

## **The Questionnaire – For independent providers**

Hello. Thank you for taking the time to complete our questionnaire.

We hope all the questions are clear, but if you have any difficulties please email [connections@ofgem.gov.uk](mailto:connections@ofgem.gov.uk).

Once you have completed the questionnaire please send it back to us to the email address above. You need to return the completed questionnaire to us by 31 July 2014.

After we have read your answers we might want to have a chat with you to understand a bit more. We'll try and do this during August.

### Part 1 - About you

Question	Your response
What is your name?	
What is your position?	
What are your contact details?	

### Part 2 - About your business

Question	Your response
What is your company's name?	<b>TriConnex Limited</b>
What is the nature of your company's business?	<b>Design and installation of electricity, gas and water connections to new residential developments in the range 40-4000 units per site. Clients are generally the main national house builders</b>
Which sections of the market for new electricity connections does your	<b>LV and HV meterd connections (some including PV)</b>

business operate in?  (ie what types of connection solution do you provide?)	
What areas of the country does your business operate in?	<b>East Anglia, London &amp; South East (beginning expansion into East Midlands and South West)</b>
Who are your competitors?	<b>GTC, UKPN/SSE, UKPS</b>
Please provide an indication of your size. Ie how much work do you do in the connections market?	<b>2014 turnover will exceed £12m, Order book in excess of £40 million, contracted to provide over 20,000 electricity connections</b>

### Part 3 - About the markets you don't operate in

<b>Question A</b>	<b>Your response</b>
Have you considered competing for work in other regions?	<b>Yes</b>
If so, which ones?	<b>East Midlands and South West</b>
What stops you competing in other regions?	<b>Own strategy of incremental expansion based on reputation with national developers in area. The nature of the various DNOs in each region is not seen as a barrier</b>
<b>Question B</b>	<b>Your response</b>
Have you considered competing for different types of connections work (e.g. different voltage work)?	<b>Will provide connection at any voltage required by our residential developer clients – up to and including 132kV if necessary. Not interested in unmetered or discrete generation connections at this stage</b>
If so, which ones?	

What stops you offering other types of connections?	<b>Nothing – will provide whatever client needs, however LV and HV are the norm for our chosen market</b>
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## Part 4 – About your views on the issues we’ve identified.

In our letter, we identified where we have feedback from stakeholders about areas that may be an issue for competition. We provided our understanding of these issues in the letter. In this part of the questionnaire we want you to describe the issue and your experience of it. There is also a blank template for you to complete for additional issues not described by us.

4A	
Title	The DNO’s level of control over the connection process
Description	<p>To safeguard network integrity, DNOs insist on controlling some of the activities associated with network connections. So competitors have to interact with DNOs at certain points of the process. This can cause tension and may make it more difficult for a competitor to win work. Some examples are given below.</p> <p>Competitors need to provide quotes to customers in order to win work. This involves designing and costing a connection. Their ability to do this independently is currently limited because:</p> <ul style="list-style-type: none"> <li>• To quote for a job a competitor will need to know where they can connect to a network. For the competitor to establish their own point of connection they will need to apply to the DNO to get access to network diagrams and information.</li> <li>• The DNO must then approve the design of the competitor’s connection.</li> <li>• Alternatively a competitor can ask the DNO to offer them a point of connection (POC) to the existing network.</li> </ul>

This dependency on the DNO may make it difficult for competitors to issue quotes in the same amount of time as (or faster than) a DNO. Competitors are less able to control timescales involved than the DNO and are reliant on DNOs meeting agreed timescales. We can also see that this process could lead to tension (or at worst discriminatory, anti-competitive behaviour). For instance, ICP designs may be rejected unnecessarily by DNOs. There is a risk that less favourable connection points could be issued to competitors than are issued by the DNO to its own customers.

In addition DNOs may place requirements on competitors to protect the wider network that can add to the cost associated with using a competitor. For instance -

- DNOs can ask for link boxes to be installed at the network boundary with an IDNO.
- DNOs can insist upon ICPs being subject to their own accreditation regime before they are permitted to make a 'live' connection to a DNO's network.
- DNOs can insist on their own inspection and monitoring regime to audit the work of a competitor before a connection can be made.

The above issues, either in isolation or combined, could result in difficulty for competitors to provide quotes and ultimately win work. There is also a risk that the complexity of interaction between the competitors and DNO deters customers from seeking quotes from a range of providers.

**(i) Have you experienced, or are you aware of, these issues?**

☒ YES – Please complete the sections below.

☐ NO – Please move onto the next issue

We believe that there may be a number of different ways in which the DNO's level of control over the connections process could affect a competitor's ability to compete and we've given examples of what these may be in the description above.

We'd like to try to capture each of these separately by asking you to complete the following questions. To do this we need you to identify the separate issues and respond to a set of questions based on each issue identified. Each issue should relate to the impact that DNO control

over the connection process has on your ability to compete.

There is space for you to provide details of up to 5 issues, but you don't need to populate them all. Just include the things that matter to you.

### **ISSUE 1**

#### **Description of the issue:**

**Timescale for receiving Point of Connection offer – UKPN stick to 4 week turnaround yet other DNOs able to work within 1 week to 4 week window and offer to prioritise our applications in an order that suits us**

#### **Issue Details:**

Q. How often does the issue arise?

A. **Every application**

Q. Where does the issues arise (DNO areas or type of work)

A. **UKPN**

Q. Has this affected your ability to win work?

A. **Not yet but could put UKPN at an advantage – main issue is it limits our flexibility/responsiveness**

Q. Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?

A. **WPD & SSE are more flexible**

Q. What more could be done to deal with the issue?

A. **Set average POC return time targets in addition to maximum return time**

Q. Why can't the issue be dealt with or what barriers are there to implementing change?

A. **UKPN are stricking to prescribed standard, others more flexible**

### **ISSUE 2**

#### **Description of the issue:**

**Link box installation at boundary with IDNO and the DNO inspection regime – adds around £2500 to the price which the DNO does not incur**

#### **Issue Details:**

Q. How often does the issue arise?
A. <b>All LV schemes not adopted by the DNO (the majority)</b>
Q. Where does the issues arise (DNO areas or type of work)
A. <b>All DNOs</b>
Q. Has this affected your ability to win work?
A. <b>On smaller schemes. yes</b>
Q. Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?
A. <b>N/A</b>
Q. What more could be done to deal with the issue?
A. <b>DNOs accept the additional cost of linkbox &amp; inspection regimes to themselves as part of facilitating competition</b>
Q. Why can't the issue be dealt with or what barriers are there to implementing change?
A. <b>Technically, maybe reasonable request but it causes asymmetry with Independents</b>
<b>ISSUE 3</b> <b>Description of the issue:</b> <i>[please complete]</i>
<b>Issue Details:</b>
Q. How often does the issue arise?
A.
Q. Where does the issues arise (DNO areas or type of work)
A.
Q. Has this affected your ability to win work?
A.
Q. Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?
A.
Q. What more could be done to deal with the issue?
A.
Q. Why can't the issue be dealt with or what barriers are there to implementing change?
A.
<b>ISSUE 4</b> <b>Description of the issue:</b>

*[please complete]*

**Issue Details:**

Q. How often does the issue arise?

A.

Q. Where does the issues arise (DNO areas or type of work)

A.

Q. Has this affected your ability to win work?

A.

Q. Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?

A.

Q. What more could be done to deal with the issue?

A.

Q. Why can't the issue be dealt with or what barriers are there to implementing change?

A.

**ISSUE 5**

**Description of the issue:**

*[please complete]*

**Issue Details:**

Q. How often does the issue arise?

A.

Q. Where does the issues arise (DNO areas or type of work)

A.

Q. Has this affected your ability to win work?

A.

Q. Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?

A.

Q. What more could be done to deal with the issue?

A.

Q. Why can't the issue be dealt with or what barriers are there to implementing change?

A.

<b>4B</b>	
<b>Title</b>	<b>Complexity for customers</b>
<b>Description</b>	<p>We have been told that some aspects of some connection process can cause confusion for customers:</p> <ul style="list-style-type: none"> <li>• <u>Transparency in quotes</u> - Competition should be most effective where customers are able to compare the costs that will be charged by the DNO against those of an independent. Stakeholders have raised concerns that quotes are difficult to understand because the content of work is not always clear. This could disadvantage customers as they might not be able to easily compare costs between the DNO and an independent.</li> </ul> <p>DNOs have improved transparency but recent responses to some competition tests suggest that there is still more to do, such as removing miscellaneous charges in quotes.</p> <ul style="list-style-type: none"> <li>• <u>Difficulty in accepting just the non-contestable part of a DNO's quote</u> - In some DNO areas, issues can arise when customers accept a non-contestable quote from a DNO, but decline the contestable element and choose to use an independent. If this happens, some DNOs may reissue the costs of the non-contestable works. This can discourage customers from using independents, as doing so will increase the time taken to receive a quote and add uncertainty to the cost of any non-contestable works. We are aware that some DNOs have introduced fully transferable quotes to address this issue. But this is not yet standard practice across the industry.</li> </ul>
<b>A) Scale</b>	<p><b>(i) Have you experienced the issue?</b></p> <p><input checked="checked" type="checkbox"/> YES – Please complete the rest of this question</p> <p><input type="checkbox"/> NO – Please move onto the next issue</p> <p><b>(ii) Please describe the type of issue as you have encountered it.</b></p> <p><b>Partial acceptance of DNO Contestible &amp; Non-Contestible quote not allowed by UKPN</b></p> <p><b>(iii) How often does the issue arise?</b></p>



	<b>All occasions for UKPN quote</b>
	<b>(iv) Where does the issue arise? (ie is the issue more frequent in certain areas or for certain types of customers?)</b>
	<b>N/A</b>
<b>B) Impact</b>	<b>(i) Has this affected your ability to win work?</b>
	<b>Can put some clients off using independents due to further delays for resubmission of Non-contestible element</b>
	<b>(ii) Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?</b>
	<b>Not that we are aware</b>
	<b>(iii) What more could be done to deal with the issue?</b>
	<b>Mandate partial acceptance should be permitted</b>
	<b>(iv) Why can't the issue be dealt with or what barriers are there to implementing change?</b>
	<b>No rule in place</b>

<b>4C</b>	
<b>Title</b>	<b>Customer appetite for competition</b>
<b>Description</b>	<p>We have been told that some customers may not be convinced of the benefits of using alternative providers:</p> <ul style="list-style-type: none"> <li>• <u>Customers don't know they can use alternatives</u> - Some customers are still unaware that they can choose an alternative provider. This is a long-standing issue. We think awareness has improved with DNOs now providing information on alternative providers, but a lack of awareness remains for some types of customers (eg smaller customers) and is still impeding competition.</li> <li>• <u>Customers' willingness to use independents</u> - In response to the competition tests, some stakeholders have noted that some customers are reluctant to use competitors. Stakeholders have suggested this is because of a perception of increased risk of higher costs, extended timescales or greater 'effort' when using independents compared to the DNO. Some stakeholders have said that the cost savings of using a competitor aren't sufficiently significant. This may particularly be the case for lower value work.</li> </ul>
<b>A) Scale</b>	<p><b>(i) Have you experienced the issue?</b></p> <p><input checked="checked" type="checkbox"/> YES – Please complete the rest of this question</p> <p><input type="checkbox"/> NO – Please move onto the next issue</p> <p><b>(ii) Please describe the type of issue as you have encountered it.</b></p> <p><b>Can not compete on cost for schemes of less than around 40 units due to (a) low asset values and (b) development often contiguous with existing DNO network - DNO can then connect as single services of the main (c) fixed DNO fees to us mean high cost per unit</b></p> <p><b>(iii) How often does the issue arise?</b></p> <p><b>All small developments (approximately 5% of our bids last year (we have now withdrawn from sub-40 unit market))</b></p>

	<b>(iv) Where does the issue arise? (ie is the issue more frequent in certain areas or for certain types of customers?)</b>
	See above
<b>B) Impact</b>	<b>(i) Has this affected your ability to win work?</b>
	Yes – see above
	<b>(ii) Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?</b>
	Not apparent
	<b>(iii) What more could be done to deal with the issue?</b>
	Change to a lower level of fixed fees for smaller scale developments
	<b>(iv) Why can't the issue be dealt with or what barriers are there to implementing change?</b>
	DNOs can connect as one-off services which has a different pricing regime

<b>4D</b>	
<b>Title</b>	<b>The impact of regulatory regimes and requirements</b>
<b>Description</b>	<ul style="list-style-type: none"> <li>• <u>Statutory powers</u> - Through their licence DNOs have statutory powers that make conducting street works easier than if a non-licensee (ICP) carried out the work. This can make it more difficult for some independents and may make smaller jobs unattractive.</li> <li>• <u>Requirement for emergency response service</u> - In the event of a fault on the network, DNOs and IDNOs are required by their licence to provide certain services to customers on their network. This includes information and fault restoration. Some stakeholders argue that the requirements to provide this service imposes costs that could stop new IDNO entrants entering the market or existing participants expanding. They also note that DNOs are more easily able to cover such costs through their regulatory revenues.</li> <li>• <u>Part funded connections</u> - When conducting a connection project, a DNO may decide to carry out additional wider work on its network. If it does, the cost of reinforcement will be shared between the connecting customer and the wider customer base. If a customer contracts with a competitor for all of the work there will be no cost sharing. This may restrict the independent's ability to compete with the DNO on price for certain work.</li> <li>• <u>Pricing</u> - we want to understand the extent to which independents can compete on price in various sections of the market.</li> </ul>
<b>A) Scale</b>	<p><b>(i) Have you experienced the issue?</b></p> <p><input checked="checked" type="checkbox"/> YES – Please complete the rest of this question</p> <p><input type="checkbox"/> NO – Please move onto the next issue</p> <p><b>(ii) Please describe the type of issue as you have encountered it.</b></p> <p><b>Street Works – no statutory powers for ICP</b></p> <p><b>(iii) How often does the issue arise?</b></p> <p><b>Often and in particular very large developments with significant off-site works to the Point of Connection</b></p>

	(iv) Where does the issue arise? (ie is the issue more frequent in certain areas or for certain types of customers?)
	N/A
<b>B) Impact</b>	(i) Has this affected your ability to win work?
	Not immediately, but hinders flexibility and therefore our responsiveness to our clients
	(ii) Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?
	No
	(iii) What more could be done to deal with the issue?
	Either a change of Law or grant ICP's agency status on behalf of DNOs
	(iv) Why can't the issue be dealt with or what barriers are there to implementing change?
	Current legislation

<b>4E</b>	
<b>Title</b>	<b>Little evidence of competition for certain types of connection</b>
<b>Description</b>	<p>We have seen little evidence of competition in certain types of connection during the competition test process. No DNO passed the test in the 'distributed generation low voltage' or 'unmetered other' RMSs. There may be specific issues affecting competition for these types of connection. This could be because of:</p> <ul style="list-style-type: none"> <li>• the total value of the work (and high proportion of non-contestable costs);</li> <li>• the value of the work versus the costs or effort required to win it (for instance the processes complexity);</li> <li>• the sporadic nature of the work; and/or</li> <li>• high entry costs (accreditation etc).</li> </ul>
<b>A) Scale</b>	<p><b>(i) Have you experienced the issue?</b></p> <p><input type="checkbox"/> YES – Please complete the rest of this question</p> <p><input checked="" type="checkbox"/> NO – Please move onto the next issue</p> <p><b>(ii) How often does the issue arise?</b></p> <p><b>(iii) Where does the issue arise? (ie is the issue more frequent in certain areas or for certain types of work?)</b></p>

<b>B) Impact</b>	<b>(i) Has this affected your ability to win work?</b>
	<b>(ii) Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?</b>
	<b>(iii) What more could be done to deal with the issue?</b>
	<b>(iv) What are the mitigating arguments? ie why can't the issue be dealt with or what barriers are there to implementing change?</b>

## Part 5 –About your views on the issues we’ve not identified.

We recognise that there may be issues in the market that we did not identify under Part 4. If there are other issues please provide details of them by populating the blank issues template which is provided below. If you have more than one issue please make multiple copies of the template and complete one template for each issue that you want to highlight.

### 5 – BLANK ISSUE TEMPLATE

<b>Title</b>	<b>HV cable sheath tests on UKPN specified Triplex cable</b>
<b>Issue Description</b>	<b>UKPN demand ICPs conduct a “leakage” test on the HV Triplex cable that the cable specification can not cope with resulting in frequent test failures, repairs, retest and significant cost and delay. We believe UKPN’s own contractors do not undertake the test when installing on their behalf.</b>
<b>A) Scale</b>	<p><b>(i) Have you experienced the issue?</b></p> <p><input checked="" type="checkbox"/> YES – Please complete the rest of this question</p> <p><input type="checkbox"/> NO – Please move onto the next issue</p> <p><b>(ii) How often does the issue arise?</b></p> <p><b>Every time we install UKPN specification HV cable</b></p> <p><b>(iii) Where does the issue arise? (ie is the issue more frequent in certain areas or for certain types of work?)</b></p> <p><b>UKPN only</b></p>
<b>B) Impact</b>	<p><b>(i) Has this affected your ability to win work?</b></p> <p><b>Not immediately, but undermines our reputation due to the delays incurred – will therefore affect client</b></p>



**perception of us in future**

**(ii) Have certain DNOs done more than others to deal with these issues? What do you consider to be current best practice?**

**No other DNO uses the poorer specification cable nor do they insist on an arduous test that they don't undertake themselves**

**(iii) What more could be done to deal with the issue?**

**Mandate that testing imposed on ICPs must be undertaken by the DNO on its works or get UKPN to relax testing regime which is not appropriate for their HV cable specification**

**(iv) What are the mitigating arguments? ie why can't the issue be dealt with or what barriers are there to implementing change?**

**The specification of cable and testing regime lies with the DNO**

## Part 6 - About other markets

Question	Your response
How does your experience of this market compare to comparable markets that you operate in, or are aware of?	<b>Less open than Gas connections market, more open than Water connections market</b>
Are there any aspects of those markets which you think would deal with the issues you have identified in this questionnaire?	

## Part 7 - Other comments

The questions we've asked have been designed for you to give us important information for our review. But you also have the opportunity to comment here on any other aspect of the market for new electricity connections and our review process.

**Whilst highlighting some issues, TriConnex note that we have not experienced major barriers to competition and in fact (aside from the sub-40 unit market) we are more focussed on winning work from other Independents rather than the DNOs.**

