

James Veaney
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20th March 2014

Dear James

Re – Consultation on UKPN’s Competition Notice

We write in response to the current consultation on UKPN’s Competition Notice due to finish on 20th March 2014. UKPN has been discussed within the UCCG and we have also received additional comments from local authorities and ICPs within the LPN and other areas. Our comments in respect of the EPN, LPN and SPN DSA Unmetered Other and LPN Unmetered Local Authority market segments follow.

In summary, whilst there is recognition that UKPN has improved over the last few years, and has facilitated competition in some areas, there is still concern over the RMS’s covered by this competition notice. In respect of the LPN DSA and local authority work, “trials” with ICP activity began in November 2013 and there is no evidence that appropriate protocols have been put in place to ensure that ICP activity in this area is “business as usual”, that significant competition exists, and that customers are aware of competitive alternatives and able to easily source such alternatives. Therefore the UCCG does not support the Competition Notice in respect of the LPN DSA and the local authority RMS.

In terms of the “other” unmetered RMS across all three DSAs, we have not received any confirmation from UKPN as to whether design fees are charged for unmetered connections, transfers etc. and this is critical in ensuring that competition is facilitated. In fact UKPN was one of only two DNOs not to respond in a timely manner to the UCCG when requesting an update on detailed non-contestable charges applied to contestable works. Based on a representative sample of work, UKPN non-contestable charges are approximately 3.5 to 4.5 times higher than the best performing DNO. In particular for small development sites, we have been advised of UKPN insisting on tri-partite agreements between the developer and the proposed ICP which effectively acts as a barrier to competition. Therefore the UCCG does not support the Competition Notice in respect of “other” unmetered connections across the DSAs.

We have received comments that it is not possible for customers to determine whether UKPN meet the GSoP as the information required is not available or made available to customers either by UKPN or Ofgem or both. One respondent has stated that the contestable and non-contestable elements are not clearly set out in quotations or schedules of rates. There does not appear to be an explanation in respect of price changes, indeed (& surprisingly) UKPN has allegedly stated their 2014 rates are the closest they have ever been to being cost reflective (we were unaware that this was something DNOs were aspiring to, we thought this was an obligation).

We are firmly of the opinion that there is much more that UKPN can do to facilitate competition and to extend that competition to other areas such as LV overhead lines. In particular there must be a pragmatic and cost effective solution to encourage and facilitate competition within the LPN unmetered local authority interconnected network, and whilst trials have apparently started we are some way from the competition being effective and readily available to customers. There must also be a pragmatic and cost effective solution to cable identification, to permit ICPs to carry this out themselves without being forced to use UKPN to provide this (charged at £175 per hour for the first hour, reducing thereafter).

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We also await confirmation that UKPN are not charging design fees or other potentially punitive “administrative” fees for unmetered connections, as we believe this is critical in facilitating competition in this area and is already adopted by the best practice DNO. There must be a pragmatic and cost effective solution to providing competitive connections in the unmetered “other” RMS, particularly for housing developments – as the current anecdotal evidence appears to indicate that UKPN are putting such barriers in the way (e.g. through an insistence in some cases on tri-partite agreements) that competition is effectively removed.

Finally we would urge UKPN to voluntarily share GSoPs information with their customers as visibility of this in the unmetered sector is non-existent.

We would further comment that the use of “competitor” feedback or testimonials within the UKPN Competition Notice application should be discounted, because no “competitor” is going to comment negatively in respect of an organisation which determines whether they work in their area, whether they continue to work in that area or how easy or difficult that work can be made (e.g. through the application of “draconian” audit regimes or delaying on “approvals”). Audit reports from DNOs on their own jointers and contractors should be made available to ensure that ICPs are not being treated less fairly than their own or directly contracted staff.

Yours sincerely



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