



Amey Local Government Ltd

The Sherard Building
Edmund Halley Road
Oxford
OX4 4DQ

www.amey.co.uk

f.a.o. Andrew Burgess
Associate Partner, Transmission and Distribution Policy
OFGEM
9 Millbank
London
SW1P 3GE

11th June 2012

Dear Andrew Burgess,

Consultation on proposed licence changes to facilitate open governance of the Common Connection Charging Methodology

Thank you for the opportunity to provide comment on this proposal on behalf of UCCG members. This also represents the view of Amey LG Ltd.

It is no surprise that only DNO's responded to Ofgem's first public consultation dated 3rd Feb 2012, since neither Ofgem nor DNO's let customer representatives of the ECSG and Common Connection Charging Methodology (CCCM) forum know that a public consultation was in progress/imminent. This is despite the ECSG taking place on the 7th Feb and a CCCM meeting being held at Ofgem a few weeks before on the 18th Jan, where I specifically asked if a public consultation on this proposal was planned (see minutes).

It is evident in this consultation that both Ofgem and DNO's are in favour of placing responsibility for providing an open governance framework for connection charge methodologies into DCUSA alongside that already established for common distribution use of system charges. It is also evident from my representation of unmetered customers in the recently established CCCM forum, that the existing arrangement, which relies on Ofgem recognising and representing customer's interest before approving each DNO's charging methodologies, does not work.

In both consultations it has been very difficult for connection customers to understand and appreciate how this proposal will impact or benefit them. With no connection customer representatives on the existing DCUSA panel to consult with, and no additional explanation offered through the ECSG or CCCM, we have to hope that both Ofgem and DNO's are considering customer's interest as well as their own.

On balance therefore we are in favour of the proposal since an "open" governance arrangement and the establishment of a "common" connection charging methodology appears better than current arrangements.

The absence of a connection customer representative on the DCUSA Panel which appears to have the final decision on any proposed changes to a “connection” charging methodology (all other stakeholders appear to be already represented) and the lack of visibility of the governance process and timescale for changes specifically for connection charging methodologies remains a concern to UCCG members.

With regard to the proposed Licence modifications in this final public consultation, I have the following comments:-

1. In the “Relevant Objectives” of both SLC 13 and 22, the requirement for Licensees to “facilitate competition” in setting charges in the Supply, Distribution, Transmission and Generation markets is clearly stated and repeated in other related conditions. There is no equivalent statement or amendment currently proposed which adds “Connections” to this list, despite this being a new separate competitive market where DNO connection charge setting and methodologies will have a significant impact. We ask that “connections” is added into the lists of competitive markets in both SLC13, 22 and DCUSA objectives.
2. There is nowhere else in the Licence or within the Special Conditions (Charge Restriction Conditions) which provide a similar clear obligation on DNO’s to facilitate competition in connections, in setting their connection charging methodologies. This is despite recent changes to all DNO’s connection charge methodologies being driven by the need to introduce charges which are unique to competition in connections and to the introduction of margin to encourage competition, in line with Special Condition CRC 12. We ask that appropriate reference be made in the DCUSA framework for connection charging methodologies, to all Licence conditions which impact on competition in connections.
3. Does the proposed change from “relevant objectives” to “applicable charging methodology objectives” take out of scope any other objectives contained in the Licence which could or should apply? Also does this wording allow some of these existing objectives to be exempted at DNO’s discretion? If there is no material change then we have no issue with it.
4. In the change proposed for SLC22.16(b) it is unclear why withdrawal of the Authorities veto of a CCCM is necessary once the CCCM is incorporated under SLC 22 and whether this works against customers interest as a final means of preventing an unfair connection charging methodology or practice being imposed by DNO’s and DCUSA. Until such time as this is clarified we are opposed to withdrawal of Ofgems veto.



Stephen Bolland

Electrical Connections Manager Amey LG Ltd
Chair of the Unmetered Connection Customer Group

Tel: 07896 427241

e-mail: steve.bolland@amey.co.uk

CC - Gareth Pritchard HEA, Tim Edwards UK Lighting Board