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**Morrison Utility Connections response to Ofgem's 'average time to connect' proposal**

Dear James

In relation to Ofgem's proposal to introduce an 'average time to connect' incentive for DNO's, Morrison Utility Connections (MUC) would like to communicate our concerns that the proposal has the potential to stifle competition within the connections arena, by giving DNO's an additional income stream from connection activity which would not be available to ICP's.

If we assume that DNO's were to take this additional income stream into consideration when quoting for future connection work, this income could be offset against the cost of the connection, resulting in an artificially lower quote and one that ICP's could not compete with.

We do however fully support any initiative to provide a better service to all customers whether delivered by the DNO or through competition and ICP's.

In response to this we have the following comments and recommendations:

1. Why financially incentivise DNO's to deliver work on time when they are being paid by customers and making a margin in the process.

DNO's are already being paid by the customer for connection services. To earn an additional income for delivering an acceptable 'time to deliver' service to the end customer appears inappropriate.

2. Why not use a penalty as an incentive, consistent with the Guaranteed Standards.

Guaranteed Standards were introduced back in 2010 to improve the 'time to quote' period, this would appear to have been a very successful incentive as 'time to quote' periods have reduced since its introduction. A consistent incentive on 'time to deliver' would seem appropriate.

3. A 'time to deliver' incentive should not be applied to the relevant market segment in which DNO's have passed the competition test.

If a DNO has passed the competition test in a relevant market segment, it has demonstrated the pre-requisite customer service, is achieving an unregulated margin in this market segment and is operating in an arena governed by market forces. An introduction of another form of income for the DNO could have a significant impact on those market forces and reduce competition.

We agree that a GSOP type penalty for relevant market segments where no competition exists would be an appropriate incentive, particularly within the domestic/mass market segment.

4. ED1 needs to deliver a consistent and stable platform within the connections industry to attract investment and new entrants to the connections market.

MUC and other ICP businesses alike require confidence that the connections market will remain stable from the commencement and during the life of the eight year ED1 period. Any changes to the current commercial arrangements that favour the DNO will inhibit our desire to invest further in this market.

In summary we believe that the introduction of a financial incentive for DNO's to work to an acceptable delivery time is anti-competitive and will stifle competition. DNO's are paid for this service by the customer and should deliver to an acceptable time frame regardless.

We would recommend having a penalty incentive, consistent with GSOP's, which have worked well since their introduction, but only for market segments where no competition exists. For market segments where competition does exist, there should be no intervention, these will be driven by market forces which will deliver acceptable timeframes for customers.

Finally, uncertainty of commercial arrangements in relation to the connections market within ED1, which may change the level playing field in favour of the DNO, could have an adverse impact on future investment by MUC and other ICP's and may prevent new entrants to the market establishing altogether.

Kind regards

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