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30 March 2007

Mr R Morgan
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Office of Gas and Electricity Markets
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LONDON
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Your Ref: ILE/Tech Com/DJC/03/07

Dear

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

I refer to the above proposal document and your invitation to respond by 30th March 2007. The following response is submitted on behalf of the UK Lighting Board and CSS.

In recent years, following the introduction of the Best Value regime, Local Authorities have been required to question all aspects of their service delivery with the aim of continual improvement in the delivery of their services. For many, the street lighting procedures operating with their respective DNOs have been some of the most inefficient parts of their service and have adversely affected customer satisfaction and service delivery by the Authorities themselves.

As a result of this cycle of poor performance, OFGEM have been the recipient of many complaints from Local Authorities and the trial Service Level Agreement (SLA) was therefore introduced to assess and improve performance. Standard service categories were applied across the country and for the first time it has been possible to compare the performance of DNOs and this has shown considerable variance between the best and poorest performers.

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I am now concerned that you propose to extend the trial for a further 12 months and you have proposed targets set at the average and not at the best performance levels achieved. The commitment and hard work of the best performers is being devalued and further time given to the poor performers to provide a level of service that falls well below the expectations of Local Authorities and is inferior to those set in contracts with their maintenance contractors. The standards of service that are set need to stretch the DNOs performance and not be seen as minimum benchmark figures.

I have listed below our suggested proposals for the minimum standards.

	Definition	Minimum benchmark	Preferred target
Standard 1 – Faults			
Emergency Fault repair	Work necessary to remove immediate danger to the public or property arising from the electricity distribution network associated with street furniture.	80% in 2 hours Report against emergency repair undertaken > two hours	95% in 2 hours 100% in 4 hours Report against emergency repair undertaken > two hours
High Priority Fault repair	Work that is urgent but would not require attendance out of normal working hours to restore or remove electricity supplies to street furniture e.g. at the site of an accident black spot, major road junction, pedestrian crossing facility, an area of public order concerns, a reoccurring fault.	50% in 1 day 90% in 10 days Report against high priority fault undertaken > 10 days	75% in 1 day 100% in 10 days Report against high priority fault undertaken > 10 days
Multiple Units fault repair	Fault on service, for example no current, low voltage, faulty cut-out (i.e. electrically distressed), loss of neutral and high earth impedance affecting more than one unit.	75% in 10 days 90% in 20 days Report against multiple unit fault undertaken > 20 days	90% in 10 days 100% in 20 days Report against multiple unit fault undertaken > 20 days
Single Unit fault repair	Fault on service, for example no current, low voltage, faulty cut-out (i.e. electrically distressed), loss of neutral and high earth impedance affecting a single unit.	60% in 10 days 80% in 20 days Report against single unit fault undertaken > 20 days	75% in 10 days 95% in 20 days Report against single unit fault undertaken > 20 days
Standard 2 – New Works			
New Works1 – 10 jobs	May include the following; new capital lighting schemes, road improvement schemes, provision of connection/disconnections, service transfer, new service and disconnections.	60% in 15 days 90% in 30 days Report against new works 1-10 jobs undertaken > 30 days	75% in 15 days 100% in 30 days Report against new works 1-10 jobs undertaken > 30 days
New Works11 – 50 jobs	May include the following; new capital lighting schemes, road improvement schemes, provision of connection/disconnections, service transfer, new service and disconnections.	70% in 25 days 90% in 35 days Report against new works 11-50 jobs undertaken > 35 days	75% in 15 days 100% in 35 days Report against new works 11-50 jobs undertaken > 35 days

NB. I would prefer to see the heading “minimum benchmark” replaced by a “preferred target”. Whilst the table retains the term “days” this should be clarified as “calendar days” as against “working days”. A “working day” should be defined as 07-00 hours to 18-00 hours Monday to Saturday inclusive but excluding national Bank Holidays.

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Following the commencement of the trial SLA, the overall performance of DNOs did improve over the first year but has fallen back during the second year. The performance figures for the proposed third year should be based upon the best performance achieved and also include 100 per cent of the jobs received. Previous instances of DNOs not reporting the number of jobs outstanding at the end of a reporting period has been a particular failure of the process to date. During the third year of the trial DNOs must be instructed to agree performance figures on a monthly basis with the Local Authorities in advance of quarterly reporting to OFGEM. If the trial is extended, the third year should be treated as a monitoring exercise rather than an extension of the trial itself.

I am supportive of the introduction of a national SLA but am concerned that unless a licence condition underpins DNO performance it will not be given the necessary level of importance or commitment.

In relation to the operation of the triangular contract arrangements I agree that the one metre rule should be removed and the scope of contestability should be based upon assessed competence of the ICP. Hopefully the successful trial of this agreement in Caerphilly County Borough Council will give some impetus to the process. Some DNOs however have still not prepared the necessary documentation to operate the agreement and experience at Caerphilly indicates that there is a long lead in time between document completion and commencement of ICP jointing works. Without the documentation, an approach by a Local Authority and ICP is pointless and because budgets and projects are set annually a second approach will not be made for a further twelve months.

In conclusion, both the operation of a Service Level Agreement and Competition for Connections have equal importance but the Service Level Agreement is not an alternative to Competition for Connections or vice versa. Whatever the final outcome of the Competition for Connections proposals, a Service Level Agreement will remain essential for dealing with the rectification of DNO service cable failures and service connections not covered by competition.

I hope the above is of assistance. The Board also very much appreciate your continued attendance at our meetings that has been very helpful and I look forward to this continuing in the future.

Kind Regards.

Yours sincerely

Roger Elphick OBE
Chair, UK Lighting Board