

RF/SB/HBF/ELE010

24th July 2007

Nicola Cocks
Connections Policy Manager
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Dear Nicola

**Re: HBF's Response to the OFGEM Consultation on Standard License Condition
4F Guidance Document – Version 1
OFGEM Ref. 181/07**

Further to our telephone conversation of 24th July 2007, it has been possible to read through the above mentioned OFGEM Consultation and can I congratulate you on this thorough and well presented Guidance.

There are a couple of issues which I feel I need to raise. Although these may not be ones that are relevant to the Guidance.

Exemptions – Page 3 – Paragraph 2.32

An issue has been highlighted to me this week where a DNO has used an affiliated business to provide connections; they are Scottish Power and Core Utilities. It would seem that Scottish Power do not process Section 16 Applications and pass all enquiries on to Core Utilities, who in turn process the enquiry as a C in C. I have always expressed a concern over the relationship of affiliated businesses to the Regulated DNO and the issue highlighted by one of our Members only goes to endorse this fact. I know this probably is not relevant for this Guidance but it does beg some bigger question in that if any unregulated affiliated DNO business is acting for the Regulated DNO their access to other ICP's details could strengthen their position in stopping competition. This may be an issue we can discuss at a later date.

Conditions Precedent – Page 8 – Paragraph 3.1 & 3.2

Again I would reiterate the need for a "Model Adoption Agreement". Such a document would speed up the process and is used in many other areas. I see this is probably the only major loophole which can be exploited by DNO's to use in their favour. As to date the DNO's Adoption Agreements I have seen are not "Agreements" but one-sided contracts weighted in their favour.

General Items

In the Guidance it does seem quite open on what information DNO's will provide in relation to the non-contestable works and their costs. I can see this could be a problem where the lack of detail in the Guidance could enable the DNO's to delay things. However, I did recall that this may be addressed in the COG but no one from the MCCG is involved with the formation of these details.

I would concede that the above in context are only minor issues in relation to the Licence Condition but are somewhat important in what could take place as a possible system abuse by some DNO's.

One point we are always obliged to make when replying to any consultation is that we see the HBF as being the "Voice" of the House Building Industry, our Membership consists of over 300 members who build over 80% of the 160,000 new homes per year. We would therefore hope that the content of our response will be read in context with the other Consultations received by OFGEM.

Lastly, can I again congratulate OFGEM on the way that over the last twelve months the momentum has grown on the issues surrounding Competition in Connections. I now feel we are at the start of the journey in the application of multi-utility and the choices our Members can have in the wonderful world of utilities. Can I as always pass on our thanks and pledge to you our continued support.

Yours sincerely

Ray Farrow

Associate Consultant

c.c. Dave Mitchell
Sian Lewis
MCCG Members