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17 November 2004

Open Letter on Ofgem's proposals to implement revised standards of performance arrangements for electricity distributors

Dear Chris,

I refer to your letter of the 22 October 2004 inviting views on the draft regulations to implement changes to the standards of performance arrangements.

I detail below Central Networks response to the issues you have raised in your letter.

(a) Supply restoration under normal and severe weather

Draft Regulation 4 (1)(a) and (b) – Exceptional Events – This section of the draft regulations we believe is not sufficiently clear to distinguish between a Category 1 and Category 2 Event. Central Networks considers that further clarification is therefore necessary, perhaps along the lines of table 3 of your letter of the 22 October 2004. This would ensure that there would be no misinterpretation and in turn ensuring the correct trigger point for compensation.

Central Networks agrees that there should be a cap placed on such events, but would expect to see a significantly lower cap than that detailed in your letter. We believe that a cap be given on a specific DNO basis as opposed to a nationwide basis, and feel that there would be merit in carrying out further exploratory work in this area.

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Proposed treatment by SSE on the Highlands and Islands

Central Networks' view on this proposal is that this treatment should extend to other DNOs' areas where it could be demonstrated that there were similar circumstances in that particular DNO's region.

(b) Extension of the standards to IDNOs and DNOs operating out of area

Scenario A - Central Networks totally agrees with this Scenario

Scenario B – Whilst Central Networks agrees with this scenario, we would add that accurate records will need to be maintained and produced in order to ensure correct payments are made.

Scenario C – Central Networks agrees with this scenario – however, we would expect that such commercial terms be agreed on a national basis and incorporated into a nationally agreed set of connection/use of system terms between DNO/IDNO, IDNO/IDNO. Central Networks would be happy to contribute to any such forum in taking this matter forward.

Planned interruption standard

Scenario A – Central Networks agrees that the status quo should apply.

Scenario B – Central Networks agrees that a greater advance notice should be given to any downstream distributor who will be affected by any outage. However, our experience suggests that connectees prefer as much notice as possible. Therefore we would expect the minimum period to be 10 days and not 5. We would expect that any distributor will plan the work or an outage on his network much further in advance, and therefore 10 days is reasonable and would allow the downstream distributor more time to inform parties connected to his network.

Currently under the terms of the Distribution Use of System Agreement, any payment made by the distributor for the benefit of the customer under a failure of the Standards of Performance is made via the supplier. Perhaps a simpler process should be considered whereby payment is made direct. In the case of the DNO/IDNO, we would suggest that payment is made by the DNO/IDNO to whose network the party is directly connected, as this would ensure that there is no delay in the customer receiving payment.

Removal of overall standards.

Central Networks concurs with the removal of the Overall Standards.

Practice and procedure

Central Networks agrees with the “practice and procedure” being detailed within the regulations, as this provides for the process of dealing with disputes and determinations to be given on a legal footing.

Should you wish to discuss any of the points raised in this letter please contact me on the number given on the first page or alternatively please e-mail me.

Yours sincerely

Lesley Queripel
Policy and Compliance Manager