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James Veaney  
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Dear James,

**Competition in connections call for evidence**

Scottish and Southern Energy Power Distribution welcomes the opportunity to respond to Ofgem's recent letter setting out its next steps on competition in connections and requests evidence from market participants to understand further why competition has not yet fully developed.

We are fully committed to facilitating the development of competition in connections and were pleased to see the number of positive responses to our final competition notice submission, highlighting the significant improvements we have made in this area over the last few years. Notwithstanding this, we recognise that the outcome of the competition notice process demonstrates that there is still a way to go to ensure a fully open and competitive market and we are actively seeking to make the changes that our stakeholders have told us may help with this.

We are introducing a number of improvements over the coming period directly as a result of issues that alternative providers have raised. Examples of these improvements are:

- Funding link boxes where we consider these to be required;
- extending our quote with choice to LV connections and improve our cost breakdown;
- hosting a register of ICPs contact details on our website and helping customers to use;
- providing ICPs with the facility to track their project through quote, design and delivery on our website; and
- committing to a 'never more than one design rejection' promise.

We will be continuing to meet with stakeholders over the coming weeks and months to understand any further improvements that could be made and to ensure that we are providing the best service that we can to them.

We do consider that these changes will assist the further development of competition in connections. However, as a DNO that also operates outside of our licensed area, we are in a unique position to understand the market and the reasons for projects in certain market segments perhaps being more attractive than others. Whilst there are a number of steps that we as a DNO can still take to further facilitate the development of competition, our experience out of area suggests there are two key factors that are essentially outside of the DNOs' control that are likely to continue to hinder the development of competition: customer behaviour and the current industry charging and regulatory arrangements. Further explanation of these factors is provided below and in Appendix I, which sets out our response to the questionnaire on behalf of our out of area network business.

#### Customer behaviour

We have made a number of significant improvements in this area, in particular our quotation with choice as standard together with our 'You have a choice' leaflet, a copy of which is included with all of our application forms and then again with our quotations. Nevertheless there are likely to continue be groups of customers that are not aware of or do not wish to consider utilising competitive alternatives when seeking a connection. An exploration of the behaviours, perceptions and attitudes driving customers could be useful in understanding the development on competition.

#### Industry regulatory arrangements

The current industry arrangements present a number of issues that could prevent IDNOs from competing for certain jobs. For example, the inability for IDNOs to receive wider funding for HV and EHV infrastructure may discourage involvement in these higher voltage jobs due to the risk of developing stranded assets. Our trial for part-funded connections seeks to alleviate this issue, but this wider industry change is needed if this is to be successful in the longer term.

We will be interested to review the responses to the call for evidence and would be keen to understand and discuss at an early stage, Ofgem's proposed next steps in this area.

If you have any questions on the information we have provided, or would like to discuss this further then please do not hesitate to contact me.

Yours sincerely,

Gwen MacIntyre  
**Regulation, Networks**