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Reference m:\jrf\standards1 a.doc

Dear Mr Dickinson

Ofgem Consultation - Governance of Electrical Standards

Thank you for the opportunity to comment on the Ofgem Consultation - Governance of Electrical Standards dated April 2002. Please see the comments listed below on behalf of Powergen UK plc.

General:

Powergen recognises the perceived need for this consultation given government policy relating to the continued growth of embedded generation. We support the need for effective governance arrangements

for electrical standards that exhibit transparency, inclusiveness, responsiveness, efficiency, effectiveness and quality control. However, we would not support unnecessary changes to governance arrangements that impose additional costs or dilute industry involvement and expertise in respect to electrical standards.

Powergen values the existing Electricity Association (EA) contribution to maintaining sound electrical standards and it would be unfortunate if their technical expertise in this area were lost to the industry or merely duplicated. Our understanding is that the EA does consult widely on standards outside of its membership, e.g. via GCRP and DCRP to Authorised Electricity Operators, thus Powergen would agree that small players should better utilise their representatives on these two panels in developing standards.

Electrical standards primarily concern technical issues, but there are inevitable commercial cost implications that should not be ignored. Review of standards over recent years has highlighted the need to avoid overly prescriptive standards that might stifle innovation or fail to be cost-effective.

Ofgem should be aware that the GCRP and DCRP are increasingly considering technical matters that have commercial implications. Also, that Membership of the GCRP was expanded for NETA [to include Suppliers, Non-embedded Customers and BSC Panel]. The GCRP and DCRP membership is now representative, and thus allows all Users of the distribution and transmission systems effected by electrical standards to be adequately represented. Both panels could be empowered to consult upon and maintain those electrical standards that are specifically referenced in the Codes, retaining the EA for continuity and technical expertise notably in relation to EU or International standards.

Powergen is not persuaded that a new industry standard body, or involvement of Elexon, IEE, DTI, etc., is either required or that any of these would be particularly effective. Additionally, they would almost certainly impose unacceptable extra costs on the industry and could be seen as remote from the needs of distribution and transmission network Users.

Powergen could support an expanded role for the GCRP and DCRP, which in our view is unlikely to impose significant extra costs, should be inclusive in representation and maintain regular involvement with all Users, including small players. It should be noted that the GCRP and DCRP already have an Ofgem appointee to observe due process and assist with regulatory issues.

In conclusion, Powergen favours continuity in the governance of electrical standards. In answering the specific questions and choosing between the options outlined in the consultation, Powergen would support the extended DCRP and GCRP model, ideally retaining EA input, and which is limited to standards that are specifically referenced in these Codes.

Specific Consultation Questions:

In answer to the specific questions raised in the consultation I offer the following:

Question	Comments
Q1.	The scope of review should be limited to governance of those existing and any future electrical standards which are specifically referenced in the Distribution Code and/or Grid Code
Question	Comments
Option 1	<u>Enhanced role of GCRP and DCRP:</u> Supported - to the extent that the existing panels should seek to ensure that electrical standards are developed to deliver the most cost effective technical solutions. These panel(s) are representative, have wide access to technical expertise, and have a proven record on consultation. Any decision to establish a subsidiary standards group within each body should be left to the panel(s) discretion. The EA should be retained for continuity for technical expertise and secretariat services
Q2.	No – any such decision to establish Technical Standards Groups under GCRP or DCRP should initially be a matter for the panels to decide depending on need.
Q3.	No significant additional funding should be required. Funding should be unchanged through regulated income.
Option 2	<u>Commercial role for GCRP and DCRP:</u> Not supported – an expanded constitution to include full consideration of commercial, administrative and regulatory issues is unnecessary. It would likely be overly complex and would appear to risk duplication of responsibility in some areas. Maintenance of the current softer approach is preferred whereby the GCRP and DCRP concern themselves with technical matters, including standards, that seek to deliver the most cost effective technical solutions.
Q4.	No (as Option 2 not supported)
Q5.	N/A (as Option 2 not supported)
Option 3.	<u>Establish a new industry standards body:</u> Not supported – unnecessary, over bureaucratic, likely to impose additional costs, and might become dislocated from both System and User requirements with time.
Q6.	No.
Q7.	N/A
Option 4.	<u>Elexon to govern and publish standards:</u> Not supported – an expanded role for Elexon beyond their current commercial and secretarial activities is unlikely to deliver better value than Option 1, i.e. GCRP and DCRP.
Q8.	N/A as Option 4 not supported.
Option 5.	<u>Other Standards body:</u> Not supported – as Option 3, likely to be too remote from System and User requirements, and likely to impose additional costs.

Q9.	No.
Option 6.	DTI Standards body: Not supported – see Options 3 and 5.
Q10.	No.
Q11.	N/A
Q12.	The use of e-mail and Internet for formalising Consultations is certainly to be encouraged. However, the Ofgem concerns regarding issues such as copyright and ability to generate sales income from standards is thought to be problematic in relation to public Internet sites.
Question	Comments
Q13.	The use of the Electricity Association (EA) expertise has served the industry well. The EA should be invited to review the concerns and seek solutions to better address the issues in relation to third parties.
Q14.	No – Users should seek access through their Panel representatives
Q15.	No – there is no obvious evidence that standard amending or drafting committees would work more efficiently by use of fully independent chairpersons. Experience with the GCRP and DCRP, where the chair is appointed by NGC and DNO's, is that this has on balance been an advantage in terms of the Code(s) development process as the GCRP and DCRP both have inclusive representation with equal voting rights.
Q16.	Third parties, particularly small players, should be actively encouraged to better use their existing representatives on the GCRP and DCRP, trade associations such as the AEP, and by informal approach to EA or EA Members.
Q17.	There appears to be no Q17?
Q18.	Preference is to encourage better use, particularly by small players, of existing EA, GCRP and DCRP forums. However, if the EA is truly viewed as insufficiently inclusive [as the consultation suggests] then limited implementation of Option 1 is preferred. This should be limited to those standards directly referenced in the respective GCode and DCode.

I trust these comments are clear in responding the Consultation. Should you have any questions please do not hesitate to contact me.

Yours sincerely,

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