

ECSG Minutes
17 February 2006
Ofgem, 9 Millbank, London

Attendees

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|---------------|------|--------------------------------------|
| Phil West | (PW) | WPD (DNO representative) |
| Jeff Hunt | (JH) | Scottish Power (DNO representative) |
| Vince Colby | (VC) | ICP Representative |
| Lee Evans | (LE) | Caerphilly County Council |
| Tony Stephens | (TS) | Hampshire County Council |
| Michael Dyke | (MD) | EDF Energy (attending as observer) |
| Mark Cox | (MC) | Ofgem (Chair) |
| Laura Nell | (LN) | Ofgem |
| Tom Guilfoyle | (TG) | Ofgem (Minutes) |

Apologies

Vas Siantonas
Peter Whiffen
Brian Hartgrove
Roger Morgan

1. ECSG Review previous minutes.

The minutes from the previous meeting were accepted as a true record.

2. Update of Actions from the previous minutes

Unmetered Units Inventory

PW outlined a number of issues that he has identified in consultation with the other DNOs relating to unmetered supplies inventory management. These included:

- Recruitment for incentives on Highways Authorities (HAs) to maintain up-to-date inventories;
- Physical audits;
- Use of contractors to audit inventories;
- Use of inventory processing software to facilitate the comparison of new and previous inventories;
- Losses for Distribution Use of System ("DUoS") charges;
- Connection of new equipment prior to requesting a charge code (as required by BSCP 520);
- New housing developments where HAs do not accept responsibility for energy until lighting is adopted;
- Inaccuracies and delays with the updating of inventories;
- Risks of unauthorised third party extensions to HA equipment, i.e. temporary traffic signalling;
- Motorway message signs, advertising hoardings and bus shelter displays; and
- Suppliers may not be able to offer the same rates for customers connected to IDNO networks as they would for those connected to DNO networks;

PW also confirmed that discussion is ongoing at the Elexon Supplier Volume Group UMS forum to address industry processes and inventory accuracy is currently on the agenda. PW also stated that further discussions will take place following the balancing and settlement code audit of DNO UMS activities that is currently ongoing. PW confirmed that inventory updates and control will form part of the audit.

TS stated UMSUG have the responsibility of holding the nationwide inventory of unmetered units

LN updated the ECSG on the role of Elexon stating "The UMSUG meets to discuss the accuracy of unmetered supply settlement whilst it maintains an interest in the accuracy of inventory management for settlement purposes it does not police or audit inventory management. A consultation on inventory management is outside the scope of UMSUG."

The ECSG discussed in more detail the issue of asset management for new developments. PW stated there are problems charging for unmetered units on new developments when these units have not been adopted by the Local Authority. PW stated it was his opinion that the developer should take responsibility for units of their development until they have been adopted by the LA. TS stated that there will always be a lag between the connection the updating of the inventory.

ECSG agreed that more clarity is required on the governance arrangements between Elexon, Ofgem and UMSUG.

Action: RM to invite a member of UMSUG to the next ECSG meeting (05.05.06) to explain the role and terms of reference of UMSUG.

Update on the Action on Brian Hartgrove to contact Lloyds Register

LN updated the ECSG on an email from Brian Hartgrove updating his action from the previous meeting to clarify whether works on both pilc and xple service cables are included within the Lloyd's Register module on unmetered supply connections.

Ofgem provided copies of Appendix 11 from the NERSAP Guidance Note, found on the NERSAP website. Appendix 11 sets out requirements for Service Providers carrying out work on services to underground unmetered single phase 230v, 25A connections.

PW stated the document did not clarify whether or not there is a module for connection of existing pilc service cables to new xple service cables.

VC stated that the ESCG should review the assessment as there needs to be a clarification of what types of cables are included within the accreditation for safety reasons.

Action: LN to look at the assessment module to see whether pilc to xple cable connections are covered and contact Lloyds Register if further clarification is required.

VC comments on MCCG views on Point of Connection (POC) information requirements

VC stated when an ICP challenges a POC, the information supporting this POC should include details of alternative circuits that had been considered in the design and a breakdown of how the apportionment rules had been applied.

JH questioned why it would be necessary to provide this information to the ICP when the least cost scheme will be determined by the DNO.

VC stated if the work has been undertaken to produce the most efficient and low cost POC, then it would not require much additional work for the DNO to produce the supporting information to provide justification of the POC.

MD stated this would be a burden upon the DNOs should this level of justification be required for every query. JH supported this opinion and added it would not be appropriate to provide information of other schemes.

VC stated his acceptance of the POC information requirement put forward by JH and PW without additional circuit information and apportionment calculations, subject to a few minor amendments and on the condition that the information is provided on the occasions when it is requested.

PW stated the information requirements could be included in the relevant G81 documents. It had previously been agreed within ECSG that Governance of the G81 documents would remain with ECSG for such time that ECSG remained in being, consequently PW believes this could be done through an ECSG led consultation.

Action: VC and JH to agree the minor amendments and forward them to PW who will incorporate them into Engineering Recommendation G81. Ofgem to check on the process for consulting on amendments to G81.

VC to update on I & C Definitions

VC stated the MCCG were happy with the table of definitions.

VC added however there is a need to improve the clarity of what is acceptable as a non disturbing impact on complex loads.

PW stated the table of I & C definitions could be tied into the current G81 technical specification documents.

JH stated the amended table should be re-issued to the DNOs to check the additional definition is acceptable.

SLA Backlog Information

LN updated the ECSG on the latest position of the SLA, stating all third quarter data has now been received.

LN stated Ofgem had received comments from PW and JH on the draft SLA Analysis document that was circulated to ECSG at the last meeting, and these will be taken on board when drafting the final version when the fourth quarter data has been received.

LN added the draft analysis should remain within the ECSG.

JH stated he did not support publication of the document however he can see the benefit of sharing this with the Highway Authorities, but it should be clearly stated on the document that it is not for publication.

MC questioned when the SLA Analysis is completed, why it should not be published.

JH stated it should not be published as it is not informative for other parties and that there are concerns over the consistency of data. MD agreed with this.

LE stated he was disappointed with this. He stated the longer the information is not released increases the suspicion of the process. LE made the point that all DNOs had the opportunity to comment on the way the information was presented and whether it would be published. LE also questioned whether or not after 3 quarters of the trial period, if there is enough information for a decision on any possible standards to be reached, and whether or not the SLA trial would stop after the end of the fourth quarter.

LN stated it has been the intention of Ofgem to consult with all DNOs on the format of the analysis before the information is shared outside of the ECSG.

JH stated it was his opinion that the SLA trial would continue past the fourth quarter period, however other DNOs may have a different view. JH also stated an incentive should be found to encourage all LAs to participate; otherwise future issues of discrimination between participating and non participating LAs may develop.

TS stated the purpose of the SLA was meant as a monitoring exercise, to be then used in determining future levels of performance.

MC stated the trial will be run forward until enough information has been gained to conclude what level of performance currently exists, and then establish whether or not voluntary standards are required.

JH queried whether introducing compulsory standards for DNOs would be mirrored in compulsory standards for LAs to participate in the SLA.

Action: Ofgem to write to DNOs to request for the continuation of voluntary reporting for the SLA trial and produce a reasonable timescale detailing the future processes of the SLA Trial.

3. Update on the Extension of Contestable Works

LN updated the ECSG stating non confidential responses to the consultation document had been published on the website and proceeded to run through a summary of the responses.

There were 16 respondents in total, 13 of which supported the proposal A1. LN stated the respondents had an opportunity to comment on a number of issues for proposal A1 including the principle, the risk and the compliance issues associated with proposal A1.

LN stated invitations had been sent out to all respondents for the Extension of Contestable Works Workshop on 7th March 2006 and an agenda will be issued nearer the time.

LN stated Ofgem were committed to producing a decision letter by the end of March 2006 on this issue.

JH stated an accompanying technical document of high clarity setting out Contestable / Non-contestable scope (with typical examples etc.) would aid all parties.

It was made clear the ESCG will be invited to comment on a draft of the decision document before publication.

4. Ofgem Updates the ESCG on initial proposals for Ofgem's review of Competition in Connections

LN stated the review was in its early stages but outlined a draft timetable of the consultation process.

LN stated initial timescales had been considered and Ofgem were expecting to issue an open letter to be sent out in April/ May for respondents to identify the competition in connections issues requiring further consultation. LN stated that it is likely that this will be followed by a workshop and then a consultation document. Ofgem currently anticipates that the process could be completed by early 2007 although LN stressed that these initial timescales may change.

PW queried what the end goal of a review will be, pointing out that the success of opening up competition cannot be measured in the % undertaken by ICPs, as Customers may simply prefer to place business with DNOs. Given work by Ofgem over repeated Price Controls and elsewhere in driving down DNO costs and improving performance, it was not surprising that Customers might make such informed choice in a competitive market

MC stated that the purpose of the review is to step back and assess the progress and development of competition in connections and establish whether competition could be further enhanced. For instance the review may aid Ofgem in deciding whether or not stronger obligations maybe needed rather than voluntary agreements.

JH stated it would be worth considering initiating a regulatory impact assessment, since extending competition was not the only option for improving service and reducing cost. i.e. finding out what developers/HA's/customers actually want with regard to competition and to establish whether the costs of implementation can be justified by the assessed benefits.

LE agreed with this stating LAs are duty bound to encourage and support competition, however some LAs are happy with services provided by DNOs.

MD stated whatever path Ofgem chooses for competition in Connections, this must be offset against the wider issues of Ofgem proposals, i.e. the energy review and how Ofgem intends to approach recycling capacity on the network.

5. Proposal for Specification of DNO Cable Fault

TS circulated a note proposing how to specify a DNO cable fault. JH and PW had provided commentary on the note outlining the DNOs' views. TS stated it would therefore be more appropriate to run through his proposed cable fault definitions with JH and PW at a later time.

TS stated he will also table the paper at the next UMSUG meeting to gain their opinion.

6. ECSG Discuss PW's Paper on Overhead Line Contestability

PW stated that there are tensions and interactions associated with overhead line contestability that do not exist with underground cables. PW ran through his paper on Overhead Line Contestability, which did not seek to move the boundaries of contestable work but highlighted the problems existing in overhead line contestable works arising from the much greater number of elements of work and ICP's ability to choose which of these they want to undertake and compete. PW outlined that there could be sensible groupings of activities to be carried out by one party.

JH stated splitting some elements of overhead line works between the ICP and the DNO leads to inefficiency and higher costs, therefore should an ICP wish to compete in overhead works, they should have accreditation and the ability to carry out all works rather than cherry pick certain elements.

VC agreed that there should be some sort of grouping of activities and stated that Lloyd's Register would have to offer training modules in all areas of overhead line works should the proposals go ahead.

PW stated there needed to be agreement reached via ECSG on acceptable groupings of elements of overhead line works. PW questioned whether this would be through a separate Consultation process by Ofgem, or whether the issue of Overhead Works could be included into a wider Consultation or possibly through the Extension of Contestable Works Workshop.

VC stated, and the ECSG agreed, due to the specialisation of the works, the majority of ICPs are not interested in competing, therefore consulting at the workshop would not be appropriate as it would not reach the right audience.

ECSG agreed that the issue is ripe for consultation.

Action: Ofgem to take away PW's paper on Overhead Line Contestable Works and determine the next steps for this issue.

7. Update from NERSAP

The ECSG were asked by NERSAP to discuss points 3g and 8b from the minutes of the meeting of 7th December 2005.

3g. DNO site inspections using other ICPs

ECSG acknowledged that there is a potential conflict of interest if ICPs are auditing their competitors.

JH stated this could lead to a position where an affiliated ICP may audit itself. JH stated an affiliated ICP should be restricted in the same way as a non affiliated ICP and the audit and inspection regime should apply equally to both.

ECSG thought that this issue may be a compliance/Competition Act concern rather than a competition in connections issue for ECSG to debate.

Action: Ofgem to give the matter further consideration and feedback to NERSAP

8b. Safety Rules

JH stated that each DNO will have an operational procedure / document which covers live jointing and specifies how the interface between the DNOs and the ICPs safety rules will be managed in order to avoid potential conflict between systems. PW agreed, stating it should be left up to the DNOs to develop their own procedures.

JH and PW stated concerns that NERSAP may be acting beyond their terms of reference, and stated they should remain focussed on the management of the NERS scheme and accreditation issues only.

Action: Ofgem to contact NERSAP to discuss the NERSAP terms of reference, and to request that competition in connections issues other than the management of the NERS scheme are to be forwarded to the ECSG.

8. IDNO Representation on the ECSG

PW commented that IDNO representation would be appropriate if they wished to raise points within the TORs of ECSG regarding competition in connections matters, however should they wish to raise operational issues the ECSG was not the correct forum to do this.

ECSG agreed that if there were issues surrounding the introduction of competition on IDNO networks then representation would be appropriate. However, if the IDNO issues do not concern the introduction of competition then they may sit better in a different forum.

9. Any Other Business

10. Date of Next Meeting

Friday, 05 May 2006.