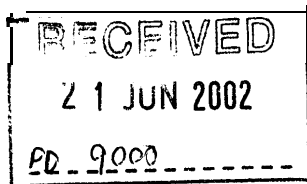


≡ Scottish and Southern Energy plc

Mr Peter Dickinson
Technical Advisor
Ofgem
9 Millbank
London
SW1P 3GE



Scottish and Southern Energy
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Phone:
Fax:

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Dear Peter

Governance of Electrical Standards - Consultation Document

Thank you for the opportunity to update our response to this issue following Ofgem's initial consultation exercise. Fundamentally, we are still of the view that we should be seeking to build on existing processes (which have served the country well) rather than a radical change to them. The majority of the options Ofgem suggest would involve significant set up time and costs and would be more expensive and less efficient than existing practice. For this reason in particular we do not support Option 4, the Elexon solution.

Of the options quoted, the most logical and cost effective approach is Option 1. The DCRP is clearly the most appropriate vehicle in which to exercise governance in that its constitution and goals represent a requirement to run the electricity network to the best advantage of all users.

The DCRP already operates in an open manner, fulfilling Ofgem requirements, and it should remain with significant DNO influence reflecting their clear responsibility for writing and administering the Distribution Code. However, there may be a need to consider whether the DCRP or the Licensee should consult on changes.

Under Option 1 an expanded DCRP with enhanced responsibilities could provide the desired attributes of governance required. It may however require to form a Technical Standards Group to resource and oversee this specific activity and recommend change to the main Panel as necessary. However, we do not agree the new standards group should have responsibility for 'commercial, regulatory and administrative issues'. This change would not improve governance of relevant technical standards and represents an unnecessary and unwelcome change to existing arrangements.



This Group provides another opportunity to allow small generators more say in future standards. Once the issue of governance is resolved, the mechanism to achieve changes to standards is of secondary importance to Ofgem's consultation. However, it is of primary importance to the future of the electricity network and the role of embedded generation.

Representation by the DTI and HSE on the Technical Standards Group would certainly help to achieve the aims you outline and it would also ensure that sometimes conflicting signals from each organisation could be resolved before policy is set. Small generators can clearly not expect or get individual representation but nonetheless require some form of representation. The most obvious method is by a trade body. In common with the current position Ofgem would remain as final arbiter and in particular would approve changes to the standards under this framework.

Under the governance of the DPCR, we believe the Electricity Association are well placed to carry out these consultations about any changes to the standards on an open and independent basis. This is exactly the role the Electricity Association has performed well over a large number of years and are well placed to continue carrying out this work in the future.

The Electricity Association already has processes in place to produce, review and efficiently publish standards. Quality assurance processes are in place which are robust and have served the industry well over many years. The Association already holds a large number of standards and, if they were to continue administering the process, any issue of ownership would largely fall away.

The costing process for this work can be complex but the Association have arrangements in place which make this transparent and easily split amongst participants. At the moment, these costs are charged to DNO members only but it would be relatively easy and correct to apportion future costs to those that require change and benefit from it.

It is not clear from the consultation paper which standards are already an issue for Ofgem and others but these could be the first reviewed by the new arrangements. We are aware of certain issues that have already arisen, but as far as we are aware have been dealt with effectively by Ofgem using existing powers.

As a final point we would reiterate our firmly held view that any review process should only encompass that range of standards where Distributed Generators have a relevant and genuine interest and are directly affected. We see this as those directly setting connection conditions. You should also note that any changes to the existing standards that may arise following reform of the review mechanism will in all likelihood have implications that will need to be fully recognised in the Distribution Price Control.

We trust our input to your consultation is helpful and look forward to your final recommendations paper in due course.

Yours sincerely



Rob McDonald
Group Regulation Manager