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29<sup>th</sup> March 2007

Dear Sir or Madam,

**Review of Competition in Gas and Electricity Connections Proposals Document**

I am writing on behalf of Centrica plc in response to the above proposals document published 16<sup>th</sup> February 2007.

Centrica welcomes the opportunity to comment on the above proposals document.

We are pleased to note that Ofgem have taken on board a number of the suggestions raised in our response to consultation on gas and electricity connections published in August 2006. We still have concerns however regarding issues we continue to encounter in the gas connections market and have requested a separate meeting with Ofgem to air these concerns.

**Chapter 2 Gas Connections**

**One-off domestic connections**

Centrica is disappointed to note that Ofgem are not proposing any changes to promote competition in the one-off domestic connections market.

The main issue we face is getting the final connection completed in a timely period. At present the requirements placed on the GDN stop at provision of planning letter within 20 days of acceptance. There is no obligation on the time taken to complete the installation. Centrica did point out this weakness when the original obligations were being developed. The current connection request process takes approximately 12 weeks from end to end (quotation request to connection completed) which is still far too long a process to be considered effective.

One area that causes significant concern relates to Local Authorities/Social Housing organisations that are looking to improve their housing stock in terms of reducing running costs for fuel poor customers and being more environmentally friendly by reducing CO<sub>2</sub> emissions. When a social housing customer with solid fuel or electric heating has issues with their heating system the Local Authority/Social Housing organisation will look to replace with a more economic and environmentally friendly heating option i.e. gas. But as the current process takes nearly three months it is unreasonable to expect the customer to be left for this length of time without effective heating. Therefore, the current process actually drives organisations to dismiss gas as a heating option in a lot of cases.

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## Other Comments

Centrica would like to reiterate its comments made in its last connections consultation response regarding the application of Section 50 of the New Road and Street Works Act (NRSWA). This places new market entrants at a disadvantage to the incumbent network operator who have rights under the Gas Act/Electricity Act to give notice of street works without having to go through a license application process. The application process adds significant delays to the end consumer in getting works completed. Centrica believes that GDNs should make their NRSWA rights available to all accredited ICPs. Suitable accreditation would include notice administration as well as technical on-site compliance.

Centrica believes it would be timely to carry out a review of effectiveness of the standards of performance implemented on 1<sup>st</sup> May 2005 and to this end have invited Ofgem to meet and review how these standards impact on the end customer experience.

### **Chapter 3 Metered electricity connections: Introduction of a licence condition**

Q1: We fully support your proposal to introduce a licence condition and are pleased to note that you intend to formally consult on the licence modification in April/May 2007.

Q2: We welcome the introduction of formal standards of service and performance targets. We particularly welcome the introduction of a standard to cover completion of the final connection. As mentioned under Chapter 2 above this is a particular problem in the gas market and we would encourage Ofgem to review the gas standards of service with a view to aligning with electricity.

Ofgem have suggested that DNOs should have a "reasonable endeavours" obligation to meet the proposed standards in every case and as a minimum in 90% of all cases. We have a concern regarding the tasks that fall within the 10% where the standard could be failed. Ofgem should ensure that DNOs are monitored as to how quickly these failures are resolved to ensure that these are remedied within a reasonable timescale.

We are concerned that Ofgem have not outlined any penalties for failure to meet the standards outlined in the document.

We feel the timescales and performance targets outlined in this section should be reviewed and improved on an ongoing basis.

Q3: The proposed structure and drafting of the licence condition is clear.

Q4: A supporting guidance document for the licence condition would be helpful.

### **Chapter 4 Promotion of convergence and good practice in electricity connections**

Q1: We fully support the introduction of a package of best practice principles.

Q2: We support the suggested initiatives to improve the connections application process. We have had experience where customers are confused by complicated terminology and we would be happy to provide input into the development of customer information packs.

Q3: We agree with the reporting arrangements set out in the chapter and feel that publication of specific guidelines may be helpful.

## **Chapter 5 Unmetered electricity connections**

We have not commented on this chapter:

Should you wish to discuss in detail any aspect of this response please do not hesitate to contact me.

Yours faithfully

Kevin Woollard  
Industry and Regulation Manager  
Centrica