

## Electricity Distribution SLC review

Review into the structure and arrangement of the distribution SLCs rather than into the policies they involve.	From Date and time of Meeting Location	Catherine Wheeler 17 April 2007 11am-3pm Ofgem	23 April 2007
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### 1. Present

Martin Crouch (MC)	Ofgem – Distribution Policy
Cherie Davis (CD)	Ofgem – Distribution Policy
John Wilson (JW)	Ofgem – Networks Legal
Jessica Mehta (JM)	Ofgem – Networks Legal
Catherine Wheeler (CW)	Ofgem – Licensing
Jeremy Blackford (JB)	Scottish Power
John France (JF)	CE Electric
Mike Harding (MH)	ENC
Natasha Richardson (NR)	Western Power
Paul Delamare (PD)	EDF Energy
Roger Barnard (RB)	EDF Energy
Abid Sheikh (AS)	Energywatch

### 2. Apologies

Jill Ashby (JA) - Gemserv; Paul Darby (PRD) - Ofgem

### 3. Agenda Item 1 – General introduction into the purpose of the review

3.1. MC recapped on the purpose of the review. He stated that the review was not a review of policy but of the structure of the SLCs and whether there was scope to merge, remove or reduce any of the conditions.

3.2. It was argued that Ofgem's open letter left it open for some policy debate. MC agreed but stated that any substantive policy issues raised now would be detailed in a separate log to be considered at some point in the future.

3.3. It was agreed by everyone that this was a change in the form of the SLCs rather than change in policy and that any substantive policy issues raised would be dealt with later or as appropriate considering the issues.

### 4. Agenda Item 2 – Issues raised in RB's email

4.1. RB suggested that it would be possible to reorganise the SLCs into two parts rather than three and still take into account the differences between DNO and IDNO licences. His initial (though not definitive) thoughts were that the majority of the licence would be in section A and apply to all distributors and section B would be the conditions that apply specifically to DNOs.

4.2. MC agreed that there may be scope for moving the ring-fencing conditions (BA2 to BA6) into the equivalent current section B. He noted that BA1 could not be included in an equivalent section B.

4.3. It was pointed out that there is a transparency issue with the current structure of the licence. Specifically, if a distributor or supplier logs onto the Ofgem website and looks at the format of the current standard conditions on the ePR they may not realise that an IDNO would need to comply with the BA conditions. The current order of the conditions was identified as another area that could be improved to aid simplicity and transparency.

4.4. Discussion moved on to RB's next point from his email, the definitions and interpretation provisions (SLC 1). It was agreed to use initial upper case throughout the licence to identify defined terms.

## **5. Agenda Item 3 – Other issues raised before the page turn**

5.1. RB wanted to clarify that his suggested grouping for the conditions was illustrative and not absolute for EDF or himself. It was agreed that the suggested grouping provided by RB would be used as a starting point and changes would be made as needed. It was stated that the problem with organising the conditions into 'chapters' is that different people use the conditions for different things and what may appear to be a logical order to one person may not be to another.

## **6. – Page-turn**

6.1. Discussion moved onto the page turn. MC stated that the main points that needed to be considered for each condition were whether there are any substantive changes that are needed and if the condition is a candidate for movement, correction or deletion. He also suggested for the group to move straight onto SLC 2 as he felt that SLC 1 would require quite a lengthy discussion. RB agreed but suggested that the group agree that SLC 1 be split into two separate conditions, one for the definitions and a second for the interpretation, as is the case with the proposed supply licence modifications. MC suggested that Ofgem would review the current SLC 1 and consider whether it would be appropriate to divide this into two sections.

6.2. The group moved on to consider the second chapter currently titled "Public Service Obligations". There was some discussion about the titles assigned to different chapters and it was agreed that some of the headings for the chapters would need to be reconsidered.

6.3. It was suggested that paragraph 4 of SLC 6 could come under the non-discrimination chapter. Concern was raised about the idea of removing paragraphs from conditions especially if different people within organisations are responsible for specific conditions and they only look at the ones which are relevant to them.

6.4. It was suggested that a single condition could be drafted for non-discrimination that sets out which clauses it applies to. However it was argued that there are some differences in the current non-discrimination clauses throughout the licence that need to be considered, though these might just be differences of style rather than substance.

6.5. It was agreed that Ofgem would review SLCs 17, 18, 19, 21, 22 and 23 and consider (in the context of the supply licence review) whether these conditions could be brought together.

6.6. It was questioned why SLC 8 had been placed where it was and would it not be better placed alongside SLC 19. It was argued that SLC 19 was more general for end users whereas SLC 8 is more specific. It was agreed that this requires further consideration.

6.7. It was suggested that SLCs 4 and 4B could be amalgamated. MC said that this would be difficult as the two documents have very different readerships and if it was to be considered then the required methodologies weren't to be combined.

6.8. It was pointed out that some of the conditions could do with sub-headings to make it clearer which paragraphs referred to which part of the condition.

6.9. MC agreed that an attempt should be made to redraft SLCs 4, 4A, 4B and 14A. PD agreed to do this for the next meeting. Concern was raised that joining them may reduce clarity and transparency. It was argued that this could be resolved with the use of sub-headings within the condition.

6.10. RB asked if SLC 20 could be dealt with under DCUSA. MC agreed that there is scope for this.

6.11. SLC 8 was discussed. It was argued that DCUSA requires compliance with MOCOPA. MC said that there could be an argument that SLC 8 be removed. Concerns were raised that if the condition 'gives life' to a document then it may not be appropriate to remove it.

6.12. The group discussed chapter 4. RB offered to identify the SLCs where a non-discrimination clause appears and see what, if any, the differences are. It was agreed that RB should consider the drafting of a single non-discrimination clause for the next meeting.

6.13. The group moved on to chapter 5. RB suggested there was scope to combine conditions 4E, 14D and 36D under this chapter. JB offered to consider this for the next meeting.

6.14. The group discussed chapter 6. RB suggested that all the conditions except SLC 7 could be combined and that SLC 9A could be deleted. It was suggested that SLC 9B could be redrafted to require licensees to comply with DCUSA. It was agreed that it would be possible to combine the conditions under chapter 6, excluding SLCs 7 and 9B. RB offered to produce a draft version of this condition.

6.15. It was agreed that a decision about SLC 7 could not be made until the current status of the Theft and Abstraction workstream was known. CD agreed to provide an update on this workstream at the next meeting.

6.16. The group moved on to chapter 7. RB said there was a strong argument for combining SLCs 31A and 31B.

6.17. SLC 29 was discussed and consideration was given to the existing consent(s). MC suggested that SLC 29 might be best revisited in future. RB suggested that SLC 29 could be split into two parts to reflect the two different aspects of this condition – integrity and financial ring-fencing. It was agreed that SLC 29 needs further consideration. JW agreed to circulate the current consent(s) relevant to SLC29 to the group.

6.18. RB pointed out that some licence conditions were time bound for dates that had expired and that these dates could be removed from the conditions. This was agreed by the group.

6.19. RB stated his belief that SLCs 53A, 53B and 53C are wrongly placed in section C. MC said that as the DTI had inserted these conditions into section C Ofgem would need to discuss any amendments to this with the DTI.

6.20. The group moved on to chapter 9. RB argued that it would improve clarity if there was a single condition for the set of definitions. It was pointed out that care should be taken with this as SLC 32 was drafted for a specific purpose. RB agreed to provide a paper setting out the background to the current drafting of SLC 32.

6.21. The group discussed chapter 10. MC asked that considering Ofgem's desire for less regulation of metering services could the conditions under this chapter be simplified. JB offered to review Chapter 10 (apart from SLC 48) on this basis.

6.22. RB stated that he considers the current drafting of the conditions in chapter 11 to be clear. JB pointed out that the term 'compliance officer' in SLC 40 often causes misunderstandings as people assume that the 'compliance officer' covers all conditions.

6.23. NR suggested that SLC 44 have a sub-heading inserted. MC wondered if SLC 39, 40 and 42 were still relevant to the licence.

6.24. RB pointed out that the conditions in chapter 12 were quite lengthy and that the substantial overlaps between them made them obvious candidates for shortening.

## 7. - Actions

### Action

Review current section A of the licence and consider, in light of the Supply Licence Review proposals, whether it would be appropriate to divide this into two sections, one section for definitions and a second section for interpretation.

### Person

Ofgem

### Action

Identify how many times each definition appears throughout the licence.

### Person

Ofgem

### Action

Review SLCs 17, 18, 19, 21, 22 and 23 in the context of the Supply Licence Review proposals and consider if/how these conditions could be brought together.

### Person

Ofgem

### Action

Review SLC 4, 4A, 4B, and 14A, considering how these conditions might be brought together. Produce a draft for discussion

### Person

Paul Delamare

### Action

Review SLC 4E, 14D and 36D, considering how these conditions might be brought together. Produce a draft for discussion.

### Person

Jeremy Blackford

### Action

Review SLCs 4C, 14B and 36B (and any other references to non-discrimination), identify to what extent these conditions vary and consider if a single condition is appropriate. Produce a draft for discussion.

### Person

Roger Barnard

**Action**

Provide an update on the Theft and Abstraction workstream within Ofgem to the group in consideration of SLC 7.

**Person**

Ofgem

**Action**

Review conditions listed against "Industry Procedures and Industry Codes and Agreements" and consider how these conditions might be brought together (excluding SLC 7 and SLC 9B).

**Person**

Roger Barnard

**Action**

Email a copy of relevant consent(s) applicable to SLC 29.

**Person**

Ofgem

**Action**

Provide a paper setting out the background to the current drafting of SLC 32.

**Person**

Roger Barnard

**Action**

Review conditions listed against "Requirements within the Distribution Services Area" and consider how these conditions might be simplified (excluding SLC 48).

**Person**

Jeremy Blackford

**8. Date of next meeting**

Friday 18<sup>th</sup> May 2007, 10:30am