

**DETERMINATION BY THE GAS AND ELECTRICITY MARKETS AUTHORITY
OF A DISPUTE REFERRED TO IT UNDER SECTION 23 OF THE ELECTRICITY
ACT 1989 CONCERNING THE CHARGES FOR AN ELECTRICITY
CONNECTION AT THE PREMISES.**

1. INTRODUCTION

- 1.1 The Gas and Electricity Markets Authority ("the Authority") has been asked by the Customer's Agent acting on behalf of the Customer to determine a dispute between the Customer and the Company. The dispute concerns the requirements of a connection at the Premises.
- 1.2 The Customer contacted Company A to act as the meter operating contractor and the final connection was built by Company B acting in the role of an Independent Connection Provider (ICP). The installation and charge works were inspected on behalf of the Company by Company C.
- 1.3 The dispute has been referred to the Authority by the Customer's Agent for determination under section 23 of the Electricity Act 1989 ("the Act"). The Authority is required to determine such disputes once a customer has requested that it do so.

2. BACKGROUND

- 2.1 Following ongoing discussions between the Customer's Agent on behalf of the Customer and the Company, the Company made an offer to the Customer dated 12 January 2005 for the increase of an existing supply capacity to the Premises.
- 2.2 This scheme involved the connection of a single new customer's 11kV intake substation. The capacity of the connection is 950kVA metered at 11kV.
- 2.3 The Customer's Agent on behalf of the Customer accepted the offer and entered into a connection agreement ("the Agreement") on 25 April 2005.

The Customer's Agent issued a cheque to the Company for the agreed amount dated 25 April 2005.

- 2.4 The connection at the Premises was energised on 30 November 2005.
- 2.5 In a letter to energywatch dated 17 May 2005, the Customer's Agent contests the non-contestable charges associated with the Agreement and requested it be referred to Ofgem for a formal determination.
- 2.6 With the agreement of the Customer's Agent, Ofgem provided informal technical advice to the Customer's Agent via energywatch on 23 September 2005 before the formal determination was commenced. The Company subsequently offered to modify and adjust its non-contestable charges in line with its new connection charging statement of 1 April 2005. The Customer's Agent declined to accept the new charges and asked Ofgem to proceed with a formal determination by the Authority. Ofgem is the Office of Gas and Electricity Markets established to support the Authority in the discharge of its statutory responsibilities.

3. VIEWS OF THE CUSTOMER

- 3.1 The Customer's Agent stated that the new power connection for the Premises has now been completed and commissioned.
- 3.2 The Customer's Agent wishes it to be noted that they will purposely not make any further reference to comments or events prior to the receipt of the letter of terms dated 12 January 2005 or discussions regarding delays in the provision of quotations and potential upstream reinforcement aspects on the basis that these issues had been resolved to the satisfaction of the Customer.
- 3.3 The Customer's Agent stated that the original non-contestable costs for the project was provided by the Company under the auspices of the Company's connection charging methodology and statement 2004/5 ("LC4 Statement") produced in accordance with standard condition 4 of the electricity distribution licence and provided in a letter of terms dated 12 January 2005. The Customer's Agent stated that these terms have been subsequently modified, following informal consultations with Ofgem, and revised terms provided to energywatch in a letter dated 14 June 2005.

The Customer's Agent stated that the revised terms were based upon the charges specified within the Company's 2005/6 LC4 Statement.

- 3.4 The Customer's Agent noted that whereas some of the elements of the non-contestable charges have been reduced, others have drastically increased. The Customer's Agent stated for clarification that the original cost schedule has now been updated to include the revised and the original charges.
- 3.5 The Customer's Agent stated in order to proceed with a formal determination relating to the non-contestable charges as applied to the Premises, there is a need to confirm the actual work involved and the charges proposed by the Company.
- 3.6 The Customer's Agent provided the following general comments with regard to the work carried out on the Premises:
- The scheme involved the connection of a single new customer's 11kv intake substation.
 - The capacity of the connection is 950kva metered at 11kV.
 - There were upstream reinforcement works required as a result of the connection but the costs for that work are not attributable to the customer (as defined under the 25% rule).
 - The actual Point of Connection ("PoC") is as detailed in the formal quotation from the Company dated 27 January 2005.
 - The cable, joints and switchgear required for the connection was standard 11kV equipment to the Company's standard specification.
 - The Customer was responsible for the provision of the brick built substation, the 11kV/433V transformer and all associated low voltage switchgear.
 - The Customer appointed the Customer's Agent as the supplier and Company A, accredited under the Meter Operation Code of Practice Agreement ("MOCOPA") as the meter provider and operator.
 - The connection was negotiated by the Customer's Agent and built by Company B in their capacity as a Lloyds Register accredited ICP.
 - In order to provide the connection there was no requirement for modifications to or removals of any existing plant or substation situated on or adjacent to this site.

Site Specific Comments

The Customer's Agent made the following site specific comments:

PoC Charges

- 3.7 The Customer's Agent stated that whilst the Customer was initially prepared to accept the PoC charges at £283, the revised charge has actually doubled to £570. In the Customer's Agent's view this is high based upon the comments made by the Customer's Agent in the supporting information.

Design Approval Charges

- 3.8 The Customer's Agent stated that whilst this charge has now been reduced to £680, in their opinion it is considered in excess of the figure anticipated based on the comments provided in the supporting information.

Inspection & Monitoring Charges

- 3.9 The Customer's Agent stressed with regard to the inspection and monitoring charges that the charges for metering inspection are both inappropriate and unacceptable based upon the work actually being completed by a MOCOPA registered contractor and not a contractor of the Company. The Customer's Agent stated during discussions with the Company regarding the 'metering inspection charges' that the Customer's Agent was initially advised by the Company that the Company wished to inspect the metering connection. The Customer's Agent stated that the actual metering connection is undertaken by the meter operator under the auspices of MOCOPA and therefore falls outside of the competitive element of competition in connections. The Customer's Agent stated that the Company reflected upon this and as a result changed their minds and stated that they now wished to inspect and check the multicore wiring between the metering chamber and the remote metering test block. The Customer's Agent would like to point out that this does fall within the scope of competition in connections.
- 3.10 The Customer's Agent states they are of the opinion that having inspected the ring main unit and metering chamber this inspection should have covered the multicore wiring and therefore there is no excuse to charge for separate and additional inspections.

- 3.11 The Customer's Agent stated that with regard to the inspection and monitoring charges they would confirm that the Company did not, and have never actually completed any witnessing test to their knowledge. A charge is therefore being applied for which no work was (or has ever been) undertaken.
- 3.12 The Customer's Agent states that although the Company have now notified the Customer's Agent of a potential modification required to the metering small wiring component, the Company have during the past two years failed to provide details of their specifications or requirements.
- 3.13 The Customer's Agent would like to note that the inspection of the metering small wiring was undertaken following energisation, not prior as would have been expected. The Customer's Agent would like the Authority to note that the metering work undertaken by the MOCOPA accredited contractor has not been a cause for concern.
- 3.14 The Customer's Agent states that with regard to the inspection and monitoring charges in general it has previously been requested that the Company reduce the total charges based upon its Lloyds Register accredited contractor now having a satisfactory working relationship and history within the Company's distribution area. This concept was and remains fundamental to the competition in connections process. The Customer's Agent stated that the Company has refused to acknowledge this fact and no mechanism exists within their LC4 Statement to facilitate this scenario.

Way Leave Consent

- 3.15 The Customer's Agent stated 'way leave' consents were resolved by the Customer's Agent and the 'way leave' contacts were subsequently notified to the Company. Thus there was little or no work undertaken by the Company in obtaining or processing the necessary way leave information. The Customer's Agent highlighted the Company's LC4 Statement section 1.16 'Way leaves and Easements Policy'. The actual work undertaken by Company C is detailed in the design approval documentation submitted to the Authority.

- 3.16 The Customer's Agent stated that it is accepted that the charges made by the Company for the non-contestable element of the works were appropriate to the LC4 Statement in force during the period in question (2004/5).
- 3.17 It remains the Customer's Agent's belief that these charges are unreasonable and unacceptable for the reasons given in the original supporting documentation, provided to the Authority.
- 3.18 The Customer's Agent stated that whilst they appreciate that the Company has sought to revise its non-contestable charges on a number of occasions during various stages of this project the fact that they have also attempted to reintroduce the up-stream reinforcement charges as part of this process which, in the Customer's Agent's opinion, has only served to add confusion to the exercise. The original charges as detailed in the letter of terms dated 12 January 2005 were £5,357. The revision in charges, as detailed in the Company's letter dated 14 June 2005, offered 2 charging options; one at £4,405 and one at £9,775.87 (to include the reinforcement that was originally considered to be inappropriate). Both have been provided to the Authority.
- 3.19 The Customer's Agent stated that they have attempted to apply some logic and, from knowledge of new business planning and construction processes, attempted to quantify, time wise, each process and subsequently derive costs for each non-contestable chargeable item. The Customer's Agent noted that they requested that the Company apply a methodology for reducing the number of inspections. The Customer's Agent stated this request has been to no avail and therefore there continue to be additional costs for unnecessary number of inspections, and the Customer's Agent contends that these are borne by the client/end user.

Ofgem Informal Advice

- 3.20 The Customer's Agent believes that it is appropriate to mention the 'informal advice' provided by Ofgem to energywatch in an e-mail dated 23 September 2005 and in the Customer's Agent's view the inaccuracy of the comments offered. A response was provided to this e-mail by the

Customer's Agent on 30 September 2005 and the Customer's Agent requests that due note be taken of those comments.

- 3.21 The Customer's Agent states it is to be noted that following detailed negotiations regarding the aspects behind the principles of up-stream reinforcement works and the associated apportionment of costs, a capital saving of £25,314 was achieved for the Customer.

Conclusion

- 3.22 The Customer's Agent stated the Company has consistently refused to justify their charges for non-contestable works, as detailed in their LC4 Statement but the Customer's Agent notes that these charges have changed over the past few years. The Customer's Agent stated that they conversely have attempted to challenge the costs and justify the logic behind their own approach. The Customer's Agent believes that if the charging methodology employed by the Company is flawed for this project then the same can be inferred for other projects quoted by the Company. The Customer's Agent noted the differences between the non-contestable charges between the Distribution Network Operators' ("DNOs") for what is essentially the same type of work. The Customer's Agent wishes to confirm that any costs saving for this project should be refunded in full to the Customer.

4. VIEWS OF THE COMPANY

- 4.1 The Company stated the Customer made an initial request for an increase in their existing supply capacity of 500kVA on 14 May 2004. The existing connection at this time was low voltage via two underground cables fed from a local ground mounted distribution substation adjacent to the Premises. The high voltage network feeding this substation is part of an overhead spur line with no interconnection.
- 4.2 The Company stated that the Customer was initially provided with an outline price (budget) under section 16 of the Act on 4 June 2004 and this was subsequently followed with a formal offer under section 16 of the Act on 11 October 2004 at the request of the Customer's Agent. The proposal was based on installing a new distribution substation (removing the old one) and providing a low voltage connection utilising an Air Circuit Breaker arrangement. The work would also have involved the reconnection of the

existing low voltage network supporting other local customers into the new substation at the Company's expense.

- 4.3 The Company stated that on 15 June 2004 the Customer's Agent made a request for a new section 16 quotation and a Competition in Electricity Connection PoC quotation on behalf of the Customer for an increase in capacity to 1MVA and for the Company to provide the connection at high voltage.
- 4.4 The Company stated that a formal connection offer was presented to the Customer's Agent on 16 July 2004 (this document has been submitted to the Authority). The Company stated that for the period of July 2004 to the end of September 2004 the Customer's Agent challenged most aspects of the proposals in various discussions and correspondence culminating in an energywatch complaint (ref. 739320) received on 30 September 2004.
- 4.5 The Company stated that the basis of the energywatch complaint from the Customer's Agent was:
- The Company unnecessarily delayed the resolution of this complaint and hence, the provision of the new connection.
 - The Company provided inaccurate information.
 - The Company does not have the right to charge for upstream reinforcement costs associated with the provision of an increase in supply capacity to the Premises based on the principles of Engineering Recommendation P2/5.
 - The Company are however obliged to provide a connection under the charging structure associated with their LC4 Statement and specifically the 25% rule.
- 4.6 The Company states the debate continued into the first quarter of 2005 with both energywatch and the Customer's Agent. The outcome was found in favour of the Company regarding responses and technical rationale applied to the items stated in paragraph 4.5 above.
- 4.7 The Company details how the Customer's Agent subsequently reduced the supply capacity requirements to 944kVA (rounded up to 950kVA by the Company in accordance with its LC4 Statement), below the threshold

where the 25% Rule reinforcement charge no longer applied. The Company stated the result of this being no contribution required by the Customer towards the reinforcement charges.

- 4.8 The Company pointed out that due to the reduction in the Customer's supply capacity requirements a further design assessment was carried out on the existing distribution network which indicated that the Engineering Recommendation P2/5 requirement was now within limits and not necessary. The Company stated that to minimise costs, a decision was made to defer the reinforcement works and await further network load increases, which would ultimately have to be supported by all of the Company's customers.
- 4.9 The Company would also like it to be made aware although not directly related to this dispute, it has now transpired that the Customer's Agent on behalf of the Customer has made a further application for a small commercial development at the same site which will now require the reinforcement works to be undertaken if the development proceeds, with an appropriate contribution from the Customer.
- 4.10 The Company stated that it considered that the matter had been resolved until a second energywatch "enquiry" (ref.864261) was received on 15 April 2005 together with a full documented report provided by the Customer's Agent challenging the fundamental basis of the charging methodology used in the Company's LC4 Statement. On 9 May 2005 the Company made a revised offer to the Customer to amend the original formal offer charges in-line with the new LC4 Statement effective from 1 April 2005.
- 4.11 The Company stated that the debate continued in dialogue and correspondence until energywatch submitted their recommendations in a letter dated 5 October 2005 that the Company reduce their initial charges that were based on the previous LC4 Statement issued 1 January 2004, in-line with the new LC4 Statement issued 1 April 2005. This had been offered by the Company as a gesture of goodwill and without prejudice to finally resolve matters with the Customer/ Customer's Agent.

- 4.12 The Company would like it made aware that this was confirmed as acceptable to the Company in a letter sent to the Customer (copied to all parties) dated 18 October 2005 and an email to energywatch dated 20 October 2005. A copy of the letter has been submitted to the Authority.
- 4.13 The Company stated regretfully that the outcome was not acceptable to the Customer's Agent and the matter has now been escalated to a request for a full determination by the Authority to challenge the original non-contestable charges.
- 4.14 The Company stated that an initial meeting was convened at the request of the Customer's Agent which was attended by representatives from Ofgem, the Company and the Customer's Agent on 17 November 2005 at Ofgem's offices to determine the rules of engagement for a formal determination.
- 4.15 The Company provided the table below detailing comparisons of charges for the elements of non-contestable charges under dispute which also includes details of the revised offer charges which the Company deemed not to be part of this determination process and is provided for information purposes only:

Item	Initial Offer¹ (£)	Revised² Offer (£)	Customer's Agent (£)
1. Provide Point of Connection and associated administration.	283	570	250 plus 50 for C& A
2. Design Approval.	1050 (950)	680	250
3. Administration of Legal Acquisition.	599	350	150
4. Inspection and monitoring of Contestable Works.	955	975	400
5. Connection to the Electricity Distribution System.	2470	2150	2000
6. Diversionary Works.	N/A	N/A	N/A
7. Upstream Reinforcement Works.	N/A	N/A	N/A
Total	5357 (5257)	4725	3100

¹ The Company's initial offer was based on the 1 January 2004 LC4 Statement.

² The Company's revised offer was based on the 1 April 2005 LC4 Statement.

4.16 The Company would like to highlight in addition to the table above, an assessment of the facts for this determination has identified that an administrative error was made in the initial charge for design approval and this should have been £950 and not £1,050. This error is attributed to the fact that the original assessment and charge was based on a 1MVA supply capacity and this had not been reduced to 950kVA as a result of the 25% Rule amendment as indicated in the table above.

4.17 The Company provided a copy of the initial offer charges as detailed in an appendix submitted to the Authority in order to clarify the breakdown of the offer as follows:

Item	Initial Offer (£)	Cost Breakdown/Details
1. Provide Point of Connection and associated administration.	283	Adoption Agreement Administration £170. Plans £113 (via External Service Provider).
2. Design Approval.	1050 (950)	Based on 1050kVA comprising - 100kVA at £150 + 800kVA at £100 per 100kVA - to be reduced to £950.
3. Administration of Legal Acquisition.	599	Fixed charge (External Service Provider).
4. Inspection and Monitoring of Contestable Works.	955	4 x Inspections (Civil Works and Switchgear Installation) at £155/visit = £620. 1 x HV Equipment Witness Test at £200. 1 x CT Metering Test at £135 (External Service Provider).
5. Connection to the Electricity Distribution System.	2470	2 x high voltage straight joints onto the existing distribution network including, high voltage supply interruption works etc.
6. Diversionary Works.	N/A	
7. Upstream Reinforcement Works.	N/A	Customer contribution not required.
Total	5357 (5257)	

4.18 The Company would like to clarify the above non-contestable charges are based on actual costs and an element of recoverable overheads for undertaking the relevant tasks and where indicated, they also include some fixed price elements where the costs are incurred through External Service Providers ("ESP").

- 4.19 The Company stated that the non-contestable charges contained in the initial offer to the Customer's Agent and those under dispute, are fixed charges, and would not have increased unless determined by a variation order instigated by a change in the Customer requirements or reduced, where specific tasks charged for by the Company were not carried out at scheme closure.
- 4.20 The Company believed that with regard to this scheme additional costs were incurred associated with both design approval and the project delivery element i.e. on-site inspection and monitoring, up to and including the final "making live" of the installation on 30 November 2005. The additional charges involved have not yet been levied on the Customer although the Company considers that there would be full justification to do so.
- 4.21 The Company stated in support of their defence against the general claim by the Customer's Agent that specific elements and the amount and justification of the charges are excessive and unreasonable, they confirm the following for consideration by the Authority in the context of this determination:
- Additional Design Engineer time has been expended associated with final design approval for the contestable works. This was related to the specification and requirements for "Hot Site" earthing for the new substation. The actual time and costs associated with this have not been formally recorded but it is a conservative estimate to be in the order of a full day of Design Engineer time in telephone and email correspondence etc.
 - There have been a total of 13 on-site inspections and 2 visits by Company C for the scheme that were increased resulting from problems experienced and identified on-site. This is supported by two Defect Notices 0605 and 0607 in an appendix submitted to the Authority.
 - It is the opinion of the Company that the nature of these defects fully supports the Company's view that inspection and monitoring of contestable works is fully justified and a reduction in the need for such

inspections suggested by the Customer's Agent is not considered acceptable based on this type of evidence.

- In addition to Defect Notice 0607 the high voltage connection was "made live" on 30 November 2005 as indicated above. Unfortunately, the Customer's installation could not be fully energised as there was a problem with the metering installation and therefore, the final connection has not been made and the associated switchgear has been left switched off and isolated.
- The Company made arrangements on 2 December 2005 to employ the services of its ESP to inspect and provide a report on the defective installation. This type of situation is the main reason that this non-contestable charge is levied in the Company's formal offers. At the time of preparing this response the report has not been received by the Company, but the Company is prepared to make this available to Ofgem and the Authority if deemed necessary.

4.22 The Company considered that to complete the non-contestable works an additional visit was required. The Company stated it has been confirmed that the defective metering installation was rectified by the Company's ESP on behalf of the Customer in conjunction with a representative of Company B on 3 January 2006, and the connection was finally energised on 5 January 2006 at approximately 16.30 hours. The multicore cable is the link between the HV Metering Unit connected to the HV switchgear and which provides both voltage and current connections to the metering terminal block. The Company considers that these two items form part of the Competition in Connections installation as it is the only part of the contestable works associated with the metering installation that the Company adopts on energisation. The Company stated that they have the right to inspect this part of the installation and charge accordingly and as this is specialised i.e. it is not for a Project Delivery Manager to inspect, it needs to be a party with metering installation skills and hence the Company states the use of Company C for this purpose. The Company would like it to be noted that additional costs were incurred and absorbed by the Company for both Control and Operational Engineer time.

4.23 The Company stated in this instance that the inspection did identify specific installation problems and the most serious was the poor insulation resistance reading on the cable and this alone in the Company's opinion, justifies its overall rationale for the Company's charging. A report on the findings was provided to the Customer's Agent and subsequently to the Authority as supporting information. The Company would like it to be understood that the Customer's Agent has stated that as they have not been provided with metering specifications from the Company then this is also relevant to the resulting problem. The Company would like to respectfully suggest that as the Customer's Agent's ICP has carried out numerous successful HV installations for them in the Company's Distribution Services Area previously, then the Company considers that they should know the Company's general requirements. The Company stated that the Customer's Agent's ICP has had no known problems previously.

4.24 The Company stated that the basis of its charges levied for the scheme is fair and reasonable in all circumstances.

4.25 The Company stated on the basis that the Customer conforms to the published LC4 Statement, it is not considered relevant to defend the Company's position further and argue the reasoning put forward by the Customer's Agent that charges be reduced in-line with general views or opinions.

5. STATUTORY OBLIGATIONS

5.1 Under section 19(1) of the Act, an electricity distributor may require any expenses reasonably incurred in providing any electric line or electric plant to be defrayed by the person requiring the connection to such an extent as is reasonable in all the circumstances. Under section 19(4) of the Act, such expenses include in the recovery of the capitalised value of any expenses likely to be incurred in continuing to provide the electric line or electric plant.

5.2 Any dispute arising under sections 16 to 21 of the Act, between an electricity distributor and a person requiring a supply of electricity may be referred to the Authority under section 23 of the Act for determination.

- 5.3 The works undertaken is a connection that falls within the statutory obligations set out above.

6 DISCUSSION/CONCLUSIONS

- 6.1 The Company and the Customers Agent on behalf of the Customer have provided details of the history of this case to Ofgem. Both parties have agreed in writing that their arguments are reasonably reflected in sections 3 and 4.

Point of Connection (PoC) Charges

- 6.2 The Authority notes the Customer's Agents concern over the revised PoC charge that has been levied. The Authority notes that the original PoC charge has been revised in accordance with the Company's latest LC4 statement. The Authority notes that the LC4 statement charging methodology is approved by the Authority but wishes to remind the Company that it does not approve the statement's charges.
- 6.3 The Authority has read the supporting information of both parties and suggests that the Company has provided insufficient cost justification to support the increased charge of the revised PoC offer. Therefore, the Authority concludes that the original PoC charge of £283 should be levied in this case.

Design Approval Charges

- 6.4 The Authority notes the Customer's Agents concern over the original design approval charge that was submitted to the Customer by the Company. The Authority notes that the design approval charge has been revised according to the Company's latest LC4 statement charging methodology is approved by the Authority.
- 6.5 The Authority has read the supporting information of both parties and has considered the design of the connection, including the work necessary to ensure that connection design is approved to a standard that is as good as the existing network. Consequently, the Authority concludes that the revised design approval charge of £680 is appropriate in this circumstance.

Inspection and Monitoring Charges

- 6.6 The Authority notes the Customer's Agent's concerns about the completion of witnessing tests at the Premises. The Authority also notes the Company's assertion that thirteen on-site inspections were undertaken at the Premises. The Authority requested documentation from the Company to substantiate the claim that thirteen on-site inspections were undertaken and is satisfied from the documentation provided by the Company that the inspections were carried out. The Authority therefore concludes that the inspection and monitoring charge of £975 levied by the Company is reasonable for the scope of the works undertaken.
- 6.7 The Authority notes the Customer's Agent's comments regarding the Audit and Inspection regime operated by the Company with respect to the frequency of inspections undertaken. The Authority accepts the need for DNOs to carry out reasonable inspection of assets, which they will subsequently adopt, to ensure that relevant work safety standards are adhered to. The Authority expects the Company to implement the audit and inspection regime best practise guidelines outlined in the Ofgem appendix document³. Ofgem will write to the Company aside from this determination to seek reassurance that the audit and inspection regime operated by the Company is appropriate in light of the Ofgem guidance provided.

Wayleave Consents

- 6.8 The Authority notes the Customer's Agents concern over the extent of the legal work undertaken in this case.
- 6.9 The Authority considers that it is appropriate for the Company to ensure that all information obtained by another party is correct and necessary. Therefore, the Authority concludes that a charge for this connection is appropriate.
- 6.10 The Authority is aware the Company has contracted an ESP to assist with its legal work and that such contractors operate fixed rate flat charge. In recognition of the work undertaken by the Customer's Agent, the Authority considers that the Company should levy the lower charge of £350.

³ "Competition in Connections to electricity distribution systems: appendix document" June 2004 124/04b

Final connection charge

- 6.11 The Authority notes that the Customer's Agent has not disputed the charge for the final connection to the existing electricity distribution network. As such the reasonableness of this charge is beyond the scope of this determination and has not been considered by the Authority.

Transparency of non-contestable charges

- 6.12 The Authority notes the Customer's Agents comments on the nature and application of the Company's charging methodology for this case and its inference in regard to the Company's other connection projects. The Authority wishes for it to be noted that the focus of this determination is the reasonableness of the non-contestable charges for the connection at the Premises. Any issues relating to the quality of workmanship are beyond the scope of this determination and should be addressed through the National Electricity Registration Scheme operated by Lloyds Register.

Ofgem's Informal Advice

- 6.13 The Authority wishes to note that Ofgem provides formal advice to the Authority to assist in the resolution of determinations and that advice is not prejudiced by any informal advice that may have previously been given by Ofgem through energywatch.
- 6.14 The Authority has taken the comments contained in the email of 30 September 2005 sent by the Customer's Agent to the Authority into account when arriving at the decisions made for this determination.

7. DETERMINATION

- 7.1 Having regard to the points outlined above, the Authority determines that the elements of non-contestable charges in dispute for the connection at the Premises (as highlighted in section 6 above), which are reasonable in all the circumstances for the Company to require the Customer to defray, are £2,288.00. This figure is exclusive of VAT, which should be levied at the appropriate rate, and exclusive of the charge for the final connection to the existing electricity distribution network.

7.2 This document constitutes a notice stating the reasons for the Authority's decision for the purpose of section 49A of the Act.

A handwritten signature in black ink, appearing to read 'M. Crouch', with a long horizontal flourish extending to the right.

Martin Crouch (15/03/2006)
Director of Distribution, Networks

Duly authorised on behalf of the Gas and Electricity Markets Authority