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**Minded to position on the major supply interruption at Dartford Creek in July 2009**

Dear Mick,

The exceptional event exclusion mechanism has proven very useful in establishing a more stable Interruption Incentive Scheme (IIS) allowing the underlying performance of networks to be assessed through the removal of events that are not usually encountered. This has given DNOs greater confidence to invest in measures that will improve service for customers, where success in this area is rewarded without the risk of the benefits being eroded through one or two extreme events. It has also led to the avoidance of perverse investment by DNOs trying to avoid low probability high cost incidents which would not be in customers' interests.

In general, we support the approach taken by Ofgem and its auditors in assessing both the pre and post actions associated with one-off exceptional events as this provides an assessment of good asset management practice in preventing the incident and the effectiveness of any response. We are, however, concerned about the conclusions drawn about the pre-event actions in the minded to position for Dartford Creek. It appears that the auditor's expectations for pre event actions could exceed the requirements for the development of an economic and efficient network. Conclusions are drawn that the cable bridge is strategically important and therefore should have had more frequent inspections or enhanced security measures. There are many such places on DNO networks and therefore this conclusion could set a precedent for extensive and expensive security measures in order to prevent an infrequent, low probability event. Whilst we accept that there will be some locations that may require enhanced security measures, applying such measures on a widespread basis may not provide value for money for customers.

We therefore urge great caution in trying to define engineering policy through this minded to document. We appreciate that whilst an auditor may well have a view on any



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particular incident, they would not necessarily be well placed to judge the particular risk against the population of like or similar risks within the DNO networks. The determination of what is strategically important should remain within the remit of DNOs and DNOs should be judged on whether they have established robust and appropriate risk assessment frameworks, how effectively these have been followed and the actions taken where deemed necessary by the policies of the DNOs.

We provide responses to the key questions in the minded to document in the attached appendix.

If you have any questions on the contents of this letter please don't hesitate to contact me.

Yours sincerely

Andrzej Michalowski  
Network Strategy & Planning Manager

## **Appendix – Responses to Questions in the Minded to Position Document**

### **Chapter 2**

***Question 1: What approach do other DNOs take regarding the security of similar installations? This should include the physical security, inspection regimes, risk assessments and action DNOs have taken following the EDFE Barking incident and subsequent Examiner's report in 2004 or other incidents of a similar nature.***

Physical security and specific risk assessment is included as part of the overall Inspection and Maintenance (I&M) policy and procedure for cable bridges. Where defects are identified during inspections, these are rectified and security measures enhanced where necessary.

Following the introduction of the ESQC Regulations, a group of Central Networks experts carried out an extensive review of historic knowledge and experience to set the I&M policy. Recent developments include migrating cable bridge data into a core asset register, establishing a comprehensive set of inspection questions covering aspects of safety, access, vandalism and asset condition and developing health index algorithms to provide a ranking methodology.

A centrally managed risk assessment review process utilises a workshop approach to consider the evidence from inspection data, expert knowledge and any learning points from other incidents to determine any revision to inspection frequency or content. A review in 2009 assessed the generic risk of failure of cables bridges to have a medium customer, publicity and environmental risk impact and determined that existing risk mitigation is commensurate with this. A further review will be carried out in 2010 to confirm that this is still appropriate.

### **Chapter 3**

***Question 1: Do you think the Authority's minded to decision is proportionate given the facts in this case and the measures EDFE took pre and post the event?***

The report recognises and commends the excellent post event response and places the reason for not allowing the exceptional event exclusion on the basis of insufficient pre event actions.

Both the auditors and Ofgem focus on the assessment of strategic importance, citing that risk assessments, of the impact of a fire on this bridge, should have led to a greater frequency of inspection and enhanced security measures. Whilst it appears that EDF had

installed stronger locks on the access points to the cable bridge, Ofgem's view is these measures were inadequate given previous vandalism and damage at the site.

We believe that whilst more frequent inspections can identify vandalism/access issues, they will not prevent a determined intruder from gaining access.

As discussed below, we believe EDFE's approach appears reasonable and further measures are unlikely to have prevented the loss of supply. The lack of any exclusion would appear disproportionate given the efforts made to restore supplies and carry out repairs.

***Question 2: Do you think it is reasonable for the Authority to expect EDFE to have had better security arrangements in place than it did at Dartford Creek at the time of the fire and do you agree this is a relevant consideration for the Authority in reaching its decision?***

The use of strong locks on access doors would be typical of the kind of preventative measures that would be employed. It is reasonable to expect that such measures should be adequate to prevent opportunistic access/vandalism.

More frequent inspections would have potentially identified a growing incidence of vandalism, but would not have prevented a determined intruder from gaining access.

More enhanced monitoring such as CCTV would enable intrusion to be monitored and response to be more rapid, but it is questionable whether response times would have prevented damage arising once access is gained.

The interpretation of what is reasonable depends on the likelihood of interference, the impact of an event and what can be carried out to cost effectively reduce the risk. In this case Ofgem believes that more should have been done.

There are many parts of DNO networks that are susceptible to vandalism including hundreds of primary substations, thousands of towers and many cable bridges. There is a risk that the minded to position could set a precedent for a requirement for far more investment in enhanced security measures at many locations across DNO networks.

This decision could result in the unintended consequence of disproportionate and costly security measures becoming a standard requirement.

***Question 3: What additional factors and evidence, if any, do you think we should take into account before reaching a final decision on this matter?***

Risk assessment of assets is a core requirement of the Electricity Supply Quality and Continuity Regulations (as amended) 2002. These regulations are governed by DECC, with elements falling under the remit of the Health and Safety Executive. It would therefore seem reasonable to seek views from the relevant parties on whether they consider the preventative actions taken by EDFE to be adequate and whether those agencies have a similar interpretation of what is deemed to be "strategically important".

In recent price controls there has been no award of funding for additional network resilience measures. This minded to document must align with the network management funding arrangements and with what customers are willing to pay for. This in turn should inform what is "reasonable" in the context of preventative measures and resilience.