

For the attention of Rachel Fletcher
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Our reference:
Your reference: DPCR5

4th September 2009

Electricity Distribution Price Control Review

Dear Sirs,

1. We support the initiatives developed by OFGEM generally, but we remain concerned about the continued lack of significant progress in developing competition in connections, options and choices, and the lack of consistency across DNOs with regards to un-metered supply connections delivery, choice and prices.
2. We support the OFGEM initiatives but we remain concerned about the lack of consistency and poor delivery of DNO attendance and Fault restoration in un-metered supplies.
3. We are concerned that DNOs can move rapidly to including margins in their pricing without first satisfying the basic competition requirements that were expected under the existing "competition in connections" initiatives previously implemented. The lack of significant progress in competition in connections across the UK over the past number of years highlights this concern and the DNOs' ability to frustrate competition. We would strongly request that a "baseline competition test" is established that all DNOs should meet on 1st April 2010, or before they can introduce charging of margins.
4. We believe that competition in connections has been limited because DNOs have been allowed to resist competition by limiting the scope of works available, introducing barriers through the accreditation and approval process to work on their network and by the audit regimes and charging mechanisms they impose. This has resulted in high set up costs for ICPs and has presented very limited business opportunities to engage ICPs. These should all be simplified and audited.
5. We believe that ICPs are being influenced by DNO pressures and risk losing other DNO works / contracts if they show interest in ICP delivery direct for customers. This is restricting ICP interest in contestable activities and should be investigated and actioned by OFGEM.
6. All DNOs should publish their scope of "contestable" works and not hide behind safety for limiting the scope of works e.g. no disconnections as these must be close to the main, limitations of 2m for service transfers, live jointing trials even though ICPs are Lloyds accredited etc.
7. DNOs must be audited to ensure that they are not imposing different requirements on ICPs as to their internal DLO / affiliated businesses e.g. disconnection and other policy inconsistencies between DLO and external ICP.
8. We believe that a broader scope of works and simplified access would encourage greater interest in ICP services and we encourage the inclusion of the final closing joint to the LV mains to be made "contestable".
9. We strongly request that OFGEM ensures DNOs are adequately policed and audited to the appropriate and detailed level against the proposed competition tests on an annual basis, as self-auditing / self declaration does not appear to have produced the industry-wide improvements required.

10. We strongly request greater OFGEM involvement and action where DNOs continue to obstruct or delay competition initiatives.

11. We would ask that OFGEM ensures and checks, through audits, that a more consistent and transparent approach is taken by all DNOs

12. We would ask that OFGEM ensures that best practice is identified and adopted by all DNOs in relation to customer awareness of competitive alternatives, facilitation of competition, choice, pricing transparency and increases. There should be greater emphasis placed on ensuring that DNOs properly deal with complaints, and properly report against existing and proposed standards and licence conditions. In this respect, it would appear that the requirements on DNOs for metered connections seem to be more stringent than those on un-metered connections. We would suggest that these two areas should be aligned where possible in terms of performance requirements.

13. Finally, we would express our utmost concern at the recent price increases introduced by some DNOs for repairing damage to their apparatus caused by third parties. On-costs of up to 128% are being charged on top of already inflated costs for undertaking the most basic of repairs. We would therefore encourage that this market should also be opened up for competition.

Yours faithfully,

Stuart Nichols
Business Manager