

Notice of proposals under section 40B of the Electricity Act 1989 to prescribe standards of performance in regulations

The Gas and Electricity Markets Authority (the "Authority") hereby gives notice pursuant to section 40B of the Electricity Act 1989 (the "Act") as follows:

1. The Authority proposes to prescribe standards of performance in individual cases, the "guaranteed standards", for all electricity distributors each holding a licence granted or treated as granted by the Authority under section 6(1)(c) of the Act with effect on and from 1 April 2010 by proposing to revise a number of the guaranteed standards currently contained in The Electricity (Standards of Performance) Regulations 2005 (S.I. 2005/1019) to be implemented through a new statutory instrument called The Electricity (Standards of Performance) Regulations 2010 (the "Regulations") (a copy of which is annexed to this Notice illustrating the changes proposed).
2. The Authority arranged for such research as it considered appropriate with a view to discovering the views of a representative sample of persons likely to be affected if the proposed Regulations are implemented; and the results of the research are set out in 'Expectations of DNOs and Willingness to Pay for Improvements in Service, Final Report, July 2008' and were duly considered by the Authority in its proposals for the 2010 -15 electricity distribution price control.
3. The reasons why the Authority proposes to revise the guaranteed standards are set out in various documents published on behalf of the Authority including:
 - a. 'Open letter consultation on Ofgem's proposals to revise existing standards of performance for electricity distributors', Ofgem 18 December 2009, Ref: 161/09;
 - b. 'Electricity Distribution Price Control Review Final Proposals – Incentives and Obligations', Ofgem 7 December 2009, Ref 145/09;
 - c. 'Open letter on Ofgem's proposals to introduce new connections standards of performance and revise existing standards of performance for electricity distributors', Ofgem 5 November 2009, Ref: 137/09;
 - d. 'Electricity Distribution Price Control Review Initial Proposals – Incentives and Obligations', Ofgem 3 August 2009, Ref 93/09;
 - e. 'Electricity Distribution Price Control Review Policy Paper', Ofgem 5 December 2008, Ref 159a/08.

All documents referred to in this Notice are available free of charge from the Ofgem Research and Information Centre (020 7901 7003) or on the Ofgem website (www.ofgem.gov.uk).

4. In summary, the reasons why the Authority proposes to prescribe the guaranteed standards are to provide an appropriate level of protection to customers or potential customers of electricity distributors by:
 - (a) introducing a new standard for incidents that interrupt 5,000 or more premises (see regulation 6 in the Regulations attached);
 - (b) creating a new standard where a rota disconnection policy is employed to share out available load (see regulation 8 in the Regulations attached);

- (c) providing greater clarity to the existing planned interruption standard, to make it explicit when notice is required and under which situations it is not required (see regulation 14 in the Regulations attached);
 - (d) time limiting the application of regulation 13 in the Regulations, the 'Estimate of charges for connection' standard, to until 30 September 2010 as after that date that standard will be the subject of the Electricity (Connection Standards of Performance) Regulations 2010;
 - (e) amending regulation 19 in the Regulations so that it does not apply to a visit for a purpose that is the subject of the Electricity (Connection Standards of Performance) Regulations 2010 when that SI comes into force on 1 October 2010;
 - (f) updating all payment levels to reflect inflation over the period April 2005 to November 2009 and to ensure that where a standard is capped, the cap equates to an addition of the relevant payments; and
 - (g) updating the thresholds for normal and severe weather conditions.
5. Any representations by the National Consumer Council, any electricity distributor, or any persons or bodies representative that are representative of persons likely to be affected by the proposed Regulations must be made in writing on or before 23 February 2010 to James Hope on 020 9701 7029 or at Ofgem, 9 Millbank, Westminster, SW1P 3GE or via email to QoS@ofgem.gov.uk.



.....
Rachel Fletcher
Partner - Local Grids and RPI - X @ 20

Duly authorised on behalf of the Gas and Electricity Markets Authority

26 January 2010

Annex – the proposed Electricity (Standards of Performance) Regulations 2010

Attached as a separate document