



Our ref: RF/SB/HBF/ELE006

9<sup>th</sup> June 2006

Laura Nell  
OFGEM  
9 Millbank  
London  
SW1P 3GE

Dear Laura

**Re: Open Consultation letter: Review of Competition in Gas and Electricity Connections (“the Review”)**

Please find enclosed the HBF’s response to the above-mentioned Consultation. Our response has been compiled with feedback from our Regional and National Technical Meetings. With the HBF being the “Voice” of the House Building Industry, our Membership consists of over 300 Members who build over 80% of the 150,000 new homes per year. We would therefore hope that the content of our response will be read in context with the other Consultations received by OFGEM.

We have endeavoured to reiterate the issues raised at the Workshop on 24<sup>th</sup> May and to address the six questions detailed in our response.

We welcome the approach taken by OFGEM in relation to taking the concept of competition in connections forward and would want to pledge our support for any future input or work that OFGEM intend to pursue in this area.

Yours sincerely

**Ray Farrow**  
Associate Consultant

Enc.

c.c. Dave Mitchell - HBF  
Sian Lewis – HBF  
Vince Colby – Chair of the MCSG

# CONSULTATION RESPONSE



Ofgem Guidance on Licence Condition 4F

25 July 2007

## **HBF's Response to the OFGEM Consultation on Standard License Condition 4F Guidance Document – Version 1 OFGEM Ref. 181/07**

Dear Nicola,

Further to our telephone conversation of 24<sup>th</sup> July 2007, it has been possible to read through the above mentioned OFGEM Consultation and can I congratulate you on this thorough and well presented Guidance.

There are a couple of issues which I feel I need to raise. Although these may not be ones that are relevant to the Guidance.

### ***Exemptions – Page 3 – Paragraph 2.32***

*An issue has been highlighted to me this week where a DNO has used an affiliated business to provide connections; they are Scottish Power and Core Utilities. It would seem that Scottish Power do not process Section 16 Applications and pass all enquiries on to Core Utilities, who in turn process the enquiry as a C in C. I have always expressed a concern over the relationship of affiliated businesses to the Regulated DNO and the issue highlighted by one of our Members only goes to endorse this fact. I know this probably is not relevant for this Guidance but it does beg some bigger question in that if any unregulated affiliated DNO business is acting for the Regulated DNO their access to other ICP's details could strengthen their position in stopping competition. This may be an issue we can discuss at a later date.*

### ***Conditions Precedent – Page 8 – Paragraph 3.1 & 3.2***

*Again I would reiterate the need for a "Model Adoption Agreement". Such a document would speed up the process and is used in many other areas. I see this is probably the only major loophole which can be exploited by DNO's to use in their favour. As to date the DNO's Adoption Agreements I have seen are not "Agreements" but one-sided contracts weighted in their favour.*

### ***General Items***

*In the Guidance it does seem quite open on what information DNO's will provide in relation to the non-contestable works and their costs. I can see this could be a problem where the lack of detail in the Guidance could enable the DNO's to delay things. However, I did recall that this may be addressed in the COG but no one from the MCCG is involved with the formation of these details.*

I would concede that the above in context are only minor issues in relation to the Licence Condition but are somewhat important in what could take place as a possible system abuse by some DNO's.

One point we are always obliged to make when replying to any consultation is that we see the HBF as being the "Voice" of the House Building Industry, our Membership consists of over 300 members who build over 80% of the 160,000 new homes per year. We would therefore hope that the content of our response will be read in context with the other Consultations received by OFGEM.

Lastly, can I again congratulate OFGEM on the way that over the last twelve months the momentum has grown on the issues surrounding Competition in Connections. I now feel we are at the start of the journey in the application of multi-utility and the choices our Members can have in the wonderful world of utilities. Can I as always pass on our thanks and pledge to you our continued support.

Yours sincerely

**Ray Farrow**  
Associate Consultant