

C.E.P.O.G.

District Maintenance Engineers Group

Your ref:

Our ref: SL/MH/31

Please ask for: Mr. M. Harwood

Direct line: 01384 814502

f.a.o. Roger Morgan
OFGEM
9 Millbank
London
SW1P 3GE

Cc: Matt Williams, Bob Barratt, Lee Evans, Authorities

30 March 2007

Dear Roger,

Re: Competition in Connections – discussion document

I refer to the recent discussion document on the future of Competition in Unmetered Connections and the Service Level Agreement. This is my response to the consultation as requested. This letter is a corporate response from the umbrella body for West Midlands highway engineers, representing all the authorities in that area. Having consulted with the other authorities in the Central Networks West area we have decided to add to this submission those authorities outside the West Midlands area who agree with its content; the participating local authorities are listed at the foot of this letter.

My first reaction on reading the document was one of disappointment. Following a wide consultation with the local authorities concerned, and eliciting the considered opinion that the service of the DNOs was generally poor and unlikely to improve, it was to be hoped that at the very least the licence conditions of the DNOs would be modified to allow action to be taken against them if found to be necessary. That this was indeed done in respect of metered connections, but not for unmetered, I find mystifying as the problems of local authorities in respect of unmetered connections are, if anything, worse than those of DNO customers for metered connections. My first response, then, is to call for this change to be made in DNO licence conditions for unmetered connections.

With regard to the Service Level Agreement, I am in favour of its continuation. I am, however, unhappy with some of the proposals for its future implementation. In respect of the proposed table of response times, I am concerned on two accounts: firstly, that the response times declared in the consultation document were based on the average – rather than the best performance – of DNOs. This has the effect of giving no reward or incentive to those DNOs who consistently perform far in excess of the proposed performance targets and a tacit acceptance that their standards could be allowed to slip. Worse performing DNOs would, however, need to improve in order to meet the new timescales – which leads me to the second problem. The lack of a 100% performance target leads to a position where in theory some jobs may never be completed at all, let alone on time. This has been my experience with the SLA so far, and a 100% completion limit in addition to those already set is to my mind an essential element of a SLA.

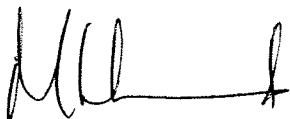
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In addition, there is no requirement in the SLA for a robust mechanism for the exchange of information between DNO and SLA. In the Central Networks West area, we are dependent upon a weekly spreadsheet that CN uses to transmit programming and works completion data to the local authorities. While this does not strictly conform to the SLA in that we are often not informed of a completion until some days afterward, we have accepted this process as a superior system to that hitherto, where we received no notification at all pre-invoice. However, in the format it is presented it remains difficult to reconcile CN's records with our own, and some work is required on each occasion to be able to achieve this. Some authorities, having little in the way of support services or having their existing staff fully committed, are practically unable to either reconcile the records or to agree completion dates. This is the reason for the response of many authorities during the last SLA consultation exercise, for which I refer you to my letter of 4th July 2006 addressed to Laura Nell. In the wake of this present consultation some authorities have specially allocated resources, and having reconciled CN's data with their own at least one has found major differences. I anticipate that this situation would be repeated in several other areas if the same exercise were to take place there. Another case in point is the authorities' own returns under Best Value Performance Indicator BV215b, which almost invariably portray a worse situation than the DNOs' own figures would suggest. Given that we are now required to verify the DNOs' SLA results returns prior to their submission to you, in order that the exercise is recognisably fair and verifiable I consider that an agreed mechanism for data exchange, in accordance with the SLA conditions, should be made a requirement of the SLA.

Finally, considering the section of the consultation on competitive connections, we welcome the removal of the 'one metre rule' as we felt this to be an illogical restriction on contestable service works. We look forward to the eventual extension of contestability to other categories of service works that presently remain outside competition, such as works on older paper/lead cables and on the main itself, and feel that the live jointing trials that are presently running in other parts of the country will do much to allay the fears of the DNOs in this regard. However, as things stand not many ICPs seem to want to come forward; only two companies have registered under the NERS scheme and the others appear to be fully engaged on works for the DNOs. This restricts the scope of local authorities to engage in jointing trials and may prevent the take-up of competitive connections work.

I welcome the continued consultation exercise and trust that the concerns of the local authorities will be addressed in the final outcome.

Yours sincerely,



Mel Harwood
Team Manager – Street Lighting, Dudley MBC
for the District Maintenance Engineers' Group

Participating authorities – Central Networks West area

Birmingham City Council
Cheshire County Council
Coventry City Council
Dudley MBC
Gloucestershire CC
Herefordshire CC
Oxfordshire CC
Sandwell MBC
Shropshire CC

Solihull MBC
South Gloucestershire Council
Staffordshire CC
Stoke-on-Trent City Council
Telford & Wrekin Council
Walsall MBC
Warwickshire CC
Wolverhampton City Council
Worcestershire CC