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Date: 6/17/02 6:33pm
Subject: Governance of Electrical Standards

17th June 2002

Email to Peter Dickinson, Ofgem, peter.dickinson@ofgem.gov.uk

Dear Mr Dickinson

Governance of Electrical Standards

I refer to the Ofgem consultation paper dated April **2002** on the above subject. I would like to make the following formal comments on the paper:

1. While the new NETA-related sections of the Grid Code (CUSC, BSC) are an improvement on what went before, they are still very complex, and a significant barrier to entry to small players, and especially to organisations whose primary role is not the production of electricity. While I am not seeking for them to be changed just yet, it would help if some form of guide could be produced to help embedded generators to work their way through the system.

2. The terminology used in the Grid Code is often based upon traditional use and traditional equipment, to the extent that the information sought from new generators often does not apply to the type of machine that they propose. The Code should be expanded, if only to state that where new technology does not correspond with the parameters contained in the Code, there is a duty on the licensee to discuss with the applicant what information is required and how best to achieve this.

3. Technology is advancing faster than it is possible to change the Codes and other technical standards. This either prevents the adoption of new technologies, or results in ad-hoc arrangements having to be made. Either route undermines the status of the codes and standards.

4. Ofgem is effectively a market authority, rather than a keeper of technical standards. While technical standards should facilitate the advancement of the industry (both technically, and in response to the markets) I would caution against subsuming responsibility for technical standards within a market authority. This is particularly the case for safety standards, where it is essential that there can be no risk, or even a perceived risk, that safety standards could be subservient to the needs of a market. I am sure that there is no intention that this should be so, and the clearer the separation, the better.

5. Existing standards are often based upon many years of experience, usually of doing things in a particular way. Previous reviews have tended to perpetuate long-established practices. Any review of the governance of technical standards, or of the standards themselves, should cover:

- New products and technologies
- Improved products
- New generating protocols
- Advanced protection systems
- Remote control systems
- New operational protocols

6. Paragraph 3.9: I do not see why the content of a paper should not be questioned just because the governance is correct. Quality standards have a habit of perpetuating the poor (ISO 9000 is a case in point), so there

should be every opportunity to correct it.

7. **Para 3.11:** It is more pressing to review the Distribution Code, in view of the significant expansion of distributed generation, and the likely arrival of micro-generation. However, as most generation standards are included in, or referenced from, the Grid Code, it is essential that this should also be reviewed. Perhaps the Distributed Generation Group should be charged with reviewing both documents in this context.

8. The DCRP may not cover commercial matters, but it is likely that pressure for change will come from a commercial standpoint. It is therefore essential that the review body should be able at least to consider the commercial impact of any proposed change. It is possible for change to facilitate commercial interests - it is also possible for code changes to prove to be anticompetitive. The means to spot, and correct, this must be provided.

9. **Para 3.16:** A means to overcome the representation problems outlined in **para 3.16** would be to allow persons licensed by exemption to become members of the EA, or its successor body. This need not entail full membership, but should be sufficient to allow for consultation on change issues.

IO. **Para 3.18:** How can it be that a committee, which does not include small players, should be able to appoint experts to act on their behalf, without any representation from the constituency that the expert is to represent?

II. **Para 3.20:** HSE involvement is referred to in **para 3.20**. This may be helpful, and is probably essential where standards have implications for Health and Safety. Nevertheless, the HSE are not always the fastest of players, so there may also need to be a review of how EA/Ofgem/HSE interface can be handled so that standards can be updated or modified without the lengthy processes that have existed to date.

12. It may help if the governance of documents falling under the Distribution Code and the Grid Code could be handled by secretariats (or standards bodies) funded by means of subvention from DUoS and TNUoS charges respectively. All relevant Users would then contribute in proportion to their use of the relevant network.

13. **Para 3.29:** It would certainly be most helpful for panel and standards group chairmen to be appointed independently. This would eliminate risk that the bodies could be hostage to the views of their "parent". See comments on funding in (12) above.

14. **Para 3.32:** Care needs to be taken to ensure that consultation is not done solely by the web. Not all users wish to work this way.

15. **Para 3.33:** This runs the risk of extending timescales considerably. "Consult all interested parties" places a considerable burden on the body doing the work.

16. **Para 3.39 Q2:** Technical Standards Groups could be helpful, though not necessarily under the DCRP and GCRP, unless those bodies can be amended to make them visibly independent, or at least not under the control of the licensees.

17. **Para 3.39 Q3:** As suggested above, why not fund an independent standards group via DUoS and/or TNUoS as appropriate?

18. **Para 3.43 Q4:** The panels must be able, as a minimum, to bear in mind the commercial implications of what they do. Better still that they cover commercial issues formally. If they don't, someone else will have to,

which leads to a proliferation of bodies, and an increased need for liaison and consultation, none of which helps to speed the process.

19. Para 3.43 Q5: See (17) above.

20. Para 3.47 Q6: While a new body would be helpful, it also has the problems outlined in (18) above. Would it be better to do this work in a standards sub-group of independent Grid and Distribution Panels, as suggested above?

21. Para 3.47 Q7: See (17) above.

22. Para 3.53 Q8: Wisenergy is not convinced that Elexon is the right home for technical panels. Elexon is principally and fundamentally concerned with the operation of the market, including cash flows and disputes, and has access to almost total knowledge of the operation of the market. It would be difficult to set up a structure that guaranteed that "inside" market knowledge could not filter through into the standards review process, no matter how carefully all concerned went about it. Elexon should be able to be represented on the technical standards bodies, but should not be in a position to manage or control them. It is also preferable that a market organisation should not be seen to be in control of standards that may affect safety; if they were it could lead to conflict of interest.

23. Para 3.55 Q9: Neither the IEE nor the BSI are likely to have the staff to do this unless they are funded to do so, and there is the risk that they would merely take over those people who actually do the work now if they could, which could mitigate against the changes that are sought. Your paper refers to international standards, by which I presume you mean Euronorms. While UK rules should not be contrary to the contents of relevant Euronorms, these European standards do have a tendency to become lowest common denominator (in order not to offend anyone!) and thus may not be of value in Europe's most advanced electricity market.

23. Para 3.56 Q10: The DTI could have a role, though here the traditional safety-based approach could result in there being a long learning curve in the transition to a fast-moving market. DTI should, however, be represented on any standards body.

24. Para 3.57: Publication on the internet would result in loss of income from sales of documents, plus loss of control over where they have gone. This will increase the cost of running the body. Again, perhaps funding via DUoS / TNUoS could be an equitable means of funding, and would probably reflect where the present monies come from, with the exception of any foreign revenue.

25. Q13: A reconstituted EA may be a way forward - at least it is already up and running, and has the relevant offices and support systems in place. It could be funded as in para (17) above. Some work would be needed to clarify its duties and obligations, as they would inevitably be different from those it has at present.

26. Q14: Open meetings may not be very helpful, as it may only be the present large players who could spare the staff to attend. As such, it is unlikely that open meetings would contribute towards equal open-ness.

27. Q15: Essential. Either use existing members who have (or whose parent companies have) no commercial interest in the subject under review, or bring an independent from "outside". Perhaps there's a role for the IEE here?

28. Q16: I would suggest that third parties could be placed in constituencies, and enabled to vote on representation. Should the third parties' representative need payment, this should be done through the standards body, as this would be the body to whom all users have, in any event, contributed.

It will be clear from the foregoing that I would favour an independent standards body (or bodies), funded through system revenues (ie, by everybody), and constituted such that no one licensee, or group of licensees, can exert undue control over the process. An advantage of such a system is that it is consistent with the widest possible representation of all users through independence of the panels.

I hope that you will be able to take these views into account.

Yours sincerely

Chris Thomas

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