

**Question 1: Do you agree with the proposed adjustments to the revenues associated with TMA for the LPN? No.**

TfL accepts that there are some costs associated with permitting, however TfL believes that, by working efficiently, works promoters can reduce their exposure to these costs and the Regulators should be mindful of ensuring that promoters work in an efficient manner.

TfL figures show that during 2011-12, approximately 3% of all UKPN permits on the TLRN were cancelled following the permit application. Although this percentage is fairly small, across the country it represents a significant number of permit charges that could have been avoided with better planning.

Similarly, during the same period, approximately a third of permit applications on the TLRN from UKPN were refused. TfL records the reasons for permit refusals and, it is clear from the data collated, that the number of refusals could be reduced very significantly by the provision of better information on the permit application. For instance, almost half of the refusals from UKPN were due to the fact that required information was missing from the permit application whilst almost 20 percent had incorrect details on the application (eg they were sent to the incorrect authority). If UKPN were to address the number of refused permits significantly reduce exposure to the administrative costs associated with permitting.

**Question 2: Do you agree with the proposed principles that have been set and should there be any changes to the mechanism for RIIO-ED1?**

The mechanism set out in the Ofgem proposals sets out 4 areas of costs associated with permit schemes:

**Permit fee costs** – as can be seen from the above, TfL firmly believes that greater efficiency by works promoters can ensure that permit fee costs are kept to a minimum.

**Additional administrative costs arising from the introduction of permit schemes** – again, as can be seen from the data above, particularly in terms of permit refusals, some of the costs incurred by works promoters are due to inefficiencies within their permit administration processes leading to incomplete and/or inaccurate permit applications.

**Additional costs arising from the introduction of permit conditions**

TfL firmly believes that while there may be some additional costs arising out of permit conditions, the vast majority of the conditions simply formalise the good practice that would be expected of any street works taking place. The conditions for each individual permit are agreed by both the works promoter and the permitting authority.

It could also be argued that permits have brought greater certainty about the expectations of highway authorities. It has been stated by some works promoters that some permitting authorities are imposing onerous conditions on permits that are adding to costs. It should be noted that the Regulations only allow permit conditions to be added in a reasonable manner and it is TfL's assertion that any permit conditions are applied simply to ensure that works are undertaken in an efficient and safe manner.

In London there are a number of permit conditions which have been agreed by all members of the London Permit Scheme and work to adopt standard national permit conditions is being undertaken by the National Permit Forum on which there are representatives from both permit

authorities and utility companies. The work of the group is overseen by the Department for Transport.

### **One-off set up costs.**

TfL accept that there would have been some one off set up costs associated with permitting however it should be noted that the software systems used for both noticing and permitting are identical and that the administrative requirements for both are extremely similar. TfL understands that many of the software suppliers working under the remit of the EToN developers group have provided changes to their systems to allow the submission of permits as a non chargeable upgrade.

### **Conclusion**

It is TfL's view that there are some additional costs associated with permitting that are unavoidable, for instance for the permit charge itself and where works are required out of hours. In such cases TfL considers it reasonable that Ofgem would allow a reasonable adjustment to pricing, however, as has been demonstrated above, works promoters can significantly reduce their exposure to charges by adopting more efficient working practices and such costs should therefore not be passed onto consumers.