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10<sup>th</sup> November 2008

## **For the attention of Connections Team Distribution.**

Dear Sirs,

### **Gas & Electricity Connections Industry Review 2007-08**

**Date of Publication : 16<sup>th</sup> October 2008**

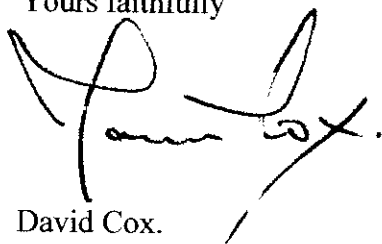
**Live Consultation Process**

**Competition in Connections.**

EnergyExchangers Ltd, are an emerging ICP struggling to succeed with completion of the process of NERS accreditation. Our views and experiences regarding the accreditation process would not encourage ICP contractors into the industry forum. It would be an understatement to consider the NERS document as comprehensive or consistent. We can also expose examples of non competitive behaviour via local agreements, procrastination, hidden agendas and inconsistency across areas and attitudes that create barriers to assist with resisting competition.

We understand you are concerned about the limited take up of contestable works by ICP contractors and that you are requesting feedback from all sectors of the connections industry and hence we would like you to include the attached summary of our experiences to date.

Yours faithfully



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## **NERS – Reality Check – The ICP Perspective.** **Un-metered Connections**

10<sup>th</sup> November 2008

### **What NERS appears to be - from the outside?**

Quote from – **National Electrical Registration Scheme – FAQs**

What is the National Electrical Registration Scheme?

The National Electrical Registration Scheme (NERS) has been developed to allow contractors to carry out contestable connection work. Any contractor wishing to carry out this work must be accredited to the scheme. All the Distribution Network Operators (DNO's) on mainland UK recognise this scheme and, provided that contractors hold the appropriate scope of accreditation, will allow that contractor to tender for, and if successful, undertake contestable connection work.

Who is Lloyds Register EMEA?

Lloyds Register EMEA is a work wide accreditation and inspection body that has been appointed as Scheme Operator of NERS.

How do you apply for accreditation?

If you visit the Lloyds register EMEA website at [www.lloydsregister.co.uk](http://www.lloydsregister.co.uk) you will find an application form which can be downloaded and emailed to the Utilities Team at [utilities@lr.org](mailto:utilities@lr.org)

Are there any guidance notes available?

Yes, there are guidance notes available for the Scheme, the Safety Management System and the Control and Management of National Operations. You will find them on the NERS website at [www.lloydsregister.co.uk](http://www.lloydsregister.co.uk)

The scope for contestable works is laid out in Appendix 12 of a document called the NERS Guidance Document. Quote :-

### **Appendix 12 Un-metered Connections.**

Scheme requirements for Service providers carrying out the work on services to underground un-metered single phase 230v 25A connections.

## **Scope of Work**

The transfer, permanent or temporary disconnection, reconnection, or extension, of an existing single phase 230v 25A service.

The installation of a new single phase 230v 25A service, excluding the joint onto an existing main.

Associated civil engineering works including excavation, cable laying, backfilling and permanent reinstatement.

Live jointing associated with this process is restricted to service cables to underground un-metered, single phase 230v connections more than 1 metre from the main cable as measured along the service cable. All other work must be carried out by the DNO.

## **Type of Equipment under the Scheme.**

- Street Lighting
- Illuminated Signs
- Bollards
- Traffic Signal Controllers
- Advertisement Hoardings
- Bus Shelters
- Telephone Kiosks
- Cable Television
- CCTV

## **Assessment Process.**

The assessment process comprises of two parts. The first is a safety management system review which will be an assessment of the ICP's safety systems and competency system and will also include a review of the method statement applicable to the scope of the work for which registration is sought, as detailed in Appendix 2 of this document. Partial accreditation will be awarded on successful completion of this safety management review and verification of implementation.

For full accreditation, LR must witness the work in progress and carry out an evaluation of the management systems covering this work. The management procedure should include HR, contract change control, work control, H&S, equipment and storage arrangements providing an assurance that there is a consistent approach to the work performed.

**What should happen is shown above – but experience proves otherwise.**

## **What happens in reality ?**

An ICP fills in an application form and pay Lloyds in advance for a route to full accreditation. This is the wording written on the Lloyds proforma invoice.

Lloyds make contact with the prospective ICP and arrange a preliminary visit.

The ICP complies with Lloyds documentation and creates an SMS in accordance with the guidelines and appoints appropriate staff.

The ICP calls in Lloyds who carry out the first part of the accreditation. Once ICP has satisfied documentation criteria, Lloyds produce partial accreditation documents and certificate.

The ICP is added to the NERS website as a partly accredited contractor.

The ICP approaches his client and selects a suitable site in order to deliver the second part of accreditation, known as a trade test. The ICP puts in place all the SMS documentation, opening notices, stats drawings, obtains approved materials etc etc and informs Lloyds of intention to carry out second part of accreditation.

ICP gives Lloyds four weeks notice of their intentions of a trade test at a trial site.

ICP keeps careful liaison route open with Lloyd's inspectorate prior to agreed date of second part of accreditation.

Three days before due date, Lloyds ring up and inform ICP that second part of accreditation will not take place. Reasons for this are that ICP has not obtained written permission from DNO to work on their network.

Accreditation stalls and paperwork trail to nowhere suddenly appears.

## **What additional restrictions and requirements appear from the mist ?**

Lloyds suddenly become unable to deliver the second part of the accreditation, despite it being written down this way in the accreditation document. See Appendix 12, Assessment Process.

A live jointing trial with individual DNO company, appears from nowhere.

The DNO refuses to offer you a live jointing trial, in writing. This refusal still happens despite your jointers having current jointing authorisation certificates from the host DNO training school.

The DNO, once in discussion, requires you to enter into a bipartite or tripartite contract, also previously undocumented.

The DNO wants to restrict what can be delivered, despite the scope of works being clearly laid out in Appendix 12.

The DNO wants to apply an additional audit regime that mimics exactly that of Lloyds, plus their own onerous additions.

The DNO wants to charge the ICP for the delivery of the new audit path in addition to the charges for inspections also made by Lloyds.

## **What happens when you write to the offending parties?**

Initially, all parties try to hide behind each other.

If you write to your local DNO - initially you are ignored.

If you persist, you can get a response from the DNO and they inform you in writing that they are not going to give you a live jointing trial.

If you ask specific questions of Lloyds with regard to the NERS documentation you are initially ignored. Again you have to persist.

Eventually you receive a response from Lloyds, the scheme operator, they tell you they only pre qualify contractors and they then refer you to Ofgem.

If you write to Ofgem, they take far too long to respond and eventually inform you of an investigation.

## **What should happen now?**

The NERS scheme should be suspended immediately.

A new document should be written outlining all the restrictions and demonstrate delivery timescales. The document should exclude localised agreements and be applied countrywide to incorporate all DNO companies.

Lloyds should not take any money from potential contractors until full accreditation delivery is achievable.

Every applicant should be given the same opportunities and not discriminated against.

NERS should review previous applicants and compensate any contractor who has given up attempting accreditation.

NERS should compensate any potential contractor currently caught in the accreditation trap.

## **What might happen ?**

A contractor or group of contractors might lobby appropriate trade bodies and navigate the litigation route to challenge Ofgem, through legal means.