



To: Electricity Distribution
Licensees, Independent
Connection Providers and other
interested parties

*Promoting choice and
value for all customers*

Our Ref: SLC4F_guidance_cons
Direct Dial: 020 7901 7036
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Date: 13 July 2007

Dear Colleagues

Standard Licence Condition 4F. Standards for the provision of non-contestable connection services ("SLC 4F") – Consultation on Draft Guidance document version 1

Notice in accordance with proposed paragraph 14 of SLC 4F

Background

In May 2006, Ofgem launched a review of competition in connections through a consultation letter¹. We sought views on the proposed scope and objectives of that review and supported the consultation by hosting a workshop during which industry participants presented their views on the connections market. Feedback we received suggested that formal obligations on Gas Distributors in the gas market works well. However, significant concerns were expressed about the operation of the electricity connections market, in particular, Electricity Distributors (DNOs)² performance against the voluntary standards in relation to the provision of non-contestable information and services.

Through consultation³ and further industry workshops we have received feedback on the operation of the electricity connections market and having considered these views we set out proposals in February 2007⁴. A key feature of our proposals was to introduce a new condition into the DNOs distribution licence governing the provision of non-contestable information and services. The proposals document appendices⁵ set out for consultation, in draft form, a licence condition to formalise the provision by DNOs of non-contestable information and services. We also set out in this document our intentions to issue a formal consultation to modify the distribution licence.

Guidance document

SLC 4F contains provisions that allow the Authority to establish and revise from time to time an accompanying guidance document. This was included in the provisions of SLC 4F as a number of industry participants requested detailed guidance to support the licence condition. The main purpose of the guidance document is to:

¹ May 2006 Ref: 81/06 Review of Competition in Gas and Electricity Connections – Open consultation letter

² Formerly referred to as Public Electricity Suppliers (ex PES licensees)

³ 31 August 2006 Ref: 159/06 Review of Competition in Gas and Electricity Connections - Consultation document

⁴ 16 February 2007 Ref: 26/07 Review of Competition in Gas and Electricity Connections - Proposals document

⁵ 16 February 2007 Ref: 26a/07: Review of Competition in Gas and Electricity Connections Proposals document – Supplementary Appendices

- remove or reduce inconsistencies between electricity distributors in their interpretation and application of SLC 4F; and
- improve the form or manner in which information is to be collected, provided, or reported under the requirements of SLC 4F.

Through industry liaison, (a sub-group of Ofgem's Electricity Connections Steering Group (ECSG)) we have developed guidance to provide further clarity to the requirements of SLC 4F and associated reporting arrangements.

As required by proposed paragraph 14 of SLC 4F the Authority must give notice to electricity distributors, in the prescribed manner, prior to issuing guidance pursuant to paragraph 12 of that condition.

Notice in accordance with proposed paragraph 14 of SLC 4F

This letter constitutes formal notice in accordance with proposed paragraph 14 of SLC 4F. This notice commences the consultation process on the guidance document which is due to run until 5 pm 10 August 2007. It is proposed that the guidance document will take effect from 1 October 2007 (same time as SLC 4F takes effect).

Next Steps

Any representations or objections on the guidance should be sent to:

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Connections Policy Manager
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If you have any questions about the content of this letter or the guidance document please contact Nicola Cocks 020 7901 7036 or Roger Morgan 020 7901 7346.

Yours sincerely

Nicola Cocks
Connections Policy Manager