



March 18th 2014

James Veaney
Head of Distribution Policy Ofgem,
9 Millbank,
London,
SW1P 3GE

By email

Dear James,

I am writing on behalf of the Metered Connection Customer Group (MCCG) to set out our group's approach to the Northern Power Grid (NPG) competition notice consultation published by Ofgem dated 4th February 2014.

MCCG has worked with Ofgem and the Distributors for some considerable time and represents the interest of customers and ICPs in developing Competition in Connections. We are not representative of any Company or individual and present a collective view.

Having considered the details of the NPG competition notice and your subsequent consultation we confirm that the MCCG is unwilling to support the lifting of price regulation in any of the NPG distribution service areas for any of the metered market segments proposed in the consultation. We have not offered a view on the other market segments as our members tend not to work in these market segments.

In summary, we recognise that there are large areas within the NPG distribution service areas where our opportunity to compete with NPG has improved. However improvements are required in the information technology systems and processes currently employed by NPG to support Competition in Connections. NPG's senior management have made a commitment to address these issues and we are hopeful that they will deliver on their promise. Until these solutions are implemented MCCG members cannot support NPG's ascertain that the connections metered demand and generation market segments in their distribution service areas are fully open to competitive connections. At present NPG's own in house connections business has a distinct advantage over any of its competitors.

In addition to the above, we are sorry to have to report that we have experienced numerous instances of the sort of anti-competitive behaviour by some of NPG's staff that we had hoped was a thing of the past. This is manifested in the approach taken by some NPG auditors towards ICP works in comparison to the section 16 works. This is particularly important when you consider that NPG cite the fact that they use the same

auditors to inspect both section 16 and ICP schemes. NPG state that this policy ensures that both parties are treated in the same way. It is apparent that this is not always the case. There are many examples of this, the most recent example being where one of our members was awarded a scheme by a customer who had not used as ICP for more than 3 years due to bad experience getting his connections energised when an ICP constructed the assets. The customer decided to give an ICP a try once again in the hope that the market had changed in the intervening period. On appointing the ICP, the customer's ground worker carried out the on-site excavation, in preparation for the cable installation by the ICP. The excavation was carried out in the same manner as the customer's ground workers had been doing for NPG to date. However in this case, three NPG auditors turned up on site to inspect the trench prior to the ICP being allowed to pull the cable into the trench. The auditors closely inspected the on-site excavation carried out by the customer's ground workers and condemned the trench, claiming it was 50mm too deep in some places and 50mm too shallow in others. The result of this inspection was that the cable installation had to be cancelled and rescheduled for another day due to the length of time taken to complete the inspection and the completion of the remedial works. The ICP customer stated that this was the reason he had not appointed an ICP in recent years as there appears to be one set of rules when NPG carry out the works and an entirely more onerous set of rules if an ICP is completing the works. The customer has since offered his commiserations to the ICP in question and confirmed that he will have no option but to offer all his future works in the region directly to NPG for construction.

It should be noted that this practice does not occur through NPG's area and NPG senior management are well aware of who the offenders are as numerous complaints have been made against these individuals however NPG have failed to take action. Many MCCG ICP members are now reluctant to make further complaints against these individuals as they have working relationships to maintain, however it is clear to all MCCG members that no DNO should be allowed recover unregulated margin when such anti-competitive behaviour is allowed to continue unpunished.

Taking this into consideration is MCCG members would have been far more likely to support their Competition test submission had NPG addressed these issues.

MCCG members are keen to assist NPG to bring about change and look forward to engaging with NPG as part of their ED1 incentive on customer engagement (ICE) however we note that this will not commence until 2015. With this in mind we would encourage Ofgem to put pressure on NPG to ensure these issues are resolved without further delay.

Finally, it is interesting to note that Ofgem to date has only given Scottish Power approval to apply unregulated margin in the low voltage metered connected market segment. Whilst this decision remains a surprise to many MCCG members, we do feel that there is sufficient market interest from ICP's and customers for all DNO's to have shown some progress. NPG's efforts to split this market segment however feels like an

attempt to shift the goal posts to hide a lack of progress during the price control period, and we don't agree that this is additional segmentation is necessary.

Rather than trying to split the market segment, we believe there are a number of potential barriers that could be removed to induce more competition in NPG.

- Remove the requirement for a DNO link box to be installed at the DNO/IDNO boundary for LV embedded networks.
- Improve access to their YEDL GIS system allowing views to be printed locally on white map backgrounds and with paper larger than A4.
- Improve response times to PoC and Design Approval requests (often last day of GSOP, these standards are supposed to be the back stop for the level of service that customers can expect)
- Extend the scope of their PoC self-determination trial to LV and HV POCs greater than 60kVA and 30 plots. Also, we don't support the idea of these initiatives being considered as trials, they should be incorporated into business as usual as soon as possible.
- ICPs with small LV schemes would also benefit from DNO's finding a way to extend their statutory powers to operate in the highway to cover the ICP's adoptable works, relieving them of additional delay and cost of applying for project specific Section 50 Licence.

We look toward Ofgem to meet their assurance that competition in connections will continue to be monitored including those RMS where an unregulated margin has been allowed. MCCG would like to see evidence that lifting the regulated margin has had the desired effect to increase competition in those areas and also see more DNO applying across all RMS.

Should you have any queries please don't hesitate to contact me

Yours sincerely,



Neil Fitzsimons

Chair Metered Connections Customer Group
Tel 07825 379387
neilfitzsimons@poweronconnections.co.uk