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**Report to Council 4th June**

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**Date: 9th May 2009**

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**Subject: Power Failures to Alloa Town Centre, December 2008**

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**Report by: Director of Development & Environmental Services**

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## **1.0 Introduction**

- 1.1. During December 2008 Alloa Centre experienced a sequence of power failures. The frequency and length of the failures over a six day period led to significant loss of trade and inconvenience for the Town Centre Traders.
- 1.2. At it's meeting on the 12/3/2009 the Council approved a motion submitted by Cllr. Donald Balsillie which moved , among other things, that the Director of Development & Environmental Services meet with the Zone Leader Central of Scottish Power Networks to seek:
  - a) an assurance that such occurrences are unlikely to occur again in Alloa Town Centre.
  - b) that the Town Centre has a reliable supply of electricity in future, particularly during the busy festive period.
- 1.3. It was also agreed that the Chief Executive write a letter, signed by all Elected Members, to request Scottish Power Networks that they reconsider their goodwill customer service payment of £100 per business with a view to significantly enhancing this payment.
- 1.4. Following the issue of a letter by the Chief Executive, receipt of a reply from Energy Networks and two meetings which I have had with the Zone Leader from Scottish Power Networks, I can now update Council on how the matter has progressed.

## **2.0 Recommendations**

- 2.1. Council is asked to note the content of this report.

## **3.0 Considerations**

- 3.1 Assurances that such occurrences are unlikely to occur again.
  - 3.1.1 Electrical supply interruptions have been experienced in the Town Centre quite regularly over the past few years but this level of interruption was unprecedented.

3.1.2 Energy Networks are the company accountable for management and supply of electricity in the Town Centre. Energy Networks is a subsidiary of The Scottish Power Group of Companies.

3.1.3 The original fault started in a single low voltage cable but, due to heavy loads experienced at that time of year, it resulted in a further five identifiable cable faults. These resultant cable faults are, according to Energy Network, predominantly a result of other utilities causing damage to cables during other previous underground activities. These faults only become obvious when the damaged cables were placed under high loads.

3.1.4 Energy Networks are able to demonstrate that the level of interruption to supply in Alloa is not unique and historically it has a similar recorded level of power failures and supply interruptions as for other similar areas in Scotland.

### 3.2 Reliable Source of Electricity in the Future

3.2.1 Energy Networks have confirmed in their letter of response to the Chief Executive (Appendix 1) that *"they have committed significant capital investment, in excess of £100,000 for the works carried out during the fault situation and subsequent reinforcement work which has recently been completed in April 2009."*

3.2.2 They also advise that *"despite the investment that has been made, we cannot guarantee that Alloa, as with all customers, will be free from supply interruptions in the future, as on a large integrated power network, there are occasions when this is not possible, for example weather related issues or third party damage to our cables."*

### 3.3 Goodwill and Customer Service Payouts

3.3.1 The Scottish Power Group of Companies is a regulated industry by the UK Government and as such, has regulations and service standards that it must contractually adhere to when responding to occurrences such as the series of power failures in December 2008. The regulations state that companies who receive this level of power supply interruption are entitled, under the Guaranteed Standard 2 & 2a, to a payment of £50. In addition, in this instance, an additional Customer Service payment of £100 was paid to each customer as a recognition of the repeated level of disruption. Energy Networks have in accordance with the regulations for their industry met and exceeded their requirements in terms of payments in this instance. Energy Networks have replied (Appendix 1) *"Whilst they are very sympathetic to the problems experienced by the local businesses, particularly in these difficult times..... the compensation paid will remain in line with the Guaranteed Standards laid down and agreed by the Regulator."*

3.3.2 However, in recognition of the level of disruption, Energy Networks have agreed to work with the Town Centre BID Board and Clackmannanshire Council to contribute towards a lighting project that fits in with current plans for development and regeneration of the Town Centre. Discussions are on-going and will require confirmation at a later date with all parties.

#### 4.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

##### (1) **Our Priorities 2008 - 2011** (Please tick ☒)

The area has a positive image and attracts people and businesses	<input checked="" type="checkbox"/>
Our communities are more cohesive and inclusive	<input checked="" type="checkbox"/>
People are better skilled, trained and ready for learning and employment	<input checked="" type="checkbox"/>
Our communities are safer	<input checked="" type="checkbox"/>
Vulnerable people and families are supported	<input checked="" type="checkbox"/>
Substance misuse and its effects are reduced	<input checked="" type="checkbox"/>
Health is improving and health inequalities are reducing	<input checked="" type="checkbox"/>
The environment is protected and enhanced for all	<input checked="" type="checkbox"/>
The Council is effective, efficient and recognised for excellence	<input checked="" type="checkbox"/>

##### (2) **Council Policies** (Please detail)

#### 4.0 Equalities Impact

4.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☒ No ☐

#### 5.0 Legality

5.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

#### 6.0 Appendices

6.1 Appendix 1 - Letter from Energy Network to Chief Executive dated 14th May 2009.

#### 7.0 Background Papers

7.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☒ (please list the documents below) No

Letter from the Chief Executive to Mr Alan Bryce, Director, Energy Networks, Scottish Power.  
Note: Signed by all the Councillors : 30/3/2009

#### Author(s)

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Garry Dallas	Director of Development & Environmental Services	452531

Approved by

NAME	DESIGNATION	SIGNATURE
Garry Dallas	Director of Development & Environmental Services	G Dallas (signed)

Chief Executive's Services  
Clackmannanshire Council  
Greenfield House  
Alloa  
FK10 2AD

14 May 2009

Dawn Birrell

Dear Sir/Madam

Thank you for your letter of 30 March 2009 regarding the disruption to Alloa Town Centre as a result of the supply interruptions in December 2008.

Firstly please accept my sincere apologies for the inconvenience and disruption the faults, prior to Christmas 2008, caused your local community.

As you are aware Alloa High Street area suffered four faults prior to Christmas 2008. When I was briefed on this situation I asked for a full study of our network in this area to be undertaken and, as a result of this, SP Energy Networks have committed significant capital investment, in excess of £100,000 for the works carried out during the fault situation and the reinforcement work, which is currently being undertaken to improve the network in Alloa Town Centre.

My Zone Leader, Craig Arthur, and Customer Liaison Officer, Johan Snedden, have met with council officials on site to explain the faults and the reinforcement work undertaken by Energy Networks. They have also been in contact with the local MP and MSP and the Business Improvement District Group. My Staff also visited customers in Alloa during the fault period.

Craig Arthur met with your Director of Development & Environmental Services. During this visit Craig advised that during our study we identified a number of our cables were damaged and unreported to Energy Networks. There had been a large number of excavations in relation to other utilities and ground works in Alloa and agreement was reached to look to better communications to ensure all contractors are compliant with legislation when carrying out excavations.

Despite the investment that has been made, unfortunately I cannot guarantee that Alloa, as with all our customers, will be free from supply interruptions in the future, as on a large integrated power network, there are occasions when this is not possible, for example weather related issues or third party damage to our cables.

Over the coming weeks and months, my Zone and Customer Contacts staff will be working to re-build the confidence of our customers, in Alloa town centre, in our continuing commitment to maintain a reliable supply of electricity, and in all aspects of our service to our customers.

With regard to the compensation made by Scottish Power, I would advise that Energy Networks is a Regulated business and Ofgem, the Industry Regulator, sets the Electricity Standards of Performance. If we fail to meet these Standards, then as the distribution network operator, we compensate customers affected.

Our Guaranteed Standard 2 states if you lose your electricity supply because of a fault or damage to our network, we will try to put your supply back on as soon as possible. However, if we fail to do this within 18 hours of knowing of the fault, you can claim £50 if you are a domestic customer and £100 if you are a business customer and our Guaranteed Standard 2a states that compensation of £50 is due in instances where supply is interrupted for 3 hours or more on 4 or more occasions in one financial year. In this case we failed to meet both standards and compensation was paid to customers affected at the appropriate level. An additional customer service payment of £100 was made to each business customer and £50 to each domestic customer. Whilst I am very sympathetic to the problems experienced by the local businesses, particularly in these difficult times, I have to advise that the compensation paid will remain in line with the Guaranteed Standards laid down and agreed by the Regulator.

However, as a gesture of goodwill I would be prepared to consider Energy Networks involvement with a community project that would benefit Alloa, and in particular one managed via the Business Improvement District Group. Craig Arthur has informed me there may be some artwork displays that require a new electricity supply. He is currently liaising with Brian Blackburn in this regard and will keep me informed.

Once again, I apologise for the disruption caused to the Alloa community as a result of this unfortunately period of events.

Yours sincerely