

Connections Policy
Ofgem
9 Millbank
London
SW1P 3GE

Dear Sirs,

Response to “Review of Competition in Gas and Electricity Connections Proposals Document”

This letter forms the response of Nottinghamshire County Council (NCC) to the review document issued by OFGEM on 16th February 2007. The response relates to unmetered electricity connections and fault repairs on street lighting and other unmetered highway electrical supplies only.

Over 90% of Nottinghamshire County Council’s area falls wholly within the Central Networks East DNO area and any comments made in this letter regarding DNO performance relate to Central Networks East area only.

Our comments are similar to those of Leicestershire County Council, as we have a close working relationship with Leicestershire through the 3 County Alliance.

The consultation document asked 2 specific questions in relation to the unmetered supplies business – one in relation to the Draft Service Level Agreement (SLA) and one in relation to competition in connections. Whilst the questions could be answered very simply I feel that further information is required to allow OFGEM to properly understand the issues involved.

We are very frustrated that OFGEM feel the need to continue with the Draft SLA for yet another year. One year’s data has already been analysed and the second full year’s data will be available soon. Poor performance has already been identified, particularly in the Central Networks East area, and the need for a third year’s data from a trial is not clear. Performance of Central Networks in relation to

Street Lighting Faults leads to poor lighting performance in a number of areas and very frustrated customers who are left without essential lighting for prolonged periods.

Question 1 – Do you agree with the proposed key performance indicators for the SLA?

Answer – Yes and No.

LCC's response to the consultation document issued last August stated that the SLA should have targets for each work category that reflect the current industry average. Nottinghamshire subscribe to the same view and would clearly be one of the winners if this approach is taken due to the current poor performance of Central Networks East and we are pleased that OFGEM has proposed implementing this as a minimum standard. However, we also need a mechanism in place to ensure that there is "continuous improvement" in DNO performance to ensure that the industry average is constantly improving. Other DNO's have already shown that performance in excess of the stated figure is achievable and the long term aim should be to strive for this better level of performance across the whole industry.

In addition to the stated performance within each work category it is imperative that a 100% achievement figure exists. The public, LA officers and elected members are continually frustrated by the inability of the DNO to fully complete jobs. This 100% achievement figure is imperative to improving overall performance and will give Central Networks East a challenge. The current % of jobs within the industry average timescale will not have the desired effect of improving performance to our satisfaction.

In the consultation document it is stated that OFGEM "expect all DNO's to exceed these benchmark levels in 2007/8". This statement appears to be meaningless unless the SLA includes penalties for non-performance. Nottinghamshire County Council recognise that penalties need to be two-way and that DNO's should be compensated if the site is not ready when the DNO attend or if poor quality information has been sent to the DNO.

LA's, and their unmetered supplies requirements, need to be treated as "customers" of the DNO in the same way as metered supply customers are treated. In line with the proposals for metered supplies, unmetered supplies also need to have clearly defined reporting procedures between the DNO and LA's, as well as

clear dispute resolution channels. These clearly defined channels will enable proper dialogue to take place. Works which cannot be completed by the DNO can be communicated to the LA and likewise the LA can comment upon proposed work programmes. This may well result in agreed “stop the clock” situations where the LA informs the DNO that it cannot undertake works – for example on a traffic sensitive street.

NCC recognise that OFGEM are not responsible for developing the Best Value Performance indicator BV215b – whereby LA’s have to report DNO performance. However the existing difference in calculation methods for the DNO return to OFGEM and the LA return for BV215b is a problem as multiple systems need to be kept up to date by LA’s. DNO’s are also using this variance as a reason not to develop business systems. We urge OFGEM and the Audit Commission to resolve these differences for the benefit of the whole industry.

NCC believe that a change in the licence condition along the lines detailed above would result in a strong SLA with penalties that would be an overall benefit to our customers – the public. There is strong community concern over specific instances of poor performance of Central Networks East.

Question 2 – Do you agree that the scope of contestability should be based on contractor accreditation rather than the one metre rule?

Answer – Yes, together with other measures to encourage competition.

The one metre rule has been perceived by contractors as a major obstacle to entering the “competition in connections” arena as the volume of works were likely to be severely restricted. Registration and Accreditation are long winded and expensive and it is essential that registration on the Lloyds register is accepted by OFGEM and all DNO’s as competence – even though NCC accept that registration in one DNO area will still need operatives to become familiar with systems in another DNO area – but not total training. Removing the 1m rule to allow contractor to work on the whole service cable and ensuring registration is nationally recognised will also encourage more contractors to enter the competition in connections market place.

NCC is pleased to note that a list of all approved contractors should be available on the DNO website to enable LA’s to work with contractors to enter triangular agreements with the DNO. Anecdotally approved contractors have previously been

reluctant to become involved in competition in connections due to concern that they may be discriminated against by the DNO for future DNO contracts. NCC trust that OFGEM will put monitoring systems in place to ensure that this does not occur.

Thank you for allowing us the opportunity to comment on your proposals. We await with interest the outcome of this review and hope that improved service to the public – our customers – will be the outcome.

Yours faithfully,

Gary Wood
Team Manager (Traffic Services)