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18th March 2014

Dear James

Ofgem Competition Notice Consultation Response – Northern Power Grid

Linbrooke Services Ltd are an electrical contractor specialising in private network power and telecoms infrastructure, ICP connections and providing skilled jointing resource to DNO’s and IDNO’s. We are actively engaged in providing LV metered and unmetered ICP connections for a variety of clients covering rail, street lighting new business and new housing developments in NPG and across the UK.

Our response focusses on the LV Metered Demand RMS and the three Unmetered RMS as these are the only RMS we have had experience of working on within NPG. We are happy for our response to be made public.

Where possible we have answered the specific questions in Ofgems consultation document.

Section 2 – Alternative Market Segments

LV Demand – we don’t believe NPG’s alternative proposal for further segmentation based on 20 connections adds value or brings benefit to customers or ICP’s, particularly if regulation was lifted on schemes with more than 20 connections alone. We are competing as an ICP in this RMS providing single and 3 phase LV commercial/industrial connections and we see no reason why NPG wish to treat schemes with only a few connections as being less open to competition as those with more than 20 connections.

Unmetered “Other” – likewise we don’t see the value or benefit to customers and ICP’s for segmenting this RMS by 5 or more connections however it does not appear to affect us as an ICP. It is not clear which type of unmetered connections and customers NPG are counting in this RMS (as is

the case with some other DNO's submissions) but even so we see no reason why NPG wish to treat these differently to LA schemes of similar size.

In both of the above cases this alternative RMS segmentation may create unnecessary complications for customers and NPG when seeking to apply margin with transparency and consistency and also when it comes to reporting and comparing market activity and trends. However we believe this will not affect us in competing in this market as an ICP.

Section 3 - Customers' awareness of and ability to choose competitive alternatives

LV Demand – We have had a mixed response from those end user customers we have engaged with in NPG. We believe NPG's website provides enough information on alternative connection providers to inform those customers who choose to search for it. We understand previous customers of NPG will also have been invited to NPG's regular customer workshops but we have seen many don't appear to attend by choice.

NPG's Section 16 quotations do provide some explanation of the ICP alternative and offer some form of breakdown between contestable and non-contestable charges. The clarity and detail however varies between designers and design teams with the smaller LV connections schemes having least amount of detail. It would help if NPG allowed customers to accept the non-contestable portion of a Section 16 quotation to be accepted so that an ICP can be engaged easily for the contestable works.

Unmetered (all) – We believe most regular NPG customers in this RMS are aware but some are still reluctant to explore the ICP alternative, but we are experiencing increased interest and work orders. NPG do engage with LA and PFI customers on a regular basis, we are unable to comment on how well they engage with customers in the "other" RMS. As with other DNO's there is no transparency of contestable and non-contestable charges in NPG's quotations which are based on a schedule of rates.

In both of the above RMS, we believe those customers that have used our ICP connections service within both NPG licenced areas have benefitted from competition, but this remains a small proportion of the overall market opportunity. NPG's data does however show an increase in competition from other ICP's in unmetered RMS, this is against a backdrop of NPG's Section 16 scheduled rates being one of the lowest of all DNO's.

Section 4 - The potential for further competition

LV Demand – The low level of activity reported in NPG's submission does not show the true potential for growth in this RMS. Our own experience and contact with individual customers and their industry representatives, suggests there is significant untapped potential for competition and this will increase as the economy and house building industry starts to recover, this year.

In our view there is room for improvement with NPG's processes and ICP interface compared with other DNO's. They have been willing to engage with us on reviewing these and we are seeing some improvements. We have seen delays in the multiple advance payment stages, which in our view could be improved to reduce overall timescales. Overall timescales for an ICP PoC enquiry through to Design Approval and scheme release, felt longer than the equivalent section 16 quotation with occasional responses on the last day of a GSOP. In contrast some designs have been returned more promptly following our request, and we have not encountered any obstructive behaviour.

Unmetered (All) - The high level of retained market share in NPG's submission shows the untapped potential in this RMS. We believe NPG need to make changes to their unmetered ICP process to improve efficiency and reduce costs if greater ICP market penetration is to be allowed. Their Non Contestable charges for unmetered are exceptionally high compared with all other DNO's. This contrasts with their Section 16 charges which are among the lowest. This in-balance will continue to deter some ICP's and customers.

Their ICP process which includes a Design Approval stage, takes longer than their equivalent Section 16 online self-quoting and call off process for Local Authority connections work. This also allows for billing and payment, on completion of the works. A similar process and online interface for ICP's would be ideal and NPG have been willing to engage with us to review these unmetered ICP process and some improvements are already being seen.

Other Factors that influence the development competition in NPG

ICP Jointer authorisation has been a problem in NPG in the early stages just like most other DNO's. This has improved recently but still requires further discussion to compare with best practice among DNO's. We would like all DNO's to support and recognise a common authorisation systems which allows ICP jointers to work more easily across DNO boundaries.

NPG's YEDL GIS systems is long overdue an efficient ICP interface which compares with best performing DNO's online systems. The quality NEDL's records when printed also needs improving. NPG confirm they have a major investment planed for upgrading these systems.

Broadening the scope of NPG's current LV PoC self-determination trial to include LV loads greater than 60kVA and 30 plots (coupled with other process efficiency improvements), should help open up the LV metered demand RMS even further, by reducing ICP quotation timescales and non-contestable costs.

Section 5 Northern Powergrid's assessment of existing competitive activity

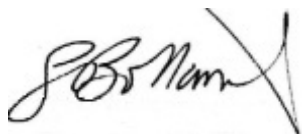
We question why NPG have not reported the level of ICP activity in the PFI segment in 2013/14. We can confirm from our involvement in delivering 1000 connections per month for another ICP on the Sheffield PFI that there is significant ICP activity in the RMS during that period.

We would have like to have seen NPG present all unmetered connection activity in the “other” RMS which we believe would show NPG’s total market share more clearly.

We would have like to have seen NPG present all connection activity in the LV Demand RMS which we believe would show NPG’s total market share more clearly.

Section 7 Summary

1. We believe customers in the LV Metered Demand RMS as originally defined by Ofgem do have choice and they would benefit from even greater choice, value and service if regulation were lifted. To support this we would encourage Ofgem to allow NPG to bring forward their ED1 ICE arrangements as we are sure this would help drive further improvements in NPG, this year.
2. We believe NPG’s current ICP arrangements and very competitive Section 16 pricing, make it difficult to compete and offer choice in all 3 Unmetered RMS. However, we believe lifting regulation on margin in all 3 Unmetered RMS as originally defined, would help NPG to create more headroom for ICP’s to compete. With the result that this would open up this market further delivering greater choice and service to all customers. To support this we would encourage Ofgem to allow NPG to bring forward their ED1 ICE arrangements as we are sure this would help drive further improvements in NPG, this year.
3. Yes. There is scope for competition to grow in both LV Demand RMS & all Unmetered RMS
4. Yes. There is appetite for competition to grow both LV Demand RMS & all Unmetered RMS
5. Yes. We have confidence that NPG would act appropriately if Regulation was lifted.
6. There are no other factors we would ask Ofgem to take into consideration.



Steve Bolland
Head of Metered Connections & ICP Policy
Linbrooke Services