

Draft Version

Minutes of Electricity Connections Steering Group (ECSG)

4th Meeting – 6 September 2004 at 10:30 9 Millbank, London, SW1P 3GE

PRESENT:	Sean O'Hara	Ofgem (Chair)
	James Copeland	Ofgem
	Laura Nell	Ofgem
	David O'Sullivan	Ofgem (Minutes)
	Jeff Hunt	Scottish Power (Chair of the ENA Group)
	Phil West	WPD (Member of the ENA group)
	Peter Whiffen	ASLEC (on behalf of Vas Siantonas)
	Lee Evans	Department for Transport Lighting Board
	Vince Colby	Chair of the MCCG
	Tony Stephens	Institute of Lighting Engineers

1. Minutes of previous meeting

The minutes of the last meeting were accepted as a true record.

2. Matters arriving from the minutes of the previous meeting

No matters arising.

3. Comments in relation to the summary of the June 2004 consultation responses

In relation to the June 2004¹ consultation summary list of respondents the following comments were made:

- A request was made that the individual members of the South Central LAs should be named;
- A request was made the individual members of the All Wales Street Lighting Group should be individually listed; and
- With regard to the House Builders Federation mention should be made that this organisation represents over 300 members.

¹ Competition in connections to electricity distribution systems – Consultation document (June 2004 124a/04) can be located on the Ofgem website (www.ofgem.gov.uk)

Action: Ofgem to amend the summary of responses' list of respondents.

4. Ofgem's proposed way forward presentation and discussion

Ofgem outlined a proposed way forward with regard to the decision document via a presentation. The content of each section was discussed individually. The contents of the presentation were discussed in the following order:

Next steps

Ofgem proposed that the decision document should be split into two parts. Part A of the document would contain workstreams where decisions could be made and implemented in the short term due to a reasonable consensus having been achieved in the responses to the June 2004 consultation or decision by Ofgem where consensus had not been achieved. Part B of the document would follow further consultation/work by Ofgem/ECSCG.

One group member highlighted that when the documents are issued it must be made clear to all parties involved within the electricity industry exactly what the decisions are, and that is no ambiguity, for example that Part A depends on Part B. Ofgem needs to make clear that the decision documents stand in their own right and form parts of one larger suite of policy decisions.

Adoption Agreements

Ofgem stated that it still considered that the tri-partite Adoption Agreement was the best model to implement, however, DNOs should have the flexibility to offer alternative arrangements to meet the individual needs of the customer. In relation to warranties and liabilities it was confirmed that the principles of the August 2002² document remained appropriate. Ofgem also stated that where customers felt they had been offered unreasonable terms with regard to an Adoption Agreement, they could request Ofgem to undertake a formal settlement or investigate any complaint alleging anti-competitive behaviour.

A group member highlighted concerns with regard to Adoption Agreements not being provided to ICPs on a timely basis. They considered that an Adoption Agreement should

² Competition in connections to electricity distribution systems – Final proposals (August 2002 54/02) can be located on the Ofgem website (www.ofgem.gov.uk)

be produced prior to the commencement of site works in order for any debate over terms to be undertaken well in advance of the asset being energised. He highlighted that there are a number of examples of assets being energised without a signed Adoption Agreement being in place.

It was agreed by all the members of the group that all DNOs should make available, upon request, an Adoption Agreement for anyone who wants to carry out competitive works.

One group member then stated that the decision document has to provide more clarity than the previous final proposals document, especially in respect of the issues relating to the provision of a bond. Ofgem stated that the final proposals document allowed for the provision of a bond in certain circumstances e.g. where the DNO had cause for concern about the contractor's ability to meet its warranty obligations. However, Ofgem is aware of at least one DNO stating that contractors without a triple A credit rating would be required to have a bond, which seemed excessive. In light of this it was decided that group members would take this issue away and report on what was considered an appropriate credit rating for contractors required to provide a bond.

Action: JH and VC to draft guidance as to an appropriate credit rating where a bond can be placed upon a contractor. This guidance to be provided to Ofgem by Monday 27 September 2004.

Memorandum of Understanding (MoU) with Lloyd's register

A question was raised about whether 'sanitised' simply means anonymous and Ofgem agreed to check this with Lloyd's. The group agreed that faults in work undertaken by a NERS accredited body should be highlighted in a report, but the name of the party should only be available to the DNO where the incident took place until such time as the issue of the contractor retaining registration had been decided.

Action: SO'H to confirm the definition of 'sanitised'.

G81 Technical Framework Document

By the 1 February 2005 DNOs should be able to provide updated Greenfield/Brownfield and I&C G81 documentation and associated DNO appendices. These documents should be made available in a user friendly format, preferably via the internet. Where reference

was made to the ENA or company specific policy documents, these should be made available on request. All DNOs should provide a contact point for queries about the DNO appendices and other documentation.

Records Information

No issues were raised with regard to this workstream. The proposal would therefore be adopted and take effect from 1 February 2005.

Unmetered Service Level Agreement (SLA)

Ofgem highlighted that all Local Authority (LA) respondents were in favour of a national SLA as an effective way of improving DNO performance. Ofgem considered that a national SLA was essential to assist in the benchmarking of performance across DNO areas.

A number of issues arose regarding the SLA, such as what will happen if some LAs do not sign up to it and whether a DNO could be accused of discriminating between LAs who were signatories to the SLA and those who were not. Further topics included the principle that no authority should be disadvantaged by signing onto the SLA i.e receive a poorer service than they currently receive.

A LA representative stated the need for appropriate payments to act as an incentive for DNOs to perform and continually improve. Ofgem considered that there should be no payments associated with the SLA until Ofgem had reviewed the operation of the scheme after six months.

In addition, LA representatives highlighted four areas of contention for the SLA; working days or calendar days, target times, Force Majeure clause and indemnities. In relation to these areas, Ofgem stated:

- Working/ Calendar days – The SLA should be based upon working days as this was normal business practice
- Force Majeure – as in ESQC regulations Electricity Standards of Performance Regulations
- Indemnities – LAs agreed to check the situation in relation to their own contractors.
- Target Times – see below.

The group agreed that the current template for the SLA was workable and that the UCCG and ENA would take this template away and devise target times and associated rules of operation of the SLA which would be modelled on the Regulatory Instructions for Guidance (RIGs) which applied to quality of supply. These rules would apply to both DNOs and LAs to ensure consistency of application and reporting. This would be completed by mid-October, with any dispute over target times being resolved by Ofgem. The target was to introduce the SLA from 1 January 2005. This target date was not dependent on the RIGs type rules having been agreed. Ofgem stressed that if the voluntary standards failed to deliver adequate service levels it would have to consider introducing statutory Guaranteed Standards of Performance (GSOPs) with financial liabilities

Action: UCCG and ENA will devise target times for the SLA by mid-October, in order for an initial SLA to be put into place by 1 January 2005.

Action: UCCG and ENA will devise draft RIGs for the UMS SLA

Contestable and Non-Contestable Quotation Split

This area was largely non-contentious, however, it was agreed that it should be made clear when a DNO cannot produce a contestable quote because they do not operate in that market i.e. the DNO only offers s16 quotations or POC information in relation to competition in connection. A customer that wanted a breakdown of the non-contestable costs in his s16 quotation could obtain this by requesting a POC quote at the same time.

Standards of Service

The group agreed that the existing voluntary standards of service should be extended to Brownfield and I & C sites. The group agreed that there is a need for detailed rules regarding the application of the standards. The new standards would commence from 1 January 2005, with the associated guidance being issued as soon as possible. However, drafting of the detailed rules for the standards of service would not prevent the commencement of the new standards. Ofgem stressed that if the voluntary standards failed to deliver adequate service levels it would have to consider introducing statutory GSOPs with financial liabilities.

Action: VC and PW to establish where the standards to Brownfield/I&C will apply and relevant exceptions. JH to take forward the drafting of associated

guidance to the standards of service when the RIGs for the UMS SLA have been developed. The RIGs definitions will be applied to the 05/06 Connections Industry Review reporting year.

License Condition 4 Modification

Ofgem reported that it did not intend to proceed with a modification at this time. There was no discussion of this issue.

Dispute Resolution Process

Ofgem confirmed that it expected customers to raise problems in the first instance with the DNO before any referral to energywatch. Ofgem confirmed that it had no remit over energywatch and this was the role of the DTI.

Rent-a-Jointer

Ofgem believes that the rent-a-jointer scheme is of value and would be interested to hear views on the components of successful schemes. Ofgem is also interested to hear the reasons why certain schemes have been unworkable and would include appropriate questions in the next consultation. Ofgem acknowledged that a limitation of the scheme was that it did not address the issue of availability of resources, i.e. the use of rent-a-jointer did not increase the pool of qualified labour. This might include allowing contiguous LAs to hire DNO teams jointly in order to ensure sufficient volumes of work.

Audit and Inspection Regime

The group decided that this area should be in Part B due to the fact that more work needs to be done upon it. At present the system can be very costly for the ICP as it has to pay for the initial high level of inspection in every DNO in which it operated. This seemed to result in unnecessary duplication of cost and therefore a national level of inspection via NERS should be established.

Action: VC and an ENA representative to undertake a review of the proposals to address the concerns of the group.

Consent to Connect

The group agreed that option 2 should go in Part A of the decision document.

Live Jointing

The group agreed the proposal should go in Part A of the decision document. It was agreed that there was a need for NERS to have appropriate modules to cover accreditation of contractors' electrical safety management schemes and assessment of the competence of jointers. It was decided that VC would speak to Lloyd's about the live working module.

Action: VC to contact Lloyds Register with regard to the Live Working Module.

Point of Connection (POC) Charges

Ofgem noted that DNO policies varied on this subject. There is a need for more transparency in terms of what DNOs are charging for. Ofgem will assess this issue and liaise with the Ofgem structure of charges team. Ofgem will include this issue in its consultation.

Triangular Contract Agreement

The group agreed the proposal should go in Part A of the decision document. Ofgem expects DNOs to discuss and produce a draft triangular contract agreement with LAs who express interest as there is currently no model to refer to. It was agreed by the group that DNOs should be in a position to offer triangular contract terms by 1 March 2005.

5. Any Other Business

PW confirmed that he would circulate a revised ENA badged version of the G81 documents as the version contained within the June 2004 Appendix document did not include some revisions. Group members would be invited to confirm the content of the document.

Ofgem would circulate an amended version of the presentation to group members.

Action: PW to circulate revised version of the G81 documents and group members are invited to confirm the content of the document. SO'H to circulate Quality of Supply RIGs document to the LA representatives for information.

6. Date of the Next Meeting

The next meeting will take place on Tuesday 12 October 2004 at 10:30 at Ofgem's offices.

