

James Veaney
Head of Distribution Policy
Ofgem
9 Millbank
London
SW1P 3GE

10th January 2013

Dear James

Re – Consultation on WPD's Competition Notice

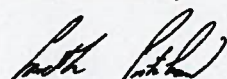
As in previous applications from DNOs to apply unregulated margin, the UCCG has consulted members and other interested stakeholders. Based on the survey results and additional information provided by UCCG members and others, the UCCG supports the application by WPD to apply unregulated margin across all the unmetered RMS and metered LV RMS (although this latter is a relatively small part of our sector) and across all DSA's.

Some concerns have been expressed in some of the responses and discussions – and these are set out below:

1. In respect of performance under GSoPs – it was considered that repair response times could be improved
2. In respect of WPD's technical policy – concern has been expressed that some issues in the previous Central Networks area do not appear to be being addressed
3. In respect of quotations or published schedules of rates (for unmetered works), the clarity of the presentation of figures was questioned – particularly in respect of the split between contestable and non-contestable charges which does not appear to be shown
4. As with the majority, if not all DNO's, when prices are changed (usually increased), there is no breakdown on how the increases have been arrived at and no base line cost figures are made available. The UCCG is looking to the Regulator to ensure more transparency here
5. Facilitating competition and trials – concerns have been expressed that many trials for competition have focused on PFI activities and that the process for jointer authorisation can be both long winded and expensive. In addition it has been noted that pressure had been placed on ICPs to sign agreements without proper consultation – but that WPD have taken a more professional approach following the raising of these concerns
6. There have also been individual instances of WPD not facilitating or recognising alternatives or competition in the delivery of training to provide underpinning knowledge to meet ER G39/1 – we hope to see a consistent improvement in this area in the very near future

The overall current picture in respect of WPD is of an organisation which generally has both facilitated and embraced competition – for example, it is believed that WPD is the only DNO to facilitate ICP activity in connections to LV overhead lines – however there remain concerns that WPD's approach to different ICPs, or organisations wishing to be ICPs, is somewhat inconsistent. WPD remain at or near the forefront in terms of competition and developing competition and overall there is a majority who now have confidence that WPD will operate professionally and appropriately should price regulation be lifted, albeit with the caveat that Ofgem will take appropriate steps to ensure this is actually achieved in practice.

Yours sincerely



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Secretary UCCG
Chief Executive HEA – Highway Electrical Association

