

Your Ref:
Our Ref: TJB/OS.1
Direct Dial: 020 7901 7361
Email: john.benson@ofgem.gov.uk

19 April 2002

Dear

Multiple Interruptions – Determination of Overall Distribution Standards of Performance

You will be aware that draft determinations of Overall Standards were published by Ofgem on 13 March 2002, as part of a consultation document that also set out implementation arrangements for the Multiple Interruption Guaranteed Standard.

Four companies provided responses that related specifically to the draft determinations. Three of these included suggestions to improve the wording of the determinations in order to more accurately reflect Ofgem's intentions, as set out in the consultation documents:

- Seaboard suggested that Service 5 should relate to interruptions **for 3 minutes or more**, rather than "for more than 3 minutes", so that they are more closely aligned with the IIP RIGS.
- United Utilities pointed out that pre-arranged interruptions are sometimes organised to deal with the effects of "failure of, fault in, or damage to" a distributor's equipment. They therefore suggested that interruptions notified under EGS4 should be specifically excluded.
- YEDL considered that plans to exclude exceptional events were not addressed by the reference to the RIGs under Service 5. In order to make them consistent with the IIP arrangements, there also needs to be a reference to the procedures specified in paragraph 10 of special licence condition G.

Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

One company (GPU) did not have data extraction facilities available at the time EA Technology carried out studies of likely performance against the proposed overall standard. However, since then they have been able to extract information from their connectivity model/network management system. This indicates a likely performance significantly worse than the 98% proposed in the draft determination. They have therefore requested that Ofgem revise their performance target for the overall standard to 96%.

In the November and March consultation documents (paragraphs 4.15 & 2.7 respectively), Ofgem indicated that performance levels were to be set initially at relatively undemanding levels. (It was recognised that before demanding targets could be set Ofgem would need to have reliable, rather than estimated, data for all companies. In the short term, publication of performance would provide an incentive for companies to improve their position in the performance table.) In view of this, and because the latest data from GPU is thought to be to a high standard, it has been decided to adjust the required performance for this company. It has therefore been set at 96%, rather than at 98% as proposed in the Initial Proposals document. However, as previously indicated, Ofgem will review the standards at the time of the next price control. It will then be necessary to consider what might be an appropriate Overall Performance Standard for each company, taking into account all relevant factors.

In addition to the responses on the draft determinations, two other companies with distribution licences (LE Group and SP Transmission & Distribution) responded to the consultation document with more general comment on the implementation of the new Multiple Interruption standards. United Utilities and Seeboard also included some general points along with their comments on the draft determinations. The general comments relate to:

- How efficient costs arising from operation of the Multiple Interruption Guaranteed Standard are to be assessed.
- Support for the decision to exclude only restorations of less than 3 minutes from the calculation of the Guaranteed Standard.
- Concerns about the impact of weather, and other factors outside the control of companies, on their liabilities under the Guaranteed Standard.
- How consumers willingness to pay for service improvements should be assessed.
- Support for the collective approach to developing administration and publicity that was employed at the workshop on 27 February.
- A general concern about the risk to companies of them incurring penalties under the Utilities Act as a result of having a small number of failures against Overall Standards where 100% performance is required.

Most of these comments reiterated earlier concerns and point out the need for further work that Ofgem intends to carry out prior to the next price control review. Indications of the possible timetable for some of this work have been included in the IIP Final Proposals and in recent

correspondence on Quality of Supply issues. So far as the final point is concerned any penalties imposed would be in line with Ofgem's Statement of Policy with Respect to Financial Penalties published on 30 April 2001.

Responses were also received from two supply companies (British Gas and Innogy) and from National Grid. The suppliers emphasised the importance of appropriate publicity and administrative arrangements (Draft Ofgem Guidance and Proposals on Best Practice are to be circulated during the next few weeks). National Grid restated their view that if the standards should be modified to include outages arising from transmission failures, then appropriate consideration would have to be given to the resulting costs and incentives on both transmission and distribution companies.

Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

Mike Boxall
Head of Electricity Regulation
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19 April 2002

Dear Mike

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You will be aware that draft determinations of Overall Standards were published by Ofgem on 13 March 2002, as part of a consultation document that also set out implementation arrangements for the Multiple Interruption Guaranteed Standard.

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- YEDL considered that plans to exclude exceptional events were not addressed by the reference to the RIGs under Service 5. In order to make them consistent with the IIP arrangements, there also needs to be a reference to the procedures specified in paragraph 10 of special licence condition G.

Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by United Utilities.

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

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- How efficient costs arising from operation of the Multiple Interruption Guaranteed Standard are to be assessed.
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Most of these comments reiterated earlier concerns and point out the need for further work that Ofgem intends to carry out prior to the next price control review. Indications of the possible

timetable for some of this work have been included in the IIP Final Proposals and in recent correspondence on Quality of Supply issues. So far as the final point is concerned any penalties imposed would be in line with Ofgem's Statement of Policy with Respect to Financial Penalties published on 30 April 2001.

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Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

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Simon

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- YEDL considered that plans to exclude exceptional events were not addressed by the reference to the RIGs under Service 5. In order to make them consistent with the IIP arrangements, there also needs to be a reference to the procedures specified in paragraph 10 of special licence condition G.

Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by SP Distribution & SP Manweb.

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

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Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

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Regulation Manager
LPN & EPN Distribution
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Dear Paul

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- YEDL considered that plans to exclude exceptional events were not addressed by the reference to the RIGs under Service 5. In order to make them consistent with the IIP arrangements, there also needs to be a reference to the procedures specified in paragraph 10 of special licence condition G.

Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by LPN & EPN Distribution.

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

One company (GPU) did not have data extraction facilities available at the time EA Technology carried out studies of likely performance against the proposed overall standard. However, since then they have been able to extract information from their connectivity model/network management system. This indicates a likely performance significantly worse than the 98% proposed in the draft determination. They have therefore requested that Ofgem revise their performance target for the overall standard to 96%.

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Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

Paul Everleigh
Commercial and Regulation
Manager
East Midlands Electricity
Distribution
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Pegasus Park
East Midlands Airport
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Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by East Midlands Electricity Distribution.

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

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In addition to the responses on the draft determinations, two other companies with distribution licences (LE Group and SP Transmission & Distribution) responded to the consultation document with more general comment on the implementation of the new Multiple Interruption standards. United Utilities and Seeboard also included some general points along with their comments on the draft determinations. The general comments relate to:

- How efficient costs arising from operation of the Multiple Interruption Guaranteed Standard are to be assessed.
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Most of these comments reiterated earlier concerns and point out the need for further work that Ofgem intends to carry out prior to the next price control review. Indications of the possible

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Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

Tony Jackson
Director of Strategy and Regulation
SEEBOARD Power Networks
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19 April 2002

Dear Tony

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Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by SEEBOARD Power Networks.

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

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In addition to the responses on the draft determinations, two other companies with distribution licences (LE Group and SP Transmission & Distribution) responded to the consultation document with more general comment on the implementation of the new Multiple Interruption standards. United Utilities and Seeboard also included some general points along with their comments on the draft determinations. The general comments relate to:

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Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

Rob McDonald
Group Regulation Manager
Scottish Hydro Electric & Southern
Electric Power Distribution
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Perth
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Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by Scottish Hydro Electric & Southern Electric Power Distribution.

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In addition to the responses on the draft determinations, two other companies with distribution licences (LE Group and SP Transmission & Distribution) responded to the consultation document with more general comment on the implementation of the new Multiple Interruption standards. United Utilities and Seeboard also included some general points along with their comments on the draft determinations. The general comments relate to:

- How efficient costs arising from operation of the Multiple Interruption Guaranteed Standard are to be assessed.
- Support for the decision to exclude only restorations of less than 3 minutes from the calculation of the Guaranteed Standard.
- Concerns about the impact of weather, and other factors outside the control of companies, on their liabilities under the Guaranteed Standard.
- How consumers willingness to pay for service improvements should be assessed.
- Support for the collective approach to developing administration and publicity that was employed at the workshop on 27 February.
- A general concern about the risk to companies of them incurring penalties under the Utilities Act as a result of having a small number of failures against Overall Standards where 100% performance is required.

Most of these comments reiterated earlier concerns and point out the need for further work that Ofgem intends to carry out prior to the next price control review. Indications of the possible timetable for some of this work have been included in the IIP Final Proposals and in recent correspondence on Quality of Supply issues. So far as the final point is concerned any penalties imposed would be in line with Ofgem's Statement of Policy with Respect to Financial Penalties published on 30 April 2001.

Responses were also received from two supply companies (British Gas and Innogy) and from National Grid. The suppliers emphasised the importance of appropriate publicity and administrative arrangements (Draft Ofgem Guidance and Proposals on Best Practice are to be circulated during the next few weeks). National Grid restated their view that if the standards should be modified to include outages arising from transmission failures, then appropriate consideration would have to be given to the resulting costs and incentives on both transmission and distribution companies.

Many of the consultation responses received have expressed strong support for the Multiple Interruption Standards which have been introduced with effect from 1 April 2002, as required by the Current Distribution Price Control. Development of these standards has been carried out to a very tight timetable. Thank you for contributing to this process through your active participation in the consultation process.

Yours sincerely

T John Benson
Technical Advisor

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19 April 2002

Dear Kirsty

Multiple Interruptions – Determination of Overall Distribution Standards of Performance

You will be aware that draft determinations of Overall Standards were published by Ofgem on 13 March 2002, as part of a consultation document that also set out implementation arrangements for the Multiple Interruption Guaranteed Standard.

Four companies provided responses that related specifically to the draft determinations. Three of these included suggestions to improve the wording of the determinations in order to more accurately reflect Ofgem's intentions, as set out in the consultation documents:

- Seaboard suggested that Service 5 should relate to interruptions **for 3 minutes or more**, rather than "for more than 3 minutes", so that they are more closely aligned with the IIP RIGS.
- United Utilities pointed out that pre-arranged interruptions are sometimes organised to deal with the effects of "failure of, fault in, or damage to" a distributor's equipment. They therefore suggested that interruptions notified under EGS4 should be specifically excluded.
- YEDL considered that plans to exclude exceptional events were not addressed by the reference to the RIGs under Service 5. In order to make them consistent with the IIP arrangements, there also needs to be a reference to the procedures specified in paragraph 10 of special licence condition G.

Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by YEDL 7 NEDL.

You will doubtless be interested in other points raised in response to the 13 March 2002 consultation document:

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In addition to the responses on the draft determinations, two other companies with distribution licences (LE Group and SP Transmission & Distribution) responded to the consultation document with more general comment on the implementation of the new Multiple Interruption standards. United Utilities and Seeboard also included some general points along with their comments on the draft determinations. The general comments relate to:

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- Support for the decision to exclude only restorations of less than 3 minutes from the calculation of the Guaranteed Standard.
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Yours sincerely

T John Benson
Technical Advisor

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19 April 2002

Dear Bob

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Changes have therefore been made in the final determinations for all distribution companies in order to take account of these helpful suggestions. Enclosed with this letter is the final determination of the standards of overall performance in connection with the provision of electricity distribution services to be achieved by WPD (South Wales) & WPD (South West).

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