

# Central Networks

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Mark Cox  
Ofgem  
9 Millbank  
London  
SW1P 3GE

18 March 2005

## **Response to the Regulation of Independent Electricity Distribution Network Operators - Initial Proposals Document.**

Dear Mark,

We welcome the opportunity to respond to the above consultation document. However, we do believe that there are many other issues concerning the regulation and inter-operation of IDNO's that were not included in the Ofgem Consultation. The majority of these issues have been raised previously either by Central Networks, other DNO's or collectively through a joint response from the ENA.

At the Ofgem workshop on 15<sup>th</sup> February 2005 it was agreed that respondents to this consultation should not limit comments only to matters within the original consultation but should include other relevant comments. We welcome this approach as addressing the issues early in the process will result in a more holistic, long term enduring solution. We have therefore structured our response as follows; all of these can be considered as one response and can be included on the Ofgem web site.

1. This covering letter
2. Central Networks' response to the Initial Proposals document
3. Central Networks' additional comments
4. A copy of the consolidated ENA issues list.

In general, issues can be placed into two categories, commercial or technical and whilst there will be some overlap and inter-dependencies we remain concerned about many of the technical and safety aspects, especially the suggestions on isolation and shared access arrangements.

### **Central Networks**

Pegasus Business Park  
Castle Donington  
Derbyshire  
United Kingdom  
DE74 2TU  
central-networks.co.uk

Geoff Huckerby  
T 01332 393820  
F  
geoff.huckerby  
@central-networks.co.uk

Central Networks East plc  
No 2366923

Central Networks West plc  
No 3600574

Central Networks Services Limited  
No 3600545

Registered in England and Wales

Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry, CV4 8LG

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We are surprised that the consultation documents do not appear to have had an input from the Health & Safety Executive and would strongly recommend that Ofgem engage with the HSE at the earliest opportunity and prior to making any License modifications that may impinge on safety or technical matters.

We also note that Ofgem intend to publish a decision document in May or June of 2005, however, we believe that whilst an early decision is desirable that a more robust solution could be obtained by addressing all of the issues at this time. Central Networks would be pleased to contribute to any workshops, either technical or commercial as appropriate to help the industry move to an agreed position.

We also believe that the aspiration should be for a level playing field across all DNO's (including IDNO's) but recognise that this may take some time to establish. It is currently unclear to us how Ofgem will benchmark IDNO's given the non-contiguous nature of their networks and the more likely scenario being of a new build nature rather than having networks of varying ages.

As you will be aware Central Networks have fully contributed to the discussions regarding IDNO's and will continue to support the industry in reaching a consensus that provides customers and the industry with a robust long-term enduring solution.

If you require any further information then please do not hesitate to contact me.

Yours sincerely,

Geoff Huckerby

## **APPENDIX ONE**

### **RESPONSE TO THE INITIAL PROPOSALS DOCUMENT**

#### **CHARGING**

We believe that proposal 1 is both pragmatic and appropriate, in that it is administratively simple, whilst providing reasonable protection to the customer and reasonable certainty to the IDNO.

The starting point of each particular IDNO's price control should be the same for all their networks in a particular DNO's area. This would ensure that each particular IDNO's prices were the same throughout a DNO's area, and avoid the confusion that multiple prices would cause for suppliers looking to recruit customers on these networks.

We do not believe that the proposed non-discrimination provision provides adequate protection to non-domestic customers. If IDNO's domestic charges are to be based on the host DNO's charges, rather than a cost reflective model, it is difficult to see how IDNOs could then determine that it is necessary to reflect different costs for different customer groups. However, if they did not determine this, applying domestic style charges to non domestic customers of any significant size would almost certainly result in them attracting larger total DUoS charges than would be the case under the host DNO's non-domestic charges. It would seem more appropriate to peg IDNO's non-domestic charges to the equivalent DNO non-domestic charges, in the same way as proposed for domestic charges (and with the same cap and collar arrangements).

Nested networks should not be encouraged at the expense of the customer, and the potential problems of the 'middle man' IDNO should be a low priority for Ofgem compared to the protection of customers. The final charges to the supplier using nested networks should be no greater than for simple IDNO networks.

We see no reason to delay the start of the IDNO price controls, and favour April 2005 as the start date if this can be achieved. This would have the benefit of aligning the starts of IDNO and DNO price control periods, and make the proposed broadening of the cap / collar spread at five years correspond with the start of the next DNO price control.

## **FINANCIAL RING FENCING**

We agree with Ofgem's assessment in paragraphs 6.17 & 6.18, whilst it is appropriate to develop arrangements to allow financially stable smaller companies to operate, alternative proposals do not provide the same level of security. Consequently, we support the alternative arrangement which incorporate, in any cash escrow, all cash liabilities including upstream DUoS.

We believe the two tier system is adequate to safeguard the interests of customers and agree that, where licensees have more than 500,000 connected customers, (the figure approaching the size of the smallest DNO) they should be treated comparable to an incumbent DNO.

In respect of licence modifications, where they are relevant to IDNOs, they should be implemented. This is particularly important in respect of SLC 47: Indebtedness where financial security is assured by guarantee from an investment grade company the lock-in must apply where it is needed most – when the parent comes under financial pressure. Moreover there appears no case in this regard for the trigger to be inconsistent with that of SLC 47.

## **ALIGNING GAS AND ELECTRICITY STRUCTURES**

We believe that the current arrangements in electricity where the DNO or IDNO who has the connected customer should collect all the appropriate TUoS and DUoS is the most efficient and pragmatic solution. The costs to the electricity industry and therefore ultimately to the customer would be substantial with the end customer deriving no benefit from the change. If this alignment were to occur there would need to be duplication of systems within all DNO's and IDNO's to replicate the supplier liability data held downstream of their network to enable independent UoS bills to be produced. Additionally, all Suppliers would need to amend their systems to allow for the receipt of several DUoS bills which they would then need to consolidate into a single transaction for including on the customer bill. The cost of implementing these major changes should be considered with the value of UoS charged to the end customer, the benefits to the whole industry and the benefits to the customer. The advantages of adopting this approach which only appears to be for the sake of "regulatory tidiness" are far outweighed by the many disadvantages.

## **BOUNDARY EQUIPMENT (METERING)**

We are strongly supportive of the installation of appropriate metering at the boundary between networks, the test of appropriateness will vary from site to site and voltage to voltage but the principle of installing such metering should be mandatory. We currently meter all exit points from our network and where we currently have embedded (IDNO) networks these are also metered. We believe that this type of metering is essential to: (a) facilitate the control and identification of losses across both networks, all DNO's are incentivised through the Price Control to minimise losses, the installation of boundary metering provides one of the mechanisms for minimising potential disputes between networks; (b) the calculation and transparency of agreed charges between networks; (c) the development of embedded generation; (d) assists IDNO's with the identification of unmetered supplies consumption (where those connections are governed by the Electricity (Unmetered Supply) Regulations 2001) (e) provides the IDNO with data regarding the potential abstraction of electricity.

We understand that boundary metering is not a pre-requisite in the GT to IGT networks and that this absence of metering may involve the end customer to be subject to a price premium. This transfer of costs from an IDNO to a customer should not be replicated in electricity just to achieve alignment.

## **EQUIPMENT AT DNO/IDNO INTERFACE**

As a DNO Central Networks operates a comprehensive Safety Management system, which incorporates the Rules and Procedures for the operation of the Distribution System under our control.

One key element of this Safety Management System is the Model Distribution Safety Rules (DSRs), which are produced and administered by the Energy Networks Association (under the reference of ENA SHEC 010) on behalf of the industry member companies. Without argument these DSRs set a benchmark for the industry and as such they are deemed to be best practice by the HSE. It's perhaps also worth mentioning that these DSRs also go a long way to help Ofgem's overall aim to improve matters for the customer, e.g. these common DSRs are used when DNO's share staff during system emergency conditions.

There are many other elements within the Safety Management System employed to govern and control the operations on the Distribution System.

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Together these elements form a comprehensive, robust and integrated set of procedures, which support safe operations and compliance with the HASAWA and associated Regulations.

Central Networks currently operate procedures for operations at the interface with HV and LV customers. These procedures are tested and proven to facilitate work safely; the mechanisms within these procedures do not share the operation or control of boundary equipment.

Any such agreement to share the control and/ or operation of a single boundary switch (including a protection link/ fuse) would breach the DSRs and dilute the functional operational procedures currently employed to manage interface operations.

Central Networks believe these suggestions, if realised, will undermine the operational procedures which form the foundation for operations at the interface with other DNO's systems and add significant risk to operators, the general public, and the companies involved. It also seems that these proposals may breach, or at least contradict a number of legal obligations in operating the network

## **APPENDIX 2 ADDITIONAL COMMENTS**

### **CUSTOMER METERING:**

We believe that there is currently an anomaly in the Licensing obligations where the Host DNO is obliged to provide Meter Operation services to customers on the IDNO's network. This arrangement is far from satisfactory for all concerned including the customer. This arrangement raises both safety and customer service concerns particularly if a customer is off supply due to a metering issue. The obligation to provide MOP services should be the DNO or IDNO to whom the customer is connected. We have previously raised this with Ofgem in our letter of 25 July 2003.

### **ACCESS TO OPERATIONAL SITES EG SUB-STATIONS OR SWITCHING SITES**

We have previously been approached regarding un-accompanied access to our primary sub-stations by IDNO staff. These sub-stations perform a strategic role within our network and we would not allow unaccompanied access for safety and system security reasons

### **ANNUAL CONNECTIONS REVIEW**

Our working assumption is that IDNO's will also need to respond to Ofgem by completing the annual questionnaire. It may be appropriate for additional questions to be included to reflect connections by IDNO's to either the host DNO or other IDNO's.

### **CIVIL CONTINGENCIES ACT**

We have recently responded to the above Act where we noted in our response that IDNO's appeared to have been omitted.

## APPENDIX 3

### DOCUMENTS PREVIOUSLY PROVIDED AS ENA RESPONSE

We have replicated the documentation previously discussed with the ENA members and Ofgem as an aide to completeness and to demonstrate that there are still many outstanding issues which are not include in the current consultation.

### Consolidated list of embedded network issues discussed at meeting between DNOs and Ofgem 17-08-04

Issue No.	Issue	Brief explanatory comment
1	Respective duties under ESQCR - s25 not to connect if non compliant), s15 mains records, s28 information provided on request, s29 discontinuity of supplies, s27 declared characteristics NB volts. , s 31(2b) accidents in connected customers installations	What Standards set? What information must be given to DNO? Do EDNs have protected consumer status in event of load shedding?
2	Combined Connection/UoS agreement.	These already exist. Eg WPD/MANWEB “wheeling agreement”. Should the same commercial terms as for any supplier for billing purposes should apply?
3	Radio Teleswitch Agreement MOCOPA RP COP, use of DTN	Compile list of standard industry agreements – do IDNOs need them all? What additional permissions etc to use?
4	NGT and CUSC	Does IDNO have to be party if not directly connected?
5	The “pick and mix” approach to CiC..	IDNO may wish to retain the embedded network and get CN to adopt the off site section of the network ?NRSWA status of IDNO
6	The same commercial terms as for any supplier for billing purposes should apply	A generic industry contract may be desirable
7	What are the obligations on an IDNO to pay a DNO for the costs of rectifying dangerous situations identified from a misplaced call?	Issue raised at IREG on customer information on who to call Emergency service /call out issue. Customer interface
8	Network Records and End Customer,	CN / IDNO obligations Emergency services, ESQCR/NRSWA duties. NJUG?

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9	Emergency and safety issues	Co-ordination in emergencies – NGT instructions/bad weather. Emergency handling Electrocutation / knock downs - car accidents/ 3rd party damage,/ customers installation ( Note ESQCR Reg 31 (2b))
10	Rota shedding	If embedded network is licensed, how will they be incorporated into existing plans, and LF trip regimes? Easy if they are 11kV embedded, but not so easy if 33kV or bigger. Emergency
11	Meter Operator Services	CN's obligation to offer services even for customers connected to the Embedded Network
12	Urgent metering services	Who is responsible? MOP or Distributor – which Distributor? Emergency actions
13	BSCP515	DNO obligations under BSCP 515 relate to receipt of the connection request, determining llfs and confirmation of revision to aggregation rules.
14	Aggregation Rules	Do these connections impact on our aggregation rules. Does BSC cover this?
15	Impact of change of status of IDNO/trading of whole or part distribution businesses	Migration issues What are the implications (eg MPAN, DUOS etc) if IDNO changes from private network to unlicensed network<2500 to licenced>2500 or vice versa? How much retrospective? Also, partial transfer of assets from one distribution business to another. Critical that robust processes are in place as volumes rise.
16	Regulatory treatment of revenue	Should it be excluded service duos, IDNO charges, connection charges and added services
17	Nested Networks DNO- IDNOA - IDNOB	Would DNO know about it – especially micro-generation – does it count towards DNO DG incentive?

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18	How a Licensed embedded network will discharge LC9 – Distribution Code	A licensed embedded network needs a D Code – which it needs to maintain. It makes sense to have a common GB D Code – but how will they participate in DCRP? As a User – or as a DNO. Implies they'll have to join DNO Reps group – and hence ENA. What Dcode? CommonDcode? ENA membership/ Interface between Dcodes DNO/IDNO/IDNO2 etc?Desirability of common IDNO DCodesAlso GB D Code requires compliance with ENA docs. What are the implications here?)
19	The same credit cover arrangements as for any supplier should apply	Need common UK IDNO framework
20	Same terms for bad debt should apply	treatment should be same across UK – what actions available?
21	Set up Costs	Treatment of costs ? 1 <sup>st</sup> / 2 <sup>nd</sup> comer DPCR4? Will we be able to recover costs associated with system developments, contracts etc? If so, who pays and how do we ensure equitability if charges directed at new distributors? 1 <sup>st</sup> comer/2 <sup>nd</sup> comer our network/new distributor network issues?
22	DLOR issues will be influenced by what is in IDNO Licence - eg if IDNO does not build to recognised DNO standards and then winds up.Licenced or unlicenced DO	Distributor of last resort issues? Compulsory standards eg G81? What do Ofgem believe will happen then? What if it is a deliberate ploy – forming ABC (Devon 2004) ltd to avoid CiC Standards?
23	Competition Act	IDNO must be subject to same constraints / penalties as DNO eg IIP, GSs CsoS etc otherwise unfair competition.
24	Connection charge regs	? impact / responsibilities / records
25	Boundary metering and consequential issues if not provided	If no boundary metering and reliance placed on aggregated MPAN info, losses on IDNO network would be seen as DNO losses. What if IDNO <2500cust/2.5MW and no MPAS? P62/BSCP515
26	Regulatory treatment of IIP issues -CML, CI and interaction with MPANs.	If host DNO issues MPANs then exclusion from IIP customer count/fault reporting etc.

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27	Are unrestrained DUOS tariffs for commercial customers within IDNO's areas in the customer's interests?	Covered by consultation
28	Metering facilities at point of connection between networks and Settlement issues.	Is our DUoS charge to IDNO based upon the sum of meter readings from their export meters or boundary metering? What DNO licence obligations if DNO only operates in that DNO area? Migration issues too.
29	Ability to use MPANs for DUOS calcs if across multiple networks / voltages	Linked in with DUOS charging issue. ? Site specific charging If IDNO has multiple sites with varying % usage of DNO system ( dist from s/s), MPANs will not recognise this. DUOS calcs based on MPANs then volatile with connection base. How affected if IDNO operates cross DNOs but has same MPAN 2 digit prefix?
30	Impact of new GSP groups in existing DNO geographic areas.	P62 puts direct connections to the Transmission System out of scope but what about Imperial Park (SP GSP in South Wales) and Baglan Bay Energy Park that is direct connected with the intention to supply customers.
31	Embedded generator connections	Connection charge and information flow issue. Materiality disclosure clauses. Who responsible / pays if to IDNO network but requires action on DNO network eg fault levels / tapchangers / current ratings. And vice versa?
32	Unmetered Connections	IDNO UMISO licence obligation. When customers update inventories they will need to know to whose network the connection is being made. Local Authorities will need MPANs/distributor - that will cause considerable complications. DNOs will require systems to ensure that customer provided inventories do not contain connections to Embedded Networks. 2 digit MPAN prefix for IDNO working across DNOs is further complexity.
33	Connection charges	How do terms shallow and deep relate to end Customers? Esp nested networks – all “shallow” ???

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34	Notice of Planned Interruptions	GS4 requires minimum 2 days notice in writing. Would we need to give additional notice to new distributor to allow them to provide minimum notification to their customers.
35	Isolation and protection at interface	ESQCR EAW Regs – Operational interface issues. IIP fault response.
36	Agreed Connection Characteristics	Exceeding max power/interference/safety Voltage limits +/-
37	Would normal CinC requirements apply to subsequent connections to the network	Once the network is established, up and running, would customers wishing to connect to it be able to go down a Competition in Connection route with the embedded licensee offering terms for non-contestable works etc etc
38	Should the provision of specific Network records to a DNO be explicit defined within an IDNO's licence requirement?	Two specific areas need to be examined: 1) the requirements for the provisions of schematic and geographical plans. 2) the embossing of an IDNO's assets (including underground cables and ducts) with owners name, contact details etc. NJUG issue - ? marker tape
39	Potential Hazards of Parallel Networks in the Highway	How contractors planning work in the highway find out which IDNO's have cables in any particular area so they can obtain records. Physical separation ? - NJUG
40	Do EDNs have any 'protected consumer' status in the event of rota load shedding?	How do IDNO's requirements for connection relate to a DNO's emergency plan? Records will show only one connected customer with high load requirements. What are the requirements for the provision of information with regards to special customers (e.g. Hospitals)? Emergencies
41	Records and identification of buried assets (where there is geographic network overlap).	Safety issues, security of assets - possibility of later live jointing to host DNO cables by IDNO by accident. Earth potential rise touch issues. ? the embossing of an IDNO's assets (including underground cables and ducts) with owners name, contact details etc. NJUG issue - ? marker tape

42	Clarity for responding to multiple points of connection to establish an interconnected network for a single inset Network.	Are DNO's obliged to provide multiple points (for purpose of increased security of supply) of connection if it is requested? Application of P2/5 wrt DNO ??? Handling of consequential costs -Operational issue about 3rd party ability to parallel across DNO network.
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Serial	Issue	Response
1	ESQCR	<ul style="list-style-type: none"> <li>• Agree with Ofgem position. IDNO is deemed to be a "Distributor" as defined in ESQCR, therefore the IDNO will carry all of the obligations of ESQCR.</li> <li>• The incumbent DNO is responsible for ensuring that the voltage at the exit point remains within limits (Reg 27) for the agreed capacity. Notwithstanding this, distributors may agree in writing that the declared voltage is different to that specified in Reg 27 to take account of voltage drops. Any costs associated with providing a voltage above the minimum level allowed under ESQCR would be funded by the DNO requesting the enhanced service.</li> </ul>
2	Combined Connection/UoS agreement. Should same commercial terms apply to IDNO?	<ul style="list-style-type: none"> <li>• We agree that this is within the scope of the Ofgem consultation.</li> <li>• Should be common industry model agreement applicable to all users/service receivers of the distribution system. Where appropriate, standard connection terms could also be included. This would be equitable, ensure transparency and would be the most efficient solution. The combined agreement should address the potential technical and commercial issues for the incumbent DNO of generation connecting to an IDNO's network.</li> </ul>
3	RTS/MOCOPA/RPCoP, Use of DTN – should IDNOs be required to sign up to these?	<ul style="list-style-type: none"> <li>• A list of standard industry agreements is posted on the Ofgem DCF web-site.</li> <li>• It is desirable that IDNOs be party to existing national agreements/arrangements to avoid ambiguity and possible conflicts across the industry; if they formulate their own, these should be subject to agreement by Ofgem.</li> </ul>
4	Should IDNOs be a party to CUSC	<ul style="list-style-type: none"> <li>• Agree with Ofgem position – IDNO should be required to sign CUSC as any other party</li> <li>• SLC 26 in Section B of the Distribution Licence requires the licensee to be a party to CUSC. The IDNO Licence confirms this.</li> </ul>
5	Pick n mix approach to CiC	<ul style="list-style-type: none"> <li>• Agree with Ofgem proposal.</li> <li>• The 'point of connection' and 'exit point' need to be agreed up front at the time of application for connection. This should include clarity on the extent to which the new assets that are being established are to be adopted by the host DNO under normal competition-in-connection procedures, and what will be retained by the IDNO, since this will impact upon the connection arrangements at the boundary.</li> </ul>

		<ul style="list-style-type: none"> <li>The general consensus is that, for LV connections, it is preferable that the exit point shall be close as reasonably practicable to the geographic boundary of the area served by the embedded network. The benefits are: operational safety, records etc However, for HV connections, there could well be a case for a substation at the load centre of the IDNO's network to contain the operational boundary between the two networks.</li> <li>Assets to be adopted shall comply with ER G81 and other ECSG agreed processes.</li> </ul>
6	Credit Cover and other commercial terms	<ul style="list-style-type: none"> <li>The recent credit cover paper from Ofgem discussed UoS terms for suppliers not IDNOS.</li> <li>The principles regarding payment terms, credit cover etc. should be the same for all users and in line with Ofgem's best practice guidelines.</li> <li>Mechanisms for billing IDNOs need to be considered.</li> </ul>
7	What are the obligations on an IDNO to pay a DNO for the costs of rectifying dangerous situations identified from a misplaced call?	<ul style="list-style-type: none"> <li>Agree with Ofgem's position that this is a commercial issue.</li> <li>Under Reg 26 a distributor may disconnect the supply to another distribution network. A DNO has no obligation (or rights), through the Licence or ESQCR, to enter into arrangements with another distributor for carrying out work on that other network.</li> </ul>
8	Network records and end customer	<ul style="list-style-type: none"> <li>Agree with Ofgem's approach that callers should be directed to the Ofgem / energywatch web site.</li> <li>As a 'Distributor' an IDNO is required under ESQCR to maintain records of any part of their network that is below ground and make these available on request.</li> <li>Disclaimer on maps provided by DNOs should indicate that other distributors may have assets in the area covered by this record.</li> <li>At present no distributor has a right to have access to information relating to all metering points within a given area. It is important for the host DNO to have all MPANs including street numbers. This information could be included on the customer records.</li> </ul>
9	Emergency and safety issues	<ul style="list-style-type: none"> <li>We believe that Ofgem have missed the point, IDNOs are not expected to participate in NEWSAC. Also NEWSAC relates to 'force majeure' type situations.</li> <li>ESQCR place an obligation on IDNOs to deal with emergency issues on their networks. This reinforces the need for the common access to MPAN information.</li> </ul>
10	Rota shedding	<ul style="list-style-type: none"> <li>Ofgem response is noted.</li> <li>In the absence of any other agreements between the IDNO and NGT, the following two bullets apply:</li> <li>In responding to emergency instructions from NGT the DNO would treat an IDNO with an embedded network like any other customer.</li> <li>For load shedding the IDNO would be responsible for informing the DNO annually of any sensitive customers (this information might be captured in the Connection and Use of System agreements), otherwise the IDNO would be treated like any other exit point.</li> </ul>

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11	Meter Operator Services	<ul style="list-style-type: none"> <li>We acknowledge Ofgem's position on the DNO's obligations in this respect.</li> </ul>
12	Urgent Metering Services – who is responsible?	<ul style="list-style-type: none"> <li>The DNO's responsibility relates only to its own network. The obligation on another distributor's network is with that operator. However, a DNO could voluntarily enter into a commercial agreement with another DNO to carry out such services, as Ofgem points out. This also applies in respect of the provision of other ancillary services.</li> </ul>
13	BSCP515 – DNO obligations relate to receipt of connection request, determining LLFs and confirmation of revision to aggregation rules.	<ul style="list-style-type: none"> <li>Boundary points between DNOs within a GSP group are outside Settlements. Therefore there are no DNO obligations at the boundary point other than the provision of LLFs to the other DNO and the confirmation of aggregation rules where appropriate. IDNOs have obligations at MPAN exit points.</li> <li>There are obligations under BSCP515 for IDNOs and the host DNO which should be dealt with in the common industry agreements.</li> </ul>
14	Aggregation Rules – do these connections impact on our aggregation rules?	<ul style="list-style-type: none"> <li>No effect if network is embedded, i.e. connected to another DNO network.</li> <li>Changes to aggregation rules may be required if customer is registered in CMRS or if a distributor establishes a direct connection to the transmission system. In such circumstances the IDNO needs to liaise with host DNO.</li> </ul>
15	Impact of change of status of IDNO/trading of whole or part of distribution businesses?	<ul style="list-style-type: none"> <li>Agree with Ofgem – the issue is being addressed by the Migration Issues Working Group (MIWG).</li> </ul>
16	Regulatory treatment of revenue from IDNO UoS	<ul style="list-style-type: none"> <li>Agree with Ofgem that UoS charges to other distributors form part of the price control. Any other revenues from the provision of services to other distributors (other than MAP/MOp) should be treated as unregulated.</li> </ul>
17	Nested networks – would IDNO know about other networks especially if micro-generation? How relate to DNO DG incentive?	<ul style="list-style-type: none"> <li>Very complex area which requires clarification.</li> <li>Agree with Ofgem for the need for wider consultation.</li> <li>Potential technical Settlements issues of inter-GSP group connectivity need to be addressed in IDNO consultation.</li> <li>Ofgem October 2004, DG, IFI,RPZ RIG version 1 draft 2 para 2.3 seems to indicate counted by DNO, if IDNO network is directly connected to DNO network</li> </ul>
18	LC9 – D-Code	<ul style="list-style-type: none"> <li>DNO will operate with the GB D-Code up to the exit point. It is recognised that any distributor is free to choose to use an alternative D-Code in respect of the management of their network. However such D-Code would not apply beyond their network unless agreed between the relevant parties. The GB D-Code will take priority in the event of disputes at the exit point.</li> <li>Strongly support Ofgem's view that there should be a common GB D-Code.</li> </ul>
19	Credit Cover	<ul style="list-style-type: none"> <li>See answer to Q.6.</li> </ul>
20	Bad debts	<ul style="list-style-type: none"> <li>See answer to Q.6.</li> </ul>

21	Set up costs to deal with DNO costs arising out of IDNO existence.	<ul style="list-style-type: none"> <li>Agree with Ofgem – dealt with in same way as any other cost recovery issues.</li> </ul>
22	DOLR – Distributor of Last Resort	<ul style="list-style-type: none"> <li>Given Ofgem’s position that alternative Licensees would be willing to buy such networks there is thus no obligation that the host DNO would act as the DOLR. Consequently DNO concerns relating to design / construction standards of another DNO’s network are diminished since adoption will purely be on a voluntary commercial basis.</li> </ul>
23	Competition Act, IIP, GS etc	<ul style="list-style-type: none"> <li>Agree with Ofgem that Competition Act applies equally to all Licensees.</li> <li>Similarly corresponding IIP and GS incentives should apply – covered in IDNO consultation.</li> </ul>
24	Connection Charge Regs.(CCR)	<ul style="list-style-type: none"> <li>Downstream IDNO is a single customer for the purposes of the CCR. Records are the responsibility of each licensee.</li> </ul>
25	Need for Boundary Metering?	<ul style="list-style-type: none"> <li>Agree with Ofgem that it is a IDNO Consultation issue</li> <li>DNOs need accurate record of units entering and leaving their system (as well as GSP Group) for price control purposes – revenue driver, losses (theft, UMS, inaccurate registrations etc)</li> <li>Liabilities should lie where they fall; thus accurate data is required.</li> <li>Cost of provision should be borne by IDNO</li> </ul>
26	Regulatory treatment of IIP issues – interaction with MPANs	<ul style="list-style-type: none"> <li>DNO obligation to offer MPAS to IDNOs; but IDNO MPANs should be excluded from IIP.</li> </ul>
27	Unrestrained DUoS tariffs for commercial customers on IDNO networks	<ul style="list-style-type: none"> <li>Agree with Ofgem that this is a regulatory issue which is being consulted upon.</li> </ul>
28	Metering facilities at point of connection between network and Settlement issues	<ul style="list-style-type: none"> <li>Linked to Q.25 above</li> <li>There is a need for appropriate metering to enable imports and exports to be measured and charged for separately, and not netted off.</li> </ul>
29	Ability to use MPANs for DUoS calculations if across multiple networks	<ul style="list-style-type: none"> <li>Agree with Ofgem that this issue will be considered in current consultation process.</li> <li>Difficult to see how use of MPANs for DUoS calculation can work under current trading arrangements</li> </ul>
30	Impact of new GSP Groups in existing DNO areas	<ul style="list-style-type: none"> <li>Direct connections are in scope of P62. The creation of new GSP groups is an Elexon issue.</li> </ul>
31	Embedded generator connections	<ul style="list-style-type: none"> <li>We do not agree with the Ofgem comment under 30: “With regard .... consultations.” Because it is at variance with other Ofgem statements. Ofgem October 2004, DG, IFI,RPZ RIG ver 1 draft 2 para 2.3 seems to indicate counted by DNO, if IDNO network is directly connected to DNO network</li> <li>We agree that IDNOs shall be required to inform DNOs about the characteristics of loads / generation to be connected and about any subsequent modifications.</li> <li>The requirements of the D-Code apply at the exit point in respect; this will cover the requirements of connecting generation to the</li> </ul>

		DNOs network i.e. there will be protection at the exit point or on the generation unit(s) or some point in between.
32	Unmetered Connections	<ul style="list-style-type: none"> <li>Agree with Ofgem; operating data for UMS apparatus is specified in documentation subordinate to BSC520.</li> </ul>
33	Connection charges	<ul style="list-style-type: none"> <li>Agree with Ofgem proposal in 32: "IDNOs are bound by .... In relation to IDNOs."</li> </ul>
34	Notice of planned interruptions	<ul style="list-style-type: none"> <li>This is part of a separate ongoing Ofgem consultation; therefore DNOs will be submitting individual responses to Ofgem.</li> </ul>
35	Isolation and protection at the interface	<ul style="list-style-type: none"> <li>DNOs would expect to install apparatus for the protection and isolation of their network in accordance with current legislation. The cost of this apparatus would be part of the connection cost.</li> <li>We agree with Ofgem that there is a need for each Distributor to apply protection and isolation to its own network at entry points.</li> </ul>
36	Agreed connection characteristics	<ul style="list-style-type: none"> <li>The requirements of the GB D-Code apply at the interface.</li> <li>The DNO will treat the IDNO as per the requirements of ESQCR, this includes the authority to disconnect under Reg 26.</li> <li>The supply characteristics will be noted under agreements for connection and use of system between the DNO and IDNO.</li> </ul>
37	Would normal CinC requirements apply to subsequent connections?	<ul style="list-style-type: none"> <li>Note we do not see a response from Ofgem to this particular point.</li> <li>The competition act applies to all Licensees.</li> <li>It should be noted that the ER G81 requirements are called up under the GB D-Code. Therefore if an IDNO chooses to use an alternative D-Code it will be necessary for them to put in place alternative documents to ER G81.</li> </ul>
38	Provision of specific network records	<ul style="list-style-type: none"> <li>There should be a requirement for the IDNO to provide information, at the time of their application, regarding the geographic area covered by the IDNO assets e.g. a 'polygon'.</li> <li>We agree with Ofgem that there is an obligation for all Distributors to provide records on request.</li> <li>It would be beneficial if the IDNO used a company identified marker tape for the identification of underground assets.</li> </ul>
39	Potential hazards from parallel networks	<ul style="list-style-type: none"> <li>We do not agree with Ofgem that this can be regarded as a "non-issue" - safety is always an issue.</li> <li>The host DNO will provide a generic disclaimer on their own records to explain that there may be IDNO assets in the area. The reader will be directed to the Ofgem / energywatch web site.</li> <li>Company identified marker tape – see 38.</li> <li>Where reasonably practicable there should be physical separation between DNO and IDNO assets.</li> </ul>
40	Do EDNs have any protected customer status?	See 10
41	Records/ identification of buried assets	See 38 and 39
42	Responding to multiple points of connection	<ul style="list-style-type: none"> <li>There is no obligation on the host DNO to provide an IDNO with an increased level of security beyond a single point connection. Noting that Ofgem has identified them as a customer of the DNO and ER</li> </ul>

# Central Networks

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		<p>P2/5 is not applied to single customers. Enhanced security can be provided as per the Guidance Note 1 in the GB D-Code.</p> <ul style="list-style-type: none"><li>• In the event that multiple points of connection it will be necessary for the DNO and IDNO to agree operational procedures / arrangements in the connection agreement.</li></ul>
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