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Dear Sam,

Review of the electricity connections market – consultation on proposed remedies

Thank you for the opportunity to respond to the above consultation. E.ON believes that it is important that electricity connections are opened up as much as possible to the competitive process and supports the work that Ofgem is doing in this area. This will allow competition to drive innovative solutions to providing new connections for customers, which should improve service standards and reduce costs.

We agree with the conclusions in the consultation that more can be done to improve competition. Therefore, the introduction of the new licence condition and Code of Practice (CoP) is a welcome step.

Our perspective is that gas is easier to operate in as more of the connection is open to competition. We believe that if electricity arrangements were to become more like those for gas in this respect, that considerable benefits could be achieved for customers. Therefore we believe that an important aim of the work going forward is to minimise the extent of work which is non contestable. This should be a consistent definition which is applied across all DNOs, so it should either be contained in the licence or within the CoP.

We also agree that customers need to be made better aware of their choices for competitive connections. Although competitors have a responsibility to make customers aware of the services they provide, we expect that a lot of customers would automatically contact the DNO in the first instance, perhaps without knowing that a competitive connection was possible.

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Although the consultation points out that some DNOs have worked to let customers know what their options are, we believe that confidence in the market would be improved by an obligation on DNOs to do this as a matter of course. Customers should be provided with a minimum standard of information in this respect and we therefore support the proposal to include this in the CoP. This information could also point customers in the direction of a list of approved or accredited suppliers, perhaps on Ofgem's website.

We agree with the proposal for a central accreditation for competitors operating on the networks. When DNOs do not recognise previous accreditation and authorisation achieved with other DNOs this creates a barrier to entry to competitive providers. Additionally, some DNOs are not allowing staff from competitors to work on their system under personal supervision, which prevents them from developing their staff by through supervised practice on the network. DNOs must allow for a common and/or fully transferable accreditation and authorisation for work on their networks, including for supervised training. Not only would that provide a standard process so that, once accreditation is achieved, the party can operate nationally, but it would ensure that safety standards and quality of work are maintained.

We also believe that quotes should be clearer for customers to ensure that they are aware of which costs relate to competitive works and which do not. We agree with the proposals which require DNO quotes to be fully convertible, so that the contestable elements cannot be re-quoted by the DNO should a customer opt to go with a competitive provider.

We would also like to see a provision which allows a competitive service provider to be able to manage the whole connection process, including the non-contestable element. Although the non-contestable work cannot be carried out by the competitive provider, the service to the customer would be improved if the whole process is managed by one party. Therefore, the CoP should make provision for this and include requirements for DNOs to engage positively in this process.

Other elements in the proposal such as having a common regime which allows competitors to identify their preferred point of connection and for staff of competitors to become approved designers seem sensible. Additionally, the proposals and timescales for putting the licence condition and CoP into place appear appropriate. We also agree that going forward all interested parties should be able to raise a change proposal to the code for consideration. We would suggest that this is subject to open governance which ensures that all valid change proposals are assessed and not subject to the network operators' discretion.

I hope the above comments prove helpful. Please contact me in the first instance should you have any questions.

Yours sincerely

Paul Jones
Head of Market Development