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Dear Roger

Review of Competition in Gas and Electricity Connections: Proposals Document

We are pleased to contribute to the development of standards and best practice to support competition and improve the effectiveness of the electricity connections market. We continue to support the introduction of formal service standards for non-contestable activities and welcome the opportunity to comment on your specific proposals.

The comments below are provided in line with the structure of the proposals document.

Chapter 3. Metered electricity connections

To facilitate the competitive market we acknowledge the importance of establishing a minimum level of service for the provision of point of connection, design approval and final connection. We have been consistent in supporting the introduction of a licence condition which provides third party connectors with the assurance that non-contestable information and services will be provided by the DNO in a timely manner.

Classification of connections

We agree with the proposal to amend the definitions used to classify demand and generation connections into LV, HV and EHV. The new definitions will provide for more consistent interpretation and performance reporting across the industry.

Provision of formal quotation for POC

As a result of the amended definitions it is important to ensure that the setting of minimum performance targets is based on robust and reliable information. It cannot be assumed that the categories simply map across from the old to the new definitions ie 'simple' becomes LV, 'complex' to HV and 'complicated' to EHV. We have undertaken a detailed analysis of our year to date performance in 2006/07 for the provision of point of connection (POC) quotation as measured under the current voluntary standards and under the proposed new standard definitions. The results from over 900 requests are presented in Tables 1 and 2.

Category	Standard timescale days	Activity Volume #	Achieved within target %
Simple	15	178	98.9
Complex	20	494	95.1
Complicated	10 for letter	246	100.0

Table 1 – POC quotation under voluntary standards for demand connections

Category	Standard timescale days	Activity Volume #	Achieved within target %
LV	15	424	96.7
HV	20	489	65.5
EHV	50	5	100.0

Table 2 – POC quotation under new proposed standards for demand connections

Under the existing voluntary standards UU's performance is >95% in all categories. However, under the new licence condition proposals, many of the 'complicated' schemes would be classified as 'HV' hence requiring 90% of quotations to be completed within 20 days. There is little cross industry information available to assess whether the new 20 day standard for HV is reasonable or achievable. Our analysis suggests a minimum standard of 90% in 20 days is not achievable and even a standard of 90% in 30 days will be stretching.

It is important to ensure that the minimum levels of service embodied in a licence condition are reasonable and achievable through efficient operations. DNOs should not be put into a position of potential licence breach through the introduction of standards which do not reflect the practicalities of implementation and delivery.

United Utilities strongly supports a change to the timescale of the HV POC quotation standard from 90% in 20 days to 90% in 30 days. Ofgem's proposals for the new LV & EHV standards are acceptable.

Notify POC

Whilst the timescale for the provision of a POC quotation for EHV is 50 days, the timescale for the notification of a POC at EHV for both demand and generation connections is 30 days. There is little difference in the work necessary to complete both types of POC requests since detailed system studies are required in all cases and budget costs are often produced to assess the lowest cost for point of connection. Further complications and delays can arise in providing POC information, particularly at EHV, where several connection requests are received for connection at different points within an EHV network group. Due to the configuration of the EHV network each connection request, even at HV, will have consequential impacts for the remaining connection points. On our Haydock 33kV network three independent requests were received in a 15 day period for connection at different points on the HV circuits, the latter jobs changing the POC of the first request.

We recommend increasing the timescale for notifying POC information for EHV from 30 days to 50 days consistent with the timescale for providing EHV POC quotations.

Design approval

We believe the requirement to approve or provide reasoned rejection of designs for EHV connections within 10 days is unreasonable. The level of detailed analysis and discussions necessary between the DNO and ICP are generally extensive and complicated and often will take longer than 10 days. This matter was discussed at the ECSG meeting held on 21 March 2007 where representatives from ICPs and DNOs proposed a modification to the standard.

It was recommended that the standard for design approval for LV and HV should remain at 90% within 10 working days and a new standard introduced for EHV design approval which requires the DNO to agree within 10 working days a date for approval with a minimum performance target of 90%.

Completion of final connections work

We believe the proposed standards for the completion of final connections and energisation are reasonable.

Draft Licence condition

We recommend the structure and drafting of the new licence condition should be reviewed by members of the ENA sub-group that will be working on the distribution licence review in conjunction with Ofgem. The sub-group aims to provide a comprehensive revision of this particular licence condition by 17th April 2007.

We also recommend the development of additional guidance with respect to the definitions of a LV, HV and EHV connection. The simple definitions as proposed in the supplementary appendices do not readily recognise the potential interaction across a number of POC requests. Whilst it is clear that a connection scheme which initiates EHV reinforcement works (1st comer) is classified as EHV under the new standards, there could be uncertainty as to the classification for all subsequent POC applications to be connected at HV but associated with the EHV reinforcement (2nd comers). In addition, schemes that require EHV system studies to establish the most economic point of connection but subsequently require no EHV reinforcement should be classified as EHV schemes.

Chapter 4. Promotion of good practice

We are pleased that Ofgem acknowledges that DNOs must be allowed to identify and implement effective means of increasing customer awareness and to implement efficient processes without the imposition of specific solutions. United Utilities has been proactive in producing developer information packs which provide clear information on the connections application process and providing user friendly application forms. We conduct regular customer surveys to assess customer satisfaction with our connection services and to aid us in identifying areas for improvement.

We support the proposal to share information and best practice through the ECSG and to work closely with industry representatives (DNOs, ICPs, IDNOs, Local Authorities) to seek efficient and effective improvements.

We note Ofgem's proposal to increase the areas against which DNOs are expected to report. This increasing requirement will require new data collection processes and changes to our existing information systems. We are currently undertaking a realignment of our overall connection processes which is expected to be completed over the coming months. We will seek to modify the implementation of the realignment to include sufficient data collection points to provide robust and accurate information.

Chapter 5. Unmetered electricity connections

Unmetered SLA

As recognised at the recent ECSG meeting the success of the unmetered SLA is dependent on a close and cooperative working relationship between DNO and Local Authority. The ability to meet the minimum proposed benchmarks will require clarity on the definitions for each category of fault repair and on reasonable classification by LAs. Experience to date from the industry has highlighted the disparity across LAs in the percentage number of faults reported as 'emergency' or 'high priority'.

Ofgem has proposed the formation of a working group, reporting to ECSG, to develop clear definitions and review the appropriateness of establishing guidelines as to the maximum percentage volumes of emergency and high priority faults. The first meeting of the group is scheduled for 3rd April 2007 and United Utilities will be represented. The group's output will be an important factor in assessing the reasonableness of the performance benchmarks associated with such faults. The proposed performance benchmarks for 'single' and 'multiple' unit fault repairs and new works are acceptable.

Competition in unmetered connections

We agree that it is important for the promotion of competition in the unmetered connections market to provide information to all LAs and other interested parties. United Utilities will publish details on how the 'rent-a-jointer' scheme operates and on the triangular agreements offered.

We agree that the scope of contestability with respect to unmetered supply work should be based on contractor accreditation rather than the one metre rule. As raised in our previous correspondence it is important to minimise the risk for contractors and the public from the dangers of incorrect identification of network main cables and work on unfamiliar cables. We do acknowledge however that where the contractor has installed the main on new development sites and no other cables are present in the vicinity, it is reasonable for the contractor to undertake connection work onto the main.

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I hope you find the above comments helpful. If you wish to discuss further any of the points raised, please do not hesitate to contact me.

Yours sincerely

Mike Boxall
Electricity Regulation Director