detailed in the new Street Lighting Code of Practice to be issued in the autumn.
- The level of penalty payments should be an incentive to respond within time and should be set at a fixed rate initially increasing over the period of non-response.
- A Force Majeure clause needs to be agreed that will not allow implementation when delays are caused by minor weather conditions or through poor performance.
- The Service Level Agreement should be introduced fully operational from day one and not under a one-year trial period without the imposition of penalties.

Acceptance of these proposals are the first step in the process of eventual full competition in connections that will not be restricted to live working upon the service cable.

Yours sincerely

CR Warner

Planned Maintenance and Public Lighting Manager

---

Environmental Services, Street Services Division, London Borough of Waltham Forest,  
Low Hall Depot, Argall Avenue, Leyton, London E10 7AS

Tel: 020 8496 3000; Fax: 020 8521 3577; Website: [www.lbwf.gov.uk](http://www.lbwf.gov.uk)

**Waltham Forest - a modern Council working with the community for the community**



Mr R D Astle  
(01902) 555695  
(01902) 555794  
richard.astle@dial.pipex.com

# Wolverhampton City Council



Regeneration and Transportation

Planning and Highways Services

Costas Georgiou  
Chief Planning and Highways Officer

Civic Centre St Peter's Square  
Wolverhampton WV1 1RP

Main Switchboard (01902) 556556  
Website [www.wolverhampton.gov.uk](http://www.wolverhampton.gov.uk)

Your Ref.

My Ref. SL/RDA/E10/2  
30 July 2004

ulm.

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

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 varies between satisfactory and poor. The majority of small projects that fall within the agreed criteria for the standards of service i.e. up to 20No connections/disconnection's will be completed within 15 working days, are completed within that time scale. However, larger schemes that do not fall within the standards of service are a problem, much depends on the Distribution Network Operators workload and demands from adjacent authority's, invariably work gets done on the basis of who shouts the loudest.
- The introduction of a Service Level Agreement would assist in formalising the service provision arrangements with our DNO. However, I do believe that standards should be set locally, priorities and needs of an urban authority may well differ to those of a rural authority. In the case of a large metropolitan area, standards could be agreed between a group of authorities and the local DNO. With reference to the Force Majeure clause, am concerned that this would enable the DNO to continue with a poor performance and use this clause as an excuse. I would support the use of national benchmarks for performance standards, which will obviously assist, in my authorities Best Value objectives. I see the introduction of financial penalties as a last resort in ensuring performance, I would much prefer a partnering arrangement whereby both parties agree to work together to achieve the desired results. This should not preclude both parties from recovering legitimate costs e.g. for abortive calls or late completion.
- Competition would have many benefits. However, limiting 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, such restrictions should not be necessary.
- A Rent a Jointer scheme would be a welcome addition to the proposals made by the DNOs in your discussion document. The majority of the problems we experience with our local DNO are due to their lack of resources and a refusal to man up to the levels necessary to provide a satisfactory



service. Rent a jointer will therefore only be a viable option if the DNO are prepared to provide the additional resources. I am sure that many authorities can demonstrate to their local DNO that they have sufficient workload to warrant the use of rent a jointer and as a result funding the additional resource should not be a problem for the DNO.

As far as the document goes I see the proposals as a starting point for further discussion and hope that at last we can see some progress on this issue.

Yours Sincerely

A handwritten signature in black ink that reads "R. D. Astle". The signature is written in a cursive style with a large initial 'R' and a distinct 'A'.

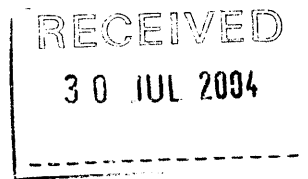
R D Astle  
Section Leader-Transportation Network Management

Chief Transportation & Engineering Officer/Prif Swyddog Cludiant a Pheirianneg  
Rob Wilkinson

Highways Maintenance Office, Ruthin Road, Wrexham, LL13 7JU Tel: 01978 291770 Fax: 01978 355836  
Swyddfa Cynnal a Chady Priflyrdd, Ffordd Rluithun, Wrecsam, LL13 7JU Ffôn: 01978 291770 Ffacs: 01978 355836  
www.wrexham.gov.uk



OFGEN  
9 Millbank  
London  
SW1P 3GE



Your Ref/Eich Cyf **Fao Sean O'Hara**  
Our Ref/Fin Cyf **TM/S/4/4/GE/OBJ**  
Date/Dyddiad **27 July, 2004**  
Ask for/Gofynner am **Mr G Edwards**  
Direct Dial/Rhif Union **01978 296003**  
E-mail/E bost

Dear Sirs

**Competition in connection 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 poor, in particular, liaising to obtain start and completion dates for any planned task is virtually impossible at present. The low priority given to Street Lighting service work results in many jobs becoming “hospitalised”.

There can be no justification for not informing a customer when you plan to start and when you have completed work for which they are paying.

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

Yours faithfully

P C Robinson  
Highways Maintenance Manager

Ext 1401 – Mark Tidswell

Our Ref: MT/EG 71/IUS OFGEM Connections 01  
Your Ref: Competition in Connections

Tel: 01904 613161  
Fax: 01904 551630

Tuesday 27<sup>th</sup> July 2004

Dear Mr O'Hara

**Re: Competition in Connections**

I am writing on behalf of City of York Council to outline our views of the above.

Over the past eighteen months the service we have received from IUS can be described as nothing other than poor. A catalogue of events has led to new connections taking up to eight months to complete whilst prices have risen.

After reading the documentation available online (Competition in Connections to Electricity Distribution Systems and associated appendix document) it is my preference that in the first instance a Service Level Agreement be written and put in place.

As discussed by the UCCG within the document, this service level agreement should be fully operational (including associated penalties) from day one. As the ENA would prefer the penalties not to be introduced within the first 12 months, is this their admission that they cannot effectively meet any service level agreement within the time it takes to implement one?

Further to the recommendations of the UCCG, response times should be calculated on calendar days and not working days. If the response times were to be calculated only on working days, this would lead to inappropriate delays during weekends and holidays.

Penalties should act as a serious incentive within the agreement. Any incentive, which does not have a significant financial effect on an organisation, shall not fully satisfy its purpose.

The Force Majeure clause needs further consideration. The clause should not be implemented either due to minor weather conditions or poor performance.

Finally, the auditing of a Service Level Agreement is paramount to its success. Effective auditing shall continually improve the agreement and such improvement will be welcomed by the authority.

I believe that when an agreed and workable Service Level Agreement is in place and has proven effective competition can be introduced. However, I cannot see how limiting competition to service cables will benefit City of York Council or other authorities. If competition was not restricted I am sure that prices within the sector will fall considerably and have a positive effect on the industry.

May I thank you for the opportunity to comment on the documentation and your time in reading this correspondence.

Yours sincerely



Mark Tidswell  
Project Engineer - Street Lighting

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