



---

*Promoting choice and  
value for all customers*

Our Ref: JS/LW/mc/06-0167  
Direct Dial: 020 7901 7366  
Email: [john.scott@ofgem.gov.uk](mailto:john.scott@ofgem.gov.uk)

5 April 2006

Dear Colleague

### **BSI-PAS 55 Certification and the Stakeholder Working Group**

Our last Open Letter<sup>1</sup> sought further comment on our proposals for Network Companies to undertake voluntary certification to BSI-PAS 55<sup>2</sup> and on the creation of a Stakeholder Working Group (SWG). From the responses received, we were pleased to learn that many of the Network Companies have already started to undertake the certification process, or some form of gap analysis to assess their needs.

As stated previously, Ofgem believes that BSI-PAS 55 certification will help provide assurance as regards long term asset stewardship and establish greater clarity of the asset management policy and process that underpins the investment decisions of Network Companies. Certification should make it easier for companies to respond to Ofgem's questions in this area as part of the price control process. That said we are conscious that a minimum level of resource is required to service the certification process and that integrating this with existing workloads may be a challenge in the short term.

We are of the view that those companies choosing to certify should aim to report certification by April 2008. This lead-time should be sufficient to undertake any improvement to a company's asset management system that is a prerequisite to gaining certification. Assurance of consistent and sustainable practice is an important objective for Ofgem, thus we wish to encourage companies to employ reputable certification bodies to undertake this certification<sup>3</sup>.

Therefore, by April 2007, we request that each Network Company reports to Ofgem on the point in the certification process that it has reached, rather than simply certification

---

<sup>1</sup> Ofgem website, "250/05 - Refocusing Ofgem's ARM 2002 Survey to BSI-PAS 55 Certification"

<sup>2</sup> BSI-PAS 55 "Part 1: Specification for the optimized management of physical infrastructure assets"

<sup>3</sup> Organisations that are UKAS accredited (for providing QMS and EMS certification to electricity and gas sectors), or organisations that have a demonstrably credible track record in assessing Infrastructure Asset Management Systems.

status. All companies not certified before April 2007 are asked to estimate the earliest and latest date at which they anticipate being certified. Companies certified before April 2007 should report the date on which they achieved BSI-PAS 55 certification. In addition, certified companies are asked to provide the auditor's executive summary of their certification audit report (maximum of 2 pages) and the re-certification due date. We also request that each certified company provides a periodic status report by making available the auditor's executive summary of each surveillance visit. We understand that this is likely to be annually. Ofgem intends to publish by agreement this information, except for estimated certification dates, on a dedicated page of its website. Estimated dates will be for Ofgem's information only.

Where companies decide not to seek certification, Ofgem proposes to undertake its own audit following the approach of the 2002 ARM survey, updated to align with BSI-PAS 55 best practice and rigour.

In regard to the Ofgem proposed SWG, our preference is for this to operate as a cross-sector forum for the development of an assessment methodology to supplement the BSI-PAS 55 certification process. It is our opinion that this methodology should provide a 'management overview' of the audit findings, highlight good practice, support continual improvement and have the capability to track improvements over time. The ideal outcome is the development of an objective and consistently applied assessment system that matches the approach of BSI-PAS 55 and, like BSI-PAS 55 itself, is generic and not restricted to electricity and gas networks.

With this in mind, we have considered how, and by whom, this SWG should be administered to best achieve these objectives. We have received a number of expressions of interest and, from our discussions, believe that the Institute of Asset Management (IAM) offers the most independent and effective way forward. It is pertinent that the IAM took a leading role in the development of BSI-PAS 55.

IAM has made a proposal to undertake a BSI-PAS 55 Assessment Project to develop an appropriate methodology that meets the needs of our sector (gas and electricity networks) and other sectors that have an interest in utilising BSI-PAS 55. Ofgem is pleased to support this IAM-led project to achieve the objectives of the proposed SWG. Input from the gas and electricity network companies will be very valuable to the development of a robust methodology and we encourage each Network Company to support the project. The IAM has recently written to industry contacts on this matter.

In anticipation of an appropriate assessment methodology being developed, presently we foresee this assessment being undertaken at the same time as certification (and re-certification) audits. We envisage that each Network Company would provide Ofgem with its assessment reports. As previously stated, Ofgem will not publicly report the assessment findings but, where appropriate, we will use them to prompt dialogue between willing parties to promote good practice across the sector.

Ofgem will correspond with each Network Company in due course requesting information on their current and future position in respect of BSI-PAS 55 certification. A table summary of the sequence of information to be reported to Ofgem on an ongoing basis is attached.

We welcome further feedback from the Network Companies and other interested parties as we take this work forward. Feedback can be submitted in writing or electronically to

the following address but please make it clear if you wish your comments to be held in confidence.

Leigh Williams  
Ofgem,  
9 Millbank,  
London SW1P 3GE.  
Email: [leigh.williams@ofgem.gov.uk](mailto:leigh.williams@ofgem.gov.uk)  
Tel: 020 7901 7184

Yours sincerely

A handwritten signature in black ink that reads "John Scott". The signature is written in a cursive style, with the first name "John" and the last name "Scott" clearly legible. A horizontal line is drawn underneath the signature.

**JOHN SCOTT**  
**Technical Director**

**Table: Sequencing of information to be reported and published**

DATE	STATUS	INFORMATION TO BE REPORTED TO OFGEM	TO BE PUBLISHED
April 2007	CERTIFIED	Date of certification to BSI-PAS 55	YES
		Date of re-certification	YES
		Executive summary of current certification audit report	YES
		Executive summary of latest audit surveillance visit <sup>1</sup>	YES
		Assessment report <sup>2</sup>	NO
	NON-CERTIFIED	Point at which the company is along the path to certification	YES
		Estimated earliest and latest dates expected to certify to BSI-PAS 55	NO
April 2008	CERTIFIED	Date of certification to BSI-PAS 55	YES
		Date of re-certification <sup>3</sup>	YES
		Executive summary of current certification audit report	YES
		Executive summary of latest surveillance visit <sup>1</sup>	YES
		Assessment report <sup>2</sup>	NO
Annually thereafter	CERTIFIED	Date of Certification <sup>3</sup>	YES
		Date of Re-certification <sup>3</sup>	YES
		Executive summary of current certification audit report <sup>4</sup>	YES
		Executive summary of latest surveillance visit <sup>1</sup>	YES
		Assessment report <sup>2/3</sup>	NO
1	Only if a surveillance visit has been conducted since certification		
2	On the basis that an appropriate assessment methodology is developed		
3	Only if changed since last reported		
4	Only if certification has been renewed since last reported		