

January 14th 2013

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

By email

Dear James,

I am writing on behalf of the Metered Connection Customer Group (MCCG) to set out our Group's approach to the Western Power Distribution competition notice consultation published by Ofgem dated November 20th 2012.

MCCG has worked with Ofgem and the Distributors for some considerable time and represents the interest of customers and ICPs in developing Competition in Connections. We are not representative of any Company or individual and present a collective view. You invited responses to be made on a standard template indicating which Relevant Market Segment and which Distribution Service Area respondents' comments were aimed at. I am not in a position to be prescriptive on that.

The three previous competition notice consultations resulted in Ofgem reaching a decision on those RMS that members of MCCG agreed reflected their experience in operating within the DSA in question. We concluded at our meeting on November 15th that the Ofgem letter to stakeholders dated October 31st 2012 should lead to a process similar to that followed by Ofgem in the three previous assessments and in those cases MCCG were happy to endorse to outcome. It was also agreed if subsequent competition notices from other Distributors follow the same process that MCCG would respond in a similar fashion providing that consistent outcomes were seen.

It remains MCCG view that some RMS within DSA are not exposed to sufficient competition that should allow an unregulated margin to be applied. MCCG recognise that a margin was allowed to encourage competition but should not be relaxed if competition has failed to emerge. There may be other factors other than price that drives the competitive market in those RMS. We are encouraged that Ofgem will only lift price regulation where Ofgem consider effective competition exists. By example, it is disappointing that the WPD supporting evidence published on the Ofgem web site gave little evidence to support a claim that competition exists to a level that indicates a notable loss of LV market share in the South West and South Wales DSA. While we read the endorsements in appendix 11 with interest, the participation in extension of scope of contestable works has been very low on metered connections and it remains our view that this has to be "business as usual" before an unregulated margin in those RMS is allowed. We look to Ofgem maintaining the same robust assessment as you have previously.

MCCG view is that WPD in common with most Distributors could do more to sufficiently promote competition in connections to customers at application stage (as opposed to IDNOs and ICPs). It is true that this is drawn to customers' attention within the WPD offer and a much improved web site but customers may have little or no time in which to exercise that option. For example, WPD promote on their web site that the final connection to WPD LV and HV distribution network can be undertaken by an ICP but then elsewhere state differently for HV. Customers then need to unravel the difference which adds a layer of complexity they could avoid. It is also unclear that final connection is limited and that the Distributor remains in charge of the connection date.

Lastly we look toward Ofgem to meet their assurance that competition in connections will continue to be monitored including those RMS where an unregulated margin has been allowed. MCCG would like to see evidence that lifting the regulated margin has had the desired effect to increase competition in those areas.

Yours sincerely,



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