

PowerCon (UK) Ltd

Ofgem
9, Millbank,
London
SW1P 3GE

Date : 15th January 2013

Your Ref:
Our Ref : Ofgem / RCW

For attention : James Veaney
Senior Manager, Distribution Policy.

Dear James,

RESPONSE : RIIO – ED1 Mtg : 11th December 2012

We thank you for the opportunity to respond to the above ongoing consultation.

Please note that this response is with particular reference to the work being undertaken by PowerCon (UK) Ltd in support of our client activities and therefore mainly related to our experiences with major projects within the DG Sector.

General Comments

Whilst we appreciate that the DNO's are concerned with undertaking abortive system studies and planning work associated with DG connections we would suggest that there must also be recognition that this work is not generally requested by customers on a speculative basis.

It is also of note that the PoC identification and non-contestable work, can only be undertaken by the DNO's and therefore a customer effectively has no where else to go to gain a connection grid offer. I am sure that the DG industry would welcome the work associated with system studies and identification of PoC contestable since this would potentially reduce both costs and timescales and would also reduce the burden and workload on the DNO's.

It has been previously mentioned that if a customer finalises the Local Authority Planning Consent prior to making the grid connection application this may in fact reduce the number of grid application requests and hence the burden on the DNO's. We would ask you to note that we have now had a number of instances where clients have undertaken this approach only to find that a connection offer that was previously available at reasonable costs has (due to interactivity or refusal to reinforce networks) become financially non-viable. On this

PowerCon (UK) Ltd. Trading address: 22 Barass Ave, Worcester WR4 0QD
PowerCon (UK) Ltd. Registered Office address: 93, High Street, Evesham, Worcestershire Wv11 4DU
Company Re No. 07590423 in England and Wales

basis any comment relating to the Charging Statements providing and supporting locational signals also takes on a new dimension!

The abortive costs for the legal, and regulatory work associated with the LPA consents for relatively small DG projects has been calculated at £45-50k and this is effectively non-recoverable.

With regard to the issues brought to the RIIO-ED1 inaugural meetings from London First and the DG Forums we would suggest that passing the Competition Tests will not necessarily resolve this type of issue or complaint since the issues remain within the non-contestable sphere of works.

On this basis we would suggest that there is a requirement for the DNO's to introduce a Business Plan and for Ofgem to introduce some form of 'minimum criteria incentive' on all DNO's (regardless of having passed Competition Tests or not) until such time as they have substantiated and demonstrated their positions and there is compliance within the non-contestable scope of works. We would also suggest that the majority of DNO's would have no problems or issues with providing and instigating such an arrangement.

Up-Front Charging for Non-Contestable Work

We note that it is the intention for the DNO's to seek approval through DECC in order to be in a position to charge up front for the provision of the PoC and associated non-contestable works. Noting the comments made above we would suggest that this would only be acceptable on the basis that :

1. Customers would have the opportunity to procure this service from alternative source (i.e part of the activity becomes contestable)
2. That there is a fundamental review of 'budget costs'; their validity, accuracy and the detail of the information so provided.
3. That clarification is received relating to cost apportionment for any reinforcement works triggered by DG projects.
4. It would appear that the DNO's are seeking to establish up front charging on the basis of the volume of abortive work that is being undertaken. We would respectfully suggest that any 'additional works' can partly be attributed to their own working practices and this should not be used as the excuse or driver to establish up-front charging as the norm.

Anticipating Investment

Whilst we understand that there remains a mechanism for DNO's to anticipate investment requirements and take appropriate action (network reinforcements) prior to schemes coming to fruition it remains our experience that this is not actually happening; even on request.

We would suggest that Ofgem should now take urgent action to clarify these arrangements such that customers (and DNO's) are made aware of the mechanisms and the implications for timescales, costs and treatment of costs. We would also suggest that, for clarity and transparency, the finalised arrangements should be incorporated with the Charging Statements.

PowerCon (UK) Ltd. Trading address: 22 Barass Ave, Worcester WR4 0QD

PowerCon (UK) Ltd. Registered Office address: 93, High Street, Evesham, Worcestershire WR11 4DU
Company Re No. 07590423 in England and Wales

We would also be interested in how Ofgem consider that the Anticipated Investment Strategy should dovetail in to the existing DG high costs connection charging strategy and the general reinforcement and apportionment strategy ?

Average Time to Connect

It is our opinion that 'time to connect' is not necessarily an issue with major projects. We would further suggest that if we (the customers) consider that connection times are likely to be an issue [with any particular DNO or any particular project] we will seek alternative arrangements in the competitive marketplace.

We would therefore suggest that, in general, where unacceptable time delays are encountered is within the period of the initial engagement and provision of the grid connection offer. (See also below).

GSoP Concerns

If there is any intention to apply incentives to elements within the 'time to engage and provide a quotation' elements then we would suggest that this can only be based on realistic base level standards. With regard to DG connections we would respectfully suggest that 65 days to engage and provide a quotation for HV connected DG projects is not a realistic or indeed the appropriate starting point.

Customer Satisfaction Surveys & Customer Engagement

We confirm that we have attended a number of stakeholder meetings, responded to customer satisfaction surveys and attended meetings relating to specific projects and with a number of the DNO's. The value of these stakeholder meetings and surveys has been variable with some of the DNO's being exceptionally responsive and accommodating to the issues being raised and others preferring to advise what they were prepared to offer rather than what we as customers preferred to receive. We firmly believe that there remains an attitude and cultural problem within a number of the DNO's.

Likewise we have also seen that some of the DNO's have completely embraced the competitive arena and are providing an exemplary service to their customers.

Therefore, In general we support these measures and believe they are all of value from a customer's viewpoint. Furthermore we would support any form of 'minimum criteria' obligation to be proposed, agreed and set by Ofgem.

Additional Incentives / Complaints Incentive

We would suggest that a complaints incentive would be a reasonable consideration.

However from past experience with some DNO's we are unsure as to whether it is in the DNO's interest to register complaints and therefore provide accurate base level information. Our experience to date would indicate that whilst we would welcome this form of incentive if the process is being internally administered and audited we are unsure as to how effective it would actually be ?

We are happy for this letter to be used at the RIIO-ED1 Meeting on Wednesday 16th January and will obviously support the content herein.

PowerCon (UK) Ltd. Trading address: 22 Barass Ave, Worcester WR4 0QD

PowerCon (UK) Ltd. Registered Office address: 93, High Street, Evesham, Worcestershire Wv11 4DU
Company Re No. 07590423 in England and Wales

We trust that the above is acceptable but please do not hesitate to contact me should you consider that we can assist further.

Yours faithfully,

Bob Weaver
Director

Mobile : 07557345243
E-Mail : bw@powercon-c.com