

6th August 2004

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Cemil Altin
Head of Price Control Reviews
Ofgem
9 Millbank
SW1P 3GE

For the attention of Cemil Altin

Dear Cemil,

**Electricity Distribution Price Control Review June 2004 – London
Underground Response**

Thank you for providing London Underground (LU) with the opportunity to respond to Ofgem's Electricity Distribution Price Control Review.

LU is a public body responsible for the safe transport of millions of passengers every day. An area of increasing concern is the unreliability of the DNOs networks, where LU has been subject to 119 power failures during 2003/4. These DNO failures have been attributed to high and low voltage cable and network problems, system "surges", and third party damage across the two main DNO areas of EdFenergy and Scottish and Southern.

LU is generally encouraged by Ofgem's proposals to incentivise the Distribution Network Operators (DNOs), so protecting the interests of consumers whilst providing improved quality of service. Please find below LU's comments against your referencing where applicable.

Section 4.21 HV connected business customers

LU stations are normally supplied at LV level, so LU's exposure to lack of adequate investment in life expired cable networks, would appear to be a factor in reduced security of supply. LU notes Ofgem's comments that customers wishing for increased security of supply will typically pay for this (though the comments were directed at HV connected consumers), which leaves little protection for LV connected consumers such as LU. This would appear to provide the wrong message to the DNOs, where consumers should be provided with a robust, reliable and efficient service rather than transfer the risk decision to customers. LU is one of the largest users of electricity within London, and hence pays DNO's a substantial amount in charges for a service, which has failed on numerous occasions.

LU does have in place contingency plans to mitigate against such failures in order to protect the travelling public, and these are used where necessary in order to maintain continued supply of service. However, as a result of an increasingly unreliable distribution network, LU is finding itself in a position where it has to continuously rely on plans intended to be used in emergency situations only, as a way of ensuring continuous supply of service on a normal basis.

It is disappointing to note that Ofgem continues to treat consumers such as LU in the same manner as domestic customers with respect to security of supply (March proposals policy document). Ofgem does not appear to take into consideration the effects these failures have on LU, in particular to our contribution in making London a World Class City.

Section 4.22 Overall Standards of performance

The existing DNOs "Guaranteed and Overall Standards of Performance" (GOSPs) do not differentiate between a domestic and business customer, or in LU's case, a non-profit making organisation with high safety responsibilities (except for low compensation, which does not reflect the financial impact adequately). GOSPs do not incentivise the DNO's to protect LU from failures, which can have safety implications. These DNO power failures are also a major source of frustration and inconvenience to our customers.

LU notes, that GOSPs will not apply during the next price control from April 2005 to March 2010, and that they will be replaced by similar reporting requirements under Regulatory Instructions and Guidance (RIGs). As Ofgem are to release further details of these soon, we will review these when available. Early indications appear that they will not change greatly from the existing GOSPs. LU urgently requests these RIGs include more stringent reliability and restoration targets for the DNOs with respect to organisations such as LU.

General comments

Whilst LU acknowledges the complexity of the DNO networks in London, and the ongoing discussions held between LU and EdFenergy to improve reliability and fault restoration times (as the majority of our supplies are within the EdFenergy area). The DNO power failures to LU have a direct impact on LU operations and our safety performance, by causing the following assets to fail.

- Failure of supply to fire protection systems,
- failure of lifts and escalators,
- failure of normal and emergency lighting circuits,
- failure of CCTV and communication equipment.
- failure to pumps and ventilation fans

When DNO power failures close stations, LU evacuates these areas. This can lead to increased passenger numbers and crowding on trains and adjacent stations. If these DNO power failures occurs during peak times or at major stations during summer months, the impact on passengers is extremely high.

LU strongly suggests that through this opportunity to incentivise performance of DNOs over the next 5 years, greater protection is included and the wider commercial and safety implications are considered when a public transport system is subject to power supply failures.

LU has discussed directly our concerns with Energywatch, who support LU's request for greater regulatory protection.

If you wish to discuss the above issues further, please contact me on the above number or by email on tom.micklewright@tube.tfl.gov.uk.

Yours sincerely,

Jon Smith, David Young, Tony Newman,
Ernie Boddington. Claire Thomson, Fiona
Smith

Reply Required
For Information

Tom Micklewright
Energy Manager

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