

R/42

OFGEM ACCEPTS SP MANWEB'S COMMITMENTS TO IMPROVE ITS CONNECTIONS SERVICES

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A series of commitments offered by SP Manweb to improve the way it provides its electricity connections services have been accepted by energy regulator Ofgem.

Under the Competition Act 1998, Ofgem investigated allegations that SP Manweb was providing a better service to its affiliate connections business, Core, than to independent connections providers, which could have undermined their ability to compete effectively.

It is the first time that any sector regulator has accepted commitments offered by a company under the Competition Act. SP Manweb will now tackle the competition concerns Ofgem identified and provide its connections services in a non-discriminatory manner to independent connections providers within recommended timescales.

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Notes to Editors

1. During the Competition Act 1998 (CA98) investigation into SP Manweb's alleged conduct, Ofgem identified practices which give rise to potential competition concerns. In particular, SP Manweb was alleged to have acted in a discriminatory manner in its provision of point of connection information, its approval for connection designs and in its services for works associated with connections to the SP Manweb distribution network. "Point of connection" (POC) information is any information that describes the point at which an extension for a new load or generation connection can be connected to the existing electricity distribution network. POC information describes the technical and physical characteristics, parameters and geographic location at that point.

2. Ofgem's investigation was conducted pursuant to section 25 of the CA98. The investigation commenced after Ofgem had reasonable grounds for suspecting that SP Manweb's conduct constituted an infringement of the Chapter II prohibition of the CA98.

3. This is the first time Ofgem has proposed using its new power under the CA98 to accept commitments. The CA98 was amended on May 1 2004, to allow the OFT and regulators to accept binding commitments from businesses under investigation which address its competition

concerns. The commitments offered by SP Manweb are intended to address the competition concerns identified by Ofgem by ensuring:

- connections services are provided in a non-discriminatory way to both its affiliate connections business and independent connections provider (ICPs)
- it provides connections services within recommended timescales and reports to Ofgem on its performance
- all ICPs can be provided with the same access to IT systems used for connections purposes that are made available to SP Manweb's affiliate connections business, and
- the format and content of POC information provided to ICPs meets agreed industry standards. There are currently voluntary standards in place regarding the provision of POC information.

4. The Gas and Electricity Markets Authority (the Authority) has concurrent jurisdiction with the OFT and other regulators to exercise powers under the Competition Act 1998 (CA98) to investigate and take enforcement action in respect of the Chapter I and Chapter II prohibitions of the CA98. On May 1 2004, the Authority was designated as a National Competition Authority and was given additional powers to investigate and take enforcement action in respect of Articles 81 and 82 of the EC Treaty.

5. The OFT or a regulator is able to accept commitments under section 31A of the CA98. Before commitments can be accepted, the OFT or regulator is required by the CA98 to consult parties likely to be affected on a proposal to accept commitments. Ofgem consulted on the commitments offered by SP Manweb in July 2005. Following consultation the OFT or regulator may formally accept the commitments if it is satisfied that the competition concerns identified are addressed. In accepting commitments, the CA98 requires the OFT or regulator to discontinue its investigation into the conduct addressed by the commitments. Further information on the power to accept commitments can be found in the Competition Law Guideline 'Enforcement'; this is available on the OFT's website: www.ofg.gov.uk

6. Copies of the document "Decision of the Office Gas and Electricity Markets Authority to accept commitments pursuant to section 31A(2) of the Competition Act 1998." are available on the Ofgem website www.ofgem.gov.uk. Hard copies can be ordered from the Ofgem distribution centre on 020 7901 7116 or by email from distribution@ofgem.gov.uk

7. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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