

Corrigenda for Ofgem Connections Industry Review (CIR) 2007-08 and CIR 2007-08 appendices.

Publication Reference: 143/08

Owing to an administrative oversight, when reporting figures for the 2007-08 CIR two DNO licensees provided connections charges data that was incorrect by a factor of 1000. This error has only recently been identified and as such the figures originally published in the 2007-08 CIR on 16 October 2008, for metered and unmetered electricity connections charges were incorrect.

Two DNO Licensees failed to include adoption payments when reporting figures for the 2007-08 CIR, this resulted in incorrect figures for adoption payments being published in the document.

For ease of reference, these figures have now been corrected in the publication. The corrigenda on this page shows the revisions and other minor corrections which have been made.

Connections Industry Review 2007-08

Reference / Revision

Overview

This document sets out the latest developments in the gas and electricity networks connections market in 2007/8. The connections markets are important – last year around 750,000 new connections were made at a direct cost of over ~~£600~~ **775m**.

The second paragraph of the Summary pg1

Promoting effective competition in the connections market and (where appropriate) regulation of the connections market is important to protect customers. Last year there were around 750,000 new connections and the direct value of the market was over ~~£600~~ **775m**.

Paragraph 4.5

In 2007-08 the approximate total value of charges made by DNOs and IDNOs for new and modified connections, including both non-contestable and contestable works and services was ~~£486~~ **£620** million, ~~down by about 12%~~ **up almost 13%** from £550 million in 2006-07. The reported value of electricity connections charges is ~~nearly 5~~ **6** times the reported size of gas connections charges. Clearly the market in electricity is sizeable, and when compared with gas, lack of market size cannot explain the slow progress of establishing competition.

Table 4.2- Total charges made by DNOs / IDNOs in 2007-08 (£ millions)

	DNO	IDNO	Total
	485.80		485.81
Charges (£m)	620.65	0.01	620.66

Paragraph 4.7

1.1. In 2007-08 IDNOs paid approximately £1.3 million in adoption payments. All of these were made to affiliates or related undertakings. ~~Only one DNO~~ **Three DNOs** made adoption payments in 2007-08, these payments were worth nearly ~~£1.6~~ **4.1** million. Just over ~~£1~~ **3** million of this was paid to affiliates or related undertakings while ~~nearly £0.5~~ **just over £1** million went to one or more unrelated third parties.

Paragraph 6.1

In 2007-08 167,200 unmetered electricity connections were undertaken (with charges of ~~£45~~ **54** million levied), of which only about 1000 were installed with the involvement of ICPs or IDNOs. Whilst this represents a 5 fold increase over the previous year, competition in unmetered connections remains very limited.

Connections Industry Review 2007-08 Appendices

Reference / Revision

Paragraph 1.1 on page 30

1.1. In 2007-08 a total of 337,556 LV connections by in-area DNOs and IDNOs were reported. This compares to 320,315 in 2006-07. DNO's also completed 618 HV and 9 EHV connections in 2007-08, this compares to ~~605~~ **355** HV and 13 EHV in 2006-07. The totals for numbers of connections include modified connections. Modified connections refer to increases in capacity, which may include contestable elements, but also to 'service alterations' which are generally not contestable.

Table A7.1 – Total number of metered electricity connections by voltage and provider, DNO networks

Connection by:	LV	HV	EHV	DG	Total
DNOs	293,681	382	8	90	294,161
Companies affiliated to DNOs	19,700	27	0	0	19,727
Independent connections providers	13,927	176	1	4	14,108
Total	327,308	618 585	9	94	327,996

Paragraphs 1.5 and 1.6 on page 33

1.2. Where DNO's and IDNOs were able to report the charges they made by voltage they reported charges for Low Voltage ("LV") connections in 2007-08 as over ~~£311~~ **411** million. Charges of approximately ~~£53~~ **£88** million and £45 million were also reported for High Voltage ("HV") and Extra High Voltage ("EHV") connections respectively.

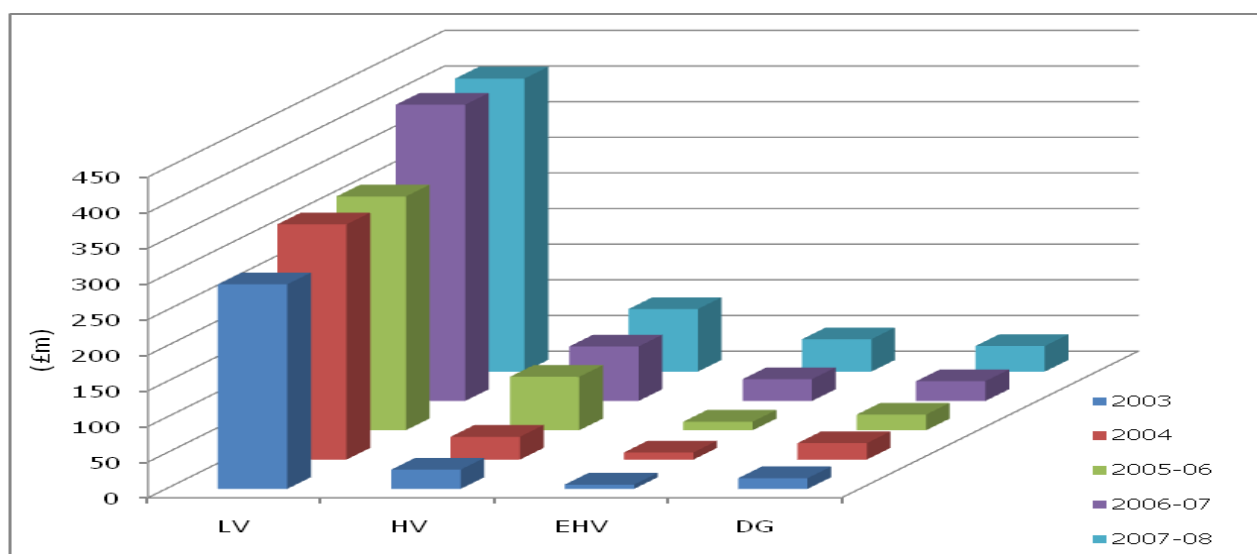
1.3. Total charges of nearly £36 million were reported for Distributed Generation ("DG") connections in the period. This compares to almost £28 million in 2006-07.

Table A7.3- Breakdown of metered electricity connection charges by voltage (£ millions)

	DNOs (£m)	IDNO (£m)	Total (£m)
LV	311.229 411.160	0.008	311.237 411.168
HV	53.024 87.800	0.000	53.024 87.800
EHV	45.272 45.400	0.000	45.272 45.400
DG	35.830 35.850	0.000	35.830 35.850
Total Attributed	445.355 580.210	0.008	445.363 580.218
Total Unattributed	40.445	0.000	40.445
Total	485.799 620.655	0.008	485.807 620.663

Figure A7.2 - Historical summary of metered electricity connection charges by voltage (£ millions)

2007-08 values have been updated as in table A7.3



Paragraph 1.1 on page 54

1.4. In 2007-08 £45 ~~54~~ million of charges were levied for completed unmetered electricity connections, compared with £55 million of charges reported in 2006-07. As illustrated in Figure A8.1, all of these charges were levied by DNOs.

Figure A8.1 - Total charges for unmetered electricity connections (£ millions)

2007-08 values have been updated as in paragraph 1.1

