

Each of the questions asked by this consultation is set out in the template below. **Note that an editable version of this response template is available on our website as an associated document to this consultation.** If you do not wish to use our response template, please ensure that you indicate the RMS and DSA to which your experiences relate.

When considering your responses to these questions, please consider your experiences, the actions that SPEN has undertaken and the actions that you consider it could reasonably undertake.

Please check the RMS and DSAs that are relevant to you in the table below.

RMS	SP Distribution Ltd (SPD)	SP Manweb plc (SPM)
1. Metered low voltage work (LV)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Metered high voltage work (HV)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3. Metered HV and Extra High Voltage (EHV) work	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4. Metered EHV and above work	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5 Distributed Generation (DG) Low Voltage (LV) work	<input type="checkbox"/>	<input type="checkbox"/>
6 Distributed Generation (DG) HV and EHV voltage work	<input type="checkbox"/>	<input type="checkbox"/>
7. Unmetered local authority (LA) work	<input type="checkbox"/>	<input type="checkbox"/>
8. Unmetered PFI work	<input type="checkbox"/>	<input type="checkbox"/>
9. Unmetered Other	<input type="checkbox"/>	<input type="checkbox"/>

When answering the questions below, please check the RMS(s) and DSA(s) that are relevant to your response.

Chapter Two

Question	RMS(s)	DSA(s)	Response
One: Are customers aware that competitive alternatives exist?	Metered LV <input type="checkbox"/>	SPD <input type="checkbox"/>	
	Metered HV <input type="checkbox"/>	SPM <input type="checkbox"/>	
	Metered HV/EHV <input type="checkbox"/>		

Question	RMS(s)	DSA(s)	Response
	Metered EHV & above <input type="checkbox"/> DG LV <input type="checkbox"/> DG HV/EHV <input type="checkbox"/> Unmetered (LA) <input type="checkbox"/> Unmetered PFI <input type="checkbox"/> Unmetered (Other) <input type="checkbox"/>		
Two: Do customers have effective choice (ie are customers easily able to seek alternative quotations)?	Metered LV <input type="checkbox"/> Metered HV <input type="checkbox"/> Metered HV/EHV <input type="checkbox"/> Metered EHV & above <input type="checkbox"/> DG LV <input type="checkbox"/> DG HV/EHV <input type="checkbox"/> Unmetered (LA) <input type="checkbox"/> Unmetered PFI <input type="checkbox"/> Unmetered (Other) <input type="checkbox"/>	SPD <input type="checkbox"/> SPM <input type="checkbox"/>	
Three: Does SPEN take appropriate measures to ensure that customers are aware of the competitive alternatives available to them?	Metered LV <input type="checkbox"/> Metered HV <input type="checkbox"/> Metered HV/EHV <input type="checkbox"/>	SPD <input type="checkbox"/> SPM <input type="checkbox"/>	

Question	RMS(s)	DSA(s)	Response
	Metered EHV & above <input type="checkbox"/> DG LV <input type="checkbox"/> DG HV/EHV <input type="checkbox"/> Unmetered (LA) <input type="checkbox"/> Unmetered PFI <input type="checkbox"/> Unmetered (Other) <input type="checkbox"/>		
Four: Are quotations provided by SPEN clear and transparent? Do they enable customers to make informed decisions whether to accept or reject a quote?	Metered LV <input type="checkbox"/> Metered HV <input type="checkbox"/> Metered HV/EHV <input type="checkbox"/> Metered EHV & above <input type="checkbox"/> DG LV <input type="checkbox"/> DG HV/EHV <input type="checkbox"/> Unmetered (LA) <input type="checkbox"/> Unmetered PFI <input type="checkbox"/>	SPD <input type="checkbox"/> SPM <input type="checkbox"/>	

Question	RMS(s)	DSA(s)	Response
	Unmetered (Other) <input type="checkbox"/>		
<p>Five: Have customers benefitted from competition? Have they seen improvements in SPEN's price or service quality or have they been able to source a superior service or better price from SPEN's competitors?</p>	Metered LV <input type="checkbox"/>	SPD <input type="checkbox"/>	
	Metered HV <input type="checkbox"/>	SPM <input type="checkbox"/>	
	Metered HV/EHV <input type="checkbox"/>		
	Metered EHV & above <input type="checkbox"/>		
	DG LV <input type="checkbox"/>		
	DG HV/EHV <input type="checkbox"/>		
	Unmetered (LA) <input type="checkbox"/>		
	Unmetered PFI <input type="checkbox"/>		
Unmetered (Other) <input type="checkbox"/>			

Chapter Three

Question	RMS(S)	DSA(S)	Response
<p>One: Does the level of competitive activity in the RMSs show that there is the potential for further competition to develop?</p>	<p>Metered LV <input checked="" type="checkbox"/></p> <p>Metered HV <input checked="" type="checkbox"/></p> <p>Metered HV/EHV <input checked="" type="checkbox"/></p> <p>Metered EHV & above <input checked="" type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input checked="" type="checkbox"/></p> <p>SPM <input checked="" type="checkbox"/></p>	<p>(A) The retained market share in all RMS and in particular within the SPM area shows considerable scope for improvement in competition. Although anecdotal, the market does not perceive SP to be either innovative or a good service provider. We believe their over dominant market share is down to</p> <ul style="list-style-type: none"> • market momentum which they have failed to address properly since the introduction CiC • perceived difficulties in seeking an alternative • return to SP of customers who have experienced difficulty in the past with alternative providers, in particular delays in design approval, granting of legal consents (see below) and connection dates.

Question	RMS(S)	DSA(S)	Response
<p>Two: Consider the organisational structure of SPEN's business and its procedures and processes –</p> <p>(a) how do they compare to those you encounter elsewhere in the gas and electricity markets or other industries? Do they reflect best practice?</p> <p>(b) do they enable competitors to compete with the timescales for connection (from quote to energisation) offered by SPEN? Or do they offer SPEN any inherent advantage over its competitors or prevent existing competitors from competing with them effectively?</p> <p>(c) do they assist, obstruct or delay connections providers entering the RMSs?</p>	<p>Metered LV <input checked="" type="checkbox"/></p> <p>Metered HV <input checked="" type="checkbox"/></p> <p>Metered HV/EHV <input checked="" type="checkbox"/></p> <p>Metered EHV & above <input checked="" type="checkbox"/></p> <p>DG LV <input checked="" type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input checked="" type="checkbox"/></p> <p>SPM <input checked="" type="checkbox"/></p>	<p>(B). SP utilise CRAM to manage their applications within CiC for all RMS(s). This system also produces the statistics for regulatory compliance. This has a number of downfalls</p> <ul style="list-style-type: none"> • The need to meet the targets measured can cause the SP designers to periodically produce incomplete designs in order to achieve the required output date. • Once issued even quotes which are not acceptable even due to SP's failures require to be reapplied for. <p>(C) In the RMS DG LV SP's process for notification to them of a connection is still unclear. When a client makes application to an IDNO for a DG connection >G83-1, a network study is carried out by the IDNO to determine the effect on the network with a charge by the IDNO of £250. When the IDNO then advises SP of this connection a further £350 is charged. We are disputing the validity of this but to date to no avail.</p> <p>(D) The process and procedures for obtaining legal consents continues to introduce considerable delay and excessive cost across all RMS. In their submission SP describe at length and in detail a process to 'streamline' legal consents for substations etc. The agreeing of this process, which still has some way to go, has been a hard fought battle through the CNA, despite most other DNO's embracing it at its earliest stages. SP's stance when faced with this was that unlike the others DNO's it was taking a 'zero risk' approach. We believe that</p>

Question	RMS(S)	DSA(S)	Response
			<p>only those who perceive themselves in a monopoly can afford to adopt a zero risk approach. To date this process has yet to be implemented and with some unrealistic demands from SP still to be resolved and heel dragging very much in play, mid 2014 is not too pessimistic.</p> <p>(E) The requirement on most occasions to have to pay all monies upfront is an additional barrier to competition. Cash flow is critical in the construction industry particularly in recent years and the DNOs, SP included, have failed to acknowledge this by relaxing the payments terms available. Only those who perceive themselves in a monopoly can afford to impose such stringent terms.</p> <p>(F) DNO's have made a great play on the introduction of self connect as an example of expansion of CiC. Ofgem would be advised to monitor by some means the impact that the requirements placed by the DNO's, SP included, on those wishing to self connect, will have. Training, authorisation, trade tests, confirmation of correct circuit etc are all 'services' which the DNO will need to provide to the competition before they are allowed to self connect. As such then the provision or not of these services will become second tier barriers to competition. The highly visible first tier barrier of the DNO failing to provide a timeous connection date has been removed and replaced by numerous less visible second tier barriers required by the ICP to self connect.</p>

Question	RMS(S)	DSA(S)	Response																						
			<p>(G) In its submission SP mention running three workshops to ostensibly seek the views of the competitive community on the way forward for competition. Unlike other DNO's who had very senior individuals present and taking an active part in proceedings these were fronted by the managers who ran the CiC department. Our own main concerns raised at the meetings of Legal Consents and Upfront Payments have yet to be resolved.</p>																						
<p>Three: Are the non-contestable charges levied by SPEN for statutory connections in the RMSs consistent with those levied for competitive quotations? Are they easily comparable with competitive quotations?</p>	<table border="0"> <tr> <td>Metered LV</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Metered HV</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Metered HV/EHV</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>Metered EHV & above</td> <td><input type="checkbox"/></td> </tr> <tr> <td>DG LV</td> <td><input type="checkbox"/></td> </tr> <tr> <td>DG HV/EHV</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Unmetered (LA)</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Unmetered PFI</td> <td><input type="checkbox"/></td> </tr> <tr> <td>Unmetered (Other)</td> <td><input type="checkbox"/></td> </tr> </table>	Metered LV	<input checked="" type="checkbox"/>	Metered HV	<input checked="" type="checkbox"/>	Metered HV/EHV	<input checked="" type="checkbox"/>	Metered EHV & above	<input type="checkbox"/>	DG LV	<input type="checkbox"/>	DG HV/EHV	<input type="checkbox"/>	Unmetered (LA)	<input type="checkbox"/>	Unmetered PFI	<input type="checkbox"/>	Unmetered (Other)	<input type="checkbox"/>	<table border="0"> <tr> <td>SPD</td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>SPM</td> <td><input checked="" type="checkbox"/></td> </tr> </table>	SPD	<input checked="" type="checkbox"/>	SPM	<input checked="" type="checkbox"/>	<p>(H) SP offer a 'doorstep' quotation for one off/small developments. The individuals used to provide this service are less skilled do not go through the rigour of network analysis undertaken by those providing full POC quotations. This has lead on a number of occasions to significantly lower 'doorstep' quotes being offered to clients from immediately adjacent points of connection, which have been disregarded as in adequate by the full POC designer. A number of jobs have been lost by ICP/IDNOs to this circumstance in the Metered LV RMS</p> <p>(I) Within the Metered HV RMS, on a number of occasions, differing POCs have been determined by SP's statutory connections department from their CiC department. This comes to light when the client questions the differences in cost and cable route between the statutory and competitive quotes he has requested from SP and the IDNO respectively. We suspect that this happens more often than we are aware of since the client may not always be forthcoming as to the reasons why we have lost the work.</p>
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Question	RMS(S)	DSA(S)	Response
			<p>(J) In the HV & EHV RMS in SPD one job featured where SP were able to reduce their quote to the client by a considerable sum following An IDNO application for a POC. In addition the Inspection and Monitoring costs levied were prohibitive. For inspection of a project with a 4 month construction period they proposed charging £55,000. With one individual to inspect the works this means they pay their inspectors £165,000 per annum. Likewise for 15 weeks of witness testing carried out by one engineer they were charging £66,000 equivalent to £346,000 per annum.!! This project has not been accepted by the client and is currently subject to re-quote by both parties.</p> <p>(K) In the HV EHV RMS in SPM one project featured where due to a lack of specification for a Primary S/S the design approval process was unclear and considerable rework was required as design requirements were changed during construction.</p> <p>In another project, which electrically should have been HV RMS only, the specification imposed by SP for the civil works required the client to construct all that was required for a primary S/S in order to cater for future requirements. This is the subject of a formal complaint to SP.</p>

Question	RMS(S)	DSA(S)	Response
<p>Four: What factors are key influences on development of competition in the RMSs? In particular, if you are an existing/potential competitor</p> <p>(a) what is the potential for you to enter new RMSs, or grow your share of an RMS you already operate in?</p> <p>(b) are there are any types of connection in any of the RMSs, or geographic locations in SPEN's DSAs, that by their nature, are not attractive to competition? Please explain your response.</p>	<p>Metered LV <input checked="" type="checkbox"/></p> <p>Metered HV <input checked="" type="checkbox"/></p> <p>Metered HV/EHV <input checked="" type="checkbox"/></p> <p>Metered EHV & above <input checked="" type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input checked="" type="checkbox"/></p> <p>SPM <input checked="" type="checkbox"/></p>	<p>(L) We have the appetite and capability to grow market share in our current RMS within SPD and SPM and believe there is scope for further substantial growth in these areas.</p> <p>Besides the obvious attractions of lower cost, sharper delivery and innovative solutions offered by the ICP/IDNO's, the clients require to sense an atmosphere of co-operation from the incumbent DNO in the completion of their project instead of a fear that the DNO will make it difficult for the ICP/IDNO to complete on time and to budget in order to deter future competitive activity.</p> <p>Few if any of the DNO's embrace the view that IDNO/ICP competition provides them with an alternative to the adoption of assets which is almost risk free in commercial and construction terms and still provides acceptable returns. This attitude needs to be addressed.</p> <p>(M) As an IDNO wishing to adopt assets, the 5 RMS not indicated in this return are not attractive to us as a design and build only option.</p>

Chapter Four

Question	RMS(S)	DSA(S)	Response
<p>One: Do you agree with the methods used by SPEN to analyse the level of competition in each of the RMSs covered by its application? In particular, do you consider that SPEN gives a clear indication of the current level of competitive activity?</p>	<p>Metered LV <input checked="" type="checkbox"/></p> <p>Metered HV <input checked="" type="checkbox"/></p> <p>Metered HV/EHV <input checked="" type="checkbox"/></p> <p>Metered EHV & above <input checked="" type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input checked="" type="checkbox"/></p> <p>SPM <input checked="" type="checkbox"/></p>	<p>(N) It is assumed that the numbers produced by SPEN are accurate and that Ofgem has the ability to check their accuracy, so we have no cause to disagree with the actual numbers. SPEN is claiming however that it is down to its actions and encouragement that competition is healthy in its areas; we feel that consideration should be given to some other factors.</p> <ul style="list-style-type: none"> • Retained market share is still too high (66%MDLV in SPD and 88%MDLV in SPM) • SPEN are only the best of a bad bunch reinforcing OFGEMS disappointment in the development of competition across the board. • The figures reflect the tenacity of the competitors not the nurturing of competition. • SPENs two DSAs were the launching grounds of its own ICP business CORE • Many of the ICP's are staffed by ex SPEN staff who know the business from the DNO side. <p>The figures shown in tables 4-12 of SPENs return indicate that effective competition does not yet exist in these areas across these RMS. If these figures are compared to gas market they will be seen for what they are.</p>

<p>Two: Do you consider that competitive activity is at a level that in itself indicates that effective competition exists?</p>	<p>Metered LV <input checked="" type="checkbox"/></p> <p>Metered HV <input checked="" type="checkbox"/></p> <p>Metered HV/EHV <input checked="" type="checkbox"/></p> <p>Metered EHV & above <input checked="" type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input checked="" type="checkbox"/></p> <p>SPM <input checked="" type="checkbox"/></p>	<p>(O) Notwithstanding the view above, even if the figures were comparable with the gas market we believe that an anti competitive culture exists within SPEN from top to bottom of the organisation.</p>
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Chapter Six

Question	RMS(S)	DSA(S)	Response
<p>One: Do you consider customers have an effective choice of connections provider? In particular, do you feel that levels of choice, value and service will be protected and will improve if the restriction on SPEN's ability to earn a margin is removed?</p>	<p>Metered LV <input type="checkbox"/></p> <p>Metered HV <input type="checkbox"/></p> <p>Metered HV/EHV <input type="checkbox"/></p> <p>Metered EHV & above <input type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input type="checkbox"/></p> <p>SPM <input type="checkbox"/></p>	

Question	RMS(S)	DSA(S)	Response
<p>Two: Do you consider that there is scope for competitors to grow their market share (for example, if SPEN put up its prices or if its quality dropped), or are there factors constraining this?</p>	<p>Metered LV <input type="checkbox"/></p> <p>Metered HV <input type="checkbox"/></p> <p>Metered HV/EHV <input type="checkbox"/></p> <p>Metered EHV & above <input type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input type="checkbox"/></p> <p>SPM <input type="checkbox"/></p>	<p>(P) We do not believe that the competitive market has saturated in the two SPEN areas and that scope exists for a considerable increase in competition before constrains such as margin squeeze or resource issues begin to impact.</p>

Question	RMS(S)	DSA(S)	Response
<p>Three: Do you consider that there is scope/appetite for new participants to enter the market? Do you consider that new entrants would be able to provide similar or better services than existing participants or are there factors constraining this?</p>	<p>Metered LV <input type="checkbox"/></p> <p>Metered HV <input type="checkbox"/></p> <p>Metered HV/EHV <input type="checkbox"/></p> <p>Metered EHV & above <input type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input type="checkbox"/></p> <p>SPM <input type="checkbox"/></p>	

Question	RMS(S)	DSA(S)	Response
<p>Four: Given your overall view of SPEN, do you consider that we can have confidence in them to operate appropriately in the event that price regulation is lifted?</p>	<p>Metered LV <input type="checkbox"/></p> <p>Metered HV <input type="checkbox"/></p> <p>Metered HV/EHV <input type="checkbox"/></p> <p>Metered EHV & above <input type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input type="checkbox"/></p> <p>SPM <input type="checkbox"/></p>	<p>(Q) No, a fundamental change in attitude is required within the SPEN organisation before OFGEM could be confident that price regulation could be lifted.</p>
<p>Five: Do you consider that there are factors not addressed in this consultation that should be taken into consideration in determining whether price regulation should be lifted?</p>	<p>Metered LV <input type="checkbox"/></p> <p>Metered HV <input type="checkbox"/></p> <p>Metered HV/EHV <input type="checkbox"/></p> <p>Metered EHV & above <input type="checkbox"/></p> <p>DG LV <input type="checkbox"/></p> <p>DG HV/EHV <input type="checkbox"/></p> <p>Unmetered (LA) <input type="checkbox"/></p> <p>Unmetered PFI <input type="checkbox"/></p> <p>Unmetered (Other) <input type="checkbox"/></p>	<p>SPD <input type="checkbox"/></p> <p>SPM <input type="checkbox"/></p>	<p>(R) Ofgem should consider the number of complaints and determinations which are raised against DNOs by ICPs and IDNOs. Not only those complaints which reach determination, but those lodged within the DNOs formal complaints process. SPEN make comment within their return that they have a Disputes Resolution process; they make no mention of how many disputes they have processed to acceptable conclusion. Vision of the issues raised would provide OFGEM with a more granular view of the prevalent anti- competitive behaviour which is not reflected in the polished statistics returned.</p>

