

John Scott
Technical Director
Ofgem
9 Millbank
London

Direct Line 01925 237190
mkay@iee.org.uk

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Dear John

TSG Work Stream Directors' Observations on Ofgem's Governance Consultation

I am writing to you in my capacity as a Work Stream (WS) Director of the Technical Steering Group (TSG). At the last meeting of the TSG on 22 May, it was agreed that it would be appropriate for me as WS 2 Director to make comments, on behalf of all WSs, on the proposals in your consultation paper from the perspective of the WSs. WSs need pragmatic arrangements that can engage efficiently with the major players and converge as rapidly as possible on agreed technical standards including representative consultation at appropriate stages.

You will be aware that we appear to have made satisfactory plans for new standards and for revising existing ones already in the TSG, assuming the current governance arrangements, although we have been particularly mindful of the necessity to ensure full transparency at all stages, particularly the early stages, of the process. Some of these plans, for example for the introduction of ER G83 and for modifying Table 2 in ER P2/5 are relatively well developed, whereas plans for fixing best practice in active management are necessarily much more hazy at this stage.

Clearly the development of technical standards should deliver the foreseen most economic technically-acceptable solution: the involvement of representatives of all network users in standards development will implicitly assure this. The commercial issues arising from the implementation of such standards are best dealt with under determinable bilateral agreements, albeit under some recognized framework.

WS Directors expect that there will be commercial and regulatory issues to resolve, but we do not believe that Option 2, nor by extension, Options 3 & 4 in this regard, would better deliver the required results than the present arrangements.

Apart from these observations, WS Directors do not wish to favour any option over another, seeking only the most effective arrangement as described in my opening paragraph. Our only caveat is that any transition must be seamless; the TSG process can not afford to be held up

whilst new governance arrangements are formalized (if this is protracted), nor whilst any new technical administration or secretariat masters its new brief.

Lastly, if the present arrangements are still chosen as the best enduring arrangements, we believe that there needs to be some attention to the formality of representation at the development of new or revised standards, and that there probably needs to be more visibility of the consultation processes.

Yours sincerely

Mike Kay

Electricity Regulatory Affairs Manager

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