

RESPONSE TO OFGEM CONSULTATION

ELECTRICITY DISTRIBUTION PRICE CONTROL REVIEW - 32/08

Sections 2.67 to 2.72 Fluid-filled cables

SUMMARY

The Environment Agency welcomes the opportunity to comment on the management of the fluid-filled cable network within the context of the Price Control Review. We have been working closely with the Distribution Network Operators (DNOs) through the Energy Networks Association (ENA) on the industry's performance against the Operating Code for the Management of fluid-filled cables. The aims of this consultation response is to :

- make the regulator aware of our partnership work with the ENA
- influence the price review to allow for improved leak detection and response
- support risk based assessment of the existing network in relation to sensitive groundwater sources and other receptors
- promote a long-term cable replacement strategy.

1.0 INTRODUCTION

- 1.1 An Operating Code between ENA and the Environment Agency, providing a consistent and proportionate response to dealing with leaks, was updated in 2005. The ENA responded by issuing best practice guidance to member companies for managing their cable network and committing to "making leaks a thing of the past".
- 1.2 The ENA set up a sub-group of its Environment Committee to manage this work. The first meeting was held on 29 November 2006 and we were encouraged by the attendance and support of all electricity companies.
- 1.3 Through dialogue with the industry regulator and by presenting a robust and united case for improved funding for environmental improvements to the fluid-filled cable network, our role is to support and facilitate an industry-wide approach, help establish good environmental practice, steer industry investment to environmental protection and promote the effectiveness and efficiencies of this industry-regulator approach.
- 1.4 The aims of the group are :
 - cable leak management
 - establishing and promoting best practice in the operational management of the cable network, together with a risk-based approach to strategic replacement, and
 - setting and working towards environmental improvement targets
 - benchmarking current environmental performance
 - setting milestones and targets such as:

- reduction in total oil lost
- reduced leakage in environmentally sensitive areas
- replacement rates in sensitive areas.

2.0 ENVIRONMENT AGENCY RESPONSE

- 2.1 The Environment Agency fully supports the risk-based approach that the DNOs are adopting. We encourage a long-term replacement strategy based on environmental risk / condition and also where an appropriate opportunity to replace presents itself.
- 2.2 The current arrangement (under the Operating Code) of monthly reporting to the Environment Agency of leak number and leak rates is not yet consistent across all DNOs, but agreement has been reached on the format. Once a significant baseline has been established, we can study trends. We would support the use of incident numbers and total volumes of fluid lost (excluding volume recovered) as a measure of Operator performance, particularly within sensitive areas.
- 2.3 The environmental impact of leaks to ground cannot always be accurately assessed due to the constraints in finding and accessing leaks. We support the investment in new technologies to improve leak detection as a proactive method of network management.
- 2.4 We are working with the DNOs with the support of the ENA to:-
- improve leak response
 - reduce leak volumes
 - promote and support cable replacement strategies
 - facilitate leak reporting
 - support investment in new technology
 - promote environmental best practice across the industry
 - establish an industry-wide Memorandum of Understanding covering priority issues, including waste management, water quality, flood risk management / flood warning and information exchange

3.0 RECOMMENDATIONS

- 3.1 The Environment Agency will continue to develop its partnership with the industry through the ENA. We would welcome the support of Ofgem in progressing the aims of this partnership. We would also welcome the development of a similarly close operational relationship with Ofgem.

FURTHER INFORMATION

Further information and background to this response can be obtained from Steve Wenham, Technical Advisor, Operational Partnerships either by telephone on 0115 846 3687 or by e-mail at steve.wenham@environment-agency.gov.uk

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