

Association of  
Electricity Producers

**Governance of Electrical Standards**  
**Response to Ofgem's April 2002 Consultation**

17 June 2002

The Association welcomes Ofgem's decision to consult on the governance of electrical standards. This consultation is timely and apposite, given the government policy targets that require the growth of embedded generation, in particular.

General comments The Association welcomes the intention to ensure inclusive review and development of standards. Overall, we believe an extended role for the Grid Code (GCRP) and Distribution Code Review panels (DCRP) is appropriate as a means of ensuring transparency, inclusiveness, responsiveness, efficiency and robust quality control.

Although the standards focus on technical issues, they always have commercial implications too. A standard that prescribes only one solution to a technical issue may inhibit the development of cost-effective and innovative solutions. Therefore, it is inevitable that a review of standards will have commercial consequences. The presence of industry participants on the GCRP and DCRP will allow the commercial implications to be explored, as it usually the industry participants who bear the costs of complying with the standards in practice. Where there are regulatory impacts arising from review and development, we believe the presence of Ofgem observers on the GCRP and DCRP should allow for them to be spotted and dealt with efficiently. Albeit that the location for dealing with regulatory issues may need careful consideration given the multi-compartmental approach to governance that currently exists. Therefore, we believe the existing panels are the best candidates for future review and development of standards.

The membership and representation on the Review Panels has changed recently and will change further with the creation of the GB codes. In principle, the current and envisaged memberships should allow for all parties materially affected by the standards to be included in the expert working groups that review or develop them. Nevertheless, we see additionally there may be a role for focussed Governmental funding of technical experts to ensure smaller players' views are represented.

Whilst the ownership of review and development is best focussed at the Review Panels, there is also a need for administrative and secretariat type services to ensure efficient management of the standards. These could be procured elsewhere, for example from the EA who have considerable experience in this field.

Detailed Comments The consultation document poses a number of questions and invites response at a number of points. These detailed comments reference the relevant paragraphs in the document.

<u>Ref.</u>	<u>Response</u>
3.11	<p><u>Inclusion of G Code Standards as well?</u></p> <p>The scope of the review should include governance of Grid Code Technical Standards. Standards are referenced in the Grid Code in a similar way to the Distribution Code. Similar issues of efficiency and transparency of process arise.</p>

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3.12-3.14	<p><u>DCRP Process</u></p> <p>The Association supports the creation of a more open and transparent process. Discussions regarding standards frequently involve a deliberate avoidance of the commercial consequences of technical requirements, recent discussions regarding G75 being a case in point. This is not helpful and can hinder the development of innovative solutions to technical issues. If the style and format of a standard is such as to prescribe a single technical description, rather than a required technical output, then there is little scope for the party on the receiving end of the standard (normally the generator) to find a cost-effective innovative answer to the technical issue. Similarly there is likely to be no incentive on distributors to find such solutions, particularly if charging for connection costs is restructured to shallow entry plus DUoS.</p>
3.19	<p><u>Ofgem's Role</u></p> <p>The Association supports Ofgem's current role in the standards process and agrees it would be inappropriate for it to be extended. We note, in passing, that Ofgem provide a valuable service by hosting the Distribution Code on its web site and there may be some scope for slight extension here.</p>
3.20	<p><u>DTI &amp; HSE's Role</u></p> <p>DTI and HSE should be invited to participate in expert working groups reviewing or developing standards, if the scope of work is appropriate, and if they can contribute. Loading more observers into groups only reduces their efficiency.</p>
3.39	<p><u>Technical Standards Groups</u></p> <p>Each Group should be encouraged to estimate the likely workload and seek the most cost-effective structure to deliver their requirements.</p>
	<p><u>Funding</u></p> <p>Currently, where larger generators decide to contribute to standards work it is absorbed as a cost of doing business. As standards work under-pins the discharge of licence obligations by network owners and operators it is most properly seen also, as a cost of their doing business. Additionally, we see a role for the Government, from time to time, providing focussed funding of technical experts to ensure smaller players' views are represented.</p>
Option 2	<p><u>Commercial Role for GCRP &amp; DCRP</u></p> <p>See general comments above. The GCRP currently deals with technical matters that have commercial implications.</p>
3.43 Option 3	<p><u>Establish New Industry Standards Body</u></p> <p>Unnecessarily complex and likely to quickly become remote from the customers' requirements.</p>
Option 4	<p><u>Elexon Govern and Publish Electrical Standards</u></p> <p>Unlikely that they could do the job any better than DCRP and GCRP. Also, they could be more remote from customers' requirements. Note that non-BSC signatories are those most at risk of non-inclusion at the moment.</p>
Option 5	<p><u>Other Standards Bodies</u></p> <p>Likely to be remote from customers' requirements.</p>
Option 6	<p><u>DTI Standards body</u></p> <p>As per Option 5.</p>

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3.57	<u>Internet Consultation</u> There is a lot of scope for enhancing the accessibility of standards via the internet. (Ofgem's hosting the Distribution Code is a related example). Also the process of consultation can be made more accessible and responsive. Nevertheless, experience suggests this will augment, but not replace expert working groups with defined Terms of Reference, acting as foci for the review and development work. There is normally a stage in review and development of standards when the footslogging detail has to be gone through by a bunkered group. A mandatory Term of Reference for an expert working group could be for the Chairman to demonstrate that the responses to <b>internet</b> consultation are fully taken into account.
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