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Peter Dickinson,  
Technical Adviser,  
Ofgem,  
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London, SW1P 3GE.

18<sup>th</sup> June 2002

Dear Peter,

**Re: Governance of Electrical Standards – A Consultation Document**

Thank you for allowing us the opportunity to respond to the above consultation. The following comments represent the views of TXU regarding the issues raised in the document.

TXU welcomes Ofgem's timely consultation in relation to the Governance of Electrical Standards and sees this as a good opportunity to help improve the transparency of the current arrangements. Discussed in turn below are each of the six options Ofgem proposed as a possible way forward.

Clearly, the three most important objectives when considering technical standards are: the Public's Health and Safety; Security of supply; and ensuring reasonable revenues for the monopoly transmission/distribution companies.

And in doing so, it is important that the following six criteria are satisfied in the process:

- Transparency of process;
- inclusiveness;
- responsiveness to change;
- efficiency;
- robust quality control;
- & effective review mechanisms

Effective Governance arrangements are especially important with the rapid development of new technologies such as Micro-CHP and P.V. A fundamental shift in the management of the distribution networks is required with the on-set of this technology. Networks will need to be actively managed to cope with the multi-directional flow of power in the near future and robust governance arrangements for electrical standards can help in reaching this goal.

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### **Option 1 – Enhanced Distribution and Grid Code Review Panels**

This option is acceptable although having a panel of ‘representatives from the industry’ can cloud any transparency of process. There would be a need for an independent chairperson and wider representation on the panel. As mentioned in the consultation, it is vital that smaller parties can be represented either through independent consultants or Trade Associations. It is also important that these panels take account of commercial and regulatory issues when consulting, even if they do not have overall responsibility for them.

### **Option 2 – Commercial role for Grid and Distribution Code Review Panels**

We believe that Option 2 is probably better than Option 1, although TXU would like clarification as to the extent of the Panel’s ‘commercial’ role. Would the remit of the Panel include connection or DuoS charging as implied in the title of this Option. As stated above, the expansion to include regulatory and commercial aspects of any issues would be a welcome one. One complaint about the current arrangements is a lack of co-ordination in considering all the issues involved relating to distributed generation. The development of Engineering Recommendation G83 (for small scale distributed generation) is a good example, in that a document suitable for type approval is being considered, but the remit of the group does not extend to the development of a universal commercial connection agreement. Time can be saved if commercial and regulatory matters are considered in conjunction with technical issues in a co-ordinated manner.

### **Option 3 – Establish a new industry standards body**

TXU believes that is the most appropriate option and would be the most likely arrangement to satisfy all the criteria set out previously. Clearly, a small independent secretariat would be required and as suggested the over-arching panel would require a mix of managerial, technical, regulatory and commercial representatives from various parts of the industry. Clearly it would be important to ensure that the costs involved in doing this would outweigh the benefits.

### **Option 4 – Elexon govern and publish electrical standards**

Although regarded as an effective organisation, TXU believe that it would be inappropriate for Elexon to create, publish and maintain technical standards. Elexon have expertise in Trading arrangements rather than technical standards and therefore, there would be a question over whether they would be able to fully satisfy the criteria required.

### **Option 5 – Other standards bodies**

TXU believes that it would be difficult for any other standards body to assume responsibility for the maintenance of the technical standards. Given the unique nature of the networks, it would not be a practical solution. TXU would not

support this proposal.

**Option 6 – DTI standards body**

While it may be appropriate to have a member of the DTI Engineering Inspectorate on the panel or invite them to meetings on a regular basis, TXU believes that a DTI standards body would not be an appropriate place to maintain the governance of electrical standards. While offering independence and contributing towards a strategic direction for the industry, this solution may not adequately satisfy the six criteria required.

**Conclusion**

TXU advocates the adoption of Option 3 i.e. a new, industry standards body. A constitution enabling inclusiveness, whilst ensuring that Health & Safety and Security of Supply are not compromised, should certainly be attainable. Alternatively, of the existing bodies, Option 2 would represent the most suitable place for governance providing the extent of its role in Commercial and Regulatory issues is clarified. As stated previously, it is important that Ofgem ensure transparent and effective governance arrangements to aid the shift in the management of the networks required in the future. Should you wish to discuss anything further, please do not hesitate to contact me.

Yours sincerely,

Matthew Williamson  
Network Access Manager