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23<sup>rd</sup> January 2012

Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Attention of Rebecca Langford, Senior Policy Analyst, Distribution

Dear Sirs,

**Competition in Connections – Consultation on extending contestability to jointing to existing DNO mains and associated activities**

Please find attached the Competitive Networks Association's (CNA\*) response to the above consultation.

Yours sincerely,

A handwritten signature in black ink that reads 'John Barrett'.

John Barrett  
Secretary, Competitive Networks Association

\* CNA Members are:

ESP Electricity Ltd  
Energetics Electricity Ltd  
Independent Power Networks Ltd  
The Electricity Network Company Ltd

**Competition in Connections – Consultation on extending contestability to jointing to existing DNO mains and associated activities**

**Competitive Networks Association Response to the Consultation**

**Question 1**

**a. Do you consider that trials have been a success? By what criteria has this been judged?**

A number of CNA members and associates have worked with DNOs. The overall feedback is that the processes and procedures developed have allowed the trials to operate successfully.

**b. Are the procedures and policies associated with the extension of contestability accessible and acceptable to competitors? If not, why not? Have you seen any examples of best practice? Do you consider that issues encountered during trials have been adequately addressed/resolved? If not, why not?**

The MCCG has discussed the approaches by DNOs and whilst some best practice has been implemented across DNOs, we still feel that DNOs should consult each other and their customers to ensure that their processes are as streamlined and consistent as possible. DNOs should be pro-active and use the CNA and MCCG to canvas ICP and IDNO views on whether best practice exists and, if it does, to what extent it is being adopted.

One area that needs urgent attention is the development of a common approach by DNOs to network access arrangements. We believe this could be addressed by an ECGS sub group developing a nationally recognised network access agreement.

**c. Do you consider that DNOs will be able to implement the procedures/terms etc introduced for the trials on a business as usual basis? Please explain the reasons behind your view.**

We see no reason why the procedures/terms introduced for the trials cannot easily be implemented on a business as usual basis. Where DNOs have not been ready to cover all areas of the trials they should still be able to learn from other more proactive DNOs and so implement all the areas on a business as usual basis within a short period of time.

**d. Has there been any interest from competitors to undertake jointing to existing DNO mains and associated operational activity? If not, do you consider that interest would exist if the activities became contestable? I.e, would promotion from trial status (including the associated margin arrangements) encourage competition in the provision of this service?**

We firmly believe that if these activities became contestable then competitors will enter the market to carry out these activities. In some cases, entrants may be reluctant to enter this market until unambiguous processes and procedures are confirmed, thereby avoiding the costs associated with trialling.

**e. What are the views of respondents that have not had the opportunity/wanted to participate in trials?**

A number of members have tried to participate in trials but unfortunately some DNOs have not been prepared to widen their trials to additional participants or have not been prepared to work on all aspects of the proposed extension of contestability, for example, HV connections or operational work.

These members could be disadvantaged if trials are allowed to progress on a restrictive basis.

We would therefore request that Ofgem mandate DNO participation in all areas of the proposed extension of contestability and that these are all given effect on a business as usual basis, thereby ensuring the extension of contestability is given effect as a whole rather than on a restricted basis. This will promote fair and open competition in both electricity connections and distribution which will ultimately lead to benefits for customers through price and improved levels of service.

**Question 2**

***Do you consider that competitors should be able to compete with DNO's to undertake live jointing and associated operational activities? If not, why not? If yes, in which segments of the market do you consider contestability should be extend?***

	Jointing to existing mains	Associated operational activities
Unmetered	Yes	Yes
Metered low voltage	Yes	Yes
Metered high voltage	Yes	Yes

Yes competitors should be able to compete. A number of DNOs are currently embracing or working towards allowing competitors to undertake both physical and operational activity across all three activity areas. We do not consider it necessary to make a distinction between these market segments as far as the extension of contestability is concerned; competition should apply to all segments if parties undertaking the work satisfy the necessary accreditation. The accreditation requirements should also be harmonised and should apply to all DNOs, although not so as to unnecessarily delay implementation.

**Question 3**

***We note that, as yet, not all DNO's have completed trials at all voltage levels. Do you agree that learning from trials in one DNO area at one voltage level can be applied across other voltage levels? If not, why not?***

We strongly feel lessons and experiences of one DNO can be drawn upon by other DNOs. Whilst specific processes may be applied by different DNOs at present, the concepts developed so far during these trials by proactive DNOs leads the way for other DNOs to follow.

#### **Question 4**

***Do you consider that there are any Distribution Service Areas (geographical DNO areas) where live jointing and associated operational activities should not be made contestable or should these activities be made contestable in principle across all DSAs? Please explain the reasons behind your view.***

The conditions for competition to exist in these activities should be present in all DSAs from the outset. We can think of no reason why the activities contemplated for contestability cannot apply across all DSAs although DNOs disputing this should provide objective and verifiable evidence to support any assertions to the contrary.

#### **Question 5**

***Do you consider that where an ICP does not hold the accreditation required to joint to existing DNO mains, DNOs should continue to provide this service to the timescales set out in SLC 15 (the existing standards of service associated with the provision of non-contestable final connections services)?***

Yes – ICPs will be at differing stages of evolution and competency within this emerging market. It would be wrong to discharge DNO's of their obligations to provide these SLC15 services until such time as the extension of contestability becomes business as usual for an ICP, either established in the market, or entering the market to carry out this work. Competition alone cannot be relied upon to protect customers until such time as a multi-participant truly competitive market exists. Clearly we are some distance away from this scenario.

***Do you consider that Ofgem should set a deadline by when it expects DNOs to amend their charging methodologies, or should it rely on the Competition Test to incentivise DNOs to extend contestability?***

We think it will help focus the DNOs on this objective if Ofgem were to send a clear signal to all DNOs as to when it expects these systems to be fully addressed by all DNOs.

***Do you consider that there is scope to extend contestability further in the future? If so how?***

Working with the MCCG and the CNA, we have for a number of years highlighted outstanding areas of work required and this has been previously provided to both Ofgem and the ECSG members. These documents should be referred to but in summary we feel the main areas that require addressing are:

1. Self determination of points of connection,
2. Partially funded reinforcement works,
3. A national standard model adoption agreement,
4. Fully cost reflective charging relevant to the work involved,
5. Accredited ICP's complete self design approval,
6. All diversionary works made contestable,
7. Reduced inspection and monitoring charges,
8. Streamlined legal processes.