

OFGEM Consultation on a Code of Practice for DNO's

Introduction

The HBF welcomes the opportunity to comment on the above consultation with the proposals contained therein having emanated from the OFGEM Document “The Findings of our Review of the Electricity Connections Market”.

It has long been a concern of the HBF and its members that to substantially increase the volume of new homes that are required to be built in the UK, many issues in the Utility Sector are in need of fixing. These issues span several areas of each Utility Sector and it is interesting to note that the OFGEM Document (stated above) and its conclusions are not solely applicable to the Electricity Sector. We do however commend OFGEM in the way they are striving to address issues in the new connections market in prompting competition.

The need for new homes beyond May 2015 seems to be one of the few issues that unite every major Political Party. The Government document published last year “Better Connected” aims to address a number of issues in terms of what can and cannot be expected from respective Utility Sectors. The details of how this will be achieved will predominantly have to be led by the respective Industry Regulator for the Electricity/Energy, Water and Sewerage Sectors. But the overriding aspect of this is to be able to strive for more competition and make the incumbent utility companies more accountable, whilst increasing both output and performance to meet the UK's housing requirements.

We would conclude the Introduction to our response by saying that in relation to the Electricity Sector, we would like to thank OFGEM in the way they are endeavouring to take matters forward. Firstly, with the work you have done with Stakeholders on the Guaranteed Standards of Performance (GSOP) and now with the next initiative in this Code of Practice. It is interesting to note that since GSOP was introduced it is noticeable that there has been a change in the behaviour of DNO's, although some still have some distance to make up to meet the standards of other DNO's. Hopefully with the introduction of the Code of Practice this will be the last piece of the jigsaw that results in a consistent, fair and equitable approach being adopted by all DNO's when it comes to new connections.

Question 1 – Please provide your comments on the proposed structure and content of the CoP Licence Condition.

Question 2 – Please provide your comments on the minimum requirements we have proposed for inclusion in the CoP.

We have consolidated our comments on these two question for the reasons explained below.

In relation to what is within the Consultation Document, we have no real problem with what is being proposed. However, we do see some value in first looking at the detail and then seek to produce a Licence Condition around what could be seen as the main issues. This would make for smarter more responsive processes and procedures.

To try to produce a Licence Condition now seems somewhat premature and could be difficult to word correctly until the detail has been agreed by all Stakeholders. We say this as there may be specific processes or procedures which are of sufficient importance to warrant inclusion as part of a Licence Condition.

Question 3 – In addition to the minimum requirements, what else should be included in the CoP?

The HBF's opinion of the CoP is that it amalgamates and crystallises good practice in the processes that exists at present - much of which we would suggest has already instigated by some DNO's. It will also need to look at the issue of costs as well as areas of accreditation and customer engagement.

In relation to process, costs and customer engagement we would suggest this is expanded under a number of key headings - see below:-

1. Introduction and Customer Engagement
2. Pre-development Land Enquiries – this is a crucial area given the need to have in place reasonably accurate costs, together with infrastructure delivery timetables that provide confidence in the investment decisions made by developers when considering new land and development opportunities.
3. Section 16 Applications and Agreements.
4. Construction of Networks – see 2 above.
5. Maintenance and Adoption of Networks.

All of these headings constitute a “tried and tested” approach in other areas of developer's interaction with various organisations. It also has the added benefit of

encapsulating the many issues identified in the OFGEM findings on the new connections market and the Big Sofa Report. For every issue identified it will be possible to dovetail these into one or other of the five headings and thereafter, provide a more detailed explanation within the CoP.

The HBF are committed to working with OFGEM on this issue. However, we would express an element of concern in that it must be clear who the CoP is being produced for. We say this as DNO's, IDNO's and to a certain extent, ICP's can be inclined to not fully understand the vagaries of new development. To focus the CoP solely on those Stakeholders may not deliver what is required. In the HBF's opinion what is required is the application of the concept of working from the whole to the part and to fully embrace the process from first enquiry to the eventual handover of a new home/building.

On the issue of 'Pre-development Land Enquiries' and 'Section 16 Applications and Agreements' these will predominantly be undertaken by developers and nominated consultants. However the ICP's do have a major role to play in the last two headers.

Finally, the CoP must surely be driven on the basis on what the customer requires and how ICP's have barriers removed to compete on a level playing field in the new connections market. The introduction of GSOP in November 2010 was a major start to addressing the appalling levels of service our Members were experiencing from DNO's. Hopefully the CoP will be the last piece in the jigsaw that results in a truly fair and competitive new electricity connections market.

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