



Sean O'Hara  
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Regulation and Financial Affairs  
Ofgem  
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LONDON  
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13 September 2004

Dear Sean,

### **Embedded networks issues**

I am writing to you to follow up on the embedded networks issues meeting between ENA Member Company Distribution Network Operators (DNOs) and Ofgem held on 17<sup>th</sup> August.

DNOs are concerned that a range of issues surrounding the introduction of embedded networks into their systems have not been properly addressed by Ofgem in advance of permitting such networks. This is resulting in a lack of clarity or consistency in approach leading to confusion or uncertainty which benefits no party, be they IDNO, DNO or Ofgem.

The potential impact of a good number of the issues which remained after the August 17<sup>th</sup> meeting is significant and cannot remain unresolved for much longer. DNOs are of course under a legal requirement to develop and maintain an efficient, *co-ordinated* and economical system. We do not believe that using individual determinations to resolve issues or simply letting matters rest until there is some conflict or incident is an efficient or effective way forward.

I am aware that Ofgem has given some initial consideration to its position on the 42 items contained in the previously e-mailed list, and it appears that in certain cases the thrust of the particular issue has not been recognised. In view of this, ENA will be establishing two small working groups of DNO Members to review the 42 items and the Ofgem initial response, with the following remit –

### ***well connected***

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- Review the issue and Ofgem response
- Detail any reasons for disagreeing with Ofgem response or belief that it is inadequate
- Make proposals for resolving issue

ENA will then make a formal reply to Ofgem embodying proposals.

The intended end result of this exercise is that there is a known, consistent approach to each of the 42 issues; if that is simply to refer to some other existing industry documentation that adequately covers the point, all that is needed is a cross reference so that it can be readily found. This seems to us to be a sensible and constructive position.

Unless otherwise advised by Ofgem it is understood that there is no conflict with the Competition Act in undertaking this work in developing proposals.

For the avoidance of doubt, this letter should also be taken as a response to Ofgem consultation 180/04 - Regulation of Independent Electricity Distribution Network Operators and I have accordingly copied this letter to Donna Rossall.

If you have any queries about the above, please feel free to give Phil West or myself a call.

Yours sincerely,

Andy Phelps