

Department of the Built Environment

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Dear Chris,

Consultation on Ofgem minded-to position for the determination of a re-opener application in respect of additional income associated with the Traffic Management Act (TMA) under DPCR5.

I am writing in response to the above consultation letter, dated the 6th November 2012, with reference to UKPN giving notice to Ofgem, of their request to recover costs associated with permitting under the Traffic Management Act 2005 (TMA) during DPCR5, via the price control re-opener mechanism.

Whilst we accept that UKPN should be able to claim extra, given that the implementation of the TMA began in 2010, (2 years into the DPCR5 period), it is our view that Ofgem should not be minded simply to consider the TMA as just a straightforward charge to be passed on, as it has (in our view) compelled UKPN and other utilities to work more efficiently, establishing better planning of projects, and provided local authorities with greater ability to coordinate utility works with savings for all involved.

This is illustrated by comparing UKPN's street works activity in the City of London from 2009, (the last year of the old noticing regime) and 2011, which highlights that the number of abandoned projects (applications for works not proceeded with) has reduced from 234 in 2009 to 171 in 2011. This can most likely be attributed to the TMA (as it is a trend we have observed with other utilities), given that now a utility incurs modest permitting charges if they abandon a project once the permit has been granted, whereas before there was no such charge for a notice.

The implementation of the TMA has also required local authorities to closely scrutinise each permit and the potential impact of street works on businesses, residents and users of the public highway, allowing greater opportunity to coordinate works with other utilities. The TMA has also encouraged UKPN to agree their proposed works with local authorities in advance of starting work, which has meant they are doing exactly what permitting was designed to do, namely to reduce to a minimum the length of time a utility occupies the street. As a result of our own discussions with UKPN, we know they have been able to reduce the time a hole is open for a simple customer connection, for example. We would accept that these costs might be picked up as part of the general analysis of UKPN's

overall efficiency, in which case so be it, but we would not wish permitting costs to be seen as a gross burden on the utilities, without some consideration of the net cost position.

I hope this is of help in the consultation process.

Yours sincerely,



Philip Everett
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cc:
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