

File Ref: Con/223

Minutes of Electricity Connections Steering Group (ECSG)

06 October 2005

10:30 – 14:15, (Millbank, London SW1P3GE)

Attendees

Sean O'Hara (SOH)	Ofgem (Chair)
Laura Nell (LN)	Ofgem
Mark Cox (MC)	Ofgem
Thomas Guilfoyle (TG)	Ofgem (minutes)
Phil West (PWe)	WPD (member of ENA group)
Jeff Hunt (JH)	SP T&D (Member of ENA group)
Vas Siantonas (VS)	ASLEC
Lee Evans (LE)	Department for Transport Lighting Board
Vince Colby (VC)	Chair of MCCG
Tony Stephens (TS)	Institute of Lighting Engineers
Brian Hartgrove (BH)	ABB

Apologies

Ray Farrow (RF)	House Builders Federation (HBF)
Peter Whiffen (PW)	ASLEC

1. Introduction by SO'H

SO'H welcomed the ECSG and introduced Mark Cox (Head of Distribution Policy) to the group, and updated the ECSG on the changes to the Connections Team structure. SO'H also informed the ECSG of transferring the role of chairperson to Roger Morgan (Senior Manager, Connections Policy), and any issues or queries in the future should be raised with Roger.

2. Minutes of the previous meeting

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

3. Matters arising from the minutes of the previous meeting

- i) TS updated the ECSG on matters from the previous meeting. TS stated definitions need to be clarified regarding faults and defects in order to determine between the two and to clarify whether or not an event should be classed as an emergency or planned replacement. Development of clear definitions will assist further discussion on which party is responsible for payment for the work carried out.

PWe stated the need to be cautious when determining definitions stating they should be the same as those used in the price control by the Cost Reporting team.

Action: TS to draft a document detailing any further issues, and proposing definitions. This is to be shared with PWe and JH, and sent for confirmation to Peter Rice, Senior Manager of Price Control at Ofgem.

- ii) SOH stated that Ofgem plans to initiate debate on breakdowns for generation connection quotations as a case study to be included in the forthcoming consultation on extending contestable works. This issue will be discussed in detail at a later date.
- iii) SOH updated the ECSG on making contact with the National Electricity Registration Scheme Advisory Panel (NERSAP), stating NERSAP agreed it is outside of its remit to determine who would be the signatory to an adoption agreement.

4. Unmetered supplies joint initiative paper to be presented by JH and PWe

JH presented a brief paper (Appendix 1) detailing DNO proposals for the next steps of the SLA process. JH explained that the paper sets out DNO views on the longer term initiatives that need to be progressed jointly with Highway Authorities in order to ensure that the SLA operates effectively and that an appropriate level of customer service is delivered. It was emphasised that the initiatives are not intended to hinder or delay the current trial implementation of the SLA. SO'H stated it is Ofgem's intention to have a consultation after the trial period and the consultation can incorporate those issues raised by JH and PWe in the initiative paper.

SO'H also raised the issue of the expansion of the Private Finance Initiative (PFI) stating the volume of work created will stretch resources and in particular highlight a shortage of labour within the industry.

SO'H stated that as a Licence condition, DNOs must not discriminate against smaller LAs and those without PFIs in order to guarantee an acceptable level of service is provided for PFI's. SO'H stated this objective required effective preparation and planning on the part of the LAs such that DNOs could organise their resources efficiently. TS raised the issue of the impact that this has on the programming of work.

PWe then raised the issue of inventory management, which had been identified as an issue at an Ofgem meeting with IDNOs and DNOs on 28th September. One DNO at that meeting reported that an audit of a UMS inventory had revealed significant under reporting inaccuracies. Such under-reporting leads to such demand being classed at "system losses", impacting on Ofgem's loss reduction targets, greenhouse gas emission reporting data and an inequitable spread of costs to other Customer classes, including other UMS users having accurate inventories. It was thus important to diligent LAs, DNOs and Ofgem all parties to ensure that inventories were accurate, which is in any event a legal requirement on UMS users.

LE stated LAs are also concerned with inventory accuracy, as LAs are bound by statutory duties and are therefore duty bound to produce asset management plans. Accurate inventories for highway assets would be essential to this.

SO'H again stated these would be issues for consultation.

Action: Any party that has an interest in inventory management should outline their views and share with the ECSG in preparation for consultation.

5. LE and TS to provide a progress report on the Local Authority and DNO Unmetered SLA champions meeting on 05 October 2005

LE reported on the meeting stating his disappointment with the inconsistencies of DNOs operating in the SLA and especially the disappointment that some DNOs are not at this time able to submit information in the format requested and originally agreed upon. SOH pointed out that definitions had been sent out by LN in December 04 at which time DNOs were asked to raise any queries over these or the ability to capture the data.

LE stated there were disagreements over the definition of completion dates; LAs view the completion date to be the day when LAs are notified of the repaired fault. Without notification of a fault being repaired, it is not possible for the LA to onward manage a fault. LE stated this affects the efficiency standards of the LA when dealing with a fault.

SO'H stated as the SLA was still in a trial period there is as yet no need to invest in expensive IT systems in order to record data, these details will be covered in the consultation at the end of the trial. SO'H also stated with the expansion of PFIs, it is likely upgraded systems will be required in order to cope with the increased work volumes and associated information requirements.

LE advised that LAs had agreed that SLA data from the trial could be shared between all LAs and DNOs and was not confidential.

ECSG agreed that the trial and reporting of the data should be extended for a further 6 months. LN would write to DNOs to formalise this requirement and confirming that verbal agreement from LAs to participate in the trial was acceptable.

SOH confirmed that Ofgem would circulate notes of the meeting of 5th October for agreement.

6. Ofgem to lead debate on the provision of Point of Connection (POC) information. To what extent should DNOs be expected to provide justification for the point of connection information they provide to ICPs?

SO'H raised the question, what level of information do DNOs need to provide? On behalf of Ray Farrow, SO'H stated the view that should the point of connection (POC) provided by a DNO be different between affiliated and non affiliated contractors, this may be discriminatory and anti competitive, and potentially place some parties at a disadvantage in the event that the different POC resulted in a higher quotation.

VC stated in some cases different POCs will be given depending on the submitted request, i.e. whether it specifies a precise connection point / technical parameters or whether it is sent as an open request. When the applicants requirement are not materially different, it is reasonable to expect the DNO to provide the same POC information to both affiliated and non-affiliated contractors.

SO'H stated should any party be concerned a DNO has acted inappropriately and is not treating affiliated and non-affiliated contractors in a consistent manner; they should formally raise this with Ofgem.

JH stated he would expect that occasionally, section 16 quotations will be based on a different POC than a competitive quotation. This is because in order to prepare an efficient design, when a Section 16 quotation is prepared, the DNO will take account of all elements of the work necessary to provide a connection from the existing network to the customers' premises.

VC stated that DNOs that charge for the provision of POC information should provide a level of justification for the POC if challenged.

VC proposed the idea that should a contractor be concerned about the POC information provided by the DNO, there should be different stages to determine whether the POC was correct or not. Initially, there should be a query issued to the DNO, followed by a justification from the DNO, and then if necessary referral to energywatch.

It was recognised by the ECSG that DNO's normally endeavour to provide the correct POC information that meets a contractor's requirements and that further justification was not necessary by the DNO unless a contractor has specific evidence to demonstrate that this is not the case for a given project.

It was decided by the ECSG that a charge could be levied by DNOs for providing this justification, but refunded if the POC was proven to be incorrect.

Action: VC and JH will draft what they expect a contractor to include in a POC query and the supporting evidence / justification that a DNO would be expected to provide.

7. ECSG to discuss the potential need for additional guidance on the definitions for complex schemes and complicated schemes in light of concerns raised by ICPs.

SO'H stated the need for new clarification had come through the Metered Connections Customer Group (MCCG) as concerns had been raised about some DNOs treating complex schemes as complicated schemes with consequent increased timescales.

In response to a suggestion that timescales should be reduced, JH commented that the current timescales need to be retained as a "long stop date", since this is necessary to provide DNOs with the flexibility to prioritise and manage design workload in an efficient manner.

Action: VC and JH to provide definitions for Industrial and Commercial (I&C) connections in order to prevent all I&C connections being treated as complicated projects.

8. VS to lead a discussion on the concerns and commercial restrictions on current NERS arrangements and live working trials.

VS stated technical restrictions are putting off new entrants in the connections industry. The technical restrictions are creating barriers to entry into the market and the expected returns are not worth the required investment.

VS raised the issue of Pot Ends, and whether they get cut back to the main, and the requirements of the 1 metre rule.

JH raised the point that the 1m from the main rule has been debated at length by the ECSG and had been established for sound technical and safety reasons. The 1m rule had also enabled the establishment of a far less complex, and thus quicker to achieve, NERSAP Module than would have been the case had work involving the wide variety of mains cables and identification of HV cables. Consequently, it was not appropriate to reconsider this decision until further operational experience had been obtained in competition in UMS.

SO'H stated the need for contractors and highway authorities to identify specific problems in order for issues to be resolved. Should there be any individual arrangements deemed more appropriate in an effort to increase the number of entrants, can these be clearly set out and defined in order for future debate by the ECSG.

VC stated ASLEC should consult with Lloyds Register to encourage the introduction of modules aimed at facilitating new entrants.

Action: BH to write to Lloyds Register with regard to the provision of modules within the accreditation scheme relating to works on both pilc and xlpe service cables consistent with the 1 metre from the main restriction.

VC stated should the NERS accredited contractors already work on behalf of a DNO they should be able to contract with LAs under the triangular arrangement.

LE stated that to ensure a level playing field it is important to ensure trials of the triangular arrangement include new entrants as well as NERS accredited contractors already working on behalf of the DNO.

VS stated mechanisms need to be put into place in order to show that the process supports new entrants.

JH & PWe confirmed the DNO view that the triangular arrangement provided an appropriate technical and commercial framework to develop competition in provision of UMS. What is now required is for a Highway Authority and nominated contractor to approach a DNO and request a significant element of work to be progressed via the

triangular arrangement. This will enable the ECSG to consider and resolve any specific issues that arise which cannot be resolved between the parties involved. This approach will enable the entire industry to learn and benefit from the experience.

Action: VS to prepare guideline notes for ASLEC. VS and LE to encourage Highway Authorities and UMS contractors to identify programmes of work that can be progressed under the triangular agreement.

9. ECSG to discuss proposals for amending the Electricity (Connections Charges) Regulations 2002 (as amended).

SO'H gave a summary of the present state of the document, with reference in particular to connection assets.

SO'H stated the initial contributors to the connection cost are to receive a refund should a second consumer connect to the new cable. This is appropriate only for connection assets, and reinforcement shall be through apportionment rules. Street lighting will be removed from possible refund proposals.

SO'H stated proposals are needed to come up with the diminimus figure so an appropriate refund can be granted. This would be appropriate should there be a further connection made to the line within a 5 year period.

JH suggested that Ofgem should attach a copy of the draft regulations to the consultation.

Action: Ofgem to share draft regulations with the DTI and obtain agreement to include with the regulations.

10. Ofgem to update on the extension of contestable works consultation paper

JH stated Ofgem should only consult on the proposed option A1, involving projects that are fully funded by a single third party or customer. JH believes that this is less contentious than option A2 which involves projects that are only partly funded by a third party or customer and consequently raises a wide range of significant issues.

SO'H suggested with regard to option 2, the paper include the phrase 'we may wish to consult at a later date...'

SO'H also stated Ofgem's views on generation connections are also to be included within the document.

11. Any Other Business

VC raised the issue of contestable works within tunnels.

PWe stated his belief that should the tunnel be owned by a DNO, it will be classed as a DNO operational area (and also subject to detailed safety procedures), therefore a DNO would not allow a point of connection requiring a cable to run through the tunnel, the point of connection would have to be moved 'off- site'.

JH stated matters such as these should be dealt with on a case by case basis rather than having a formal consultation.

SO'H concluded the meeting, stating the Contestable Works document will be published within the next couple of weeks.

It was also highlighted the next NERSAP meeting is on 7th December.

The group expressed their thanks to SO'H for his chairmanship of ECSG over the last 5 years.

12. Date of next meeting

Thursday, 15th December 2005

10.45 – 14.15, to be held at Ofgem, 9 Millbank, London

