



ELECTRICITY NORTH WEST LIMITED'S COMPETITION TEST NOTICE

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1.Executive Summary

- 1.1. Electricity North West is proud to have been the first Distribution Network Operator (DNO) to pass Competition Tests in 2011. We believe that this sector leadership is due to the efforts that we and our predecessor organisations have put into creating a truly competitive market for electricity connections customers in the North West.
- 1.2. The table below confirms the market segments we have included within this submission.

Demand Connections	Included in Competition Notice
A1.2 In respect of Metered premises owned or occupied by Demand Customers:	
(i) LV work: low voltage Connection Activities involving only low voltage work, other than in respect of Excluded Market Segments.	Yes
(ii) HV work: low voltage or high voltage Connection Activities involving high voltage work (including where that work is required in respect of Connection Activities within an Excluded Market Segment).	Passed May 2013
(iii) HV and EHV work: low voltage or high voltage Connection Activities involving extra high voltage work.	Passed May 2013
(iv) EHV work and above: extra high voltage and 132kV Connection Activities.	Passed Nov 2011
Distributed Generation	
A1.3 In respect of Metered premises in which Distributed Generation is situated:	
(v) LV work: low voltage Connection Activities involving only low voltage work.	Yes
(vi) HV and EHV work: any Connection Activities involving work at high voltage or above.	Passed Nov 2011
Unmetered Connections	
A1.4 In respect of unmetered premises:	
(vii) LA work: New Connection Activities in respect of local authority premises.	Passed May 2013
(viii) PFI work: New Connection Activities under private finance initiatives.	Passed Nov 2011
(ix) Other work: all other non-local authority and non-PFI unmetered connections work.	Yes

- 1.3. In support of our submission we have set out many of the things we have done or are doing to continue to support competition in our area. We have included testimonial letters from a number of the Independent Connections Providers (ICPs) and Independent Distribution Network Operators (IDNOs) who work in our area in support of our application. These letters provide an independent assessment of how we support competition and provide a positive endorsement of our submission with a number of active ICPs endorsing them as being some of the best in the country.
- 1.4. We believe our approach to live jointing has been a key contributor to facilitating competition in our area. Initially commenced in 2002, this work has allowed the establishment of third party providers, often multi-utility, such that it is now the norm for the connection of new housing in our operating area to be undertaken on a multi-utility basis and provided by Independent Connections Providers. In line with our proactive approach, we were the first company to commence trials in 2011 in extending live jointing to connections to our existing network and this was made a contestable, “business as usual” activity in 2012. The unmetered market segments in particular, have benefited dramatically by this extension of contestability and it has allowed competition to extend deeply into the low voltage market segment such that even small jobs are benefiting from competition.

- 1.5. We have utilised the feedback received as a result of our initial Competition Test submission and constructed a specific list of all the issues raised in response to Ofgem's associated consultation that might constitute a remaining barrier to the development of competition. Using this list we issued an open letter to industry to ascertain if there were any further issues that had not been raised in the consultation responses and clarified that stakeholders could not identify anything further to be addressed. During 2012 we worked hard to review all our associated processes, extend and reinforce staff training and undertake specific actions to address the remaining concerns. We provided an update on these actions to a Competition in Connections seminar we organised in the North West during December 2012 where again no further barriers to entry were identified. There have, therefore, been three explicit opportunities for market participants to provide feedback on perceived barriers to entry and **all** of the issues raised during these discussions have been comprehensively addressed. We have held further seminars in March and November 2013 during which no further barriers have been identified and indeed we received positive endorsement of our approaches.
- 1.6. We do not consider that any of the perceived barriers to competition identified by Ofgem (in 2010) remain as real barriers within our area. The number of new entrants each year demonstrates that competing connections companies can and do become established in our area. Also the number of participants operating over many years shows that competing connections companies establish successful, sustainable businesses.
- 1.7. Both the levels of market share data and the trends in that data provided for our area also clearly demonstrate that competitive markets exist and competition is effective in protecting customers' interests. Even where the levels of actual competition are less, the threat of competition is clearly demonstrated by both customers, ICPs and IDNOs working across multiple segments.
- 1.8. For the Low Voltage Work Relevant Market Segment, customers are clearly aware of the competitive alternatives open to them with over half of all quotations issued being to competitive alternatives. Importantly customers have the option to consider competitive alternatives throughout the market segment including some of the smallest jobs. This demonstrates not only customer awareness of competition, but also that they can access it for all sizes of jobs due to the maturity of these markets in our area. Customers are steadily exercising their competitive options and this has resulted in more than half of the work being awarded to third parties during 2012-13. The trends show that there is further opportunity for this market to develop in our area. The significant number of market participants demonstrates that there is effective protection of customers' interests and further potential for the level of competition to continue to increase.
- 1.9. For the small number of projects that do fall into the Distributed Generation Low Voltage Relevant Market Segment, we recognise that many of these jobs are quite small, typically with less than £5,000 of contestable work. Despite this we have demonstrated that there has been considerable competitive activity. Competition in this market segment is closely related to competition in the High Voltage Distributed Generation market segment and the Low Voltage Demand market segment, with the majority of customers participating in more than one segment. Competition in this market segment and the customer awareness of competitive alternatives are clearly protecting customers' interests in an effective manner.
- 1.10. Our engagement with competitive connections providers and letters of testimony demonstrate that there are further ICPs that consider this a market segment they can move into. Many market participants are also active in other market segments where we have already demonstrated that there is effective competition and as the same processes and procedures that apply to those market segments also apply to this segment, we therefore believe that customers' interests are similarly protected.

- 1.11. The observed level of ICP activity in the other unmetered market segments has now moved into the Unmetered Other Relevant Market Segment. Since the same processes and procedures apply and there are seven ICPs operating in the unmetered market, we believe that this is evidence that all barriers to effective competition have been removed. Five delegates at our recent Competition in Connections seminar indicated that they already operate in this market segment and we have included letters of support specifically indicating this is a viable market segment for competition. Three quarters of customers in this segment are also active in other market segments demonstrating the inter-related nature of these markets.
- 1.12. We consider that the requirements of the Legal Tests are met in all cases for Electricity North West.
- 1.13. We believe this evidence demonstrates that there is effective competition in our area in each of the market segments listed above and that it allows Ofgem to assess and determine the extent to which competition has developed.
- 1.14. We look forward to Ofgem agreeing and recognising the efforts we have made in promoting competition by determining that we have met the Competition Tests for these Relevant Market Segments.

2.Introduction

Background

- 2.1. As part of its Final Proposals published in December 2009¹, Ofgem set out its policy for competition in connections. As part of that policy Ofgem requires, by December 2013 at the latest, all Distribution Network Operators (DNOs) to provide detailed evidence demonstrating that competition in their regional markets is working well for customers and there are no barriers to competition imposed by the DNO.
- 2.2. In addition, Ofgem introduced an incentive which identified those segments of the market where competition is more likely to develop. The incentive allows DNOs to earn an unregulated margin² in competitive segments where DNOs can demonstrate that competition is effective by meeting a defined competition test.
- 2.3. This document is Electricity North West's submission of a Competition Notice which provides evidence in support of its claim that there is effective competition in its area, and that the Competition Test and the Legal Requirements have both been met.
- 2.4. Details of the requirements are set out in the Special Conditions of Electricity North West's Licence, specifically in Charge Restriction Condition (CRC) 12 and an extract is included in Appendix 2.

¹ See Appendix 1

² Ofgem's Final Proposals also allow DNOs to earn a regulated margin set at 4% by having appropriate systems in place.

Relevant Market Segments

2.5. Part of that Licence Condition (12.25) requires Electricity North West to specify the Relevant Market Segments (RMS) to which its Competition Notice applies. For Electricity North West, these align with all of those in the Licence Condition and they are replicated in the table below.

Demand Connections	Included in Competition Notice
A1.2 In respect of Metered premises owned or occupied by Demand Customers:	
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A1.4 In respect of unmetered premises:	
(vii) LA work: New Connection Activities in respect of local authority premises.	Passed May 2013
(viii) PFI work: New Connection Activities under private finance initiatives.	Passed Nov 2011
(ix) Other work: all other non-local authority and non-PFI unmetered connections work.	Yes

2.6. Excluded Market Segments are those where competition is less likely to develop and for these no margin can be applied by any DNO. Excluded Market Segments are the combination of the following two segments relating to Metered premises that are owned or occupied by Demand Customers and defined by reference to the nature and volume of the Connection Activities:

- Domestic LV work: low voltage Connection Activities relating to no more than four Domestic Premises.
- One-off industrial and commercial work: Connection Activities in respect of a connection involving three-phase whole current metering at premises other than Domestic Premises.

3. General Information

- 3.1. Electricity North West is a Licensed Distribution Network Operator (DNO) serving the North West part of England, from Buxton to Carlisle and from Blackpool to Settle. We distribute electricity to a range of customers comprising domestic, commercial and industrial, from a network of overhead lines, underground cabling and substations at various network levels. Our Distribution Service Areas is shown on the map below.



- 3.2. Electricity North West owns one of the original fourteen regulated electricity distribution networks in England, Wales and Scotland.
- 3.3. Electricity North West has a licence which specifies a distribution service area within which it has to provide services to electricity supply companies. Our service area covers the North West of England.
- 3.4. Electricity North West distributes electricity to customers' homes on behalf of the electricity supply companies. Customers receive their electricity bill from their supplier who pays us for use of the electricity network. Our first priority is to ensure the reliable supply of electricity in the North West, done in the safest possible way.
- 3.5. Working throughout North West England, Electricity North West Limited owns, operates and maintains the electricity distribution network. This incorporates 57,000km of cables, 9100 bulk supply substations, 418 primary substations and 35,000 transforming points, delivering over 23 terawatt hours of electricity annually to some 5.1 million people in 2.4 million domestic and industrial properties. We also operate, maintain, construct and repair these assets.
- 3.6. The price that we can charge for distributing electricity is regulated by the Gas and Electricity Markets Authority ('GEMA'), operating through the Office of Gas and Electricity Markets ('Ofgem') under a price regime which is reviewed every five years. We are currently in the period 2010-2015.

4. Our Processes and Procedures Support Competition in Connections

Introduction

- 4.1. Electricity North West (and its predecessors) first set up a separate Competition in Connections team in 1998, specifically to provide support to the, then fledgling, connections market in the North West. This team has progressively developed and refined our processes and procedures and these are now very well established.
- 4.2. We have utilised the feedback received as a result of our initial Competition Test submission and constructed a specific list of all the issues raised in response to Ofgem's associated consultation that might constitute a remaining barrier to the development of competition (see Appendix A3).
- 4.3. Using this list we issued an open letter to industry to ascertain if there were any further issues that had not been raised in the consultation responses and clarified that stakeholders could not identify anything further to be addressed (see Appendix A7.17).
- 4.4. During 2012 we have worked hard to review all our associated processes, extend and reinforce staff training and undertake specific actions to address the remaining concerns. We provided an update on these actions to a Competition in Connections seminar we organised in the North West during December 2012, where again no further barriers to entry were identified. There have, therefore, been three explicit opportunities for market participants to provide feedback on perceived barriers to entry and **all** of the issues raised during these discussions have been comprehensively addressed. We have held subsequent seminars in March and November 2013 and no further barriers to entry were identified.
- 4.5. We have identified a number of key processes and procedures that we believe are indicative of our approach and have made an impact in supporting Competition in Connections. We have included in the descriptions throughout this section the most recent changes we have made to our processes and procedures to respond to stakeholder feedback and ensure that there are no barriers to the development of effective competitive markets in our operating area.

Live jointing on newly constructed assets

- 4.6. Electricity North West (as United Utilities) along with Scottish Power was one of the first DNOs to facilitate live working trials in 2002. Whilst these are still often referred to as "live jointing trials" this is not the case in our area. These ceased having a trial status and became incorporated into our formal policy in 2006.
- 4.7. This approach allowed ICPs to make live connections to assets that they had newly installed. This was particularly important for new housing developments where the phasing of the houses being built takes place over a significant period of time. This allows the ICP to schedule the works to meet the requirements of their customer. Previously this work was considered non-contestable and therefore only could be carried out by the DNO.
- 4.8. To date there have been 240 sites completed under live joint regimes in our area with at least 175 that are still open and active. For new housing work in particular, live jointing regimes are the norm in our area. We consider that these arrangements have had a significant impact in making ICPs a viable alternative for customers in our area as evidenced by the data in section 8.

Live jointing on existing assets

- 4.9. We were the first DNO to commence trials in March 2010 to extend these live working regimes to connections to existing assets. These were extensive trials with multiple participants and further details of how this was developed are covered in section 5.25.
- 4.10. Since August 2012 we now allow suitably accredited third parties to make live low voltage connections to our existing network and carry out the high voltage jointing work associated with connections. We were the first DNO to make both of these activities contestable.
- 4.11. For unmetered connections, live jointing arrangements have been in place for a similar period of time to the original live jointing regimes. These arrangements covered about 70% of unmetered connections activity by allowing service disconnections and transfers to be carried out live by suitably accredited ICPs. Live jointing arrangements have been extended since August 2012 to include connections to existing mains and therefore the remaining 30% can be undertaken by a third party. This has had the effect of opening all underground³ unmetered activity to competition in our area to the extent that over 80% of all unmetered connections were completed by ICPs during 2012-13.

NERS accreditation

- 4.12. In common with all DNOs, we require ICPs to be accredited under the National Electricity Registration Scheme (NERS) by Lloyds Register.
- 4.13. We also apply this same requirement to all our connections term contractors as a requirement to work on our network.

Inspection regime

- 4.14. Our ethos is for assets to be constructed to the required specification in the first instance. In support of this, our approach to inspection and monitoring emphasises positive reinforcement of good practice and coaching of connections providers where there are issues. Where areas of concern are raised, our auditors would look to resolve and advise at the site in question with the sole intention of preventing future occurrences that may affect asset quality.
- 4.15. Our inspection regime follows that outlined in Ofgem's 2005 decision document⁴ and has three levels of inspection. Currently all the main third parties who are active in our area are on the third and lowest level of inspection as a result of this approach.
- 4.16. Any subsequent increases in the levels of audit should not be a surprise to the connections provider as during any three month period areas of concern would have been discussed with the aim of correcting issues before they negatively affect an audit regime.
- 4.17. In support of this process, we have developed an IT system (in conjunction with Mobile Data UK) that allows ICPs on-line access to the audit results for their staff. This gives the ICP real time updates of any audit defects so that rectification can take place without putting energisation dates at risk.
- 4.18. Where we do find ICPs have persistent quality issues, but do not take appropriate steps to rectify them, then we will escalate the matter. This has taken the form of

³ We have no issue with overhead connections work becoming contestable but have had no requests from stakeholders in our area to progress this.

⁴ Ofgem's February 2005 'Competition in connections to electricity distribution systems – decision document'

suspending ICPs from working in our area and reporting them to Lloyd's Register who have investigated and subsequently removed their NERS accreditation. We have had quality issues with other ICPs, but they have responded positively to the Lloyd's investigation and changed their working practices such that we have been able to continue to adopt their work.

- 4.19. We do not take such steps lightly but believe it is incumbent on us to do this to ensure that the confidence of customers in ICPs in general is maintained.
- 4.20. During 2012 we received stakeholder feedback that whilst they supported the three levels of inspection they considered some of our thresholds were still onerous. In particular they identified that our regime meant that there were certain activities that had 100% inspection levels. Their view was that if they had demonstrated a high quality track record then this should result in a reduced inspection and monitoring frequency.
- 4.21. Resulting from this feedback we have reviewed our audit and inspection regime and presented our conclusions to an industry working group on Inspection and Monitoring and to local ICPs at a seminar in November 2013. The resulting change in approach was welcomed as a proportionate response to the feedback raised. As there was support for our proposals we intend to submit a modification proposal to Ofgem to allow us to introduce this change from April 2014.
- 4.22. In addition we have reviewed our approach to charging for inspection and monitoring as part of our connections offer. This had been originally done so that customers could see in advance any charges they would be liable for. However, based on discussions, we developed a proposal to charge for these activities in arrears. This has the benefit for third parties that we will only charge for actual inspections carried out. Again there was support for this proposal from ICPs at the November seminar and this will be implemented from April 2014.

Terms and conditions

- 4.23. We consider that our terms and conditions are clearly understood, consistent and reasonable to all parties. Notwithstanding this, we do look to make improvements to them.
- 4.24. During October 2010, Electricity North West took the innovative step of consulting with over 100 interested industry parties on some proposed changes to its standard connections offer, its standard terms and its adoption agreement.
- 4.25. As well as the approach being innovative, the proposed connections offer was equally innovative. The proposal was to offer customers who applied for a statutory quotation the option to accept an offer or to just accept a Point of Connection offer. This gives the customer the opportunity to seek alternative prices from ICPs for the contestable work without them or the ICP having to apply separately to us.
- 4.26. Following further discussions with stakeholders during 2012, we concluded our development of this approach for the high voltage market segment and implemented this during February 2013. Note that this approach has been in place for quotations requiring Extra High Voltage work for some time. We extended this approach to the Distributed Generation Low Voltage market segment in June 2013. For the Low Voltage market segment, this was implemented during October 2013. We believe that we are the only DNO that offers this facility to all customers who request a metered connections offer where there is contestable work.
- 4.27. From the consultation we received comments from one ICP regarding the form of our tripartite adoption agreement. Their preference was to simplify and make clearer the obligations for their client. We have taken this feedback on board and have developed an alternative bilateral agreement which comprises a short document that covers our agreement with the customer and a more comprehensive

document that covers our agreement with the ICP. This was developed in conjunction with both the ICP and their client to ensure that we addressed all their particular issues. We consider that these new sets of agreements provide another alternative to our tripartite agreements. The development of these is acknowledged in a letter from the ICP in Appendix A7.

- 4.28. During 2012, adoption agreements were identified as a priority issue by the Metered Connections Customer Group. We received further feedback that some ICPs would prefer bilateral adoption agreements with us that did not require their customer to be a party at all. We have now developed these and implemented them with successful application during 2012 on a small number of occasions. We will continue to review feedback and update these documents as necessary.

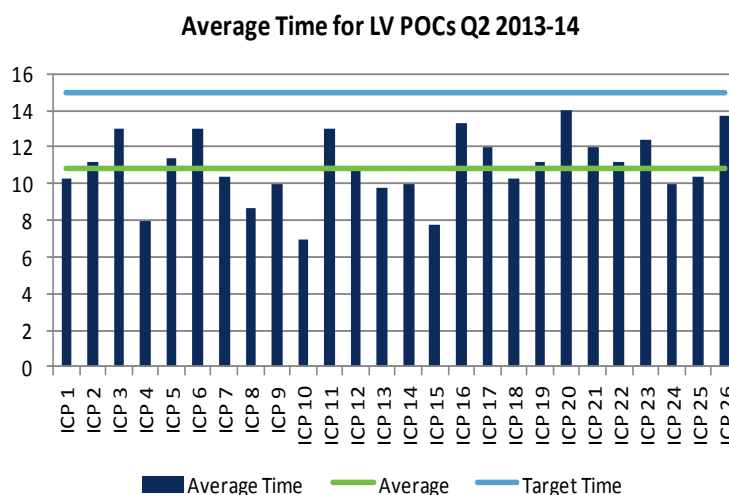
SLC15 monitoring

- 4.29. As part of Electricity North West’s compliance assurance approach, quarterly management control checks are undertaken to ensure that there is no undue discrimination in the provision of non-contestable service to ICPs. Notwithstanding that Electricity North West does not have any affiliates undertaking connections activities; we believe that this is an important discipline for us. Any significant variances from the average would be investigated.

- 4.30. The table below shows our performance against the standards. Where we fail to meet the standard, we make voluntary payments to the relevant ICP.

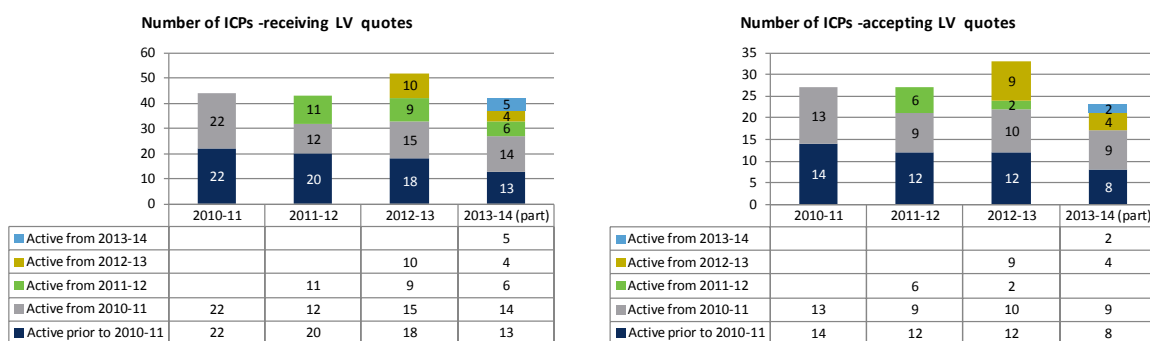
SLC 15 activity	2012-13 performance
Provision of LV Demand quotations	99.58%
Provision of LV Generation quotations	100%
Response to Design Approval for LV and HV submissions	98.6%
Final connections at LV	99.0%

- 4.31. Our aim is to provide a good service to our customers and to get the quotes out as soon as reasonably practicable, rather than just aim to meet the standard. The graph below shows our performance for quarter 2 of 2013-14, the most recently completed quarter of data. The graph below shows the average time of issuing quotes for each of the different low voltage applicants. Overall the average time taken was less than 11 working days compared to the SLC15 target of 15 working days.



Number of ICPs active in our area

- 4.32. The number of ICPs active in a DNO area provides an indication of how competitive the market is. It also indicates how easy it is for new entrants to win work and operate with the DNOs area.
- 4.33. The graphs below show the number of NERS accredited companies who have received and accepted either an ICP or IDNO quotation for the Low Voltage Demand market segment. In particular these show that there have been a number of new entrants in this market segment over each of the last four years. The number of participants operating over many years shows that competing connections companies establish successful, sustainable businesses in the North West. This is covered in more detail in section 8.



- 4.34. When any ICP works in our area for the first time, we make sure that our processes and procedures are clear to them. One of our managers will contact them and provide any clarification required. This often involves face to face meetings. We believe this investment in time upfront is beneficial for both parties in the long run and means that issues are resolved at an early stage rather than impacting a customer's connections. We asked two companies for their experience as new entrants to working in our area and they have provided letters which are included in Appendix A7 and summarised in section 5.33. This was also supported by the delegates to our November 2013 seminar discussed in section 5.18.

Support to ICPs and IDNOs

- 4.35. As well as the specific support to new entrants, we believe that we provide a positive and proactive level of support to ICPs in general and take a pragmatic approach so that their customers are not disadvantaged.
- 4.36. Examples of this include endeavouring to meet ICP dates for energisations and not just complying with regulatory timescales. In particular we aim to accommodate ICPs in re-programming dates if they are unable to complete their works to original timescales.
- 4.37. We have also provided substantial technical support to both ICPs and IDNOs. In particular, on a recent large IDNO connection, Electricity North West provided significant levels of advice to allow the IDNO to overcome technical problems that arose.
- 4.38. Whilst our preference is always to adopt standard solutions that comply with our specifications, we do, on occasions agree to exceptions from these in particular circumstances. Our policy explicitly allows for exceptions to be agreed by our Policy and Standards Manager and we have received a number of requests where exceptions have been granted. Our aim is to take a reasonable approach and where we do not consider that safety, continuity or reliability are compromised, we will agree to exceptions.

Ensuring compliance with processes

- 4.39. We have worked hard over a number of years to develop robust and acceptable systems and processes to support Competition in Connections. We also strive to ensure that these are consistently applied by our employees.
- 4.40. In anticipation of the introduction of the Guaranteed Standards of Performance from October 2010, we reviewed many of our processes and briefed any changes to our staff. Similarly the introduction of the Common Connections Charging Methodology necessitated review and training for our people.
- 4.41. All quotes are reviewed by a colleague of the designer to act as a “peer review”. This helps ensure that all policies are being complied with and that the lowest cost solution has been found for the customer.
- 4.42. To ensure compliance with these processes, monthly management control checks are carried out by managers. Non compliance is taken seriously and has resulted in formal performance improvement plans being instigated under our disciplinary procedures in a small number of cases. Our internal audit team also carry out compliance audits. Any recommendations arising from these audits are considered and actioned by the Connections Management Team.
- 4.43. A small Regulatory Compliance team also carries out monitoring and acts as a focal point for any points of clarification. They then ensure any clarifications are cascaded to all relevant staff.
- 4.44. We consider that these approaches ensure that our processes are complied with and any improvements communicated appropriately.

Unmetered connections case study

- 4.45. We consider our approach to unmetered connections epitomises our overall approach. Unmetered connections are typically high volume, relatively low value jobs but have repeat customers, mainly Local Authorities. During 2011, a consortium of local authorities put together a framework document for ICPs to provide street lighting services to them.
- 4.46. We reviewed our processes with the aspiration that we would minimise our involvement in the process and prevent us being a block to an ICP completing their works.
- 4.47. We have in place a straightforward processes to allow an ICP to get up and running in our area. They only need to provide a letter from the relevant Local Authority that they are working for, sign an adoption agreement and enter into an agreement to enter our live working regime. Typically the live working regime agreement is for a one to two year duration and we flex this duration to align with the duration of the ICP contract with the Local Authority.
- 4.48. Once in the regime, the process is straightforward. The ICP determines their own point of connection (based on our policies) and then carries out the work. They are not required to have us validate the point of connection nor is there any design approval stage. Once they are operating in the regime they only provide us with a weekly ‘whereabouts’ so that we can schedule our sample of inspection and monitoring visits. As all the work is contestable they can joint live to our existing network and provide us with ‘as laid’ record on completion.
- 4.49. In summary, our involvement is limited to carrying out sample audits. We provide technical support to support the ICPs and provide a cable identification service as and when required.
- 4.50. Our charges are limited to a small administration charge (currently £5 per lamp) and a separate charge if we are required to visit site to carry out cable identification.

- 4.51. During 2012, we have refined this approach when issues have arisen and made changes to our policies to take us out of the critical path for the ICP, for example we have changed our policy such that if the ICP uncovers a shallow cable, they complete the joint and cover it with a tile and inform us, rather than having to wait for us to attend site to decide what to do.
- 4.52. We consider that this approach represents best practice and have received feedback that confirms this, included in many letters of endorsement included.

Distributed Generation processes

- 4.53. During 2012 we experienced a significant increase in the number of applications for fitting photo voltaic panels to large numbers of properties in the same geographic area. These were often on social housing stock and instigated by Local Authorities.
- 4.54. We reviewed our approach and radically changed our approach to something we call “connect and manage”. Rather than carry out extensive modelling we decided to allow these to be installed and monitor the impact on the network. This has been very successful and we have had to take little remedial action to address network problems. We continue to extend this philosophy to more situations.
- 4.55. Along with other DNOs we have published our Distributed Generation work plan⁵ which addresses a number of issues identified at the DG Fora during 2012. We are working with the other DNOs and Distributed Generation stakeholders to further enhance this plan and improve the service we give to Distributed Generation customers.
- 4.56. In 2013, we were instrumental in organising the three DG Fora in Cardiff, London and Glasgow. Our Chief Executive Officer, Steve Johnson, presented on the progress we had made against our work plan at the London event on 23 October 2013 and the slides are included as appendix A4. Delegate feedback indicated 88% found his presentation ‘good’ or ‘excellent’.

⁵ <http://www.enwl.co.uk/docs/default-source/connections/130422-enwl-dg-workplan.pdf?sfvrsn=2>

5.How We Promote Competition

Highlighting competition options to customers

- 5.1. As we will outline in subsequent sections, there is a significant level of competition for connections in our area and has been for a number of years. As with our processes and procedures, we believe our approach has recognised that competition exists and has made this option clearly available to our customers.
- 5.2. Our website⁶ has a comprehensive section that explains Competition in Connections to customers. It describes the concept of contestable and non-contestable work and details the contestable work that can be carried out by an ICP and the non-contestable work that must be carried out by Electricity North West. The website includes a link to the Lloyd's website which identifies all currently accredited ICPs to allow customers to easily access contact details for these companies. Copies of the national framework documents (known as G81) are included, together with our company specific appendices. The standards of service that we must work to under SLC 15 to provide non-contestable services are also included. Following feedback received in relation to our previous Competition Test notice we have also included more information on IDNOs.
- 5.3. We have a single standard application form⁷ for all demand customers that covers both statutory and SLC 15 applications. We believe that this has a number of benefits. It prevents the customer completing the "wrong form" but also identifies that the ICP route exists to all customers. A customer can apply for both connections offers using this single form. We do not require the customer to complete two separate application forms.
- 5.4. Even when customers apply for a statutory (section 16) quotation we make explicit reference in our connection offer to the fact that part of the work can be carried out by an accredited third party –
"If your quotation contains contestable construction work you can appoint your own contractor to carry out this work. Your contractor must be one who has been approved to do work which will become part of our distribution system. Under these circumstances we must set up a joint construction and adoption contract. This contract will describe the arrangements for the settling of any charges together with our and your responsibilities."
- 5.5. We believe that this helps make all customers aware that there are alternative approaches available for them to choose from.

⁶ Weblink is <http://www.enwl.co.uk/Content/OurServices/ElectricityConnections/Competitioninconnections.aspx>)

⁷ In addition there is a simpler application form available for smaller services connections.

Active engagement with customers

- 5.6. We actively engage with customer representative groups. The House Builders Federation (HBF) has played a very active part in developing competition in the North West and Electricity North West has actively engaged with them in these meetings. Working groups with DNOs, IDNOs, ICPs and customer representatives have been set up to review the end to end process and to look at how this can be streamlined.
- 5.7. HBF members in the North West are very aware of their competitive alternatives. A letter from the chair of the North West HBF Utilities Committee is included in Appendix A6. This letter from 2007 demonstrates the high level of awareness of their members of competition in connections and their active role in engaging with all utilities to promote competition.
- 5.8. Similarly, Electricity North West was an active participant in the Street Lighting Steering Group which had representatives of all the Greater Manchester and Lancashire Local Authorities (including PFI providers) across our area. We worked with members of this group to review our street lighting adoption agreements and we have developed mutually acceptable documents.
- 5.9. We were particularly active in engaging with our Street Lighting Steering Group prior to and in the run up to the implementation of the new Guaranteed Standard of Performance that came into effect 1 October 2010.
- 5.10. In response to suggestions from them that they were not fully aware of these changes, we briefed them during the development of the standards so that they were aware of the issues and could partake in the consultation process. We briefed them collectively on the new standards once finalised and developed mutually beneficial processes. We also held individual meetings with most Local Authorities to ensure that their operational staff were aware of the changes to ensure a smooth implementation. We have also carried out a review with them after the first quarter's results to share the results and verify the processes were working effectively. As the majority of the work is now carried out by ICPs, the need for a specific Steering Group has now been superseded. Instead we now attend the regular meeting held by the street lighting authorities for part of the agenda to maintain a regular engagement.
- 5.11. We have even been requested by a major customer and national, multi-site energy user based in the North West to explain competition options and in particular IDNOs to them and have made presentations to a number of their senior managers.
- 5.12. We conduct regular customer satisfaction surveys with our customers. ICPs and IDNOs are included in the scope of these surveys. Feedback from these surveys is used to make process improvements to our processes for example the introduction of text messaging. We have also introduced a specific survey of Distributed Generation customers that is giving us good feedback. As the survey covers other market segments details have not been included in this submission.
- 5.13. We have regular dialogue with ICPs, IDNOs and consultants working in our area. These can be to resolve a particular issue or to cover an area of interaction, for example, legal processes or a more general discussion. An example of this is that we changed the validity period for our Point of Connection offers from 30 days to 90 days. This was based on feedback from ICPs who found that 30 days did not give enough time for them to collate, issue and get feedback from their client.
- 5.14. During 2012, we noted that we were still getting ICPs and customers requesting extensions to our connections offers. From July 2012, we extended our acceptance period to 180 days (which is double that of other DNOs). We believe that this provides adequate time for customers to consider competitive alternatives and this move has been welcomed by a number of our stakeholders.

- 5.15. As part of its process to consider our initial Competition Test submission, Ofgem consulted with industry stakeholders. Whilst much of the feedback raised generic industry issues rather, than specific Electricity North West ones, we reviewed that feedback. In March 2012 we wrote an open letter to industry stakeholders identifying our review of their feedback so that we could focus on addressing those points. We believe that we have addressed all these points in the body of this submission.
- 5.16. During December 2012, as a precursor to making our previous submission we held two workshops with stakeholders. The purpose of these workshops was to update stakeholders on developments and verify if there were any other things that they felt we needed to address prior to us submitting our Competition Test Notice.
- 5.17. The feedback received from these sessions was very positive and a number of the participants provided letters of support which are attached. The feedback did not identify any barriers to the development of competition nor any issues that would cause us to delay this submission. We did receive feedback on a number of minor points that stakeholders have asked us to consider. These were collated and reviewed and we provided feedback on these to our stakeholders at subsequent events in 20 March and November 2013.
- 5.18. At our November 2013 seminar we sought specific feedback on a number of topics relating to competition from the attendees and this is summarised in the table below. The vast majority provided very positive feedback.

Do you agree with the following statements?	Agree	Disagree	Any other comments
Customers are aware that competitive alternatives exist	11	1	
ENWL takes appropriate measures to ensure that customers are aware of the competitive alternatives available to them	12		
ENWL's process and procedures allow competitors to compete effectively including access to network data and policy documents	12		
ENWL provides assistance to competitors when they start operating in our area	10		Two were long established ICPs so felt unable to comment
ENWL listens to our requirements and responds positively and acts pro-actively to improve processes	12		
Our experience of working with ENWL give us confidence that they will operate appropriately if price regulation were lifted	10		Two not currently working in our area

- 5.19. We also asked them which market segments they currently worked in and which they thought they might in the future with the results shown in the table below. Of the 12 delegates all but one currently operated in the Low Voltage market Segment and it is therefore reasonable to consider their feedback as being applicable to this submission. Most delegates operated in multiple segments demonstrating that there are no barriers between segments. Unmetered other had five and Unmetered Other had two with a further two companies indicating they may move into it in the future.

Market segment	Currently	Possibly in the future
Low voltage	11	
High voltage	10	1
High voltage and EHV	8	2
EHV and above	2	3
Low voltage generation	2	2
High voltage generation	4	2
Unmetered Local Authority	3	2
Unmetered PFI	1	2
Unmetered Other	5	

5.20. We held a similar event for Distributed Generation customers during May 2013.

Opening up competition

- 5.21. As highlighted in section 4.1, Electricity North West has been active in establishing the framework in which competition has been able to develop and flourish as demonstrated in Section 8.
- 5.22. In section 4.6, we describe how we were the first DNO, along with Scottish Power, to introduce live jointing for connections.
- 5.23. This proactive approach continues as we have actively supported the extension of contestability to existing mains. We were the first DNO to actually start trials to allow ICPs to make live LV connections to our existing network. These commenced in March 2010 and were initially unmetered connections. A letter from E.ON, who were the first ICP participating in the trial, is included in Appendix A6.
- 5.24. We had active discussions with a number of other ICPs regarding trials for live connections for both metered LV and HV jointing. We commenced trials for HV work in quarter 1 of 2011-12 and were actively involved in the Ofgem working group that was looking at extending contestability. We proactively shared our approaches and documentation with all other DNOs.
- 5.25. Ofgem consulted on making these activities contestable during December 2011. Our experience of the extensive trials we had undertaken (extensive based on number of activities, number of participating ICPs and the actual volume for work completed) meant that we were happy to support low voltage and high voltage jointing to existing network being made a contestable activity. Ofgem determined⁸ that these were indeed contestable in principle in May 2012 and we made them both contestable activities in our area from the beginning of August 2012.
- 5.26. Even though these activities became contestable in our area, we recognised that not all ICPs would be in a position where they could carry out this work themselves. We therefore proposed a voluntary transition period where, for 12 months, we would still treat any subsequent requests for these activities as if they were non-contestable and aim to complete them within the prescribed periods. If we failed to meet these timescales we would make a voluntary payment to the relevant ICP.
- 5.27. We have sought interested parties to contact us with regards to making the associated operational work at both low and high voltage a contestable activity. Whilst we consider that this may be possible in theory, unless there is sufficient market appetite we do not believe it will be in customers interests⁹ to make this a contestable activity. Nevertheless, we will continue to seek ICPs to engage with on trials to ascertain the feasibility of this becoming a contestable activity.
- 5.28. We have actively participated in the Ofgem working groups considering making part funded reinforcement a contestable activity. We have sought to identify practical solutions to a number of the issues raised. We are expecting further engagement from Ofgem on this in the near future.
- 5.29. We have completed trials with three ICPs on determining their own Points of Connections with mixed success. There has been learning for both us and the ICPs in terms of the feasibility of making this work.
- 5.30. We have commenced trials with an ICP to deliver small demand/high volume connections. This covers 250 applications per month for demand connections of up to 5kW where the ICP will determine the Point of Connection, build to a standard

⁸ <http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents/1/EoC%20jointing%20decision%208%20May.pdf>

⁹ If it became a contestable activity we would apply a margin to it that is not currently applied.

design and self connect. We carry out a design verification post energisation rather than add any delay to the ICP's process.

- 5.31. As mentioned previously we have also reviewed our adoption agreements and have sought to make these reasonable for all parties. One ICP provided feedback that some of their customers would not sign tri-partite agreements and we have therefore developed alternative bilateral agreements in conjunction with them. Feedback for other parties indicated that they would prefer bilateral agreements between the ICP and us and these are now available.
- 5.32. Our established process and procedures for competition have allowed a consortium of Local Authorities to establish a framework contract for one or more ICPs to provide street lighting services to them. Although no volumes will be guaranteed to the successful ICP, this framework has the potential to result in all street lighting work in our area to be carried out by third parties, with 53% being completed by ICPs in 2012-13.

Endorsement from customers

- 5.33. To support our application we have sought letters of endorsement from a number of customers. As these are from ICPs and IDNOs (who are both customers and competitors) we believe these add a compelling endorsement of the approach that Electricity North West takes and has taken over a number of years.
- 5.34. These are attached in appendix A7 and a number of key points brought out below.
- 5.35. PN Daly, an ICP active in the low voltage, high voltage and extra high voltage market segments made the following comments.
- In terms of the benefit to them said - *"Your proactive approach and the use of sensible, pragmatic unglamorous solutions to real problems have allowed us to operate effectively and win business."*
 - Comparing us to other DNOs - *"We are able to use you as the benchmark."*
 - Commenting on the Unmetered Other market segment said - *"For us this means that we think all types of LV work are viable for us to do. This includes street lighting and all other unmetered equipment and we undertake this sort of work already for developers and for Metrolink"*
 - Already experienced in larger low voltage connections commented on the smaller demand connections and Distributed Generation Low Voltage - *"Small demand connections are now also viable since we can carry out all of the work and the same applies to distributed generation connections. These are markets we operate in now and see no issues as the live jointing arrangements are easy to work to"*
- 5.36. GTC, an IDNO active in the low voltage, high voltage and extra high voltage market segments, made the following comments.
- Commenting on our approach said - *"ENW have always led the way in terms of DNO movement and commitment to change processes to improve the timescales for delivery for the benefit of our customers."*
 - Comparing the gas and electricity markets said - *"Our assessment of these key areas is that ENW have done more than any other DNO to remove these barriers"*.
 - And concluded saying - *"ENW have always led the way in competition and we are very supportive of the way that they deal with ICPs and IDNOs and have been successful in making its RSM's open for competition to the benefit of all customers"*.

- 5.37. The Unmetered Connections Customer Group (UCCG) wrote:
- Summarising the responses asking their members for comments on the Unmetered Other market segment – *“Those that responded were positive in their support of ENW”*.
 - Concluding *“It would appear from the presentation made at the UCCG meeting and from the responses from members, that ENW meeting these requirements and are to be commented in implementing what the UCCG see as essential requirements to enable and facilitate competition in this market sector.”*
- 5.38. E.ON, an ICP active in all unmetered segments made the following comments
- Commenting on our approach - *Electricity North West have been the most accommodating in developing the agreements to suit specific cases ensuring that fair opportunities are available for competition to exist.*
 - And how this has enabled them to work in the Unmetered Other market segment - *“with the pragmatic approach you have taken towards bilateral agreements this has given us the opportunity to work with developers and the construction industry to make unmetered connections on developments in the ‘Unmetered Other’ sector”*.
 - Comparing us to other DNOs - *“Electricity North West are in our experience one of the most if not the most easiest of all the DNO’s to work with”*.
 - Commenting on the benefits to them - *“For the unmetered market, competition in connections has made a significant contribution to the competitiveness of the market sector and it is to Electricity North West’s credit that they are at the forefront of making this happen”*.
- 5.39. Jones Lighting, a new entrant ICP (in 2012) in the unmetered and low voltage market segments said:
- Commenting on our approach – *“we recommend their methodology to all DNOs”*.
 - Supporting the view that there is competition in the north west said – *“we were one of twenty bidders for an unmetered supplies and fault repair contract, clearly indicating that there is now a lot of competition in the North”*.
 - On our new training centre commented – *“...impressed with the standard of training and the positive attitude of your trainers to ICP providers”*.
 - Specifically in relation to the unmetered Other market segment said – *“In the last year, with the introduction of Bilateral agreements, we have found it much easier to carry out works for developers on New Housing estates and for smaller community councils etc”*.
 - And describing the benefits to them – *“In the New year, we are expanding our business into other markets, LV DG and Unmetered Other, confident that with the positive attitude of ENW to competition, we will be able to be as successful as we have been with our street lighting works.”*

Endorsement from customers for our previous submissions

- 5.40. Similarly we sought endorsement from customers in support of our previous Competition Test submissions. We believe that these testimonials remain valid and are included in our evidence base in support of this submission.
- 5.41. Power Con Limited, a consultant for a number of distributed generation developers and has worked in this market segment made the following comments. Note Power Con Limited has also been involved in Ofgem's Electricity Connections Steering Group which advises on competition in connection issues.
- In relation to dealing with us said – *“I am happy to say that ENWL are the best DNO to deal with. In all aspects of my dealings with ENWL I have found them approachable, helpful, pragmatic and flexible”*.
 - In relation to competition said – *“ENWL are very open about competition and I do not think there are any barriers to competition in ENWL”*.
 - In relation to the development of competition – *“I have seen how competition has developed over the years and whilst the Competition Test have spurred other DNOs into action, ENWL have maintained their position as the company that has done and continues to do the most to support competition.”*
 - And concluded – *“In conclusion I think that ENWL are the leading DNO in promoting and supporting competition. Therefore I have no hesitation in supporting your case.”*
- 5.42. PN Daly, an ICP active in the low voltage, high voltage and extra high voltage market segments in 2012 made the following comments.
- In relation to our proactive approach they said – *“Electricity North West continue, in our opinion, to be the DNO which promotes free and fair Competition in Connections more actively than any other DNO or IDNO in the country based on our experience to date”*.
 - In terms of implementation they commented – *“While DNOs other than Electricity North West are proposing and undertaking actions to improve the level and scope of Competition of Connections, it is our opinion that those DNOs still have some way to travel before reaching the level of Electricity North West”*.
 - Similarly they said – *“Electricity North West, have for years, developed sensible, pragmatic unglamorous solutions to real problems in competition in connections”*.
 - On our culture they said – *“Culturally staff within ENW are a quantum leap ahead of those in other DNOs as they are prepared to look at issues from the perspective of ‘what is fair?’ as opposed to the perspective used by others which is ‘what does the standard or regulation require?’. Company culture is an issue which cannot be cured by window dressing”*.
 - On our engagement on issues – *“Of course we still get issues on jobs with ENW but one conversation is usually enough to get ENW jointly engaged with us in sorting solutions which are of benefit not only to ENW and PND Ltd but also to the wider industry and our clients”*.
 - And they concluded – *“In summary we find the ENW approach to CIC to be exemplary and we feel certain that this approach will continue in the future even if you pass the Competition Tests”*.

- 5.43. E.ON, an ICP active in the two unmetered segments made the following comments in 2012.
- With regard to getting agreements in place, E.ON said – *“Electricity North West are definitely the leading DNO when it comes to getting agreements agreed and in place”*.
 - On our unmetered processes – *“The process you have for the application for unmetered connections and getting the as laid drawings returned is simpler and less complex than most other DNOs’ we deal with”*.
 - On our resolution of an operational problem on shallow cables said – *“your operational teams demonstrated sensible approach to the problem and engaged both parties to work closely to an acceptable enduring solution to solve the problem”*.
 - And concluded – *“Electricity North West are in our experience one of the most if not the most easiest of all the DNO’s to work with demonstrating a pragmatic approach and a strong desire to progress competition in connections. For the unmetered market, competition in connections has made a significant contribution to the competitiveness of the market sector and it is to Electricity North West’s credit that they are at the forefront of making this happen.”*
- 5.44. Jones Lighting, a new entrant ICP in the unmetered and low voltage market segments in 2012 said:
- In relation to getting established said- *“We found the regime in Electricity North West to be very workable and there has been considerable help to get us up and running”*.
 - In relation to our approach said – *“From our perspective we would endorse Electricity North West in their approach to supporting Competition in Connections as a direct beneficiary of the competitive market that exists in the north west”*.
 - And went on to say – *“We have made our feelings know to other ICPs and DNOs at the UCCG and suggested that they could benefit by following ENW’s lead”*.
- 5.45. In 2012 GTC, an IDNO active in the low voltage, high voltage and extra high voltage market segments, made the following comments.
- GTC said – *“GTC have worked with senior members of the ENW team at GTC’s and ENW’s offices and have identified the issues that will assist GTC operate within the ENW footprint area. ENW have then worked on the issues that were jointly identified and taken on board the issues that present themselves to GTC on a day to day basis and helped improve the timescales for our customers”*.
 - On achieving fully open competition GTC said – *it is pleasing that we have the commitment from ENW to achieve the same goal”*.
 - On competition in connections GTC commented – *“They have invested a lot of effort into finding the best way to open their RSM’s for competition and we believe that other DNOs should look at ENW’s approach as the market leading way to deal with competition issues”*.
- 5.46. The Unmetered Connections Customer Group (UCCG) was asked for feedback in 2012.
- The UCCG commented – *“There were a number of ICP’s present who had direct experience of working in ENWL and they shared this with other members. Comments made generally came across as positive and supportive. For those that could compare yourselves with other DNO’s most present placed you in the top 2. Whilst one other DNO now appears to be setting the benchmark for process efficiency, ENWL were noted for being flexible and progressive with regard to extending competition.”*

- 5.47. Our Street Lighting Steering Group that represents the majority of local authorities operating in Greater Manchester and Lancashire made the following comments.
- On making them aware of competitive alternatives said, *“We have been pleased with the efforts that Electricity North West has made, in particular over the last few years in terms of opening up competition. You have been at the forefront of promoting this initiative for the industry and have kept us informed of progress through the steering group meetings”.*
 - On our approach said, *“It is to Electricity North credit that they have worked constructively with the steering group to develop this approach and have not taken a defensive approach. The feedback we have received from the ICPs involved in the scheme has been very positive and your approach to as much as possible “let them get on with it” is having huge benefits for us.”*
- 5.48. And summarised by saying *“Therefore, in summary, we would like to commend ENW’s approach to promoting competition in the unmetered connection market segment; for keeping us as customer’s informed through the process; and would like to wish you good luck with your Competition Test application.* We sought feedback from E.ON active in the unmetered market segments as both a new entrant in our area and as a participant in our extension of live working trials discussed in section 5.23.
- E.ON acknowledged the support it received - *“We have found the regime in Electricity North West to be very workable and there has been considerable help available to us to get up and running.”*
 - Commented on our proactive approach to competition - *“For the unmetered market, this has the potential to make a significant contribution to the competitiveness of this market and it is to Electricity North West’s credit that they are at the forefront of making this happen”.*
 - And overall supported our approach – *“And from our perspective we would endorse Electricity North West in their approach to supporting Competition in Connections as a direct beneficiary of the competitive market that exists in the North West”.*
- 5.49. We also sought comments from Aptus, active in the unmetered, low voltage, high voltage and extra high voltage market segments, at that time a new entrant ICP in our area.
- Aptus was very positive about getting established- *“Overall we have been very impressed with the way we have been dealt with by Electricity North West. We have found the processes and procedures easy to deal with and appropriate for the work we have undertaken”.*
 - They acknowledged that lines of communication were clear and that problems get resolved – *“Electricity North West made very clear to us who our point of contact was if we had any particular issues that needed escalation and this has worked well in being able to resolve and clarify points before they became a significant issue for us.”*
 - Aptus supported our view that we have established systems and processes to ensure that there are no barriers to entry - *“It is clear to us that Electricity North West understand that there is competition and work hard to make that a smooth process which must be in everyone’s interest.”*

- 5.50. We sought feedback from PN Daly who have been the largest independent ICP active in our area for a number of years but also work across the country and active in the low voltage, high voltage and extra high voltage market segments.
- In 2011, PN Daly endorsed our approaches – *“In our view, the processes and procedures that Electricity North West have in place to support Competition in Connections are the best in GB.”*
 - And they saw us as the standard for other companies *“We commend Electricity North West’s approach to ‘get on with it’ and we intend to be using many of their approaches as the benchmark for other DNOs as they start to make progress in Competition in Connections. Competition is a fact of life and we see that Competition in Connections is “business as usual” for Electricity North West.”*
 - PN Daly commented on the importance of live jointing regimes being both in place and workable in allowing competitive markets to develop - *“The ability to carry out live working on new housing sites is a key determinant on whether this market is available for competition. The processes in Electricity North West have allowed us to actively compete for and win such jobs in their area and this has helped to establish the fiercely competitive market that now exists.”*
 - They endorsed the work we have recent undertaken in response to our consultation on our terms and conditions outlined in section 4.27 - *“We have been impressed that Electricity North West has been prepared to discuss their approach and have listened to our concerns. We are delighted with the outcome as they have developed a set of bilateral agreements that in our opinion are a significant improvement and we will be talking to other DNOs about them adopting the same approach.”*
 - PN Daly clearly supported our submission *“In summary we would conclude that Electricity North West is the best DNO to deal with and there is effective competition in the north west. As Electricity North West has played their part in facilitating Competition in Connections we would support their application for unregulated margin.”*
- 5.51. These letters provide compelling testimonials in support of our Competition Test Notice. They provide supporting evidence that a competitive market exists in the north west from companies who are participating in it. The comments in the letters provide corroboration of many of the points we have included in this submission particularly in relation to our processes and procedures. In particular the comments from “new entrants” should verify the ease for companies to enter the connections market in the north west.

6. Our Approach to Pricing

Cost breakdowns in our quotations

- 6.1. Electricity North West has provided a split of contestable and non-contestable charges in our connection offers for a number of years. A breakdown is provided on all quotations over £10,000 as shown below. Note these are provided on a lower level of quotations than the £20,000 level agreed at ECSG.
- 6.2. This quotation has both a contestable and non-contestable split together with description, quantities and charges for the main elements of the work.
- 6.3. We believe that this gives appropriate transparency to customers both in terms of the work content included in the quote and transparency of the charges. We have had feedback from customers that our breakdown represents best practice.

BREAKDOWN OF CHARGES		
Description	Quantity	Charge
CONTESTABLE		
CONSTRUCTION - LV Associated Work	1	648.62
CONSTRUCTION - LV Cable (IN M)	188	6078.24
CONSTRUCTION - LV Joints	4	1311.36
CONSTRUCTION - LV Services	12	13847.62
CONSTRUCTION - LV Mains Lay	186	2839.68
NON CONTESTABLE		
LEGAL - RESIDENTIAL CONSENT (DEVELOPER)	1	240.00
LEGAL - SOLICITOR FEE	1	550.00
POC - LV CONNECTION UPTO 60KVA	1	142.00
MONITORING - SERVICE TERMINATIONS	12	379.20
MONITORING - SERVICE CABLE	12	189.60
MONITORING - MAINS CABLE JOINTS	16	1264.00
MONITORING - MAINS CABLE INSTALLATION	2	158.00
DESIGN APPROVAL - LV UP TO 60KVA	12	277.00
CONSTRUCTION - LV Joints	1	437.91
Total Charge		28,363.23

- 6.4. Even for smaller quotations receive a good level of breakdown. The table below shows the breakdown for a Distributed Generation Low Voltage job that is less than £5000.

BREAKDOWN OF CHARGES

<u>Description</u>	<u>Quantity</u>	<u>Charge</u>
CONTESTABLE		
CONSTRUCTION - LV Cable (IN M)	5	521.77
CONSTRUCTION - LV Services	1	260.00-
CONSTRUCTION - LV Services OHL	1	638.92
CONSTRUCTION - Multiple HV & LV Mains	1	54.60
NON CONTESTABLE		
CONSTRUCTION - LV Services	1	260.00
StatA&D- 1xSingle ph LV Service	1	0.00
Legal - Way/easement(s) 3rd party	1	1920.00
		Total Charge 3,135.29

Consistent non-contestable charges

- 6.5. Our approach to non-contestable charges has been to make these both transparent and consistent between our statutory and SLC 15 offers.
- 6.6. The non-contestable charges would therefore be identical where a customer has requested a statutory quotation and an ICP has requested non-contestable charges under SLC 15.
- 6.7. In particular our approach to Inspection and Monitoring charges (identified as “Monitoring” in the example) is to make these explicit in both types of offer¹⁰. We believe that auditing our own work is best practice and we apply exactly the same regime to statutory connections as to work being completed by ICPs that we will adopt. We have a single policy for auditing that applies to all connections work, irrespective of who carries out the work. The inspections are all carried out by the same team of auditors to ensure that consistency, frequency of audits and compliance standards are maintained.
- 6.8. Currently most ICPs are at the same (lowest) level of inspection regimes and therefore the same charges are made to customer irrespective of which route they choose for their connection. Where we apply a different inspection regime (based on the track record of the ICP) then this will result in different charges being made. We believe that this increases the transparency of our charges to customers rather than including these similar costs as an on-cost to the contestable work in our statutory offers.
- 6.9. We have further developed this principle in calculating our Assessment and Design charges in the Common Connections Charging Methodology¹¹. These are included in three tables:
- Table C – designing all aspects of a section 16 (statutory) quote,
 - Table D – providing a POC offer to an ICP,
 - Table E - Design Approval of an ICP design

¹⁰ If we move to charging in arrears this will no longer form part of the initial quotation.

¹¹ <http://www.enwl.co.uk/our-services/connection-help-documentation/common-charging-methodology>

- 6.10. The approach we have taken for Relevant Market Segments¹² is to:
- Identify the specific people who undertake each of the three activities and allocate their costs to it
 - Allocate other overheads to these activities (accommodation, IT recharges etc)
 - Calculate an hourly recovery rate based on the number of acceptances and an assessment of the time taken for each activity
 - Use this rate multiplied by the assessed time taken to create the charge
- 6.11. These are calculated such that we would recover all our design costs based on an assumed level of design charges. If, for example, a customer accepts the quote and then subsequently cancels, we would not refund these design costs and therefore the costs are borne by the instigator rather than picked up by the general mass of customers who accept. We would apply the same approach to design approval on an ICP job.
- 6.12. At present DNOs are unable to make any charges to customers as a precondition of making a connection offer. DNOs therefore have to recover all abortive design costs from customers who do accept. We have chosen to include all these charges within our design charges. We acknowledge that this tends to make our design costs appear more expensive than other DNOs who chose to recover these abortive costs in other ways, for example, as an on-cost to their construction work. However we believe our approach is a more transparent approach.
- 6.13. If, in the future, Regulations are put in place so that DNOs can charge in advance for the design work involved in larger quotations, this will result in the design costs being picked up by the customer requesting the quotation, whether they subsequently accept or not. Abortive work would no longer be picked up by those customers that ultimately accept and we would anticipate a reduction in our charges that would be visible and transparent.
- 6.14. We believe that the recovery of all design costs in the design charge makes it easier for the customer to see what charges will be levied if they opt for a section 16 quote or just the non-contestable POC identification. The other transaction costs such as design approval¹³, which are incremental costs incurred as a result of the work being carried out through a Competition in Connections process, are available¹⁴ so that the customer can compare the total costs of all options.

¹² For Excluded Market Segments a similar allocation method is used but based on customer feedback a simpler approach with the assessment and design charge being included in the price rather than identified as a separate charge.

¹³ ICPs are free to carry out their own designs of new network extensions to connect customers but DNOs will approve that design to ensure that it complies with the DNO's design policies where it will adopt those assets and have the enduring responsibility for their operation and maintenance

¹⁴ These are included in section 7.15 of our Statement of Charges for Connections which is available on our website at <http://www.enwl.co.uk/our-services/connection-help-documentation/common-charging-methodology>

7. Perceived Barriers to Entry

- 7.1. During January 2010, Ofgem identified a number of perceived barriers to entry that they had been made aware of and wrote to DNOs asking for their comments; Ofgem's list is included in appendix A3. Each of the points identified is covered below.

Availability of information

- 7.2. Information¹⁵ is either available on our website or via our electronic policy library. The information on our website is in the public domain. The information in our library can be accessed remotely via the internet and is password protected. ICPs are provided access to reflect their NERS accreditation. In response to a request from a consultant, we reviewed our policy and now make this information available to other interested parties without NERS accreditation.
- 7.3. Current versions of the documents are held in our library. The library has a notification screen that outlines all policy changes, indicating changes clearly. The onus is on the user to review any policy changes.
- 7.4. Current network load information/feeder load information is available on request but this is a chargeable service (section 6.24 of our Statement of Methodology & Charges).
- 7.5. We now provide CDs of our asset data records free of charge to ICPs in addition to the information identified in paragraph 7.2. We are progressively making this information available online.

Adoption agreement security arrangements

- 7.6. Our approach is that our adoption agreement includes provision for Electricity North West to request a guarantee or other form of security if we are not satisfied with the credit rating of an ICP.
- 7.7. We have only used this provision once and a Parent Company Guarantee was used. We have never required a bond from an ICP.

DNO inspection and monitoring practices

- 7.8. Electricity North West's policy on inspection and monitoring is consistent with the three levels of inspection identified as best practice¹⁶. Moreover, it is applied completely consistently to connections work carried out by ICPs and connections work carried out by our own staff or our contractors. See also paragraphs 4.14 to 4.19.
- 7.9. The same audit team applies the same audit regime (which includes both what they audit, how they score it and the frequency of the audits).
- 7.10. Charges to both SLC 15 and statutory (section 16) quotations are applied consistently and explicitly for inspection and monitoring.
- 7.11. As outlined in paragraph 4.21 we have developed proposals to further enhance our approach in this area. As there was support for our proposals we intend to submit a modification proposal to Ofgem seeking approval to allow us to introduce this change from April 2014.

¹⁵ The information is identified in the appendix A3 in table and identified as "Availability of information".

¹⁶ Ofgem's February 2005 'Competition in connections to electricity distribution systems – decision document'

Terms in connection agreements/types of connection agreements available

- 7.12. We have developed a set of bilateral adoption agreements that will be offered in addition to our existing tripartite agreement. See also paragraphs 4.23 to 4.28.

Letters of authority

- 7.13. We only require a letter of authority if the ICP will not be making the payments for our non-contestable charges ie the applicant and person making the payment are different.

Service timeframes (SLC 15)

- 7.14. Whilst we do not provide any SLC15 services to any affiliates, we do still monitor the relative timescales between ICPs for providing SLC15 timescales.
- 7.15. Whilst we do have a small number of failures of these standards, on average our delivery times are significantly better than the standards. Section 4.31 provides evidence that average timescales are virtually half of the standards.
- 7.16. There is an incentive for DNOs to identify any minimum information within the five day period (as the clock does not start) as detailed in the SLC15 Guidance¹⁷. Where the information is requested after five days, the clock is only paused.

Service timeframes (other)

- 7.17. We would apply the SLC15 timescales to the service applied for. We would not exclude all other services under SLC 15 even if an ICP has asked us to complete some parts of the contestable work.

Developing ongoing relationships

- 7.18. We have an active dialogue with ICPs. We proactively establish good working relationships when ICPs commence operations in our area. We have clear escalation routes for ICPs to contact us with particular issues and incorporate any learning from these into changes to our processes and procedures.
- 7.19. Examples are included in our submission and supported by letters from ICPs in section 5.33.
- 7.20. We have also held workshops during December 2012, March and November 2013 and intend to run these on a regular basis.

Scope of unmetered contestable works

- 7.21. In our area, all underground unmetered work is contestable.
- 7.22. Non-contestable work is limited to new overhead connections to existing network. We would be happy to consider extending contestability to overhead connections if there is sufficient market appetite. Currently we do not consider it in customers interests to make this activity competitive (as this would result in us charging a margin on it) unless there is likely to be competitive service providers that customers can use as an alternative to Electricity North West.

¹⁷ Guidance is contained in SLC4F Guidance which was the previous licence condition numbering

Legal process

- 7.23. We would normally only progress the process to acquire the legal agreements required (eg land transfers for substations, easement and wayleaves for cables or overhead lines) once projects have been accepted and paid for to minimise the level of abortive work and hence cost to customers.
- 7.24. We use standard agreements for our easements and land transfers to speed the process and minimise costs. These have been developed over time, we believe they are reasonable and we are happy to receive any feedback on them. Where changes are requested then this can add extra time to the process to reach agreement. In some instances delays will be due to the customer's legal team and not just Electricity North West's.
- 7.25. One IDNO (GTC) was keen to develop alternative arrangements for the securing of the legal agreements. They wished to be able to progress these agreements themselves and requested that we considered an approach that they had developed with another DNO. We were happy to review their approach and have agreed the detailed approach. We are happy for this approach to be used by other IDNOs.
- 7.26. Consistent with other DNOs and established industry practice, we would expect all legal agreements to be in place before energisations are made.

Difference in non-contestable charges between S16 and competitive quotations

- 7.27. We have extended our approach to provide a connections offer that the customer can accept either our offer or just the POC and associated non-contestable charges to all metered connections where there is contestable work. Note that prior to this, the customer has been able to request both offers by an additional tick on a single application form.
- 7.28. We encourage customers to apply for a point of connection and then issue to ICPs. This ensures that they receive consistent and comparable quotations. In these situations the customer can accept the POC offer and then subsequently transfer it to the ICP they appoint.
- 7.29. There are some transactional charges associated with Competition in Connections such as design approval and issuing adoption agreements to reflect differences in the processes.

Design approval

- 7.30. The timescales in SLC15 do not differentiate between these types of job within the existing categories.
- 7.31. We would always seek to accommodate any particular customer requirements but would not expect the relatively small number of instances to warrant a licence change.
- 7.32. We now have in place agreed procedures for one IDNO that means design approval is not required. They have identified a number of standard design solutions for the interface between our network and theirs which we have reviewed and approved. If they identify that their site specific design is one of their standard designs, then no site specific design approval is required. This option is available to all ICPs and IDNOs should they request it.

Dispute resolution

- 7.33. We have a consistent complaints process for all customers and our process is available on our website <http://www.enwl.co.uk/contact/complaints>.
- 7.34. Information on the complaints process is included in all connection offers.

8. Level of Competition in Our Area

- 8.1. This section provides evidence on the markets shares of Electricity North West and other third parties. We believe that this provides compelling evidence that competition has been working effectively for a number of years in our area.
- 8.2. This data demonstrates that customers are not only aware of the choices open to them but have actively exercised those choices. We consider that our processes and procedures are such that Independent Connections Providers (ICPs) and Independent Distribution Network Operator (IDNOs) have been able to operate successfully in our Distribution Services Area.
- 8.3. The sections below contain graphs that show the market share for connections over the last three and a half years. All analysis is provided on the basis of quotes made in the regulatory year shown as it is considered that this gives the most contemporary view of the market compared to, for example, the number of connections completed.
- 8.4. In our first Competition Test Notice, we analysed the market predominately on number of connections. In this submission we have refined our analysis and provide information on both the number of quotations and the estimated value of the contestable work in those projects. This information is provided for both quotations made and quotations accepted.
- 8.5. Quotations issued by us are identified as 'ENWL' where we have been asked to carry out all the works (contestable and non-contestable) associated with a new connection.
- 8.6. The definition of Connection Activities is "*Connection Activities means any and all of such activities comprising or associated with the provision, modification, or retention of a connection to the licensee's Distribution System as may, in accordance with the licensee's Connection Charging Statement, be undertaken by persons other than the licensee, where those activities are fully funded by the Customer (as described in Chapters 10 and 12 of the Authority's decision document published on 7 December 2009 under reference 145/09).*"
- 8.7. Therefore the market segment analysis should only consider those connection offers where there is some contestable work that can be carried out by a third party. For the following analysis of market shares, only connection offers from Electricity North West where there has been an element of contestable work have been included. Note it is only on the contestable work where any margin can be applied by a DNO and therefore it is only these projects that are impacted by any decision to lift price regulation by Ofgem.
- 8.8. An 'ICP' quote is one issued by us to carry out non-contestable work only and an ICP will carry out the contestable work. We often make competitive offers to individual companies who are not accredited ICPs but who will then provide our Point of Connection and receive competitive tenders from a selection of ICPs. Where this is relevant, it is made clear whether details of NERS accredited ICPs are identified or all third parties receiving or accepting an ICP quotation.
- 8.9. An 'IDNO' quote is one issued by us to carry out the non-contestable work only where an IDNO will adopt the assets and where the contestable work is carried out by an ICP or and IDNO. We often make competitive offers to individual companies who are not IDNOs and can be either accredited ICPs or individual companies and therefore the number of parties receiving quotes is greater than the number of IDNOs that exist.
- 8.10. If the same company has asked for an ICP and an IDNO quote then these are counted in both categories and shown with different identifiers.
- 8.11. For ICP and IDNO quotes we have estimated the value of the projects based on the average cost per kVA of projects carried out by us and then used those ranges to estimate the equivalent for the third party jobs.

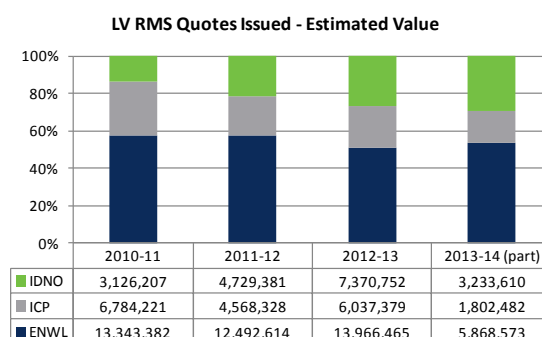
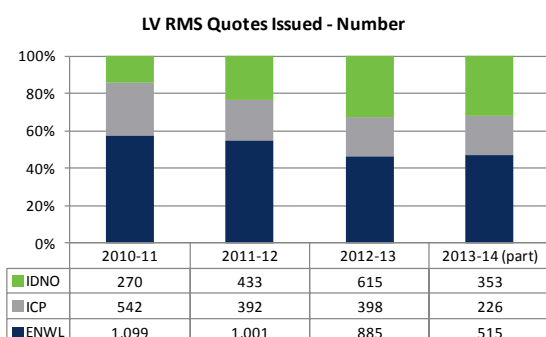
Relevant Market Segment: Low Voltage work

8.12. The following analysis has been undertaken based on projects quoted from 2010-11 to the end of September 2013. This therefore provides a contemporary picture of the competitive market in our area. The graphs show the steady increase in the number and proportion of quotes issued over this period.

Quotations issued

8.13. Every year since 2010-11, more that 40% of the quotations issued were to third parties and this has increased to 53% for the first six months of 2013-14. Similarly the proportions based on estimated value have increased from 43% up to 49%. This demonstrates the continual development of the competitive connections market and that customers are seeking alternative providers for their connections.

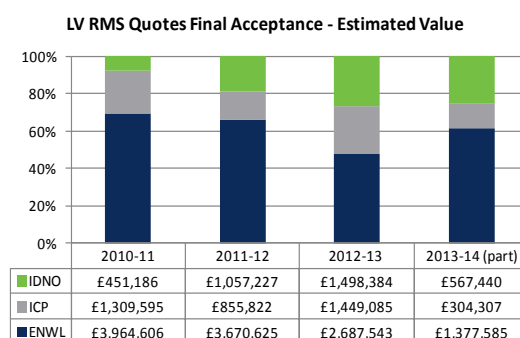
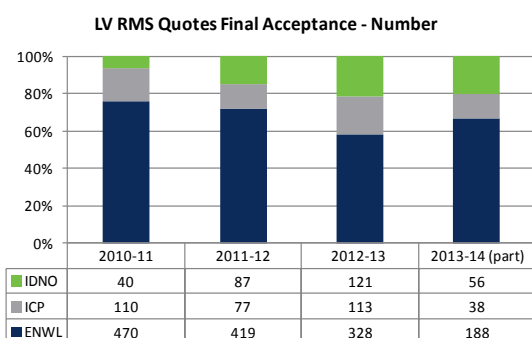
QUOTED (third party %)	2010-11	2011-12	2012-13	2013-14 (part)
Number	42%	45%	53%	53%
Estimated Value	43%	43%	49%	46%



Quotations accepted

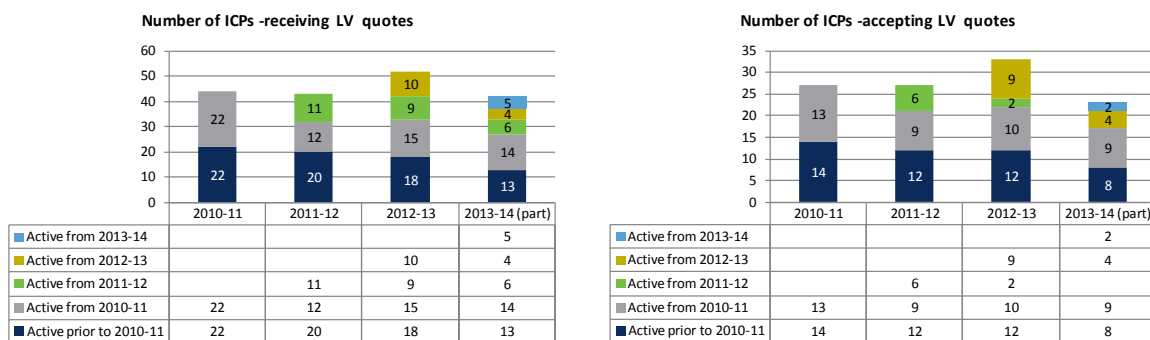
8.14. Analysis of accepted quotes shows the same trends. The number of quotations accepted by competitive alternatives rose from 24% in 2010-11 to 42% in 2012-13. Even more dramatically the equivalent estimated value figure represents a rise from 31% in 2010-11 to 52% for 2012-13.

ACCEPTED (third party %)	2010-11	2011-12	2012-13	2013-14 (part)
Number	24%	28%	42%	33%
Estimated Value	31%	34%	52%	39%



Competitor activity

- 8.15. To demonstrate the large number of market participants we have analysed the number of different companies receiving and accepting quotations. If the same company has asked for an ICP and an IDNO quote then these are shown separately. This analysis also demonstrates that each year there are new players participating in the competitive connections market in the north west. Note these graphs only show companies that are NERS accredited.
- 8.16. In each of the three full years shown below there have been between 44 and 53 ICP and IDNOs receiving quotations. The graphs show that in each of the four years there have also been a number of new entrants receiving quotations.

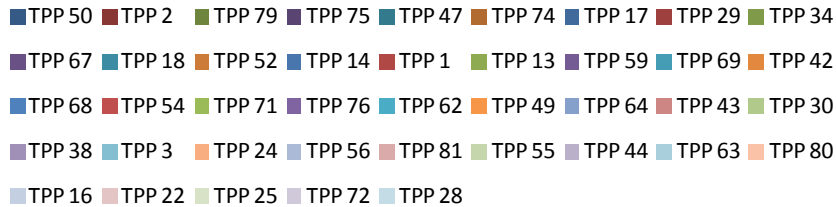
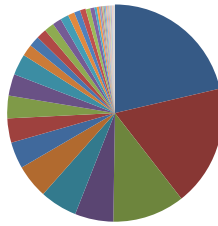


- 8.17. We often make competitive offers to individual companies who are not accredited ICPs but who will then provide our Point of Connection and receive competitive tenders from a selection of ICPs. The table below only shows the mix for each year between NERS accredited and non-NERS accredited companies. In addition there have been quotations issued to up to 22 other customers and consultants who are not included in the data in the graphs above.

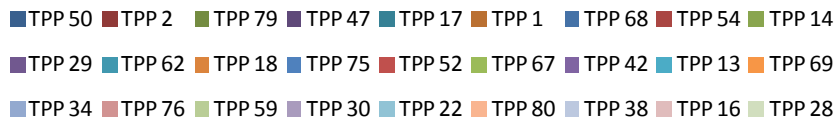
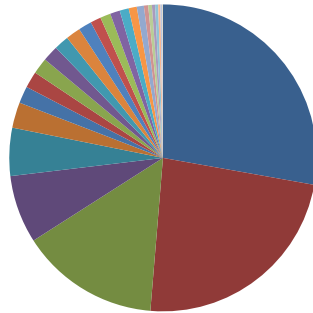
	2010-11	2011-12	2012-13	2013-14 (part)
Receiving Quotes	66	53	63	51
ICP NERS accredited	26	24	27	21
IDNO NERS accredited	18	19	25	21
Non NERS accredited	22	10	11	9
Accepting Quotes	33	30	38	26
ICP NERS accredited	17	16	17	11
IDNO NERS accredited	10	11	16	12
Non NERS accredited	6	3	5	3

- 8.18. The pie charts below show the Estimated Values of both quotes issued and accepted for the year 2012-13 (the most recent full year). The charts demonstrate that there is not one dominate player in this market.
- 8.19. If the same company has asked for an ICP and an IDNO quote then these are shown with different identifiers. We often make competitive offers to individual companies who are not accredited ICPs but who will then provide our Point of Connection and receive competitive tenders from a selection of ICPs.

Estimated Value - Quoted 2012-13

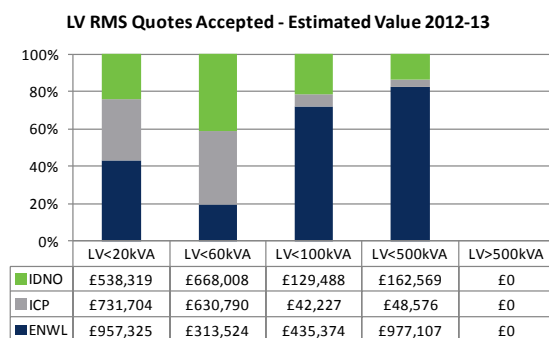
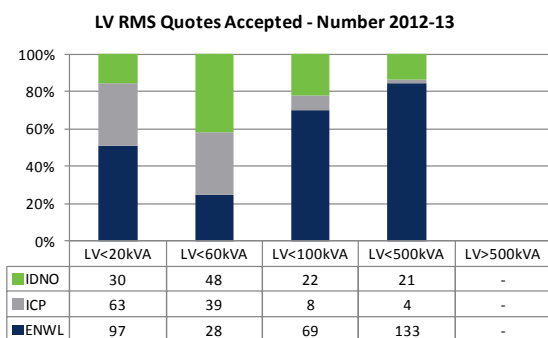
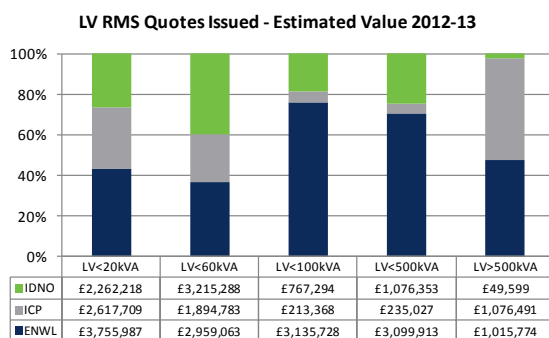
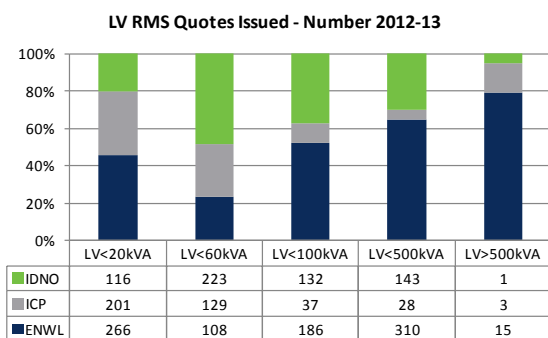


Estimate Value - Accepted 2012-13



Competitor activity across the segment

- 8.20. The charts below provide further analysis on make-up of the competitive LV market segment. These show both the number and estimated value of all the quotes issued to competitive alternatives and the same information for those accepted. . The charts show this information split by load ranges for 2012-13.
- 8.21. These charts demonstrate that competitive activity is not limited to the larger jobs in our area. In fact the reverse is true as for jobs less than 60kVA the majority of this work is undertaken by third parties.
- 8.22. We attribute this to a number of relatively small regional players who have specialised in the higher volume, lower value end of the market. The extension of contestability to jointing to existing mains cables has made this a viable market and a number of companies now successfully combine street lighting and small services connections portfolios.
- 8.23. We believe that this provides conclusive evidence that a competitive market exists in our area for all types and sizes of jobs and not limited to the larger, higher value jobs.



8.24. The table below shows the average estimated value for quotes issued and accepted. There is no material difference between the size of jobs quoted and accepted between us and third parties. In some cases, third parties are quoting for smaller jobs on average than we have won. Appendix A8 provides more detail on the average value of jobs for each market participant. This demonstrates that there are companies who are winning both larger and smaller projects on average than we do. This demonstrates that there is no barrier to any size of job for a customer being able to access third parties to complete their connection.

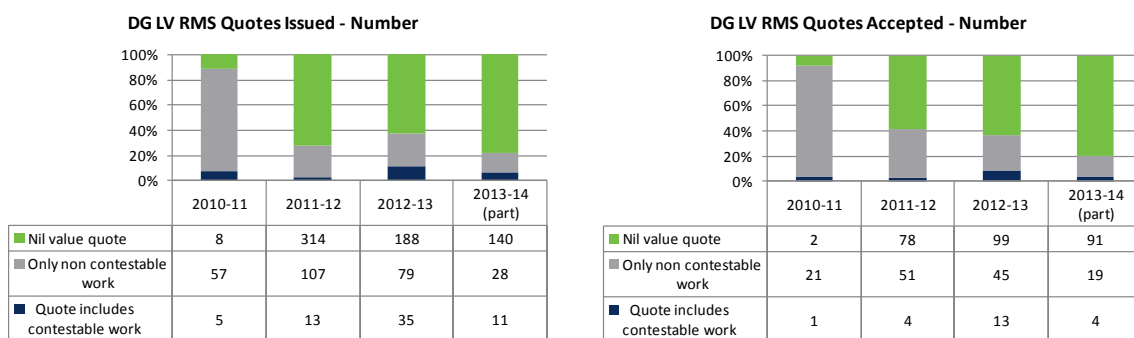
	2010-11	2011-12	2012-13	2013-14 (part)
Quotes Issued				
ENWL	£12,141	£12,480	£15,781	£11,395
ICP	£12,517	£11,654	£15,169	£7,976
IDNO	£11,579	£10,922	£11,985	£9,160
Quotes Accepted				
ENWL	£8,357	£8,757	£8,206	£7,328
ICP	£12,204	£11,136	£12,748	£8,008
IDNO	£11,280	£12,152	£12,383	£10,133

Conclusion

- 8.25. In conclusion, we believe that the above analysis shows that there is a competitive market for the LV Work Relevant Market Segment for Electricity North West and one that has grown since our initial submission.
- 8.26. Customers are clearly aware of the competitive alternatives open to them with about half of all quotations issued being to competitive alternatives. Importantly customers have the option to consider competitive alternatives throughout the market segment including some of the smallest jobs. This demonstrates not only customer awareness of competition but also that they can access it for all sizes of jobs due to the maturity of these markets in our area.
- 8.27. Customers are steadily exercising their competitive options and this has resulted in more than half of the work being awarded to third parties during 2012-13. The trends show that there is further opportunity for this market to develop in our area.
- 8.28. The competitive market in our area is very well established. Companies initially focusing on unmetered connections have expanded into small services work. Equally companies established in the high voltage market segment compete actively for the larger LV projects. Overall the significant number of market participants, operating across the spectrum of sizes of project, demonstrates that there is effective protection of customers' interests and further potential for the level of competition to continue to increase.

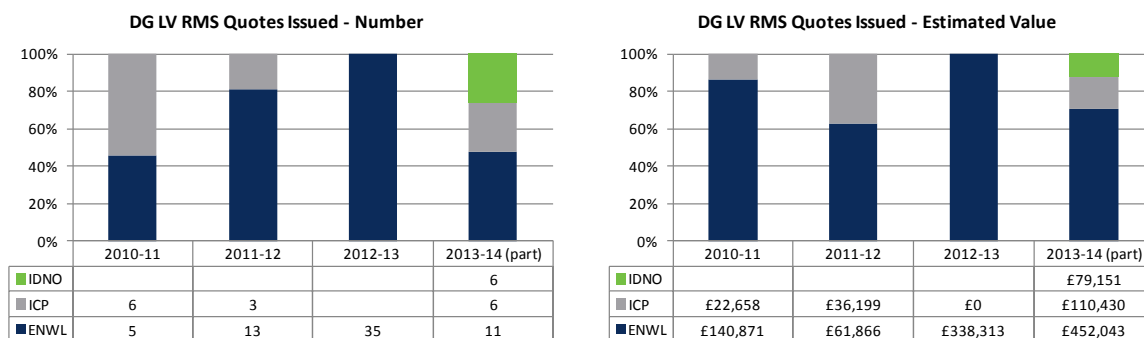
Relevant Market Segment: Distributed Generation Low Voltage work

- 8.29. The following analysis has been undertaken based on projects quoted from 2010-11 to the end of September 2013. This therefore provides a contemporary picture of the competitive market in our area. The graphs show the steady increase in the number and proportion of quotes issued over this period.
- 8.30. This market segment differs from all the other eight market segments in that it is predominately associated with retro fitting distributed generation to existing premises. There is already an existing connection and the application from the customer is therefore to identify what, if any, costs are involved in allowing the generating equipment to be connected.
- 8.31. A consequence of this is that a large number of connection offers issued are for nil value (but do have other terms relevant for the connection of the generating equipment). Similarly there are a large number of connection offers that only contain non contestable work. The non contestable work may be simply a study or witness testing charge where no physical work is required.
- 8.32. The mix of these types of connection offer is shown below for all Electricity North West connections offers.



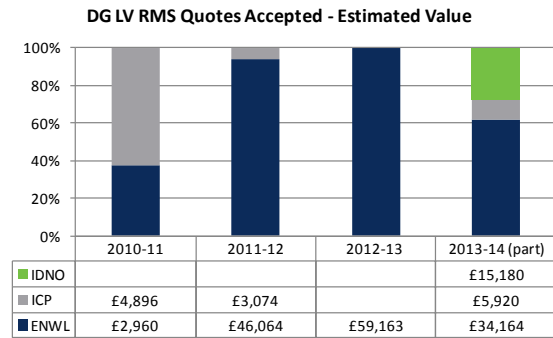
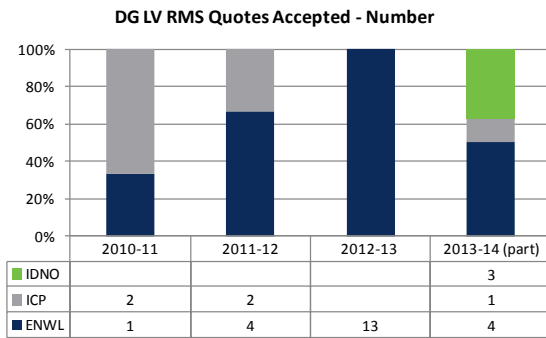
Quotations issued

- 8.33. As the figures show, this is only a very small market segment both in terms of numbers of connection offers issued and accepted. Between 37-55% of the connection offers issued were to third parties. Of particular note is the increased activity of third parties in the first half of 2013-14.

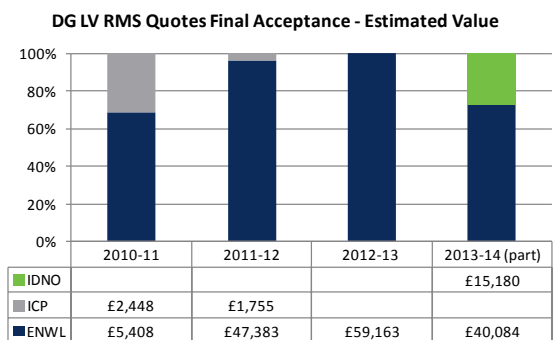
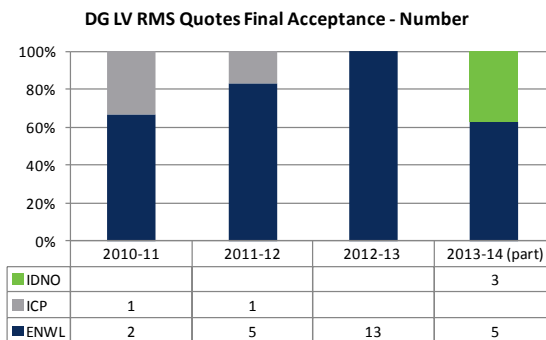


Quotations accepted

- 8.34. Analysis of accepted quotes shows the same situation with small numbers of acceptances and the low overall value of this market segment. A similar picture for the first half of 2012-13 shows increased success of third parties in winning work in this segment.



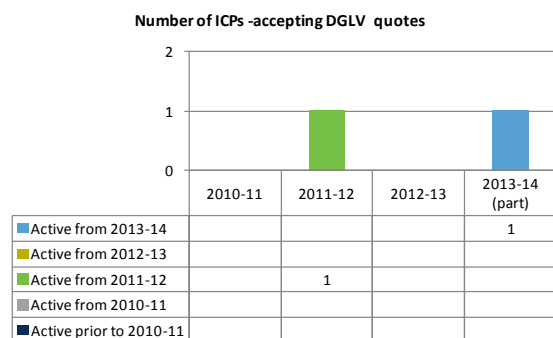
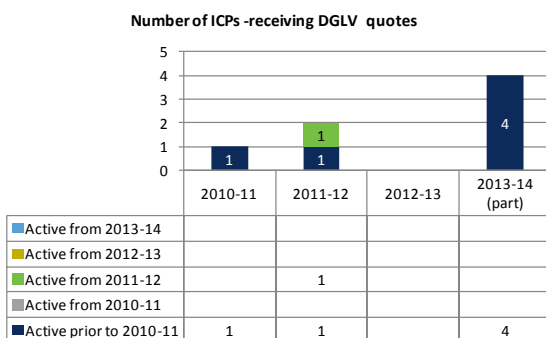
8.35. In three cases, non NERS accredited customers accepted ICP quotes but later decided not to progress the work with an ICP and Electricity North West carried out the work. The graphs below show the situation based on the final provider of the work.



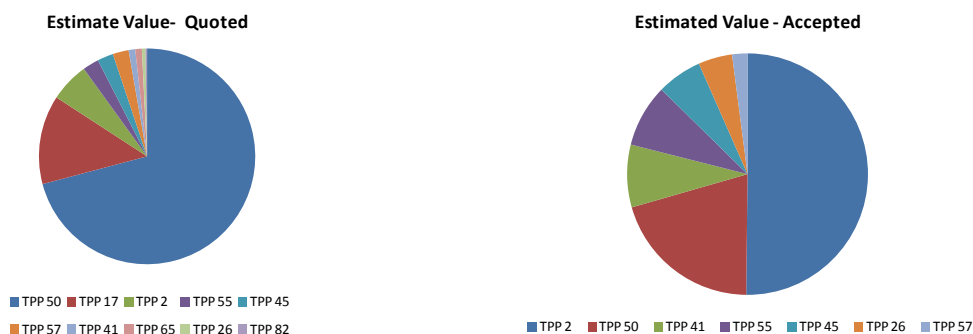
Competitor activity

8.36. To demonstrate the number of market participants we have analysed the number of different companies receiving and accepting quotations. This analysis also demonstrates that there are new players participating in the competitive connections market in the north west.

8.37. We often make competitive offers to individual companies who are not accredited ICPs but who will then provide our Point of Connection and receive competitive tenders from a selection of ICPs. The graphs below exclude these companies and only show NERS accredited companies.



8.38. The pie charts below show the Estimated Values of both quotes issued and accepted for the three and a half years shown in the analysis above. The charts demonstrate that there is not one dominate player in this market. The apparent dominance of TTP 50 was due to multiple quotes being issued for two different projects.



8.39. The average size of projects in this market segment is relatively small. The table below shows the average estimated value for quotes issued and accepted. There is no distinct trend and in many cases, third parties are quoting for and winning smaller jobs on average than we have won. This demonstrates that there is no barrier to small jobs being able to access third parties to complete their connection.

	2010-11	2011-12	2012-13	2013-14 (part)
Quotes Issued				
ENWL	£28,174	£4,759	£9,666	£41,095
ICP	£3,776	£12,066		£62,859
IDNO				£13,192
Quotes Accepted				
ENWL	£2,960	£11,516	£4,551	£8,541
ICP	£2,448	£1,537		£5,920
IDNO				£5,060

Customer activity

8.40. The majority of customers (73%) in this segment operate across a number of other market segments. This is consistent with the ICP analysis from our November 2013 seminar detailed in section 5.19. This showed that there two companies who considered this segments to be one they could enter in the future.

Conclusion

- 8.41. Competition in this market segment is closely related to competition in the High Voltage Distributed Generation market segment and the Low Voltage Demand market segment, with the majority of customers participating in more than one segment. Competition in this market segment and the customer awareness of competitive alternatives are clearly protecting customers' interests in an effective manner.
- 8.42. Furthermore, we anticipate that competition will develop further in this market segment. Now that connections to existing mains are a contestable activity, this now allows more of this work to be undertaken by independent connection providers. Combined with the increasing levels of competition demonstrated in the High Voltage Distributed Generation market segment and in the Low Voltage Demand market segment detailed above, we anticipate increasing proportions of this work will in future be undertaken by third parties extending the trend already demonstrated in the first half of 2013-14. This is supported by comments made in letters of endorsement where ICPs see this segment as an area where they can and will compete more frequently.

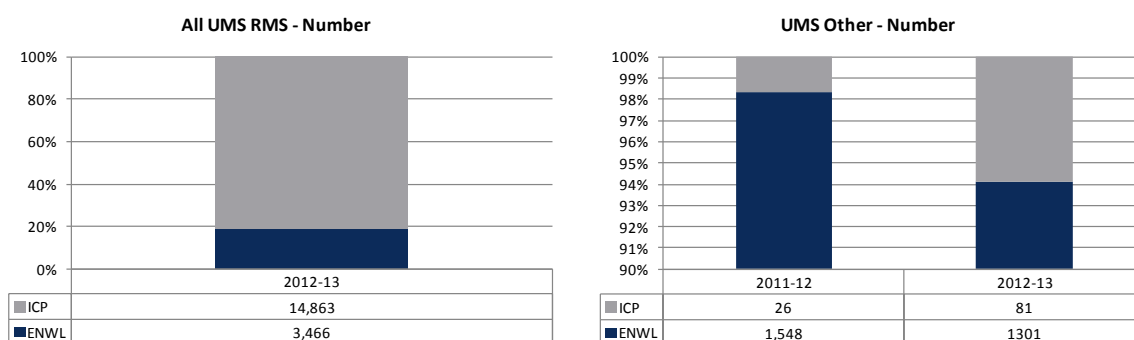
Relevant Market Segment: Unmetered Other

8.43. This market segment includes unmetered connections for all customers that are not a Local Authority or funded via a Private Finance Initiative. The nature of the work is exactly the same as the other two unmetered segments, just the customer differs.

Competitor activity

8.44. The level of competition in all market segments increased in 2012-13 resulting in over 80% of all unmetered work being carried out by third parties. As described in 5.19, there were five participants in this specific market segment.

8.45. The graphs below show that the levels of competitive activity in this market segment continue to increase. Unmetered connections that have been carried out by ICPs as part of a metered connections development have not been identified for this analysis. Similarly all unmetered activity carried out on IDNO sites is excluded. The market share by third parties is therefore understated.



8.46. As our processes and procedures for unmetered apply equally to this market segment as to the other unmetered segments (Local Authority and PFI which we have passed the Competition Test) we do not believe there are any barriers to competition.

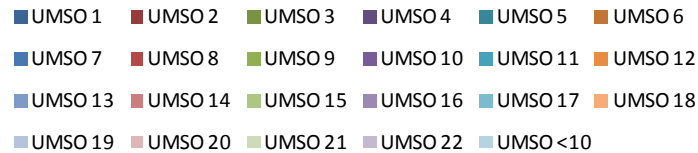
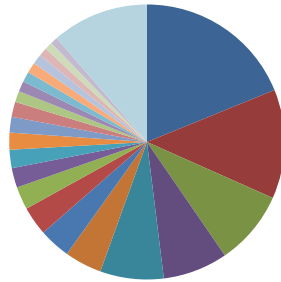
8.47. This view is supported by a number of ICPs who have sent in letters of endorsement. In particular, the Unmetered Connections' Customer Group (who represent unmetered stakeholders in relation to competition in connections) supported our approach and Jones Lighting who are expanding their business further into this market segment.

Customer analysis

8.48. Within this segment there are a number of sizable programmes of work that will allow competition to develop. In 2012-13, the top six customers accounted for 60% of the market and all had programmes of work greater than 50 units. The top 14 customers account for 80% of the market. Only around 10% of the market is made up of customers with less than 10 units.

8.49. This segment is therefore not comprised of such large numbers of individual customers as is often perceived.

Unmetered Other 2012-13



8.50. Customers in this market segment also operate in other segments where competition has developed. Of the customers receiving a quote in this segment, 75% have also received a quote relating to another market segment. This confirms the inter-related nature of many of the market segments.

Conclusion

8.51. In conclusion, we believe that there is an active market for unmetered connections in the north west and, taken as a whole, has resulted in over 80% of unmetered connections being completed by ICPs in 2012-13.

8.52. There are many ICPs operating in the other two unmetered market segments and already five operating in this one. We believe that there is the potential for competition to further develop in this segment in our area.

8.53. Since the same processes and procedures apply to all unmetered work and with connections to existing mains being a contestable activity, competitive alternatives are clearly protecting customers' interests in an effective manner.

8.54. We believe that the active competitive market in similar segments ensures that customers' interests are and will continue to be protected.

9. The Legal Tests

- 9.1. CRC12.23 sets out the requirements for the Legal Requirement Test to have no enforced breaches in the given regulatory year of a number different aspects identified in 12.17 of Final Proposals and included in Appendix A1.
- 9.2. For the purposes these notices, the relevant regulatory year is 2013-14, which runs from 1 April 2013 to 31 March 2014.
- 9.3. Whilst the 2013-14 regulatory year has not yet finished, there are currently no enforced breaches against Electricity North West in any of the five strands of the Legal Requirements Test in this regulatory year.
 - Standard licence condition 12.6(c): Requirement to offer terms for use of system and connection
 - Amended standard licence condition 15: Standards for the provision of Non-Contestable Connections Services
 - New standard licence condition 15A: Connections policy and connection performance
 - Standard licence condition 19: Prohibition of discrimination under Chapters 4 and 5
 - The Competition Act 1998.
- 9.4. In compliance with CRC12.26, we consider that the requirements for the Legal Tests to have been met for all these Relevant Market Segment.

10. Conclusion

- 10.1. The policies and processes established by Electricity North West have supported the establishment of these competitive markets. They have been endorsed by a number of active ICPs as being some of the best in the country.
- 10.2. Electricity North West has been at the forefront of establishing many of these approaches. Of particular note has been the creation of the live working regimes initially commenced in 2002 and extended via trials in 2011 and made “business as usual” in 2012. The importance of live working regimes was highlighted by one of our ICPs and the extension of contestability will bring further benefits.
- 10.3. We do not consider that any of the perceived barriers to competition identified by Ofgem are real barriers within our area. In particular, the number of new entrants across the market segments demonstrate that competing connections companies can and do become established in our area.
- 10.4. The letters from ICPs and an IDNO provide a compelling endorsement and independent verification of the approaches we have outlined in this document and that these have been sustained over a number of years.
- 10.5. The levels of market share data provided for Electricity North West’s area for low voltage connections demonstrates that competitive markets exists. There is demonstrable evidence that competition is effective throughout each of these market segments and not limited to the bigger projects.
- 10.6. The levels of competitor activity in all other market segments (both in this submission and those where we have previous demonstrated that effective competition exists) demonstrates that there is the potential for competition to increase even further in this market segment. This is encapsulated by a quote from our letter of endorsement from Jones Lighting - *“In the New year, we are expanding our business into other markets, LV DG and Unmetered Other, confident that with the positive attitude of ENW to competition, we will be able to be as successful as we have been with our street lighting works.”*
- 10.7. We consider that we have met all the requirements of the Competition Tests and the Legal Tests.
- 10.8. We therefore conclude that there is demonstrable evidence of competition and the potential for competition across all the market segments we have applied for.

11. Appendices

A1. Extract from Ofgem Final Proposals

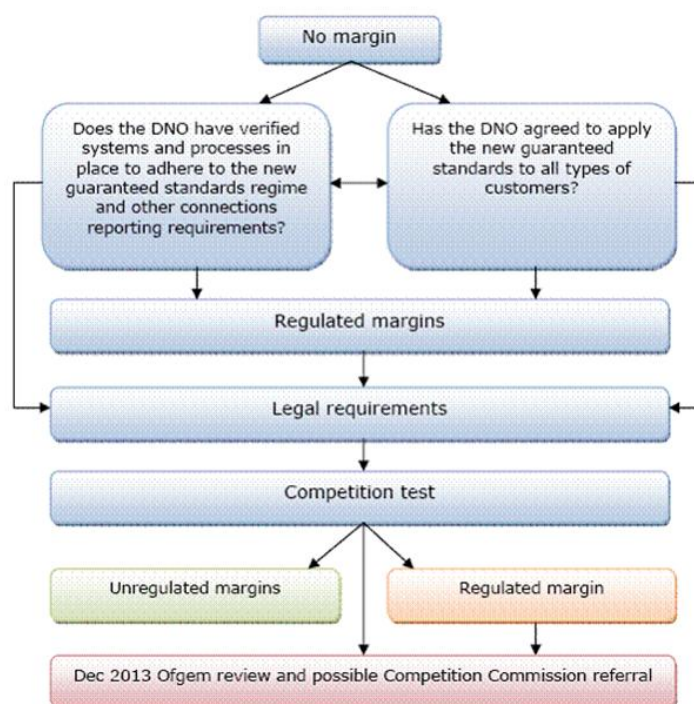
Electricity Distribution Price Control Review
Final Proposals - Incentives and Obligations 7 December 2009

Applying the competition test and unregulated margins

Process

12.15. Where DNOs can demonstrate effective competition in their regions by meeting our competition test, an unregulated margin constrained by competition will be allowed. DNOs that have failed to demonstrate competition or put forward a case by December 2013 will be reviewed by Ofgem and could subsequently be referred to the Competition Commission. The process for earning margins and assessment against the competition test is shown in Figure 12.1.

Figure 12.1 - Process for earning margins and assessment against the competition test



Scope of the competition test and legal requirements

12.16. The overriding objective of the competition test is to enable DNOs to demonstrate that the market is working effectively for their customers. The DNO's evidence should enable Ofgem to take a holistic view of the effectiveness of the market and prescribe an appropriate course of action (i.e. allow regulated or unregulated margins, or further work to remove barriers). Accepting that all markets are different, there will be a flexible approach to the format and scope of the DNO's evidence case subject to the legal requirements being met.

12.17. Compliance with the legal requirements is essential for passing the competition test. The legal requirements are for the DNO to have no enforced breaches in the given regulatory year of:

- standard licence condition 12.6(c): Requirement to offer terms for use of system and connection,
- amended standard licence condition 15: Standards for the provision of Non-Contestable Connections Services,
- new standard licence condition 15A: Connections policy and connection performance,
- standard licence condition 19: Prohibition of discrimination under Chapters 4 and 5, and
- the Competition Act 1998.

12.18. Overall, we will be looking to see whether we can rely on real competition or the threat of competition to protect consumer interests rather than regulation of the margin earned by the DNO. There are a number of key issues that DNOs should consider in making their evidence case. This is not intended to be an exhaustive list of requirements but provides guidance on aspects of the market that we will look at:

- barriers to competition, including parts of the market where competition is not feasible and the reasons why,
- actual and potential competition (this is intended to capture views on levels of competitive activity),
- price and transparency of pricing to customers,
- promoting awareness of competitive alternatives amongst connections customers,
- competition in connections procedures and processes, and
- efforts to open up non-contestable activities to competition.

12.19. We will assess each case and publically consult on our 'minded to' position before issuing a decision on the case. This will provide an opportunity for customers and industry players to put forward their views and experiences of the market and for Ofgem to take these into consideration. A DNO that fails either the competition test or legal requirements will be prevented from making a new case until a period of at least four months has elapsed. The Authority will make a decision on each case within four months of the date of submission, unless the DNO is under investigation for any of the legal requirements set out in 12.17 where the investigation relates to segments put forward in the evidence case.

A2. Extract from Electricity North West's Licence

Extract from Charge Restriction Condition 12

Part C: The Legal Requirements Test and the Competition Test

12.22 There are two Tests against which the licensee will be assessed for the purposes of this condition:

- (a) the Legal Requirements Test; and
- (b) the Competition Test.

12.23 The Legal Requirements Test involves an assessment of the licensee's compliance with such legal requirements in respect of the making of connections to its Distribution System as are set out in Chapter 12 of the Authority's decision Document published on 7 December 2009 under reference 145/09.

12.24 The Competition Test involves an assessment of whether there is effective competition in a Relevant Market Segment as defined in Chapters 10 and 12 of the Authority's decision document published on 7 December 2009 under reference 145/09.

Part D: The Competition Notice

12.25 At any time on or before 31 December 2013, the licensee may give the Authority:

- (a) a single Competition Notice that relates to some or all Relevant Market Segments; or
- (b) more than one Competition Notice, each of which relates to one or more different Relevant Market Segments.

12.26 A Competition Notice is a statement by the licensee that it considers both the Legal Requirements Test and the Competition Test to be satisfied in respect of one or more Relevant Market Segments.

12.27 A Competition Notice must state the licensee's reasons for believing those Tests to be satisfied.

12.28 A Competition Notice must be accompanied by such evidence as the licensee considers necessary to establish that those Tests are satisfied.

12.29 By 31 December 2013 the licensee must have given the Authority either:

- (a) a Competition Notice relating to all Relevant Market Segments where the licensee has not already given the Authority a Competition Notice under paragraph 12.25; or
- (b) a Competition Notice relating to such Relevant Market Segments as were not the subject of any earlier Competition Notice given to the Authority by the licensee under paragraph 12.25; or
- (c) a report containing such evidence as the licensee considers is necessary for the Authority to determine whether the Tests set out in Part C are satisfied in respect of any Relevant Market Segment that is not the subject of a Competition Notice.

Part E: The competition determination

12.30 If the Authority receives a Competition Notice from the licensee, it may, in accordance with this Part E, determine whether the Tests to which the Notice relates are satisfied.

12.31 In determining whether the Tests are satisfied, the Authority must do so by way of a separate determination in respect of each Relevant Market Segment to which the Competition Notice relates.

12.32 Before making a determination, the Authority must consult with the licensee and other persons who it believes are likely to have an interest in the outcome of the determination, and consider their views.

12.33 A determination must include a statement that, as the case may be:

- (a) the Authority determines that the Legal Requirements Test and the Competition Test have been satisfied; or
- (b) the Authority determines that only the Legal Requirements Test has been satisfied; or
- (c) the Authority determines that the Legal Requirements Test has not been satisfied.

12.34 Where a determination includes a finding that one or both of the Tests have not been satisfied, it must contain the Authority's reasons for that conclusion. 12.35 Subject to paragraph 12.36, if the Authority has not, within four months of receiving a Competition Notice from the licensee, made a determination in respect of a Relevant Market Segment to which that Notice relates, both of the Tests within that Notice shall be deemed to be satisfied in relation to that Relevant Market Segment.

12.36 Paragraph 12.35 does not apply if, before the end of the four-month period referred to in that paragraph, the Authority has begun a formal investigation of the licensee's compliance with any of the legal requirements (comprising the Legal Requirements Test set out in paragraph 12.23 above) in relation to the Relevant Market Segment to which paragraph 12.35 refers.

12.37 Where the Authority determines that one or both of the Tests are not satisfied in respect of any Relevant Market Segment, the licensee may, after four months from the relevant determination and up to 31 December 2013, give the Authority a further Competition Notice relating to that Relevant Market Segment.

A3. List of Ofgem Potential Barriers to Competition

<i>Potential barrier</i>	Electricity North West Comments
Availability of information	
<p>Ease of access, speed of access, ensuring information is up to date (current).</p> <ul style="list-style-type: none"> • Correct contact/process to follow to discuss a new job / submit a new application • Substation general arrangement drawings • Code of practice relating to substation design up to 33kV • Cable installation practice up to 33kV • Code of practice relating to HV network protection (up to 33kV) • Code of practice re: LV network protection • Design policy for HV networks up to 33kV • Current network load information/feeder load analysis • Design policy for industrial supplies <p>Other information that it may be considered best practice to provide to ICPs</p>	<ul style="list-style-type: none"> • Information is either available on our website or via our electronic policy library. The information on our website is in the public domain. • The information in our library can be accessed remotely via the internet and is password protected. ICPs are provided access to reflect their NERS accreditation. In response to a request from a consultant, we reviewed our policy and will now make this information available to other interested parties without NERS accreditation. • Current versions of the documents are held in our library. The library has a notification screen that outlines all policy changes, indicating changes clearly. The onus is on the user to review any policy changes. • Current network load information/feeder load information is available on request but this is a chargeable service (section 6.24 of our Statement of Methodology & Charges). • We now provide CDs of our asset data records free of charge to ICPs in addition to the information identified in paragraph 7.2.
Adoption agreement security arrangements	
<p>Sometimes viewed as overly onerous. Do numbers of faults in adopted assets necessitate the level of bond DNOs require?</p>	<ul style="list-style-type: none"> • Our approach is that our adoption agreement includes provision for Electricity North West to request a guarantee or other form of security if we are not satisfied with the credit rating of an ICP. • We have only used this provision once and a Parent Company Guarantee was used. We have never required a bond from an ICP.
DNO inspection and monitoring practices	
<p>Sometimes perceived as overly onerous. Is best practice set out in Ofgem's February 2005 'Competition in connections to electricity distribution systems - decision document part B' being followed?</p>	<ul style="list-style-type: none"> • Electricity North West's policy on inspection and monitoring is consistent with the three levels of inspection identified as best practice. Moreover, it is applied completely consistently to connections work carried out by ICPs and connections work carried out by our own staff or our contractors. • The same audit team applies the same audit regime (which includes both what they audit, how they score it and the frequency of the audits). • Charges to both SLC 15 and statutory (section 16) quotations are applied consistently and explicitly for inspection and monitoring. • As outlined in paragraph 4.20 we are planning to further enhance our approach in this area.

Terms in connection agreements / types of connection agreements available	
<p>DNOs sometimes viewed as being inflexible in their terms.</p> <p>DNOs insisting on a particular type of connection agreement e.g. Bi-partite/Tri-partite can be viewed by ICPs as a barrier to competition.</p>	<ul style="list-style-type: none"> • We have reviewed our term and sent out drafts for comment • We have developed a set of bilateral adoption agreements that will be offered in addition to our existing tripartite agreement.. See also paragraphs 4.23 to 4.27.
Letters of authority	
<p>Inconsistency in what DNOs require from ICPs to show they are acting on behalf of a customer.</p>	<ul style="list-style-type: none"> • We only require a letter of authority if the ICP will not be making the payments for our non-contestable charges ie the applicant and person making the payment are different.
Service timeframes (other)	
<p>Where non-contestable services are excluded from SLC 15 (where ICPs have asked for the DNO to complete one or more contestable service) are SLC 15 timeframes applied?</p> <p>DNOs are sometimes viewed as not providing services that fall outside of SLC 15 in reasonable timeframes. E.g. reinforcement works.</p>	<ul style="list-style-type: none"> • We would apply the SLC15 timescales to the service applied for. • We would not exclude all other services under SLC 15 even if an ICP has asked us to complete some parts of the contestable work.
Service timeframes (SLC 15)	
<p>Complaints are still received about services that are not delivered within the timeframes set out in SLC 15.</p> <p>Do DNOs track performance by customer to ensure that some ICP customers i.e. particular ICPs do not consistently receive a worse quality of service than others.</p> <p>Concerns that DNOs require different levels of minimum information before an application are deemed complete. Further concerns that where an application is not complete ICPs are not made aware of this fact within 5 working days (SLC 15.5).</p> <p>Clear guidelines on what can be considered a complete application allow ICPs to submit complete applications first time avoiding delays to them receiving their non-contestable offer. Delays in informing ICPs that their applications are not complete will have an impact on their timelines for providing their customer with an offer.</p> <p>Are associated works (e.g. reinforcement) and final works completed on different timescales or all within the timescales for final works?</p>	<ul style="list-style-type: none"> • Whilst we do not provide any SLC15 services to any affiliates, we do still monitor the relative timescales between ICPs for providing SLC15 timescales. • Whilst we do have a small number of failures of these standards, on average our delivery times are significantly better than the standards. Section 4.31 provides evidence that average timescales are virtually half of the standards. • There is an incentive for DNOs to identify any minimum information within the five day period (as the clock does not start) as detailed in the SLC15 Guidance: Where the information is requested after five days, the clock is only paused.
Developing ongoing relationships	
<p>DNOs are often seen to be poor at 'soft skills'. E.g. communication, cooperativeness, relationships with ICPs etc</p> <p>How do DNOs ensure that they avoid issues</p>	<ul style="list-style-type: none"> • We believe that we have an active dialogue with ICPs. We have clear escalation routes for ICPs to contact us with particular issues and incorporate any learning from these into

<p>resolved in one job repeating in the next? ICP relationship managers – providing not just a point of contact but a contact that is aware of all of the stages of the project and that can manage the project to proactively avoid issues arising. Communication with ICPs to fully understand why the ICP is requesting the services they are rather than second guessing the reasons behind requesting a particular design/POC. Dialogue with ICPs so that they have more visibility and understanding of alternative options and DNOs reasons for rejecting ICP suggestions. Dialogue so that ICPs can fully understand what the limitations of a particular POC might be.</p>	<p>changes to our processes and procedures.</p> <ul style="list-style-type: none"> • Examples are included in our submission and supported by letters from ICPs in section 5.33. • We have also held workshops during December 2012, March and November 2013 and intend to run these on a regular basis.
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Scope of unmetered contestable works

<p>The assets that ICPs can work on vary from DNO to DNO. What assets are ICPs able to work on when providing unmetered services in your DSA? Are there any particular activities ICPs can not undertake / assets ICPs are not allowed to work on in your DSA? What is being done to address this issue?</p>	<ul style="list-style-type: none"> • In our area, all underground unmetered work is contestable. • Non-contestable work is limited to new overhead connections to existing network. We would be happy to consider extending contestability to overhead connections if there is sufficient market appetite. Currently we do not consider it on customers interests to make it competitive (as this would result in us charging a margin on it) unless there is likely to be competitive alternatives for them.
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Legals process

<p>DNOs are slow to progress and complete legal documents which can delay connections. Process does not start until after design approval. ICPs unable to offer clients firm timescales for connection as may be delayed by legals. Inconsistency in whether works can be energised without legals being in place. Are there solutions to this problem?</p>	<ul style="list-style-type: none"> • We would normally only progress the process to acquire the legal agreements required (eg land transfers for substations, easement and wayleaves for cables or overhead lines) once projects have been accepted and paid for to minimise the level of abortive work and hence cost to customers. • We use standard agreements for our easements and land transfers to speed the process and minimise costs. These have been developed over time, we believe they are reasonable and we are happy to receive any feedback on them. Where changes are requested then this can add extra time to the process to reach agreement. In some instances delays will be due to the customer's legal team and not just Electricity North West's. • One IDNO (GTC) was keen to develop alternative arrangements for the securing of the legal agreements. They wished to be able to progress these agreements themselves and requested that we considered an approach that they had developed with another DNO. We were happy to review their approach and have
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	<p>agreed the detailed approach. We are happy for this approach to be used by other IDNOs.</p> <ul style="list-style-type: none"> • Consistent with other DNOs and established industry practice, we would expect all legal agreements to be in place before energisations are made.
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Difference in non-contestable charges between S16 and competitive quotations

<p>Customers unable to transfer non-contestable costs detailed in a S16 application to a competitive quote. Higher non-contestable charges incurred by ICPs (compared to S16 customers) to cover the processing of their application.</p>	<ul style="list-style-type: none"> • We provide a connections offer that the customer can accept either our offer or just the POC and associated non-contestable charges for all Demand and Distributed Generation offers where there is some contestable work. Note previously the customer could request both offers by an additional tick on a single application form. • We encourage customers to apply for a point of connection and then issue to ICPs. This ensures that they receive consistent and comparable quotations. In these situations the customer can accept the POC offer and then subsequently transfer it to the ICP they appoint. • There are some transactional charges associated with Competition in Connections such as design approval and issuing adoption agreements to reflect differences in the processes.
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Design approval

<p>IDNOs consider that timelines for design approval should be shorter for IDNOs than ICPs since the design is only up to the boundary.</p>	<ul style="list-style-type: none"> • The timescales in SLC15 do not differentiate between these types of job within the existing categories. • We would always seek to accommodate any particular customer requirements but would not expect the relatively small number of instances to warrant a licence change. • We now have in place agreed procedures for one IDNO that means design approval is not required. They have identified a number of standard design solutions for the interface between our network and theirs which we have reviewed and approved. If they identify that their site specific design is one of their standard designs, then no site specific design approval is required.
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Dispute resolution

In our February 2007 CiC proposals document we supported a two-step dispute resolution process for business customers. Is your process two-step?

We expect DNOs to communicate the disputes process to business customers, either through their websites and/or by providing details when issuing information, such as quotations to these customers. DNOs should ensure that they are able to manage communications with customers in a way that establishes a reliable, but not overly bureaucratic audit trail.

- We have a consistent complaints process for all customers.
- Our process is available on our website <http://www.enwl.co.uk/contact/complaints>
- Information on the complaints process is included in all connection offers.

A4. Copy of presentation to London DG Forum 23 October 2013

DG Forum
“Making life easier for our customers to connect”

Steve Johnson, CEO
 23 October 2013

electricity north west
 Bringing energy to your door

Agenda

- 1 Electricity North West: Connecting the North West
- 2 Our Work Plan – “Making it easier for customers to connect”



- 7 Looking Ahead

Connecting the North West

We’re not a big multinational we serve only the North West

We distribute electricity to approximately **5 million** people at **2.4 million** domestic and industrial locations consuming **23 terawatt hours** of electricity annually

£12bn of Network Assets

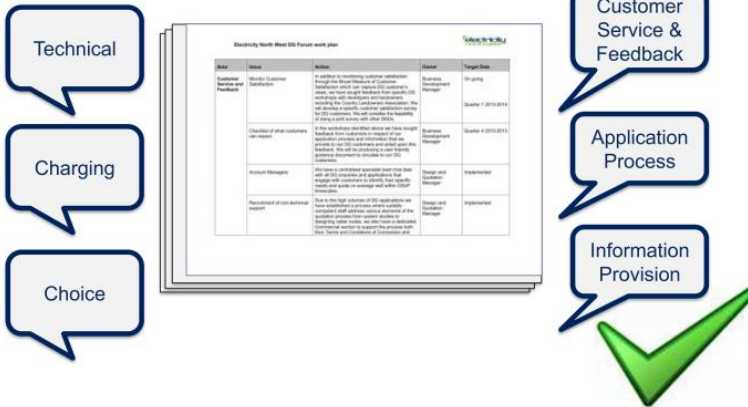
- 57 000km of cable
- 15 grid supply points
- 100 bulk supply substations
- 418 primary substations
- 34 000 transforming points



Our work plan



We put together our work plan after last year's forum in response to the challenge from Renewable UK to set out what we were doing. **It includes:**



4

Our work plan



Our work plan has been about **ONE** thing:
“Making life easier for our customers to connect”



5

Before you apply



“Making life easier for our customers to connect”

- Heat maps on our website
- Network information made available
- Drop in sessions
- Open door policy



6

When you apply



“Making life easier for our customers to connect”

- We don't ask for letter of authority
- Only ask for detailed information when we need it
- Developed flexible approaches
- Will talk to you about options



7

Our quote



“Making life easier for our customers to connect”

- Provide a good level of cost break down
- Customer can accept either full offer or just the non contestable work
- Offer phased payments
- Quote valid for six months and will extend if no interactivity
- Offer flexible connection offers – ‘C2C’



8

Our approach



“Making life easier for our customers to connect”

- Building on ‘Connect and Manage’
- Extended approach from PV to small LV
- Don't require duplicate circuit breakers
- Allow flexible power factors



9

Looking Ahead



- Protection Improvements facilitating increased DG
- HV switchgear replacement to increase Fault Level capacity
- Actively involved in Innovation projects
- Ongoing committed to customer engagement

10

Conclusion



Our work plan has been about **ONE** thing:
“Making life easier for our customers to connect”



11

A5. CNA 12 Tests for Competition

CNA test	Electricity North West comments
<p>1. Connections quotation process that promotes choice to customers:</p> <ul style="list-style-type: none"> ➤ Separate identification of non-contestable and contestable elements of work. ➤ Customer (ICP/IDNO) ability to accept both elements of quotation or to accept the non-contestable element only (with the ICP/IDNO carrying out contestable works). 	<ul style="list-style-type: none"> • We break down our quotations showing both contestable and non-contestable charges as shown in paragraph 6.1. • It is easy for our customers to request both sorts of quotations by simply ticking both relevant boxes on our application form, they are not required to submit separate application forms • Customers have been able to accept either the whole quotation or just the non-contestable elements for projects requiring Extra High Voltage works for some time. • We have extended this approach to both demand and distributed generation customers
<p>2. Accredited ICPs/IDNOs to be to have sufficient information able identify their own points of connections on the DNO system (if they choose to do so).</p>	<ul style="list-style-type: none"> • We have carried out trials with three ICPs and are working with a fourth as described in paragraph 5.29. • For unmetered connections, our standard process is for the ICP to determine their own point of connections.
<p>3. ICPs and IDNOs to be able to contest the design and construction of DNO network reinforcement work.</p>	<ul style="list-style-type: none"> • We have actively participated in the Ofgem working group to develop this as a contestable activity. We anticipate an Ofgem consultation on this shortly.
<p>4. Accredited ICPs and IDNOs able to self certify/ validate designs for contestable work.</p>	<ul style="list-style-type: none"> • This is in place for all unmetered work. • We have commenced trials for high volume metered connections, paragraph 5.30. • We have processes that allow this and are in place for at least one IDNO, paragraph 7.32
<p>5. DNOs make available design policy documents, codes of practice, method statements and material specifications to accredited IDNOs/ICPs</p> <ul style="list-style-type: none"> ➤ To enable the right design first time. ➤ To facilitate compliance with standards and COPs. ➤ To create transparency and remove ambiguity. 	<ul style="list-style-type: none"> • We have a comprehensive suite of documents available on our website or via a secure on-line electronic library, see also 7.2 to 7.5.
<p>6. Simple, transparent, documented land rights processes that are followed by their staff and ensure that progress of competition in connections is not unduly delayed.</p>	<ul style="list-style-type: none"> • We have standard processes in place for wayleaves • We have put in place alternative arrangements with GTC to further enhance the wayleaves process, see paragraphs 7.23 to 7.27.
<p>7. Arrangements that enable accredited ICPs/ IDNOs to undertake LV and HV jointing on contestable works. To include.</p> <ul style="list-style-type: none"> ➤ a regime that also allows 	<ul style="list-style-type: none"> • These are both available in our area and have been contestable since August 2012. • See also 5.22 to 5.26.

<p>ICPs/IDNOs to operate on DNO networks and/or,</p> <ul style="list-style-type: none"> ➤ an arrangement where DNOs could offer ICPs/IDNOs contract SAP services to enable ICPs complete HV closing joints. 	
<p>8. Clearly defined process and timeline for delivery of methodology that facilitates accredited ICPs/IDNOs to switch IDNO networks and issue safety documentation.</p>	<ul style="list-style-type: none"> • This is not yet in place as we have had limited interest from ICPs to undertake this work • We continue to seek interested parties to work with to develop this.
<p>9. Linked to 8 above. Evidence of work with other Licensees and the ENA to develop a national suite of operational documents identifying DNO specific requirements:</p> <ul style="list-style-type: none"> ➤ To enable Competent Persons to operate across different Distribution Service areas without the requirement for a new Authorisation for each DSA. 	<ul style="list-style-type: none"> • We are happy to share our experiences and learn from other DNOs
<p>10. Fair and Equitable Adoption Agreements that share liabilities between ICPs or IDNOs and the DNO.</p>	<ul style="list-style-type: none"> • We have not received any specific comments that our adoption agreements do not share liabilities on a fair and equitable basis • We continue to develop our approach to adoption agreements and will take on board any comments received
<p>11. DNOs must demonstrate non-contestable charges are transparent and cost-reflective process.</p>	<ul style="list-style-type: none"> • We provide a detailed breakdown of our charges as shown in paragraph 6.1. • Paragraphs 6.5 to 6.14 further describes our approach to consistent non-contestable charges
<p>12. Simplified payment methods including the use of electronic correspondence throughout the connection and adoption</p>	<ul style="list-style-type: none"> • We accept BACS and CHAPS payments and will accept debit and credit card payments from May 2013 • We routinely transfer documents and information electronically, eg points of connection are issued electronically as are design approvals.

A6. Issues from Ofgem’s “The reasons behind our decision 21 November 2011”

Customer awareness of and ability to choose competitive alternatives	
<p>1. We note that the information provided by ENWL on its website and in its charging methodology appears to provide customers with information to allow them to explore competitive connection alternatives. We also recognise that while ENWL has a role to play in alerting customers to competitive alternatives, competitors must also take responsibility for promoting their services. However, we consider that there is still scope for ENWL to go further in educating customers on how to use competitive alternatives, in particular IDNOs.</p>	<ul style="list-style-type: none"> • Additional information on IDNOs added to our website, see paragraph 5.2
<p>2. An unmetered customer considered that ENWL takes a reasonable approach to making customers aware of competitive alternatives but felt that more could be done to inform unmetered customers of work currently underway to extend contestability (ie, live jointing trials).</p>	<ul style="list-style-type: none"> • Further briefings undertaken with unmetered customers via Street Lighting Steering Group
<p>3. An unmetered customer stated that whilst schedule rate quoting (used for the majority of unmetered connections) was well established and understood, it did not provide a sufficient breakdown to enable customers to distinguish the contestable element. An unmetered customer group stated that 72 per cent of its members thought that quotations were not transparent.</p>	<ul style="list-style-type: none"> • All unmetered activities now contestable • Supporting non-contestable charges clearly set out in our Connections Charging Methodology and Statement
Barriers to Competition	
<p>4. <i>The nature of agreements provided by ENWL</i> – Two respondents representing unmetered customers raised concerns regarding ENWL’s requirement for ICP customers to be party to tripartite agreements in the unmetered RMSs. A respondent representing metered customers highlighted that whilst ENWL had recently introduced a bilateral agreement for metered connections their approach still did not give customers the flexibility they require. Another response stated that generally, across the industry, agreements are convoluted and one sided. They did not consider that ENWL had shown their agreements to be any different.</p>	<ul style="list-style-type: none"> • Bilateral adoption agreements now developed

<p>5. <i>Price transparency</i> – An unmetered customer and an IDNO were amongst respondents that considered there was a lack of transparency in the allocation of costs that could be a barrier to effective competition. They raised concerns that indirect costs incurred in relation to contestable services could be unfairly apportioned to non-contestable only customers. They considered that this could lead to ENWL having unduly lower contestable charges and make it difficult for competitors to compete on an equitable basis.</p>	<ul style="list-style-type: none"> • We have obligations to have cost reflective charges. • Whilst we consider our pricing model to be commercially sensitive it is shared with Ofgem.
<p>6. <i>Legal/commercial issues</i> – A respondent stated that land rights had historically caused delays to connections and that they would have welcomed some explicit proposals to address this from ENWL. It considered that competitors are effectively at the mercy of DNO lawyers with drawn out response times. It also questioned why ENWL insisted on certain land rights where it would not insist on the same land rights for itself in analogous circumstances.</p>	<ul style="list-style-type: none"> • We apply the same requirements for land rights whether it is us or a third party carrying out the work. • We have introduced revised approaches with GTC for the securing of easements and wayleaves • We are participating with an ECSG working group sharing best practice for the acquisition of legal requirements
<p>7. <i>Inspection and Monitoring processes</i> – An IDNO highlighted onerous inspection and monitoring processes as a barrier to competition. Previously the Electricity Connections Steering Group has questioned whether the numbers of faults seen in adopted assets necessitated the level of inspection and monitoring DNOs require in some circumstances.</p>	<ul style="list-style-type: none"> • We have developed revised levels of inspection and monitoring that further reduce the inspection levels, see 4.21.
<p>8. <i>Design approval</i> – A respondent representing metered customers stated that each ICP, under the National Electricity Registration scheme (NERS), has a design procedure in place to ratify design assumptions and ensure there are no errors within designs. However, DNOs (including ENWL) require them to pay significant design approval fees thus causing them to incur additional costs to which the DNO is not subject. They considered that ENWL should allow ICPs with proven track records, to self-approve designs.</p>	<ul style="list-style-type: none"> • This is in place for all unmetered work. • We have commenced trials for high volume metered connections, paragraph 5.30. • We have processes that allow this and its is in place for at least one IDNO, paragraph 7.32
<p>9. <i>Final connections on existing mains</i> - Three respondents cited final connections on existing mains remaining non-contestable as a barrier to competition. A respondent representing unmetered customers stated that final connections to existing mains accounted for 42% of unmetered connection activity.</p>	<ul style="list-style-type: none"> • This is available in our area and has been contestable since August 2012. • See also 5.22 to 5.26.

<p>10. <i>Access to partially funded work</i> – Three respondents considered that competitors remain at a serious disadvantage whilst they were unable to compete with DNOs to complete work that is only partially funded by the customer.</p>	<ul style="list-style-type: none"> • We have actively participated in the Ofgem working group to develop this as a contestable activity. We anticipate Ofgem engagement on this shortly.
<p>11. One respondent stated that, as a minimum, they would have expected ENWL to include a timetable in its Competition Notice which set out when the following would be in place:</p>	<ul style="list-style-type: none"> • We have now completed the actions identified or made clear when they will be put in place • We will continue to support the development of competition even if we pass the Competition Tests and this view is supported explicitly by PN Daly (see paragraph 5.42).
<ul style="list-style-type: none"> • an arrangement to allow competitors to determine PoCs and allow them to self-validate designs 	<ul style="list-style-type: none"> • We have carried out trials with three ICPs and are working with a fourth as described in paragraph 5.29. • For unmetered connections, our standard process is for the ICP to determine their own point of connections.
<ul style="list-style-type: none"> • procedures to allow competitors to complete final connections to existing mains, and connection offers that allow customers to accept both the contestable/non-contestable elements of a quote or to accept the non-contestable part only. 	<ul style="list-style-type: none"> • It is easy for our customers to request both sorts of quotations by simply ticking both relevant boxes on our application form, they are not required to submit separate application forms • Customers have been able to accept either the whole quotation or just the non-contestable elements for projects requiring Extra High Voltage works for some time. • We have extended this approach to all demand and Distributed Generation customers.
<p>12. In particular they cited that until they are able to access network information (particularly load information) with the same ease as ENWL they will be at a disadvantage. A number of other competitors considered that barriers to competition (generic to the industry) existed that prevent them from competing effectively with ENWL.</p>	<ul style="list-style-type: none"> • Access to network information has been a feature of the self determination of Points of Connections trials • Details of information are provided in paragraphs 7.2 to 7.5.
<p>13. Two respondents stated that the competition in connections processes and procedures found in the gas connection market represented best practice. While they recognised ENWL as a leader amongst DNOs in facilitating competition, they considered that DNO practices (including ENWL's) fell short of achieving the level of best practice they saw from Gas Distribution Network Operators</p>	<ul style="list-style-type: none"> • These comments were made by GTC and their letter of support demonstrates that significant progress has been made in this area, see Appendix A6.4.

<p>(GDNs). They considered that whilst ENWL continues to control both the front and back end of the connections process, it will retain a competitive advantage. Further they considered competitors were prevented from being able to properly differentiate the service they offer to customers.</p>	
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A7. Letters from Customers

A7.1. PN Daly letter 2013

CIVIL ENGINEERING AND PIPELINE SPECIALISTS		
HEAD OFFICE: P.N. DALY LIMITED BUTTERWORTH HALL WORKS MILNROW, ROCHDALE OL16 3PA, ENGLAND TEL: (01706) 659701 FAX: (01706) 860756 E-MAIL: enquiries@pndaly.co.uk WEB: www.pndaly.co.uk	 P.N. DALY	BRANCH OFFICES: BRISTOL: TEL: 0117 952 1339 / FAX : 0117 952 1851 HINCKLEY: TEL: 01455 634171 / FAX : 01455 637877 KIDLINGTON: TEL: 01865 845349 / FAX : 01865 845436

16/12/2013

Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington.
Cheshire.
WA3 6XG

Dear Brian

Feedback on Electricity North West

In response to your request we are happy to update our feedback on Electricity North West, in particular with reference to low voltage connections and I can confirm that we are happy for these comments to go into the public domain.

We have written you previous letters of support to help with your Competition Test submissions and have no hesitation in doing so again. We have appreciated and benefited from the approach that Electricity North West has taken over a number of years to Competition in Connections. We have benefited directly in the north west where your proactive approach and the use of sensible, pragmatic unglamorous solutions to real problems have allowed us to operate effectively and win business. As I said last year, culture is a key difference between ENW and other DNOs.

Culturally staff are in a different league to other DNOs and this is evident throughout the organisation.

We have also seen some benefits in other DNOs where your leading approach is starting to rub off in some places. It removes some of the excuses that other companies put forward as you where you have just solved the problem and got on with it. Since we are able to use you as a benchmark, this is really helpful us to apply pressure to the less enlightened companies. So whilst they are not all there yet there is some signs of progress.

In relation to low voltage connections, we have been involved with live jointing since its outset. The extension of contestability to live joints on existing mains has been key in opening up this area of work. For us this means that we think all types of LV work are viable for us to do. This includes street lighting and all other unmetered equipment and we undertake this sort of work already for developers and for Metrolink. Small demand connections are now also viable since we can carry out all of the work and the same applies to distributed generation connections. These are all markets we operate in now and see no issues as the live jointing arrangements are easy to work to.

In respect of your proposals to charge design fees to companies making DG enquiries, As stated at Ofgem this is a proposition which we (P. N Daly Ltd.) fully support. Electrical distribution engineering expertise is a scarce commodity so



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anything which may serve to ensure the efficient use of that resource is welcome. It may also serve to protect us from DNO.s poaching our staff.

We have worked closely with ENW as an ICP now for a number of years and are confident that this approach will continue even if you do pass the Competition Tests. I wish you well for your submission and keep up the good work!

Have a good Christmas



Patrick J Daly
Director

A7.2. GTC letter 2013

20th December 2013

Our ref: DO/ENWBH21

Brian Hoy
Head of Market Regulation
Electricity North West Limited
304 Bridgewater Place,
Birchwood Park
Warrington WA3 6XG



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Woolpit Business Park
Woolpit, Bury St Edmunds
Suffolk IP30 9UP

T 01359 240363

F 01359 243377

E info@gtc-uk.co.uk

www.gtc-uk.co.uk

By email only

Dear Brian

Re: ENW Testimonial from GTC

GTC have worked closely with the team at ENW to improve the connections process in all RSMs across their DSA.

ENW have always led the way in terms of DNO movement and commitment to change processes to improve the timescale for delivery for the benefit of our customers.

We now feel that there are only a few areas left to address with ENW and GTC believe that there are very few issues that are slowing down competition in the ENW DSA.

The main two that we have identified are:-

- The installation of a link-box on LV projects still acts as a financial and logistical barrier to competition in the LV Metered Demand RSM and will continue to lobby all DNOs to develop systems so that the need for this is removed.
- We are working towards Self Assessment of Points of Connection and believe that we will be undertaking this with ENW as Business As Usual within the next twelve months. Most of this is due to technological issues which will take some time to develop and resolve.
- Self Connect is working well in terms of the construction work and we are now working to develop the Operational side which will give us complete control of the delivery process.

GTC have also included in the appendix to this letter a table showing the comparison between the gas and electricity market within the ENW DSA. This is one of the key ways we have measured the changes in the competitive electricity market. Our assessment of these key areas is that ENW have done more than any other DNO to remove these barriers.

Whilst ENW do not hold up our projects GTC look forward to the time when we do not rely on ENW to undertake work to facilitate our connection process and believe that this will be of benefit to both organisations.

In conclusion the LV Metered Demand side RSM is an area that we feel we can undertake more projects in the future and have seen significant improvements over the last few years. ENW have always led the way in competition and we are very supportive of the way that they deal with ICPs and IDNOs and have been successful in making its RSM's open for competition to the benefit of all customers.

Yours faithfully

A handwritten signature in black ink, appearing to read 'D Overman', written in a cursive style.

David Overman
Electricity Networks Manager

Appendix

Check list showing differences between Gas and ENW connections process.

	Gas	DNO Market	ENW
❖ ICP in control of meeting delivery to customers throughout connections process	✓	X	Partial
❖ Design process managed by the IGT/IDNO	✓	X	Partial
❖ No onerous application process	✓	X	✓
❖ Process removes need for onerous inspection regimes	✓	X	✓
❖ Self connection process in place	✓	Partial	✓
❖ Behaviour of Upstream Operator doesn't cause loss of work	✓	X	Partial
❖ No additional boundary constraints imposed by upstream operator	✓	Partial	✓
❖ Legal/commercial issues agreed and in place	✓	Partial	✓
❖ Agreed Industry wide arrangements (formal agreements)	✓	Partial	✓
❖ Emergency Response Agreements in place across the UK	✓	Partial	Partial

Partial indicates where we have seen significant improvements over the last few years but we are still working with the DNO to refine the process.

A7.3. Unmetered Connections Customer Group letter



A Specialist Interest Group of the HEA –
Highway Electrical Association

Highdown House
Littlehampton Rd.,
Ferring
West Sussex BN12 6PG
www.highwayelectrical.org.uk

Brian Hoy
Head of Market Regulation
Electricity North West Limited
304 Bridgewater Place,
Birchwood Park
Warrington
WA3 6XG

20th December 2013

Dear Brian

Re – ENW Competition Notice – December 2013

Following your presentation to the UCCG on 4th December 2013, I am pleased to be able to confirm that I have emailed all UCCG members and UCCG corresponding members for comments on the "Other" unmetered sector competition notice application planned by ENW for this month.

Those that responded were positive in their support of ENW – on the basis that this market sector by definition is relatively small in terms of volume with irregular timing of works. The issues here require assurance that:

- there is visibility of competition, and
- the ICP process (i.e. authorisation and audit regime) is relatively straightforward and proportionate to ensure smaller ICPs have the ability to access the market should they wish, and
- the processing of works is streamlined as much as possible (i.e. for unmetered connections – ICP can determine Point of Connection and there are no design approval requirements).

It would appear from the presentation made at the UCCG meeting and from the responses from members, that ENW meet these requirements and are to be commended in implementing what the UCCG see as essential requirements to enable and facilitate competition in this market sector.

Yours sincerely

Gareth Pritchard BTech (Hons) CEng FILP MIET Tech IOSH
Secretary UCCG
Chief Executive HEA – Highway Electrical Association

A7.4. E.ON letter 2013



Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington,
Cheshire.
WA3 6XG

E.ON Energy Solutions
Highways Lighting
234 Victoria Road
Fenton
Stoke on Trent
Staffs
ST4 2JA

M +44 (0)7801 609988
E chris.roe@eonenergy.com

Monday 23rd December 2013

Dear Brian,

It was good to attend your presentation and see you at the UCCG meeting at Milton Keynes on Wednesday 4th December. Your presentation gave a good update on Electricity North West's approach to competition in connections and desire to open more opportunities up for ICP's. I'm sure that the feedback you received from the UCCG members was pleasing, as it had some quite favourable comments in respect of Electricity North West's approach.

We have now been working in your area since April 2010 and I am pleased to say that Electricity North West have been most accommodating in developing the agreements to suit the specific cases ensuring that fair opportunities are available for competition to exist. Owing to this approach we have been able to work closely with you in developing our bilateral agreements with you in order for us to provide a service to a diverse set of customers in the PFI's and local authority sectors. However with the pragmatic approach you have taken towards bilateral agreements this has given us the opportunity to work with developers and the construction industry to make unmetered connections on developments in the "Unmetered Other" sector.

We are pleased also that we have been able to work with Electricity North West with operational issues, such as the problems we encountered with shallow mains. Your operations teams demonstrated sensible approach to the problem and engaged both parties to work closely to come to an acceptable enduring solution to solve the problem.



E.ON UK Energy Solutions
Limited
Registered in
England and Wales
No 3407430

Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

Electricity North West are in our experience one of the most if not the most easiest of all the DNO's to work with demonstrating a pragmatic approach and a strong desire to progress competition in connections. For the unmetered market, competition in connections has made a significant contribution to the competitiveness of the market sector and it is to Electricity North West's credit that they are at the forefront of making this happen.

Yours sincerely



Chris Roe
Operations Support Manager

—

A7.5. Jones Lighting letter 2013

Brian Hoy		Jones Lighting Ltd
Head of Market Regulation		Suites 6-8 Hamilton House
Electricity North West		Leyland Business Park
304 Bridgewater Place		Leyland Lancashire
Birchwood Park		PR25 3GR
Warrington		Tel / Fax No :- 01772 459410
Cheshire		E-mail : david@joneslighting.co.uk
WA3 6XG		Date :- Monday, 23 December 2013

Dear Brian,

Working in Electricity North West Area

Following on from our previous letter at the beginning of the year we would like to clarify our thoughts on competition in your area

We have now carried out over 10,000 ICP connections in the North working in both ENW and Scottish Power area. We regularly attend the UCCG meetings and it is agreed by most of the companies that work in the North that ENW are the most positive and forward thinking DNO to work with and we recommend their methodology to all DNO's. We are competing regularly for ICP works and the last tender we made, we were one of twenty bidders for an unmetered supplies and fault repair contract, clearly indicating that there is now a lot of competition in the North.

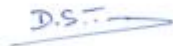
Our experiences, working with your team have been positive always and we highly commend your staff for the assistance they give when asked and the speed of response to all our enquiries.

We would also like to comment on the introduction of your new training centre. We have had operatives on both of the first 2 "Module 1" courses since it opened and our operatives have been impressed with the standard of training and the positive attitude of your trainers to ICP providers.

In the last year, with the introduction of Bilateral agreements, we have found it much easier to carry out works for developers on New Housing estates and for the smaller community councils etc, with your team always turning around the requests in a timely manner and being very helpful, where we need additional drawings and "As Built's" etc,

In the New Year we are expanding our business into the other markets, LV DG and Unmetered Other, confident that with the positive attitude of ENW to competition, we will be able to be as successful as we have been with our street lighting works.

Yours Sincerely



David Jones

Jones Lighting



Registered in England & Wales No 06643355

Registered Office: Suites 6-8, Hamilton House, Leyland, Preston, Lancashire, PR253GR

A7.6. Power Con Limited letter

PowerCon (UK) Ltd

Electricity North West
304 Bridgewater Place
Birchwood Park
Warrington
Cheshire
WA3 6XG

Date : 26th April 2013

For Attn : Mr B Hoy
Head of Market Regulation

Your Ref:
Our Ref : BW/ENW/

Dear Brian

As requested I am more than happy to provide you a letter of support for your Competition Test submission.

Power Con UK Limited act as a consultant for a number of distributed generation developers throughout the UK and therefore have experience of working both in ENWL and other DNOs. I have also been directly involved with Ofgem's ECSG and so have seen the development of competition in connections over the last few years.

I am happy to say that ENWL are the best DNOs to deal with. In all aspects of my dealings with ENWL I have found them approachable, helpful, pragmatic and flexible.

I generally deal with DG projects that are between 200kW and 20MW [Solar, Wind, AD and Hydro] and these projects are all new installations that require new connections. Whilst many of these involve a high voltage connection, I do have direct experience of the projects that fall into the DG LV market segment that I understand that you are applying for under the Competition Test.

I have found no difference in the processes and approaches that ENWL apply to all sizes of DG project. ENWL are very open about competition and I do not think that there are any barriers to competition in ENWL. I have sought and actually accepted Competition in Connections quotes in this DG LV market segment and so can speak with this direct experience.

ENWL have the right attitude in trying to help developers actually get connected. I am able to give you the thresholds from our financial models and you will give good feedback on which sites are most likely to fall within our criteria. You will also look at innovative ways to allow us to get connected without huge reinforcement costs. In particular we have been involved in the development of your "Capacity to Customers" project to look at closing rings on the network to allow more capacity to be connected.

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

I have seen how competition has developed over the years and whilst the Competition Tests have spurred other DNOs into action, ENWL have maintained their position as the company that has done and continues to do the most to support competition.

I would confirm that we often cite ENW in our discussions with both Ofgem and other DNOs as being the benchmark to illustrate best practice and to encourage other DNO's to improve their service to customers in all aspects of connections work.

We also value your personal contribution (and that of your colleagues) to the work of the ECSG the MCCG and the DG community in general and especially in relation to competitive connections work. This clearly reflects the attitude of ENW towards competitive connections; and the ESI in general.

In conclusion I think that ENWL are the leading DNO in promoting and supporting competition. Therefore I have no hesitation in supporting your case.

Best regards and with thanks,

Bob Weaver
Director

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

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A7.7. PN Daly letter 2012

CIVIL ENGINEERING AND PIPELINE SPECIALISTS

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Date: 19/12/2012

**Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington.
Cheshire.
WA3 6XG**

Dear Brian

Feedback on Electricity North West

In response to your request for feedback in support of your Competition Test application to Ofgem we are pleased to provide the following observations regarding the performance of Electricity North West in respect of competition in connections.

We are happy for these comments to go into the public domain.

In summary we would reiterate the comments we made in writing to you last April in support of your first application to Ofgem, and the comments which we offered at your CIC seminar for stakeholders on 12 December at the Museum for Science and Industry in Manchester.

Electricity North West continue, in our opinion, to be the DNO which promotes free and fair Competition in Connections more actively than any other DNO or IDNO in the country, based upon our experience to date. Competition has been longest established in the ENW area and has been most successful in that area.

We operate across the whole country and have attended many presentations and had meetings with other DNOs.

While DNOs other than Electricity North West are proposing and undertaking actions to improve the level and scope of Competition in Connections, it is our opinion that those DNOs still have some way to travel before reaching the level of Electricity North West.

Proposals for new IT systems from DNOs such as those made by WPD are both welcome and positive, but those proposals have yet to fully make the transition from management intention to operational realisation. We do not doubt the veracity of WPDs stated intentions we simply think that, as with most IT projects, there can be issues that do not become apparent until implementation on the ground.

Our observation remains as stated at our meeting that Electricity North West, have for years, developed sensible pragmatic unglamorous solutions to real problems in competition in connections and have then done a very poor job of publicising their achievements to the wider industry.

Our key observation however is regarding culture. Since the day Ofgem undertook a dawn raid on the offices of UU (ENW) many years ago, it has been apparent that fair competition has been a key priority of all levels of management at UU (ENW). Culturally staff within ENW are a quantum leap ahead of those in other DNOs as they are prepared to look at issues from the perspective of 'what is fair?' as opposed to the perspective used by others which is 'what does the standard or regulation require?'. Company culture is an issue which cannot be cured by window dressing.

- 1 -



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DIRECTORS: C. FOYNES, N. PRICE
F.A. DALY, P.J. DALY



Of course we still get issues on jobs with ENW but one conversation is usually enough to get ENW jointly engaged with us in sorting solutions which are of benefit not only to ENW and PND Ltd. but also to the wider industry and our clients.

Trying to resolve CIC issues with other companies often requires the patience and restraint of a Saint, and usually involves multiple calls and escalation to try to get issues resolved, as you find yourself engaged in a confrontation with a defensive DNO seeking to justify its actions whatever they may have been eg. NPG (by mistake) seeking to charge for the diversion of their equipment on a point of connection offer, when in point of fact that equipment has no legal right to be in its current position and has notice served by the landowner for its removal.

We find Electricity North West approachable and open to new ideas and we appreciate the fact that you will enter into dialogue with us.

We often use ENW as a benchmark for best practice in discussions with other DNOs to encourage them to improve their Competition in Connections processes.

We appreciate the efforts that you have undertaken to open up Competition as we benefit directly in your area and indirectly as it sets the standard for others to follow.

We do have a wider and very serious concern which relates to DNOs making available technical training to IDNOs and ICPs, that concern becoming even more serious where a hands off approach has been adopted in the case of Western Power

In order for there to be competition across activities there needs to be proper training available in those activities, and in particular those activities which are carried out infrequently and relate solely to works being carried out on the host DNO.s network under CIC eg. jointing on old lead LV cables.

The fact that the training identified above is not readily available is a big problem for CIC on its own, however taking the WPD approach of simply saying you are under your own safety rules and management system (and therefore training and authorisation) is a tenable position in respect of new network construction activities, however we have serious concerns regarding the use of this approach for live jointing, HV jointing and HV switching which is what seems to be the current proposition from WPD.

We accept that ENW have not taken the WPD approach but feel it appropriate to express our concern should such a move ever be suggested for consideration.

In summary we find the ENW approach to CIC to be exemplary and we feel certain that this approach will continue in the future even if you pass the Competition Tests.

So in short keep up the good work!

Yours Sincerely



Patrick J Daly
Commercial Director

A7.8. E.ON letter 2012



Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington.
Cheshire.
WA3 6XG

Friday 14th December 2012

E.ON Sustainable Energy
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Lake View Court, Off Osier Drive
Sherwood Business Park
Annesley
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NG15 0DS
eonenergy.com/sustainable

Chris Roe
Operational Support Manager

Mob - 07801 609988
Email - chris.roe@eon-uk.com

Dear Mr Hoy

LIVE JOINTING ON ELECTRICITY NORTH WEST NETWORK

Thank you for your invite to your Competition in Connections Seminar on Wednesday 12th December. It was good to get the updates on Electricity North West's approach to competition in connections and desire to open more opportunities up for ICP's. I'm sure that the feedback you received from the break out sessions was pleasing, as it seemed to be very positive with some very favourable comments in respect of Electricity North West's approach. I was encouraged by the fact that suggestions from the floor were taken on board for further developments and improvements that your company could make.

We have now been working in your area since April 2010 and I am pleased to provide you with some comments on our experiences of undertaking street lighting work. A key aspect of us making the PFI's we operate in Blackpool, Oldham and Rochdale a success, has been the ability to undertake unmetered service transfers and disconnections and connections to main on your network. We have also been able to accommodate requests to provide a one stop service, of column erection and connection, from a number of other local authorities such as Derbyshire County Council and Transport for Greater Manchester that fall in your DNO area.

In all cases where we have entered into the tripartite agreements with you, Electricity North West has been most accommodating in developing the agreements to suit the specific cases ensuring that fair opportunities are available for competition to exist. Owing to this approach we have recently been

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England and Wales
No 5615669

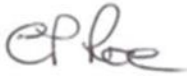
Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

able to work closely with you in developing our first bilateral agreement with you in order for us to provide a service to Ringway Jacobs in East Cheshire. As you can imagine dealing with two or three companies legal departments can be quite difficult but Electricity North West are definitely the leading DNO when it comes to getting agreements agreed and in place. The process you have for the application for unmetered connections and getting the as laid drawings returned is simpler and less complex than most other DNO's we deal with.

We are pleased also that we have been able to work with Electricity North West with operational issues, such as the problems we encountered with shallow mains. Your operations teams demonstrated sensible approach to the problem and engaged both parties to work closely to come to an acceptable enduring solution to solve the problem.

Electricity North West are in our experience one of the most if not the most easiest of all the DNO's to work with demonstrating a pragmatic approach and a strong desire to progress competition in connections. For the unmetered market, competition in connections has made a significant contribution to the competitiveness of the market sector and it is to Electricity North West's credit that they are at the forefront of making this happen.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C. Roe', written in a cursive style.

Chris Roe
Operations Support Manager

A7.9. Jones Lighting letter 2012

Brian Hoy		Jones Lighting Ltd
Head of Market Regulation, Electricity North West		Suites 1-3 Hamilton House
304 Bridgewater Place,		Leyland Business Park
Birchwood Park,		Leyland Lancashire
Warrington.		PR253GR
Cheshire.		Tel / Fax No :- 01772 459410
WA3 6XG		E-mail : david@joneslighting.co.uk
		Date :- 23 rd December 2012

Dear Brian

Working in Electricity North West area

As I am sure you are aware we have now been working in your area for over a year now and are pleased to provide you with some comments on our experiences of undertaking street lighting work.

We now have completed over 3500 transfers, disconnections and new connections across the whole of Electricity North West's area.

A key aspect of us making this a successful project has been to be able to undertake all transfers, disconnections and new connection by working live. We have found the regime in Electricity North West to be very workable and there has been considerable help available to us to get up and running.

We would like to pay tribute to the Electricity North West staff who have been working with us to make these trials happen. For the unmetered market, this has the potential to make a significant contribution to the competitiveness of this market and it is to Electricity North West's credit that they are at the forefront of making this happen.

From our perspective we would endorse Electricity North West in their approach to supporting Competition in Connections as a direct beneficiary of the competitive market that exists in the north west.

We have made our feelings known to other ICPs and DNO's at the UCCG and suggested that they could benefit by following ENW's lead

As requested, we are happy to confirm that we have no issues with this letter being sent to Ofgem nor for it going into the public domain.

Yours sincerely

Managing Director
Jones Lighting



Registered in England & Wales No 06643355
Registered Office: Suite 1-3 Hamilton House, Leyland Business Park, Leyland, Lancashire, PR25 3GR

A7.10. GTC letter 2012

28th December 2012

Our ref: DO/ENWBH1

Brian Hoy
Head of Market Regulation
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304 Bridgewater Place,
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Woolpit, Bury St Edmunds
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F 01359 243377
E info@gtc-uk.co.uk
www.gtc-uk.co.uk

Dear Brian

Re: ENW Testimonial from GTC

I would like to confirm the details discussed last week and provide you with further information on the changes we have seen within ENW during the last few years;-

GTC owns and operates gas and electricity distribution networks throughout mainland UK. For clarity GTC work in a number of the RMS's within the ENW footprint and the comments contained within this document are based on our experience in these sectors.

Relevant Market Segments (RMS)	GTC Involvement
Metered demand low voltage	Yes
Metered demand high voltage	Yes
Metered demand high voltage and extra high voltage	Yes
Metered demand Extra high voltage connections	Yes
Metered distributed generation low voltage	No
Metered distributed generation high voltage / extra high voltage connections	No
Unmetered Local Authority	No
Unmetered other	No
Unmetered private finance initiatives work	No

When GTC first entered the ENW area to operate as an ICP and IDNO we found that it was not as difficult as other DNO areas to operate within but it was still hard to deliver to the timescales that our customers were requesting. Due to this we did see a number of customer complaints due to connection dates being missed.

In the last few years we have become more active in the ENW area and they have changed the way they deal with GTC and we have found them to be far more open and receptive to our requirements.

GTC have worked with senior members of the ENW team at GTC's and ENW's offices and have identified the issues that will assist GTC operate within the ENW footprint area. ENW have then worked on the issues that were jointly identified and taken on board the issues that present themselves to GTC on a day to day basis and has helped improve timescales for our customers. Thanks to this we believe we have access to senior members of the ENW team and can influence their views to assist our delivery of customer service within our business. In addition ENW have assisted us in providing Emergency Response on a particularly difficult fault. This helped us reduce the timescales that our customers were off supply and we appreciate that only a DNO would have had the requisite skills to achieve this.

We both recognize that there is still some way to go to achieving fully open competition in the same way that we see in the gas market and it is pleasing that we have the commitment from ENW to achieve the same goal. To this end we have worked closely on achieving the extension of contestability. We are also pleased to confirm that the new legal process for all IDNOs is complete and are now working together on the assessment of points of connections by third parties. This work has helped forge better and closer relationships between the two companies and whilst there are areas to improve these have been identified and we are working on them to remove these issues.

The CNA presentation that was presented to all DNOs at Ofgem's offices in 2011 sets out the crucial things needed to create an open market. I have included a copy of this in the appendix to this letter and a table showing the areas where ENW have shown improvements and the areas still to be addressed.

Whilst we do not believe that ENW have fully achieved the things required to make their market completely open for competition, we see ENW as the leading DNO in this area. They have invested a lot of effort into finding the best way to open their RSM's for competition and we believe that other DNOs should look at ENW's approach as the market leading way to deal with competition issues.

GTC are firmly committed to extending competition so that we can deliver a service within our own time constraints and not ones imposed by the DNO. We believe that ENW are also committed to this arrangement and are pleased to be working closely with them on this. We look forward to the time when we do not rely on ENW to undertake work to facilitate our connection process and believe that this will be beneficial to both organisations.

Yours faithfully



David Overman
Electricity Networks Manager

Appendix a) Table showing ENW progress against targets

	Gas	DNO Market	ENW
❖ ICP in control of meeting delivery to customers throughout connections process	✓	X	Partial
❖ Design process managed by the IGT/IDNO	✓	X	Partial
❖ No onerous application process	✓	X	Partial
❖ Process removes need for onerous inspection regimes	✓	X	Partial
❖ Self connection process in place	✓	Partial	✓
❖ Behaviour of Upstream Operator doesn't cause loss of work	✓	X	Partial
❖ No additional boundary constraints imposed by upstream operator	✓	Partial	✓
❖ Legal/commercial issues agreed and in place	✓	Partial	✓
❖ Agreed Industry wide arrangements (formal agreements)	✓	Partial	Partial
❖ Emergency Response Agreements in place across the UK	✓	Partial	Partial

Partial indicates where we have seen significant improvements over the last few years but we are still working with the DNO to refine the process.

Appendix b) Copy of CNA presentation



COMPETITIVE
NETWORKS
ASSOCIATION

Competition in Connections:

An IDNO perspective on essential framework characteristics.

Background



- Ofgem commented in their C/C review: **"We are concerned at the slow pace at which (electricity) competition is developing"**
- To IDNOs and ICPs, Ofgem's comment came as no surprise.
- As part of DPCR5 Ofgem established an incentive mechanism:
 - To enable DNOs to earn a margin on connection works (subject to passing a competition test).
 - Failure to address competition issues could result in referral to Competition Commission.
- IDNOs and ICPs have been making representational complaints both to DNOs and to Ofgem about issues they face.
- Ofgem have encouraged CNA to engage with DNOs.

Competition Requirements



- Different ICPs/ IDNOs operate different business models and have different competencies and accreditations
- Competition in connections framework should facilitate different requirements for different IDNOs/ICPs.
 - Some IDNOs/ ICPs are happy for the DNO to provide an efficient and effective end to end connections process.
 - Other IDNOs/ ICPs want to differentiate the service they offer by having much more control of the connections process and undertaking many of the activities themselves -> "self service" approach.
- Development of self service approach has been slow.
- Arrangements in the gas connections market show what can be achieved.

Agenda



1. Background to Today's workshop.
2. Review of issues IDNOs face in securing connections.
3. Contrast electricity connections with gas.
4. Competition Tests - an IDNO perspective.
5. Discussion.

Workshop Objective



- To convey the CNA view on the key issues that IDNOs face in the Competition in Connections market.
- To highlight the key actions that DNOs need to implement as pre-requisites to earning an un-regulated margin under the DCPR 5 settlement.
- In doing so CNA recognises that some DNOs have taken significant steps to improve performance.
- we believe further actions are required to facilitate a fully open competitive connections market.

The Customer's Experience



- DNO C/C processes characterised by:
 - Lengthy and complex DNO connections process.
 - Procrastination on agreeing connection arrangements.
 - Excessive requirements for land rights.
 - Delays and conflict in design approval.
 - Delays in getting DNO staff booked for work.
 - DNO failure to turn up when promised.
 - DNO excuses to abort work.
 - Delays in inspection regimes.
- General unwillingness by DNOs:
 - To develop services that improve the customer experience.
 - To engage with ICPs/IDNOs with a genuine view/ intent to deliver solutions.

DNO Connection Processes



- Designed to meet DNOs' needs - not ICP/IDNO needs.
 - a process of stopping and slowing, not facilitating.
- Many Sequential Process steps introduce delays.
- Focus is on standards not on delivery of customer service.
- Excessive/variable bureaucracy.
- "Can't (won't) do" culture.
- Little or no innovation shown by DNOs.

Key Process Areas Impacted



- The Application and Connection Offer.
- Design (and Approval) of Contestable Works.
- Adoption /Connection and Construction Agreements.
- Securing Land Rights.
- Inspection and Audit.
- Getting the work completed.
- The Final Connection.

Availability of Information



- DNOs apply different criteria to ICPs/IDNOs than to their own businesses.
- G81 and design manuals incomplete and often not up to date.
 - DNOs change standards without reference.
- DNOs change standards without reference; e.g:
 - Primary Injection testing
 - Demarcation joints
 - Joint hole sizes
- Different concepts of the minimum scheme.
- More information available to DNOs' own connection businesses.
- Timeliness in provision and completeness of information an issue.

Availability of Information



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- Timeliness in provision and completeness of information an issue.

DNO Inspection and Monitoring



- Different interpretations of standards within DNO area and by different DNO people.
- Waiting for audits:
 - delays works.
 - compromises compliance with NRSWA.
- Sampling rates and performance criteria not available where sliding scale approach is used.

Land Rights



- DNO requirements for land rights:
 - Adds delays to connections' process.
 - Increases costs to connections.
 - Inconsistent across DNOs – no common requirements.
 - Insist on completion prior to connection.
- IDNOs/ICPs at the mercy of DNO lawyers with drawn out response times in completing agreements.
- Significant impact on customer service - distorts and frustrates competition.
- We question why legal agreements are required in many instances - a review is required.
- Where legal requirements required - model forms be developed.

Model Document Developed



- Initial teething problems overcome.
- Where used:
 - IDNO has full control of completion of land rights.
 - IDNO can provide good guidelines for legal completion to its client.
 - Legal costs reduced.
 - Timescales for legal completion reduced.
 - No additional correspondence.
 - Working relationships vastly improved.
 - Previous frustrations practically erased.

The New Process



Determination of POCs



The Problem:

- IDNOs are beholden to DNOs to get response for applications.
- Dedicated teams needed to manage DNO interface.
- Performance standards fail to address end to end process delays.
- The application process imposes cost and resource requirements on DNO, IDNO and customer.
- The customer bears the culmination of all the above issues!

The Solution:

- IDNOs to have access to network information to determine POC.
- Initially could apply to "smaller connections".
- Saves DNO resources and costs –something they complain about.
- Allows IDNO to deliver solutions to customer timelines.
- Customers get more responsive service.

Design Approval



- DNO requirements not fully documented.
- DNOs change requirements without changes to documents.
- Designers decide if they will approve.
- Designs rejected for non compliance with unpublished requirements
- No escalation or appeals procedure or timescale.

Summary of the problem



- Developers expect reliable and on time connections services.
- In Gas the framework puts the IGT in control of the process and competition works very well (Competence based regime – GRS).
- In electricity the former monopoly controls the process and IDNOs restricted on the service they can deliver because of DNO constraints
- As a result IDNO service offering compromised by DNO processes and performance

To resolve these difficulties:

- Much can be learned from the successful gas framework. IDNOs need to be able to work independent of DNO involvement.
- Where DNO involvement required this must be timely and non discriminatory.
- Whilst regulatory standard or customer standards don't apply to IDNO networks (prior to adoption), delivering customer service is an essential part of IDNO offering.

Contrasting Gas with Electricity



	Gas	Electric
• ICP in control throughout connections process	✓	X
• In control of meeting delivery to customers	✓	X
• No onerous application process	✓	X
• Process removes need for onerous inspection regimes	✓	X
• Self connection process in place	✓	X
• Behaviour of upstream Operator doesn't cause loss of work	✓	X
• No additional boundary constraints imposed by upstream operator	✓	X
• Legal/commercial issues agreed and in place	✓	X
• Agreed industry wide arrangements (formal agreements)	✓	X

Service Timeframes



- EA 1989 S16A places a "soon as practicable" duty on distributors in making offers:
 - This duty is greater than "as soon as reasonably practicable".
 - Different duty to that measured by standards in SLC15.
- Standards are a back stop target; mere compliance with these is insufficient to demonstrate compliance with statutory duty.
- Process design and steps intrinsically causes delays.
- CIC process does not facilitate competition nor satisfy S16A duty if the process is flawed.
- Sequential Process steps introduce delays.

Final Connection



The Problem

- Difficulty in getting dates for DNOs that meet customer expectations.
- DNOs don't always turn up.
- DNOs frequently infeasible, don't always complete.
- Duplicated costs – IDNO and DNO in attendance.
- Delayed connections for the customer.

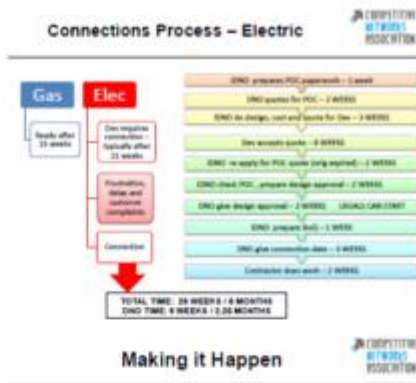
The Solution:

- National competency based regime (NERS).
- Allow IDNO/ICP to make final connection.
- Develop competency tests (NERS adjust existing module) and authorisation procedures.
- Reduced resource requirements on DNO.
- Reduced costs and better service for customer.

Gas Industry Comparison

Connections Process – Gas





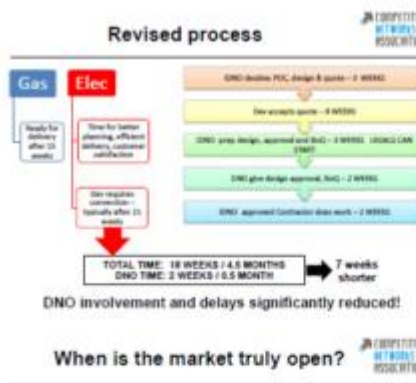
- Self Determination of POCs:** ECSV Sub Group to address information availability and nomination / acceptance process. Agreed trials and implementation dates with all DNOs.
- Self Certification of Design Approval:** ECSV Sub Group to agree competency based regime for NERS accreditation. Agreed trials and implementation dates with all DNOs.
- Self Connection & Inspection Regimes:** Existing ECSV Group. Greater transparency and adherence to date targets by all DNOs. Short trial period. Mandated implementation. NERS based competencies eliminates duplicated inspections.
- Leases & Easements:** ECSV Sub Group to develop a GB Framework to establish common standards and timescales.

What needs to be Tested

- Competition Test must be evidence based.
 - DNOs must demonstrate that they walk the talk.
 - Audit to validate DNO claims on customer service.
 - Based on what happens now, not on intentions.
- Based on more than just compliance:
 - Innovation by the DNO.
 - Must do more than "clock watch" compliance standards.
 - DNOs must demonstrate the "extra mile".
 - Must look at Organisation, systems, process.
 - Must demonstrate information availability, efficient agreements and land rights processes.

12 Tests for Competition - 2

- DNOs make available design policy documents, codes of practice, method statements and material specifications to accredited ICPs/IDNOs
 - To enable the right design first time.
 - To facilitate compliance with standards and COPs.
 - To create transparency and remove ambiguity.
- Simple, transparent, documented land rights processes that are followed by their staff and ensure that progress of competition in connections is not unduly delayed.
- Arrangements that enable accredited ICPs/IDNOs to undertake LV and HV joining on contestable works. To include:
 - a regime that also allows ICPs/IDNOs to operate on DNO networks and/or,
 - an arrangement where DNOs could offer ICPs/IDNOs contract SAP services to enable ICPs complete HV closing joints.



- ICP/IDNO in control of connections process.
- ICP/IDNO in control of service delivery to customers.
- No onerous application process.
- Minimal intervention by DNO.
- Process removes need for onerous inspection regimes.
- Self connection process in place.
- Behaviour of upstream operator doesn't cause loss of work.
- No additional boundary constraints imposed by upstream operator.
- Common efficient agreed legal/commercial arrangements.
- Agreed industry wide arrangements (formal agreements).

12 Tests for Competition - 1

- Connections quotation process that promotes choice to customers:
 - Separate identification of non-contestable and contestable elements of work.
 - Customer (ICP/IDNO) ability to accept both elements of quotation or to accept the non-contestable element only (with the ICP/IDNO carrying out contestable works).
- Accredited ICPs/IDNOs to be able to have sufficient information able identify their own points of connections on the DNO system (if they choose to do so).
- ICPs and IDNOs to be able to contest the design and construction of DNO network reinforcement work.
- Accredited ICPs and IDNOs able to self certify/validate designs for contestable work.

12 Tests for Competition - 3

- Clearly defined process and timeline for delivery of methodology that facilitates accredited ICPs/IDNOs to carry out switching on DNO networks and issue safety documentation.
- Linked to 8 above. Evidence of work with other Licensees and the ENA to develop a national suite of operational documents identifying DNO specific requirements.
 - To enable Competent Persons to operate across different Distribution Service areas without the requirement for a new Authorisation for each DSA.
- Fair and Equitable Adoption Agreements that share liabilities between ICPs or IDNOs and the DNO.

12 Tests for Competition - 4



11. DNOs must demonstrate non-contestable charges are transparent and cost-reflective.
12. Simplified payment methods including the use of electronic correspondence throughout the connection and adoption process.

Solutions Summary



Many of the issues highlighted today can be resolved through implementing a regime of:

- Improved / streamlined processes for those ICPs/DNO that wish to use them.
- Self Service options for those who wish to benefit from their own competency facilitated through:
 - Self determination of POCs.
 - Availability of current network information and design standards.
 - Self certification for design approval.
 - Self certification for inspection.
 - Self connection of contestable works.
 - Simplified processes for securing land rights.

Benefits



- Simplified process means IDNO in control of service delivery and timelines.
- The IDNO is better able to tailor service delivery to customers' needs.
- Fewer delays and aborted visits.
- Reduced costs to the customer (and to the DNO) because of the removal of unnecessary and/or inefficient processes.
- Cost to customer for providing connections reduced.

Additionally:

- One of the concerns put forward by DNOs is the shortage of resources.
 - Revised process releases DNO resources.

A7.11. Unmetered Connections Customer Group (UCCG)

Brian, at the last UCCG we considered your request for feedback in preparation for your imminent competition notice for the remaining unmetered relevant market sectors.

There were a number of ICP's present who had direct experience of working in ENWL and they shared this with other members. Comments made generally came across as positive and supportive. For those that could compare yourselves with other DNO's most present placed you in the top 2. Whilst one other DNO now appears to be setting the benchmark for process efficiency, ENWL were noted for being flexible and progressive with regard to extending competition. It should be noted that no LA representative present was able to offer a view.

We also discussed the possibility of a meeting being held in the ENW area, hosted by yourselves and with invitations sent specifically to the UCCG. We understand that you have a local LA steering group meeting planned for 18th December, which a number of UCCG members are already invited. If these members are agreeable, they can gathering feedback from other unmetered customers with more experience of ENWL at this meeting, and use this to inform the UCCG in preparing their Ofgem consultation response.

As with all other DNO's applications to seek to apply unregulated margin, we will survey our members and other interested parties to produce a consolidated UCCG response once your notice has been published by Ofgem and they have had chance to consider the case you present.

I hope this feedback will be of value.

Steve Bolland

Chair Unmetered Connections Customer Group

A7.12. Street Lighting Steering Group



Brian Hoy
Head of Market Regulation
Wigan Electricity North West
304 Bridgewater Place
Birchwood Park
Warrington, Cheshire
WA3 6XG

Our reference:
Your reference:
Please ask for: Keith Benson
Extension: 89320
Direct line: 01942 489320
Date: 10 January 2012

Dear Brian,

Feedback for Electricity North West's Competition Test

I am happy to provide the following feedback on behalf of the Street Lighting Steering Group which represents the majority of local authorities operating in Greater Manchester and Lancashire.

We have been pleased with the efforts that Electricity North West has made, in particular over the last few years in terms of opening up competition. You have been at the forefront of promoting this initiative for the industry and have kept us informed of progress through the steering group meetings.

Your work in progressing live jointing to mains has had a huge benefit for the unmetered market. As you know this has allowed a number of the Greater Manchester local authorities to collective go out to tender for an ICP framework for delivering unmetered activities. There are now 15 local authorities and potentially seven ICP's, with six already signed up for the scheme' all at different levels of usage.

It is to Electricity North credit that they have worked constructively with the steering group to develop this approach and have not taken a defensive approach. The feedback we have received from the ICPs involved in the scheme has been very positive and your approach to as much as possible "let them get on with it" is having huge benefits for us.

Some local authorities have reported significant efficiency benefits both in terms of financial savings and improved service delivery – particularly the development of a one stop shop approach.

In the current economic climate that is particularly important for us. It has also allowed the local authority to manage and control of the whole process when dealing with customer enquiries.

Therefore, in summary, we would like to commend ENW's approach to promoting competition in the unmetered connection market segment; for keeping us as customer's informed through the process; and would like to wish you good luck with your Competition Test application.

Yours sincerely

Handwritten signature of Keith Benson in black ink.

Keith Benson

Chair of Greater Manchester District Engineers Group

Handwritten signature of Jonathan Hartley in black ink.

Jonathan Hartley

Chair of Street lighting Connections Steering Group

Please reply to: Keith Benson
Places Directorate: Economy, Waste and Infrastructure,
Wigan Council, PO Box 100, Wigan, WN1 3DS.
Phone: 01942 489320
Email:K.Benson@wigan.gov.uk
www.wigan.gov.uk

A7.13. The House Builders Federation

Brian Hoy
Head of Connections Contracts
United Utilities
Dalton House
104 Dalton Avenue
Birchwood Park
Birchwood
Warrington
WA3 6YF

17th Dec 2007

Dear Brian

Awareness of Competition in Connections across the North West

I write in response to your request for the views of the Home Builders Federation in the North West with regard to the awareness of Competition in Connections.

I have been a passionate advocate of the need for competition and believe that this is best achieved through the ability of developers to choose how they get electricity connections made to their properties. I am a firm believer in “the more the merrier” as I believe that this helps drive competition which results in better service and lower costs for us as key customers in this area.

I have been involved with utilities for a number of years and have seen the development of competition in this market, particularly in electricity connections. I remember the days when the fledgling Norweb Connections business was being established and have seen the extent of change up to the present day. There is now a wide spectrum of choices available to us as developers. There are a range of ICPs active in the North West offering both single utility and multi utility offerings. More recently has seen the welcome introduction of IDNOs with both Energetics and Connect very active in the North West. Both these companies now offer us real competition in the ownership of the assets rather than having no choice but to go to UU. These companies are also providing us real innovation in the services they provide – one stop shop for metering, more flexible adoption arrangements and fibre optic cables are some examples.

I believe that the HBF has provided a key role in shaping the market in the North West. It is evident from the level of interest from HBF members in the North West and the informed debate that there is at the HBF utility meetings that the awareness of Competition in Connections is extremely high. I am aware that this is not the case throughout the country and believe that is to a large extent due to the extensive lobbying and drive of the HBF members in the North West. We have

been particularly active in driving competition in the North West and are now benefiting from the most active competitive connections market in the country.

I am convinced that to get the service that we deserve we have to be involved as customers and we will continue to push forward the case to increase what is open to competition, how many participants are engaged and how the service improves.

Yours Faithfully

Ian Wilkinson
Chairman of the HBF Utilities Committee North West

A7.14. E.ON letter 2011



Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington.
Cheshire.
WA3 6XG

Monday 28th March 2011

Dear Mr Hoy

LIVE JOINTING TRIAL ON ELECTRICITY NORTH WEST NETWORK

As I am sure you are aware we have now been working in your area since last April and I am pleased to provide you with some comments on our experiences of undertaking street lighting work following our success in winning Blackpool PFI, and more recently for Wigan Council as well. To date we have completed about 2135 transfers and disconnections on Electricity North West Network.

A key aspect of us making the Blackpool PFI a successful project has been the ability to undertake all transfers and disconnections under your Live Jointing Trial. We have found the regime in Electricity North West to be very workable and there has been considerable help available to us to get up and running. A good example of this has been the process to get our staff authorised, this has been done in a pragmatic way and the prior experience of our jointers considered in the process.

In particular we would wish to highlight the appetite of Electricity North West to progress extending contestability by trailing live jointing on existing mains. We commenced today in Blackpool, what we understand to be the first trials in the country where connections to an existing main will be done live by an Independent Connection Provider. This has a significant benefit to us as it will give us complete control of our work programme and all the new connections work in Blackpool. We would like to pay tribute to the Electricity North West who have been working with us to make these trails happen. For the unmetered market, this has the potential to make a significant contribution to the competitiveness of this market and it is to

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Electricity North West's credit that they are at the forefront of making this happen.

From our perspective we would endorse Electricity North West in their approach to supporting Competition in Connections as a direct beneficiary of the competitive market that exists in the North West.

As requested, we are happy to confirm that we have no issues with this letter being sent to OFGEM nor for it going into the public domain.

Yours sincerely

Chris Roe
Operations Support Manager

A7.15. Aptus letter

Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington.
Cheshire.
WA3 6XG

Date : 4th April 2011

Dear Brian

Feedback on Electricity North West

In response to your request for some comments on our experience of working in the Electricity North West area as a "new entrant" to this area we are happy to make the following comments.

Whilst Aptus Utilities is a new entrant in terms of the company the personnel employed by Aptus Utilities have considerable experience in the area having undertaken such work for over 5 years with other organisations. Also having worked for Electricity North West [or their previous company United Utilities] helped with understanding their procedures.

Overall we have been very impressed with the way we have been dealt with by Electricity North West. We have found the processes and procedures easy to deal with and appropriate for the work we have undertaken.

Electricity North West have taken the time to review the previous processes used by United Utilities and improved them in many respects. We feel however the application form which tries to accommodate all types of application is a little cumbersome.

The response to applications and design approvals is always within the standards of service and the engineers involved are very happy to discuss and resolve any queries we have.

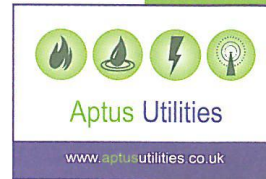
It is clear to us that Electricity North West understand that there is competition and work hard to make that a smooth processes which must be in everyone's interest overall. This is particularly evident in street lighting live jointing where we have a clear understanding of the steps required to gain entry and proceed to connection of new supplies.

Electricity North West made very clear to us who our point of contact was if we had any particular issues that needed escalation and this has worked well in being able to resolve and clarify points before they became a significant issue for us.

Based on our experience we are happy to write you this letter in support of your Competition Test application and can confirm that we are happy for this letter to go to Ofgem and into the public domain.

Yours sincerely

Brian Cutler
Aptus Utilities



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Aptus Utilities is part of the Story Group which also comprises: Construction, Homes, Land, Plant and Rail

- 1 -

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A7.16. PN Daly letter 2011

CIVIL ENGINEERING AND PIPELINE SPECIALISTS	
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7/4/2011

Brian Hoy,
Head of Market Regulation,
Electricity North West,
304 Bridgewater Place,
Birchwood Park,
Warrington,
Cheshire.
WA3 6XG

Dear Brian

Feedback on Electricity North West

In response to your request for feedback in support of your Competition Test application to Ofgem we are pleased to provide the following comments. We are happy for these comments to go into the public domain if required.

We are very well placed to comment on whether there is effective competition in the north west as we are one of the biggest Independent Connections Providers who operate in the north west. We are truly independent having our roots as a term contractor working for utilities and never being an affiliate to a DNO. Whilst we are based in the north west we operate across the country and so have direct experience of operating in a number of DNO areas.

In our view, the processes and procedures that Electricity North West have in place to support Competition in Connections are the best in GB. These are now well established and we have played our part in getting these into this shape! This is one of the things that characterise Electricity North West and is to their credit.

We do encounter issues both on specific jobs and as more general points of principle but I'm pleased to say that we find that Electricity North West will enter into dialogue on these and pragmatic solutions are found. A recent example of this is Electricity North West's approach to adoption agreements. We raised concerns with them that their insistence on having tri-partite adoption agreements was discouraging some customers from entering into them. We have been impressed that Electricity North West has been prepared to discuss their approach and have listened to our concerns. We are delighted with the outcome as they have developed a set of bilateral agreements that in our opinion are a significant improvement and we will be talking to other DNOs about them adopting the same approach.

What we find typifies Electricity North West is that they develop pragmatic solutions which is not always what we find in other DNOs. Their live working regime is a good example. We have found that their regime is appropriate and workable (although we look forward to the scope of the scheme being extended) and we have completed a large number of low voltage on site connections this way. We are also now in active discussions with Electricity North West regarding live working on existing low voltage mains and high voltage work and expect to commence trials in the next month. The ability to carry out live working on new housing sites is a key determinant on whether this market is available for competition. The processes in Electricity North West have



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CO-SEG: J.A. DALY
DIRECTORS: C. FOYNES, N. PRICE
EA. DALY, P.J. DALY



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allowed us to actively compete for and win such jobs in their area and this has helped to establish the fiercely competitive market that now exists.

We commend Electricity North West's approach to "get on with it" and we intend to be using many of their approaches as the benchmark for other DNOs as they start to make progress in Competition in Connections. Competition is a fact of life and we see that Competition in Connections is "business as usual" for Electricity North West. Their staff provide us a good service and will discuss problems on particular jobs although we may not always share the same viewpoint.

In summary we would conclude that Electricity North West is the best DNO to deal with and there is effective competition in the north west. As Electricity North West have played their part in facilitating Competition in Connections we would support their application for unregulated margin.

If you require any further information or clarification of any of these comments, please do not hesitate to contact me.

Yours sincerely



Mr Patrick J Daly

Director

A7.17. Electricity North West open letter



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ECSG Distribution List

9 March 2012

Dear ECSG member,

Electricity North West's Competition Test Notice

As you may be aware, we submitted our Competition Test Notice to Ofgem in June 2011 and in November 2011 Ofgem determined that we had passed the test in three of the nine relevant market segments. The six market segments where Ofgem determined that we had not passed the test were:

In respect of Metered premises owned or occupied by Demand Customers:

- i. low voltage Connection Activities involving only low voltage works.*
- ii. low voltage or high voltage Connection Activities involving high voltage work*
- iii. low voltage or high voltage Connection Activities involving extra high voltage work.*

In respect of Metered premises in which Distributed Generation is situated:

- iv. low voltage Connection Activities involving only low voltage work.*

In respect of unmetered premises:

- v. New Connection Activities in respect of local authority premises.*
- vi. all other non-local authority and non-PFI unmetered connections work.*

Ofgem's document¹ explaining the reasons for their decision has given us much food for thought. We are reviewing the content of their document to consider what our next steps should be. As part of that we are considering what response we would make to issues that stakeholders have raised and thereby the timing of any re-submission².

As the first Competition Test Notice, our submission caused stakeholders to consider whether they supported our application and caused them to identify other issues that they felt needed addressing. We were pleased by the generally positive comments and the widespread recognition that we are leading the way in developing competition. To assist our consideration of our next steps, we would like to ensure that we have captured all the issues that have been raised. This will allow us to consider what, if anything, we can do to address them and in what timescale.

¹ <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=333&refer=Networks/Connectns/CompinConn>

² Our Licence prevents us from reapplying for a period of four months from Ofgem's determination.

The attached appendix is our distillation of the issues raised in stakeholder responses and captured in Ofgem's decision document. We would ask that you review this list and comment on it.

- Any specific actions, which in your opinion, would remove the concern for any of the points identified
- In particular we would wish you to identify any other significant issues that you believe that we would need to consider before submitting a further Competition Test Notice
- As Ofgem noted in their document, there are a number areas where we were working on but had not completed when we submitted our application. Some of these relate to national working groups and we would welcome views on whether these groups need to be concluded prior to us re-submitting
- We are looking for specific issues in relation to us rather than more generic industry issues, unless of course they relate to us also
- In addition, feedback on things that we do well is always welcome.

Having clarity on the issues that, from your perspective, need to be addressed will be of great assistance to us. We would like any responses by the end of March. We intend to hold a workshop/seminar around April/May to consolidate the issues and share our thoughts on them.

If you wish to discuss any aspects of this, please do not hesitate to contact me.

Yours sincerely,

Brian
Hoy



Brian Hoy
Head of Market Regulation
Yours sincerely,

Appendix – extracts from Ofgem’s “The reasons behind our decision 21 November 2011”³

Customer awareness of and ability to choose competitive alternatives

1. We note that the information provided by ENWL on its website and in its charging methodology appears to provide customers with information to allow them to explore competitive connection alternatives. We also recognise that while ENWL has a role to play in alerting customers to competitive alternatives, competitors must also take responsibility for promoting their services. However, we consider that there is still scope for ENWL to go further in educating customers on how to use competitive alternatives, in particular IDNOs.
2. An unmetered customer considered that ENWL takes a reasonable approach to making customers aware of competitive alternatives but felt that more could be done to inform unmetered customers of work currently underway to extend contestability (ie, live jointing trials).
3. An unmetered customer stated that whilst schedule rate quoting (used for the majority of unmetered connections) was well established and understood, it did not provide a sufficient breakdown to enable customers to distinguish the contestable element. An unmetered customer group stated that 72 per cent of its members thought that quotations were not transparent.

Barriers to Competition

4. *The nature of agreements provided by ENWL* – Two respondents representing unmetered customers raised concerns regarding ENWL’s requirement for ICP customers to be party to tripartite agreements in the unmetered RMSs. A respondent representing metered customers highlighted that whilst ENWL had recently introduced a bilateral agreement for metered connections their approach still did not give customers the flexibility they require. Another response stated that generally, across the industry, agreements are convoluted and one sided. They did not consider that ENWL had shown their agreements to be any different.
5. *Price transparency* – An unmetered customer and an IDNO were amongst respondents that considered there was a lack of transparency in the allocation of costs that could be a barrier to effective competition. They raised concerns that indirect costs incurred in relation to contestable services could be unfairly apportioned to non-contestable only customers. They considered that this could lead to ENWL having unduly lower contestable charges and make it difficult for competitors to compete on an equitable basis.
6. *Legal/commercial issues* – A respondent stated that land rights had historically caused delays to connections and that they would have welcomed some explicit proposals to address this from ENWL. It considered that competitors are effectively at the mercy of DNO lawyers with drawn out response times. It also questioned why ENWL insisted on certain land rights where it would not insist on the same land rights for itself in analogous circumstances.
7. *Inspection and Monitoring processes* – An IDNO highlighted onerous inspection and monitoring processes as a barrier to competition. Previously the Electricity Connections Steering Group has questioned whether the numbers of faults seen in adopted assets necessitated the level of inspection and monitoring DNOs require in some circumstances.
8. *Design approval* – A respondent representing metered customers stated that each ICP, under the National Electricity Registration scheme (NERS), has a design procedure in place to ratify design assumptions and ensure there are no errors within designs. However, DNOs (including ENWL) require them to pay significant design approval fees thus causing them to

3

<http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/reasons%20behind%20the%20authorities%20decision%20final.pdf>

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incur additional costs to which the DNO is not subject. They considered that ENWL should allow ICPs with proven track records, to self-approve designs.

9. *Final connections on existing mains* - Three respondents cited final connections on existing mains remaining non-contestable as a barrier to competition. A respondent representing unmetered customers stated that final connections to existing mains accounted for 42% of unmetered connection activity.
10. *Access to partially funded work* – Three respondents considered that competitors remain at a serious disadvantage whilst they were unable to compete with DNOs to complete work that is only partially funded by the customer.
11. One respondent stated that, as a minimum, they would have expected ENWL to include a timetable in its Competition Notice which set out when the following would be in place:
 - an arrangement to allow competitors to determine PoCs and allow them to self-validate designs
 - procedures to allow competitors to complete final connections to existing mains, and connection offers that allow customers to accept both the contestable/non-contestable elements of a quote or to accept the non-contestable part only.
12. In particular they cited that until they are able to access network information (particularly load information) with the same ease as ENWL they will be at a disadvantage. A number of other competitors considered that barriers to competition (generic to the industry) existed that prevent them from competing effectively with ENWL.
13. Two respondents stated that the competition in connections processes and procedures found in the gas connection market represented best practice. While they recognised ENWL as a leader amongst DNOs in facilitating competition, they considered that DNO practices (including ENWL's) fell short of achieving the level of best practice they saw from Gas Distribution Network Operators (GDNs). They considered that whilst ENWL continues to control both the front and back end of the connections process, it will retain a competitive advantage. Further they considered competitors were prevented from being able to properly differentiate the service they offer to customers.

A8. Analysis of third party activity – Low Voltage

	Number Quotes Issued				Number of Quotes Issued						Estimated Contestable Value							
	Total	Total ICP	Total IDNO	Total Accepted	Accepted			Not Accepted			Accepted			Not Accepted			Total	
					ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total		
2010/11	812	542	270	151	111		40	151	431	230	661	£12,204	£11,280	£7,952	£12,598	£11,631	£12,511	£10,964
TPP 36	1	1	0	0					1	0	1				£25,254		£25,254	£25,254
TPP 61	1	1	0	1	1			1	0	0	0	£25,254		£25,254				£25,254
TPP 69	1	1	0	0					1	0	1				£21,273		£21,273	£21,273
TPP 5	3	3	0	1	1			1	2	0	2	£19,753		£19,753				£19,753
TPP 77	1	1	0	0					1	0	1				£15,195		£15,195	£15,195
TPP 50	275	220	55	59	52		7	59	168	48	216	£14,293	£14,681	£14,339	£16,149	£11,006	£15,006	£14,863
TPP 27	5	5	0	0					5	0	5				£14,292		£14,292	£14,292
TPP 21	2	2	0	1	1			1	1	0	1	£9,338		£9,338			£18,941	£14,139
TPP 19	5	5	0	0					5	0	5				£14,114		£14,114	£14,114
TPP 6	1	1	0	0					1	0	1				£14,055		£14,055	£14,055
TPP 31	1	1	0	0					1	0	1				£14,008		£14,008	£14,008
TPP 13	24	9	15	0					9	15	24				£14,579	£12,202	£13,093	£13,093
TPP 32	5	4	1	2	1		1	2	3	0	3	£8,357	£16,714	£12,536	£12,281		£12,281	£12,383
TPP 79	92	49	43	17	11		6	17	38	37	75	£13,428	£12,331	£13,041	£10,291	£13,947	£12,095	£12,270
TPP 14	9	6	3	2	1		1	2	5	2	7	£13,295	£7,977	£10,636	£11,776	£13,865	£12,373	£11,987
TPP 16	7	4	3	0					4	3	7				£11,252	£12,353	£11,724	£11,724
TPP 39	1	1	0	0					1	0	1				£11,396		£11,396	£11,396
TPP 29	5	5	0	0					5	0	5				£11,196		£11,196	£11,196
TPP 59	68	19	49	9	5		4	9	14	45	59	£10,677	£9,782	£10,279	£10,520	£11,461	£11,238	£11,111
TPP 2	62	23	39	13	5		8	13	18	31	49	£11,474	£12,004	£11,800	£8,251	£12,472	£10,921	£11,105
TPP 52	2	1	1	0					1	1	2				£15,195	£6,801	£10,998	£10,998
TPP 47	9	8	1	2	2		2	2	6	1	7	£14,907		£14,907	£10,039	£8,685	£9,846	£10,971
TPP 56	5	5	0	0					5	0	5				£10,969		£10,969	£10,969
TPP 70	39	31	8	2	1		1	2	30	7	37	£10,607	£4,763	£7,685	£11,369	£9,819	£11,076	£10,902
TPP 67	5	5	0	0					5	0	5				£10,870		£10,870	£10,870
TPP 54	10	10	0	2	2		2	2	8	0	8	£11,333		£11,333	£10,390		£10,390	£10,578
TPP 55	32	27	5	15	11		4	15	16	1	17	£8,482	£8,523	£8,493	£12,785	£5,136	£12,335	£10,534
ENWL															£6,889		£12,735	£10,194
TPP 25	12	10	2	1	1		1	1	9	2	11	£6,537		£6,537	£11,394	£6,461	£10,497	£10,167
TPP 15	1	1	0	0					1	0	1				£10,102		£10,102	£10,102
TPP 34	27	0	27	5			5	5	0	22	22		£9,472	£9,472		£9,896	£9,896	£9,818
TPP 20	6	6	0	2	2		2	2	4	0	4	£12,012		£12,012	£7,846		£7,846	£9,235
TPP 1	26	17	9	7	4		3	7	13	6	19	£7,139	£9,454	£8,132	£8,148	£12,496	£9,521	£9,147
TPP 22	1	1	0	1	1			1	0	0	0	£8,839		£8,839				£8,839
TPP 83	2	2	0	0					2	0	2				£8,502		£8,502	£8,502
TPP 48	1	1	0	0					1	0	1				£8,405		£8,405	£8,405
TPP 75	15	12	3	3	3		3	3	9	3	12	£7,535		£7,535	£5,757	£16,049	£8,330	£8,171
TPP 8	4	4	0	1	1		1	1	3	0	3	£6,070		£6,070	£8,869		£8,869	£8,170
TPP 72	4	4	0	1	1		1	1	3	0	3	£884		£884	£10,424		£10,424	£8,039
TPP 53	1	1	0	0					1	0	1				£7,704		£7,704	£7,704
TPP 78	1	0	1	0					0	1	1					£7,481	£7,481	£7,481
TPP 76	16	16	0	1	1		1	1	15	0	15	£6,121		£6,121	£7,162		£7,162	£7,097
TPP 35	1	1	0	0					1	0	1				£7,004		£7,004	£7,004
TPP 41	1	1	0	0					1	0	1				£6,314		£6,314	£6,314
TPP 65	1	1	0	0					1	0	1				£6,314		£6,314	£6,314
TPP 42	12	7	5	1	1		1	1	6	5	11	£5,526		£5,526	£6,534	£5,982	£6,283	£6,220
TPP 40	1	1	0	0					1	0	1				£5,951		£5,951	£5,951
TPP 12	6	6	0	2	2		2	2	4	0	4	£5,670		£5,670	£4,582		£4,582	£4,945
TPP 46	1	1	0	0					1	0	1				£1,768		£1,768	£1,768
TPP 51	1	1	0	0					1	0	1				£1,768		£1,768	£1,768

	Number Quotes Issued				Number of Quotes Issued						Estimated Contestable Value						
	Total	Total ICP	Total IDNO	Total Accepted	Accepted			Not Accepted			Accepted			Not Accepted			Total
					ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total	
2011/12	825	392	433	164	77	87	164	315	346	661	£11,136	£12,152	£8,248	£11,781	£10,613	£12,334	£10,944
TPP 62	1	1	0	0				1	0	1				£20,327		£20,327	£20,327
TPP 25	9	7	2	0				7	2	9				£19,537	£6,163	£16,565	£16,565
TPP 70	1	0	1	0				0	1	1					£16,363	£16,363	£16,363
TPP 56	2	2	0	0				2	0	2				£15,950		£15,950	£15,950
TPP 66	2	2	0	0				2	0	2				£14,703		£14,703	£14,703
TPP 73	3	2	1	2	1	1	2	1	0	1	£12,933	£13,212	£13,073	£17,783		£17,783	£14,643
TPP 64	2	2	0	1	1	1	1	1	0	1	£11,518		£16,939	£16,939		£14,229	£14,229
TPP 1	15	8	7	8	3	5	8	5	2	7	£12,866	£14,613	£13,958	£11,072	£18,294	£13,136	£13,574
TPP 14	6	6	0	5	5	5	5	1	0	1	£14,544		£14,544	£8,469		£8,469	£13,531
TPP 67	30	26	4	2	1	1	2	25	3	28	£6,650	£10,263	£8,456	£13,100	£11,541	£12,933	£12,635
TPP 50	238	137	101	39	22	17	39	115	84	199	£12,562	£11,812	£12,235	£13,168	£10,521	£12,050	£12,081
TPP 79	99	6	93	26	3	23	26	3	70	73	£14,951	£13,105	£13,318	£15,781	£11,457	£11,635	£12,077
TPP 54	11	11	0	1	1		1	10	0	10	£7,412		£7,412	£12,267		£12,267	£11,826
TPP 52	26	14	12	0				14	12	26				£13,042	£10,332	£11,791	£11,791
TPP 75	16	16	0	7	7		7	9	0	9	£14,918		£14,918	£9,085		£9,085	£11,637
TPP 22	2	2	0	2	2		2	0	0	0	£11,547		£11,547				£11,547
TPP 42	5	4	1	1	1		1	3	1	4	£20,327		£20,327	£8,784	£10,502	£9,214	£11,436
TPP 69	15	1	14	2		2	2	1	12	13		£10,079	£10,079	£13,551	£11,351	£11,520	£11,328
TPP 76	20	20	0	3	3		3	17	0	17	£10,875		£10,875	£10,753		£10,753	£10,771
ENWL																	
TPP 47	33	19	14	5	2	3	5	17	11	28	£7,506	£15,117	£12,073	£10,912	£9,032	£10,173	£10,461
TPP 29	14	12	2	0				12	2	14				£11,016	£6,277	£10,339	£10,339
TPP 59	14	3	11	2	2		2	1	11	12	£9,815		£9,815	£6,893	£10,498	£10,197	£10,143
TPP 17	9	8	1	1	1		1	7	1	8	£16,166		£16,166	£8,467	£15,704	£9,372	£10,127
TPP 34	48	1	47	8	1	7	8	0	40	40	£10,092	£12,618	£12,302		£9,597	£9,597	£10,047
TPP 55	20	7	13	9	1	8	9	6	5	11	£9,238	£10,543	£10,398	£8,705	£10,943	£9,723	£10,027
TPP 13	14	4	10	1	1		1	4	9	13	£18,476	£18,476	£8,992	£9,185	£9,126	£9,126	£9,794
TPP 2	160	62	98	38	19	19	38	43	79	122	£7,061	£10,622	£8,841	£8,660	£10,691	£9,975	£9,706
TPP 72	1	1	0	0				1	0	1				£9,122		£9,122	£9,122
TPP 71	1	1	0	0				1	0	1				£7,982		£7,982	£7,982
TPP 63	1	1	0	0				1	0	1				£7,299		£7,299	£7,299
TPP 10	2	1	1	0				1	1	2				£6,893	£6,893	£6,893	£6,893
TPP 16	2	2	0	0				2	0	2				£5,659		£5,659	£5,659
TPP 11	1	1	0	0				1	0	1				£4,850		£4,850	£4,850
TPP 58	1	1	0	0				1	0	1				£3,233		£3,233	£3,233
TPP 37	1	1	0	1	1		1	0	0	0	£1,617		£1,617				£1,617

	Number Quotes Issued				Number of Quotes Issued						Estimated Contestable Value								
	Total	Total ICP	Total IDNO	Total Accepted	ICP	Accepted			Not Accepted			ICP	Accepted			Not Accepted			Total
						IDNO	Total	ICP	IDNO	Total	IDNO		Total	ICP	IDNO	Total			
2012/13	1013	398	615	235	114	121	235	284	494	778	£12,748	£12,383	£8,888	£16,141	£11,887	£15,066	£13,180		
TPP 74	3	3	0	0				3	0	3				£225,780		£225,780	£225,780		
TPP 75	28	18	10	3	2	1	3	16	9	25	£11,546	£18,250	£13,781	£35,905	£16,878	£29,056	£27,419		
TPP 62	2	2	0	2	2		2	0	0	0	£22,866		£22,866				£22,866		
TPP 24	1	1	0	0				1	0	1				£22,775		£22,775	£22,775		
TPP 81	1	0	1	0				0	1	1					£22,462	£22,462	£22,462		
TPP 64	2	2	0	0				2	0	2				£16,917		£16,917	£16,917		
TPP 54	7	7	0	3	3		3	4	0	4	£17,039		£17,039	£15,202	£15,202	£15,990			
TPP 43	2	1	1	0				1	1	2				£15,443	£14,804	£15,123	£15,123		
TPP 17	36	9	27	10	3	7	10	6	20	26	£15,443	£14,712	£14,931	£12,693	£15,386	£14,764	£14,810		
TPP 13	14	5	9	2		2	2	5	7	12		£14,103	£14,103	£9,995	£17,109	£14,145	£14,139		
TPP 52	17	8	9	2	1	1	2	7	8	15	£22,775	£9,871	£16,323	£15,191	£11,812	£13,389	£13,734		
TPP 29	36	20	16	4	4		4	16	16	32	£12,276		£12,276	£13,554	£13,928	£13,741	£13,578		
ENWL													£6,725			£16,967	£13,126		
TPP 47	57	13	44	16	3	13	16	10	31	41	£10,928	£13,730	£13,204	£9,272	£14,279	£13,058	£13,099		
TPP 42	10	7	3	2	2		2	5	3	8	£15,175		£15,175	£14,814	£8,723	£12,530	£13,059		
TPP 71	7	7	0	0				7	0	7				£12,955		£12,955	£12,955		
TPP 50	226	109	117	59	38	21	59	71	96	167	£15,686	£10,710	£13,915	£13,440	£11,319	£12,221	£12,663		
TPP 14	17	9	8	4	3	1	4	6	7	13	£14,039	£7,971	£12,522	£18,215	£7,435	£12,410	£12,437		
TPP 76	7	7	0	1	1		1	6	0	6	£13,285		£13,285	£12,145		£12,145	£12,308		
TPP 2	200	91	109	62	32	30	62	59	79	138	£10,192	£12,245	£11,185	£12,229	£12,909	£12,618	£12,174		
TPP 68	10	8	2	6	4	2	6	4	0	4	£7,019	£12,334	£8,791	£17,198		£17,198	£12,154		
TPP 18	35	9	26	4	2	2	4	7	24	31	£9,125	£13,665	£11,395	£11,000	£12,579	£12,223	£12,128		
TPP 79	126	6	120	34	3	31	34	3	89	92	£10,001	£12,969	£12,708	£10,295	£10,976	£10,954	£11,427		
TPP 34	40	1	39	1		1	1	1	38	39		£22,016	£22,016	£5,510	£11,275	£11,127	£11,399		
TPP 56	2	1	1	0				1	1	2				£13,817	£8,815	£11,316	£11,316		
TPP 49	4	4	0	0				4	0	4				£11,168		£11,168	£11,168		
TPP 55	2	1	1	0				1	1	2				£8,730	£13,285	£11,008	£11,008		
TPP 1	19	7	12	8	4	4	8	3	8	11	£9,970	£9,916	£9,943	£10,881	£11,498	£11,330	£10,746		
TPP 44	2	2	0	0				2	0	2				£10,639		£10,639	£10,639		
TPP 67	41	24	17	2	2		2	22	17	39	£16,145		£16,145	£11,505	£8,817	£10,333	£10,617		
TPP 59	18	1	17	1		1	1	1	16	17		£11,387	£11,387	£6,076	£10,020	£9,788	£9,877		
TPP 69	18	1	17	2		2	2	1	15	16		£12,588	£12,588	£6,428	£8,968	£8,809	£9,229		
TPP 30	3	1	2	1	1		1	0	2	2	£9,827		£9,827		£8,423	£8,423	£8,891		
TPP 3	3	3	0	0				3	0	3				£8,049		£8,049	£8,049		
TPP 63	2	2	0	0				2	0	2				£7,346		£7,346	£7,346		
TPP 80	2	0	2	1		1	1	0	1	1		£6,657	£6,657		£6,657	£6,657	£6,657		
TPP 38	4	4	0	2	2		2	2	0	2	£2,597		£2,597	£9,697		£9,697	£6,147		
TPP 22	2	2	0	1	1		1	1	0	1	£9,490		£9,490	£1,965		£1,965	£5,727		
TPP 72	1	1	0	0				1	0	1			£5,510			£5,510	£5,510		
TPP 25	2	0	2	0				0	2	2					£5,433	£5,433	£5,433		
TPP 16	3	0	3	1		1	1	0	2	2		£1,404	£1,404		£5,313	£5,313	£4,010		
TPP 28	1	1	0	1	1		1	0	0	0	£1,404		£1,404				£1,404		

	Number Quotes Issued				Number of Quotes Issued						Estimated Contestable Value						
	Total	Total ICP	Total IDNO	Total Accepted	Accepted			Not Accepted			Accepted			Not Accepted			Total
					ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total	
2013/14	579	226	353	94	38	56	94	188	297	485	£8,008	£10,133	£6,879	£7,969	£8,977	£10,147	£9,241
TPP 4	2	1	1	0				1	1	2				£17,085	£17,085	£17,085	£8,587
TPP 54	3	3	0	2	2		2	1	0	1	£6,672		£6,672	£17,085		£17,085	£8,785
ENWL													£5,912			£12,204	£12,989
TPP 75	21	15	6	3	3		3	12	6	18	£10,107		£10,107	£12,964	£8,645	£11,524	£11,456
TPP 15	3	3	0	0				3	0	3				£11,456		£11,456	£11,645
TPP 17	4	1	3	1		1	1	1	2	3		£12,529	£12,529	£9,396	£12,328	£11,351	£9,496
TPP 7	10	1	9	1		1	1	1	8	9		£15,141	£15,141	£9,274	£11,241	£11,023	£7,413
TPP 33	2	2	0	0				2	0	2				£10,628		£10,628	£1,325
TPP 34	23	0	23	3		3	3	0	20	20		£9,449	£9,449		£10,307	£10,307	£1,419
TPP 72	7	5	2	2	1	1	2	4	1	5	£9,297	£9,297	£9,297	£10,588	£7,332	£9,937	£1,325
TPP 29	11	9	2	0				9	2	11				£10,656	£6,280	£9,861	£9,861
TPP 50	101	44	57	15	8	7	15	36	50	86	£9,159	£11,912	£10,443	£10,978	£8,924	£9,783	£9,874
TPP 1	12	6	6	4	3	1	4	3	5	8	£6,195	£6,405	£6,247	£8,290	£10,637	£9,757	£10,628
TPP 71	2	2	0	0				2	0	2				£9,567		£9,567	£10,195
TPP 14	2	0	2	1		1	1	0	1	1		£16,515	£16,515		£9,463	£9,463	£1,136
TPP 18	33	8	25	8	1	7	8	7	18	25	£17,085	£10,425	£11,257	£8,510	£9,096	£8,932	£17,085
TPP 13	21	4	17	2		2	2	4	15	19		£7,462	£7,462	£9,220	£8,845	£8,924	£7,229
TPP 55	6	3	3	0				3	3	6				£8,631	£8,631	£8,631	£8,611
TPP 47	38	8	30	6	1	5	6	7	25	32	£946	£10,148	£8,614	£6,289	£9,261	£8,611	£9,881
TPP 79	58	3	55	16	2	14	16	1	41	42	£12,178	£8,745	£9,174	£4,258	£8,504	£8,403	£10,143
TPP 30	6	2	4	2	1	1	2	1	3	4	£8,542	£17,980	£13,261	£5,980	£8,913	£8,180	£8,631
TPP 69	7	1	6	0				1	6	7				£6,624	£8,425	£8,168	£9,765
TPP 67	23	7	16	0				7	16	23				£8,942	£6,852	£7,488	£6,303
TPP 42	12	8	4	1	1		1	7	4	11	£7,482		£7,482	£7,034	£7,507	£7,206	£4,835
TPP 2	146	76	70	25	13	12	25	63	58	121	£7,601	£9,731	£8,623	£5,021	£9,489	£7,163	£7,488
TPP 59	13	1	12	0				1	12	13				£3,975	£6,497	£6,303	£8,168
TPP 60	1	1	0	0				1	0	1				£4,835		£4,835	£11,435
TPP 76	7	7	0	0				7	0	7				£4,635		£4,635	£9,567
TPP 22	1	1	0	0				1	0	1				£1,419		£1,419	£9,754
TPP 21	1	1	0	0				1	0	1				£1,325		£1,325	£11,322
TPP 38	2	2	0	1	1		1	1	0	1	£946		£946	£1,325		£1,325	£4,635
TPP 24	1	1	0	1	1		1	0	0	0	£1,325		£1,325				£8,616

A9. Analysis of third party activity – Distributed Generation Low Voltage

	Number Quotes Issued				Number of Quotes Issued						Estimated Contestable Value							
	Total	Total ICP	Total IDNO	Total Accepted	Accepted			Not Accepted			Accepted			Not Accepted			Total	
					ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total	ICP	IDNO	Total		
2010/11																		
ENWL																		
TPP 65	1				1			0										
ENWL	0				0			0				£0						
																		£2,012
2011/12																		
TPP 17	1	1		0	0		0	1		1		£0			£33,125			
ENWL																		
TPP 55		1		1	1		1	0		0		£1,755			£0			
TPP 26		0		0	0		0	0		0		£0			£0			
2013/14																		
ENWL																		
TPP 2	5	3	2	0	0	0	0	3	2	5		£0	£0	£0	£32,149	£30,914	£31,655	£31,655
TPP 50	1	1	0	0	0	0	0	1	0	1		£0	£0	£0	£5,920	£0	£5,920	£5,920
TPP 57	1	1	0	1	1	0	1	0	0	0		£5,920	£0	£5,920	£0	£0	£0	£5,920
TPP 82	0	0	0	0	0	0	0	0	0	0		£0	£0	£300	£0	£0	£6,429	£2,525
TPP 45	2	1	1	0	0	0	0	1	1	2		£0	£0	£0	£2,143	£2,143	£2,143	£2,143
TPP 55	1	0	1	1	0	1	1	0	0	0		£0	£595	£595	£0	£0	£0	£595