

## **Review of competition in Gas and Electricity Connections** **– Proposal Document**

### **Chapter Three**

#### **Question 1:**

**Do you agree with our proposals to introduce a licence condition?**

Yes – we are in total agreement to the introduction of licence conditions. It is plainly clear that the voluntary standards between the DNO's and Customers have not worked to date. This is totally due to the DNO's not wanting to apply the principles of competition over many years and constantly placing barriers not only in the way of Customers but in also adopting an adversarial attitude towards OFGEM.

#### **Question 2:**

**Do you agree with the proposed scope, performance targets and timescales?**

Yes we do. However on the definitions on page 11 paragraph 3.8 the wording in brackets "including reinforcement work" needs to be included in the other two categories for HV and EHV. To omit this will give the DNO's an opportunity to stall the process and use them as a "get out clause" for the standards of service.

We would also like OFGEM to consider an interim period of say two years for the 90% performance target and then increasing the 90% to 100% at a subsequent date. This time phasing would be included in the licence condition.

#### **Question 3:**

**Is the proposed structure and drafting of the licence condition clear?**

It would seem to be, although legal advice needs to be sort on whether the licence condition transposes legally from the principles of the Consultation.

One concern would be the inclusion of words like "reasonable endeavours" and whether DNO's would use this to delay issues.

There also needs to be a definition of the Construction and Adoption Agreement (CAA) as this may be an opportunity for the DNO's to introduce delaying tactics. We would suggest a precise definition is introduced in the licence condition and a two-phased approach is pursued by the ECSG/OFGEM to have all of the DNO's CAA's in place by the beginning of June 2007 with the aim that a Model CAA is worked on and supersedes the DNO's CAA by the end of 2007. This will go a long way in facilitating competition and will enable a fast track approach to be used by Developer/ICP's in completing one CAA which has a part of it relating to the legal conditions and a

second part where the project variables are inserted. In relation to the DNO Agreements that are in place at the moment we would suggest to OFGEM that they are in fact not Agreements, but a one sided contract which places ICP's and Developers in a position where you either accept it or use the Section 16 route to get a connection.

We see the Model CAA as no different than other Model Agreements the Industry uses in the Self Lay of water main/service pipes and for Sewers under a Section 104 Agreement as detailed in Sewers for Adoption. We cannot see any reason why the DNO's could not facilitate this type Model Agreement throughout England and Wales.

Another item that may need considering for inclusion into the licence condition is in relation to wayleaves and easements, this is a key issue which again could be used to instigate a delay by DNO's, although one solution to this would be to place the responsibility for this with the ICP which I understand takes place in the Gas Industry.

#### **Question 4:**

**Does the licence condition require a supporting guidance document?**

Absolutely, it is essential that supporting guidance is compiled to accompany the licence condition. In looking at the self-lay of water mains and service pipes not only was there OFWAT guidance but also the Water Industry took the initiative to produce their own guidance as a Code of Practice. To a certain extent G81 is a similar type of information but is not as well presented.

There is also a need to produce guidance on the Section 16 Application process and the POC Application to explain what is the difference between the two methods of obtaining an electric connection. Both of which can be confusing to the House Building Industry.

### **Chapter Four**

#### **Question 1:**

**Do you agree with the package of best practice principles?**

#### **Question 2:**

**Are there other areas of improvement to the connections application process that are required?**

We are in agreement to the package of best practice principles. However there also needs to be included a charging methodology for POC charges. At present there is a vast variation between all DNO's on how this is undertaken, in the past Jeff Hunt of Scottish Power has set out their methodology which seems fair to all parties. No doubt this is an issue that can be taken forward at ECSG Meetings.

Over all the package of best practice principles are most welcomed and OFGEM should be congratulated on the suite of proposals they have put forward in this consultation. We would wish to portray an air of caution, as over the last six years some of these issues have been set out in OFGEM's previous Proposal Documents only to be delayed by the DNO's who have an ability to use the formation of detail around the principle to stop the process. So we would ask that OFGEM evolves the detail through ECSG Working Groups and each item is time-phased. Looking at the issues on the table, it would not be unrealistic for all of these to be resolved within a three month period.

One matter that does exercise our Members is why meters cannot be installed at the same time as when a connection is being done, which we are lead to believe takes place in the Gas Industry. If we are looking to reduce the time for providing an connection surely this should be a quick win issue for OFGEM to address with DNO's and Suppliers.

We would like to register our disappointment with the section on "Affiliate Connection Businesses". This in our opinion does not go far enough and we see competition will not become effective until the Affiliated Businesses of DNO's are not permitted to work in the same area as their regulated DNO. It should also only be the DNO that deals with Customers on their network and not as present where in asking for information with the likes of Central Networks you have to work with their Affiliated Business, Energy Services. On a more minor issue no DNO or its Affiliated Business should have the same business name like United Utilities. From a Customer perspective it results in confusion and complicates the lines of communication.

**Question 3:**

**Do you agree with the reporting arrangements set out in this chapter, are specific guidelines required?**

The reporting arrangements set out in this chapter are well founded and are in need of specific guidelines to which we would refer OFGEM to our previous comments to Questions 1 and 2.

**Chapter Five**

**Question 1:**

**Do you agree with the proposed key performance indicators for the SLA?**

We feel unqualified to comment on this question as our business does not really cover this type of operation.

**Question 2:**

**Do you agree that the scope of contestability should be based on contractor accreditation rather than the one metre rule?**

On the broad question of competition in any area of electric connections we would support any proposal that enabled the existing monopoly held by DNO's to be reduced, or even removed. This would obviously be subject to the appropriate adherence to health and safety issues. So Contractor Accreditation would seem the best way forward.