

Connections Policy
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Dear Nicola,

Review of Competition in Gas and Electricity Connections Proposals Document (Ref: 26/07)

We agree with Ofgem that competition has developed steadily within the gas connections market and in particular within the new housing sector, where Gas Distribution Networks (GDNs) account for less than one third of the business. We will continue to support the development of competition where it better protects the needs of customers and will meet our obligations under section 9 of the Gas Act to provide a connection where economical to do so.

With regards to the specific issues in relation to gas connections raised within the Review of Competition in Connections Proposals, we would like to make the following observations:

- **One-off domestic gas connections** – We agree with Ofgem that amending the domestic load connection allowance would not, in itself, encourage competition. Monetised allowances would merely add a further layer of complexity and distortion within the connection service provider market, with little clear benefit to prospective gas customers. A number of interacting factors such as streetworks legislation, government policy in respect of congestion (The Traffic Management Act) and the geographically diverse and low margin nature of domestic connections, all discourage competitive activity, other than at the margin. Ofgem has accurately identified that changes to streetworks legislation are a pre-requisite to enhancing competition in this sector.
- **Gas diversions** – We remain open to the possibility of competitive gas diversions where they can be seen to provide tangible benefits to gas customers. We have seen little hard evidence of demand for competitive diversions and agree with Ofgem that expending resources on developing frameworks and contracts is not justified at this time. We also remain concerned with the level of complexity that would be required to support such a process. In any event we believe that it would be appropriate for those seeking such arrangements to fund development and ongoing administration costs.

If you need further clarification please do not hesitate to contact me.

Yours sincerely, (by e-mail)

Paul Rogers