



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

*Promoting choice and
value for all customers*

Our Ref: SLC4F_modification
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Date: 27 September 2007

Dear Colleague

Standard Licence Condition 4F. Standards for the provision of non-contestable connection services (the "Condition") – Licence Modification

On the 13 July 2007 we issued a formal Electricity Act section 11A notice (modification of standard licence condition) to introduce a standards of performance regime covering non-contestable information and services provided by Electricity Distribution Network Operators¹ (DNOs)².

This letter accompanies the attached Licence Modification and Schedule. We received no objections to the licence modification and the main representations received are addressed in the attached Licence Modification. For the avoidance of doubt the Condition is to be introduced on 1 October 2007.

If you wish to discuss any aspect of this work please do not hesitate to contact me.

Yours sincerely

Martin Crouch
Director, Electricity Distribution

¹ The covering letter that accompanied the formal consultation on standard licence condition 4F (SLC 4F) explained that we do not intend to apply the licence condition to independent distribution network operators (IDNOs). We therefore intend to issue on 1 October 2007 directions to IDNOs pursuant to paragraph 10 of the Condition.

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

THE ELECTRICITY ACT 1989

Section 11A

Modification of the electricity distribution licence (the "Licence"), granted or treated as granted to all electricity distributors (the "Licensees") under section 6(1)(c) of the Electricity Act 1989 (the "Act")

1. Pursuant to section 11A(3) of the Act the Gas and Electricity Markets Authority (the "Authority") gave notice on 13 July 2007 (the "Notice") that it proposed to modify the Licence by introducing standard licence condition 4F (Standards for the provision of non-contestable connection services) (the "Condition").
2. The Authority sent a copy of the Notice to the Secretary of State and did not receive a direction not to make that modification.
3. Objections or representations to the modification were required to be made on or before 10 August 2007.
4. Where responses were unclear, clarification was sought from the Licensee concerned.
5. The Authority did not receive any objections relating to the proposed modification.
6. The Authority gave full consideration to the representations made and these are discussed in Appendix A to this Modification.
7. Pursuant to section 49A of the Act the reasons for introducing the Condition are to implement changes to better facilitate the effective development of competition in the electricity connections market by ensuring that all non-contestable services and information are provided by the Licensees in a timely manner. Further detail on the proposed effect of this modification can be found in the document published on 16 February 2007 entitled - Review of Competition in Gas and Electricity Connections Proposals Document and the Notice. Copies of the documents are available (free of charge) from the Ofgem library, 9 Millbank, London SW1P 3GE (020 7901 7003) or the Ofgem website.

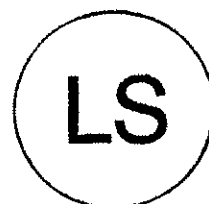
Now therefore:

In accordance with the powers contained in section 11A of the Act, the Authority hereby introduces the Condition in the manner specified in the Schedule to this Modification with effect on and from 1 October 2007.

The official seal of the Authority here affixed is authenticated by the signature of:



.....
Martin Crouch
Duly authorised on behalf of the Authority
27 September 2007



Appendix A

Summary of responses to the formal notice issued under section 11A(3) of the Electricity Act 1989

Set out below is a summary of the main representations received in response to our formal notice under section 11A(3) of the Electricity Act 1989 (the "Notice") complete with Ofgem's consideration.

Please note that text in bullet denotes the main representations received in response to the Notice with Ofgem's consideration of each point directly below.

- Three respondents representing seven Licensees made a representation concerning the standards pertaining to final works and phased energisations and suggested that all conditions precedent should be met at the time requests are made.

Service 3 of Appendix 1 of the Condition refers to final works and phased energisations. Further clarity and guidance in this respect is set out in chapter three and four of the accompanying guidance document. Chapter four paragraph 4.1 in particular provides guidance for phased connections and energisations and states clearly that "the obligations which relate to final works and phased energisations are subject to the applicant ensuring that all "conditions precedent" are met" which is consistent with the Condition. We have amended the guidance document to remove identified conflicts and accept that there is a risk that conflicts may arise in unforeseen circumstances. Therefore, we have also amended the guidance document¹ to include a clause that makes it clear that the Condition takes precedence in the event of any inconsistency. However, we expect the Licensees to be flexible in their approach to their management of final works and phased energisation requests.

- One respondent on behalf of two licensees suggested that fundamental errors remain in both the licence condition and the guidance document and added that there a number of definitions and words that are inconsistent across the licence and guidance document.

The respondent did not substantiate its concerns about fundamental errors existing within the Condition and associated guidance document. However, we have made a number of minor drafting changes to the guidance document to align it with the Condition. These changes are explained further in the covering letter concerning the implementation of the guidance document.

- One Licensee identified an inconsistency in the drafting of the proposed standard licence condition 4F (the "Condition") and associated guidance in respect of reporting.

The inconsistency between reporting arrangements outlined in the Schedule to the Condition (the "Schedule") and the reporting template has been rectified by amending the wording of paragraph 9(a) of the Condition, to make it explicitly clear, that the Licensee is to report on the number of requests for the services specified that the Licensee has responded to rather than received. This minor amendment aligns the Schedule with the reporting arrangements.

¹ See paragraph 1.5 of Standard Licence Condition 4F Guidance Document version 1

- One respondent representing two Licensees suggested that the proposed time based standards are not practical or achievable. Another respondent on behalf of three Licensees made a similar representation suggesting that the time based standards for the provision of Point Of Connection (POC) quotations in the Condition are neither based on any objective analysis of historic performance nor on any analysis of business processes involved in producing POCs. The respondent added that Ofgem has not provided any objective evidence to justify the 10% threshold either as an average industry wide standard or in relation to the specific circumstances of each Licensee. A Licensee suggested that 90% performance targets are not appropriate and Ofgem should implement more stringent performance targets.

The starting point for developing the time based standards outlined in the Schedule was the simple, complex and complicated competition in connections voluntary standards. These have been developed further (culminating in the standards set out in the Schedule) with a number of Licensees and connections providers through an industry working group, an informal consultation on the proposed standards and the formal section 11A notice. Minor changes to timescales were made following the informal consultation on the Condition prior to issuing a section 11A notice. The timeframes and associated performance targets set out in the Schedule reflect a level of service that Licensees can be reasonably expected to achieve. It is important to point out that the standards framework is designed to ensure that third party connection providers are able to obtain from a Licensee non-contestable services and information in a timely manner to facilitate each stage of the connections process.

The obligation in the Schedule is for Licensees to use reasonable endeavours in every case to provide the relevant service to the applicant. The 90% performance target is a backstop threshold and it is for each Licensee to organise itself to meet the targets set out in the schedule.

- One respondent on behalf of two Licensees suggested that schemes down to 33kV should remain at 90 days turnaround time for design and quotation. The respondent suggests that Ofgem should keep this matter under review going forward.

We note the Licensees comment about 33kV schemes and we will monitor closely the standards framework and the impacts this has on Licensees.

- One respondent representing three Licensees suggested that the proposed standards are more relevant to networks that generally require relatively simple radial network extensions to facilitate connections. The Licensee explained that connection quotations where there is a greater interaction between high and low voltage circuits can take significantly longer to produce and that the provision of quotations in respect of connections to a standard higher than is required by Engineering Recommendation P.2.6 require more work than allowed for in the standard and therefore it is reasonable for the standard not to apply in such circumstances.

The standards outlined in the Schedule are to apply to all Licensees. Throughout the development of the Schedule we have not focussed on developing a framework that reflects the nature of each Licensee's distribution network configuration and the level of competitive activity taking place. It is for each Licensee to ensure that it is resourced accordingly to progress requests in the relevant timeframes. In circumstances where more complex quotation requests are being progressed these

may require a greater level of interaction with applicants and in the event that delays occur these should be fully understood and explained to applicants.

- One respondent representing two Licensees commented on the definition of diversionary works and explained that it is not appropriate to describe the moving of electricity meters as a service to be carried out by a distributor. The respondent added that the location and relocation of meters falls to suppliers and a distributor has no right to access a meter unless given such right by the relevant supplier under a commercial arrangement.

We have amended the definition of diversionary works in the attached Schedule to remove the reference to electricity meters.

- One confidential respondent sought clarification on whether the definition of quotation in the Schedule means all type of quotation and includes quotations alternatively described as indicative prices or budget estimates.

A sub-group of Ofgem's Electricity Connections Steering Group (ECSG) developed the policy that supports the Condition which formed the basis of the guidance document. The sub-group recognised that the provision of a non-contestable quotation provided under SLC 4F may include caveats as some DNOs costs may vary, however, the sub-group agreed that it should be a true costing that is reflective of information available at the time and should include sufficient detail to allow a connections provider to generate an accurate quotation to a customer.

Schedule

Condition 4F. Standards for the provision of non-contestable connection services

Introduction

1. This condition applies where:
 - (a) a person (“the applicant”) has asked the licensee to provide any of the services mentioned in paragraph 2 in relation to the connection of premises to the licensee’s distribution system; and
 - (b) the applicant’s request is limited to the provision of non-contestable connection services by the licensee.
2. The services covered by this condition are the services of:
 - (a) providing quotations (including point of connection information) in relation to the provision referred to in paragraph 1(b);
 - (b) responding to design submissions for connections; and
 - (c) completing final works and phased energisations as non-contestable services.
3. Those services and the standards that apply to them are specified in greater detail in the Table of Services and Standards (“the Table”) set out at Appendix 1, which is part of this condition.
4. A request received by the licensee under paragraph 1, in relation to a service referred to in paragraph 2, becomes effective for the purposes of this condition when the applicant has supplied:
 - (a) all of the information that the licensee, in statements it has made available relating to the purposes of this condition, has specified are reasonably required to enable it to provide that service; and
 - (b) payment of any charges that may apply in relation to the provision of that service.
5. If a request received by the licensee under paragraph 1, in relation to a service referred to in paragraph 2, does not contain all of the information required under paragraph 4, the licensee must inform the applicant within five working days of receiving the request.

The relevant services and their standards

6. Where this condition applies, the licensee, in relation to each of the services specified in Column 1 of the Table, must:
 - (a) use reasonable endeavours in every case to provide the relevant service to the applicant; and

- (b) without limiting the general effect of that obligation, provide the relevant service to the applicant in at least 90 per cent of all cases,

in accordance with the corresponding standard specified in Column 2 of the Table.

- 7. The licensee is not required to comply with its obligations under paragraph 6:
 - (a) if and to the extent that the Authority consents otherwise;
 - (b) if the applicant asks for a lower standard than is set out in the Table to be applied to a relevant service in any particular case;
 - (c) if compliance by the licensee would be likely to cause the licensee to breach regulations made under section 29 of the Act (so long as the licensee has taken all reasonable steps to prevent such breach from occurring);
 - (d) if the licensee is prevented from doing so by circumstances not within its control; or
 - (e) if it is not reasonable in all the circumstances of the case for the licensee to be required to do so.

Audit of service provision and information reporting

- 8. The licensee must, by 30 June each year, unless otherwise agreed by the Authority:
 - (a) undertake an audit relating to its provision during the previous financial year of the services to which paragraph 2 refers;
 - (b) inform the Authority of the nature and scope of that audit; and
 - (c) if asked to do so by the Authority in writing, review the audit and the manner in which it is being operated, with a view to determining whether any change should be made to it or the manner of its operation.
- 9. The licensee must, by 30 June each year, provide the following information in respect of the previous financial year to the Authority:
 - (a) the number of requests that the licensee has responded to for each of the services specified in Column 1 of the Table;
 - (b) the time taken in each case to provide the relevant service;
 - (c) for requests where the licensee's provision of the service failed to meet the corresponding standard specified in Column 2 of the Table, a commentary on those failures;
 - (d) the number of requests in relation to which any of sub-paragraphs (a) to (e) of paragraph 7 has applied; and
 - (e) the results of any audit carried out under paragraph 8.

Power to direct exemption

10. The Authority may give a direction to the licensee that this condition shall not have effect in its licence from the date and for the duration specified in that direction.
11. The Authority's power to give a direction under paragraph 10 includes power to revoke that direction upon reasonable notice to the licensee following consultation with it.

Guidance concerning this condition

12. The Authority may issue, and may from time to time revise, guidance on any of the provisions of this condition, with a view to:
 - (a) removing or reducing inconsistencies between electricity distributors in their interpretation and application of those provisions; and
 - (b) improving the form or manner in which information is to be collected, provided, or reported under any requirement of this condition,so as more effectively to achieve its purposes.
13. Where any guidance is in force under paragraph 12, the licensee must act in accordance with that guidance.
14. Before issuing guidance under paragraph 12, the Authority, by notice given to all electricity distributors, must:
 - (a) state that it proposes to issue guidance and specify the date on which it proposes that this should take effect;
 - (b) set out the text of the guidance and the Authority's reasons for proposing to issue it; and
 - (c) specify the time (which must not be less than a period of 28 days from the date of the notice) within which representations or objections with respect to the proposal may be made,and must consider any representations or objections which are duly made and not withdrawn.
15. In paragraph 14, "issuing guidance" includes issuing any revision of it.

Interpretation

16. For the purposes of this condition:

references to information are references to information that is accurate in all material respects.

"associated works" means any works required in order to provide a connection to the licensee's distribution system, including any necessary reinforcement works or diversionary works.

“demand connection” means a connection the purpose of which is to enable the premises to receive a supply of electricity from the licensee’s distribution system.

“diversionary works” means the service consisting of the moving of any electric lines, or electrical plant, in order to facilitate the extension, redesign, or redevelopment of any premises on which those things are located and to which they are connected.

“energisation” means the licensee’s taking of the steps necessary to enable an electrical current to flow from (or to) the licensee’s distribution system to (or from) the point of connection, in response to a request from the applicant.

“final works” means the installation of the connection equipment in such a way that, subject to energisation, the premises are physically able to receive a supply of electricity from the licensee’s distribution system or (as the case may be) the licensee’s distribution system is physically able to receive a supply of electricity from the premises.

“generation connection” means a connection the purpose of which is to enable the licensee’s distribution system to receive a supply of electricity from the premises.

“phased energisation”, in relation to a part only of the premises, means the physical ability, subject to the completion of final works, to allow an electrical current to flow from (or to) the licensee’s distribution system to (or from) that part by means of the insertion of a fuse or as a result of a switching operation.

“point of connection” means the point on the licensee’s distribution system at which the premises will be directly or indirectly connected to that system.

“premises” includes any land, building, or structure and any distribution system other than the licensee’s.

“quotation” means information provided to the applicant in writing and includes information relating to the point of connection, a statement of the charges that will apply (subject to any terms of the quotation) in accordance with the licensee’s statement prepared under standard condition 4B (Connection Charging Methodology), and any other information reasonably required by the applicant.

“reinforcement works” means works required on the licensee’s distribution system to accommodate a new or an increased connection.

17. Appendix 1 follows immediately below.

Appendix 1: Table of Services and Standards

COLUMN 1 – SERVICE	COLUMN 2 – STANDARD
<p>1. Provision of quotations</p> <p>Provide a quotation:</p> <p>(a) low voltage demand: for a new demand connection to the licensee’s distribution system where the highest voltage of the assets at the point of connection and any associated works is not more than one kilovolt.</p> <p>(b) low voltage generation: for a new generation connection to the licensee’s distribution system where the highest voltage of the assets at the point of connection and any associated works is not more than one kilovolt.</p> <p>(c) high voltage demand: for a new demand connection to the licensee’s distribution system where the highest voltage of the assets at the point of connection and any associated works is more than one kilovolt but not more than 22 kilovolts.</p> <p>(d) high voltage generation: for a new generation connection to the licensee’s distribution system where the highest voltage of the assets at the point of connection and any associated works is more than one kilovolt but not more than 22 kilovolts.</p> <p>(e) extra high voltage demand: for a new demand connection to the licensee’s distribution system where the highest voltage of the assets at the point of connection and associated works is more than 22 kilovolts but not more than 72 kilovolts.</p> <p>(f) other connections: for a new connection to the licensee’s distribution system that is not included within the preceding sub-paragraphs.</p>	<p>within fifteen working days of receiving the request</p> <p>within thirty working days of receiving the request</p> <p>within twenty working days of receiving the request</p> <p>within fifty working days of receiving the request</p> <p>within fifty working days of receiving the request</p> <p>within three months of receiving the request</p>
<p>2. Information and design submissions</p> <p>(a) point of connection information: provide the technical information necessary to enable the applicant to identify the proposed location and characteristics of the point of connection of the premises to the licensee’s distribution system, where the highest voltage of the assets at that point or any associated works is more than 22 kilovolts but not more than 72 kilovolts.</p>	<p>within thirty working days of receiving the request</p>

COLUMN 1 – SERVICE	COLUMN 2 – STANDARD
<p>(b) design submissions for low voltage and high voltage connections: in response to a design submitted by the applicant for the licensee's approval, outlining a new proposal for connecting premises to the licensee's distribution system, provide a written approval of the proposed design, or a written rejection stating reasons for rejection.</p> <p>(c) design submissions for extra high voltage and other connections: in response to a design submitted by the applicant for the licensee's approval, outlining a new proposal for connecting premises to the licensee's distribution system, provide a written approval of the proposed design, or a written rejection stating reasons for rejection.</p>	<p>within ten working days of receiving the proposed design (unless any part of it would require or directly affect the use of extra high voltage assets)</p> <p>within twenty working days of receiving the proposed design</p>
<p>3. Final works and phased energisation</p> <p>Subject to all conditions precedent being met:</p> <p>(a) low voltage connections: complete the final works for a low voltage connection.</p> <p>(b) high voltage connections: complete the final works for a high voltage connection.</p> <p>(c) extra high voltage connections: inform the applicant of the date by which it is proposed to complete the final works for an extra high voltage connection.</p> <p>(d) low voltage energisation: complete low voltage phased energisation works.</p> <p>(e) high voltage energisation: complete high voltage phased energisation works.</p>	<p>within ten working days of receiving the request</p> <p>within twenty working days of receiving the request</p> <p>within twenty working days of receiving the request (and complete the works as soon as reasonably practicable)</p> <p>within five working days of receiving the request</p> <p>within ten working days of receiving the request</p>
<p>note: the conditions precedent to be satisfied for the purposes of Part 3 of this Table are those specified by the licensee and agreed by the applicant under the provisions of the Construction and Adoption Agreement (as defined in Engineering Recommendation G81 of the Energy Networks Association) or such similar agreement as the licensee may from time to time adopt.</p>	<p>calculation of time: where a request is received or a service is provided by the licensee under the provisions of this Table after 5 pm on any working day or at any time on any other day, it is deemed to have been received or provided on the next following working day.</p>