

ECSG Minutes
05 May 2006
Ofgem, 9 Millbank, London

1. List of Attendees

Phil West	(PW)	WPD (DNO representative)
Jeff Hunt	(JH)	Scottish Power (DNO representative)
Peter Whiffen	(Pwh)	ASLEC
Vas Siantonas	(VC)	ASLEC
Vince Colby	(VC)	ICP representative
Ray Farrow	(RF)	Home Builders Federation
Lee Evans	(LE)	Caerphilly County Council
Victoria Moxham	(VM)	Elexon
Martin Crouch	(MC)	Ofgem
Roger Morgan	(RM)	Ofgem (Chair)
Laura Nell	(LN)	Ofgem
Katherine Pierzchala	(KP)	Ofgem
Tom Guilfoyle	(TG)	Ofgem (Minutes)

2. Introductions and Apologies

RM opened the meeting and asked attendees to introduce themselves. Apologies were made for Tony Stephens and Brian Hartgrove.

3. Update to the ECSG on the Unmetered Supplies User Group (UMSUG) terms of reference given by VM.

RM introduced VM and explained that the ECSG were seeking clarity on UMSUG's involvement in inventory management and the governance arrangements for the group.

VM outlined UMSUG's Terms of Reference stating it is a non decision making forum that it develops and recommends proposals on potential revisions to the Balancing Settlement Code (BSC) Trading Arrangements (specifically relating to Unmetered Supplies) via Elexon.

JH questioned the membership of UMSUG and in particular if there is a Network Operator representative. VM explained that DNOs are not represented via Unmetered Supply Operator (UMSO) membership on the group.

Action: VM to send UMSUG membership list to LN, to be circulated to the ECSG.

VM explained that UMSOs have been included within the Scope of the 2005/6 BSC Audit. VM added this was the first occasion where UMSOs have been included in the audit.

RM questioned the scope of the audit.

VM stated the scope of the audit in relation to UMSOs was limited to compliance with document BSC520.

Action: VM to send through a scope of the audit to RM, to then be circulated to the ECSG.

LE queried how the unmetered suppliers were selected for the audit. VM responded stating those included in the scope of the audit were selected through the Performance Assurance Board (PAB) a BSC Panel Committee of Elexon. VM informed the ECSG that any issues raised through the audit will be presented to the BSC Panel and published on the Elexon website. Should any changes to BSC systems or processes be recommended, they would be processed through the Modification Procedures and Change Management Process. Full consultation would be undertaken as part of these processes, with details published on the Elexon website.

VS stated under Public Finance Initiatives (PFI) the contractor is regarded as the customer. VS queried whether or not contractors are represented in UMSUG, and if not whether it would be possible to view minutes of the meetings in order to follow the topics being discussed.

VM stated the UMSUG minutes are available on the Elexon website and the group would consider nominations for new members.

PW stated that UMSUG's Terms of Reference were broad ranging. He queried as to whether issues relating to power factors would be included in UMSUG's remit.

VM stated power factors do not influence settlement; therefore they would not fall under the BSC remit.

PW raised questions over Inventory Management (IM) referring to queries raised at the previous ECSG meeting, held at Ofgem on 17 February 2006. (Minutes from this meeting can be found on the Ofgem website.)

PW expressed concerns that there is no incentive on parties to keep accurate inventories.

VM stated UMSUG is not the body to make any direct changes, however it can refer suggestions to Elexon.

MC stated the view that the incentives for LAs to properly manage their inventories for unmetered connections would be a contractual matter between Local Authorities (LAs) and Distribution Network Operators (DNOs), and that obligations in the connection agreement would be enforceable through contract.

PW explained that unmetered connections fall under the unmetered regulations and added that DNOs have a duty to connect unmetered supplies, and under the ESQCRs can only dis-connect on grounds of safety. DNO powers therefore would be limited in the use of contractual enforcement. PW questioned as a result of this, what incentives are there for LAs to keep an accurate IM?

LE explained that LAs have a contractual arrangement to update their IM on a monthly basis and that it is essential for an LA to have an accurate IM in order to ensure that LAs receive competitive energy prices, otherwise LAs would be required to return to tariff based energy prices.

LE stated the audit published in June will be a starting point for discussions relating to IM.

It was decided by the ECSG that issues relating to IM should be revisited when the audit is published in June.

Action: VM to update LN/ RM as to when the BSC audit has been published on the Elexon website. Ofgem to circulate the audit findings to the ECSG.

At this point VM left the ECSG meeting.

4. Review of Previous Minutes

There were no comments on the previous minutes from 17 February 2006 ECSG meeting.

5. Update of Actions from the previous minutes

- UMSUG Terms of Reference

Action on RM to invite a representative of UMSUG to discuss their Terms of Reference – Action closed.

- Xple and Pilc Training Requirements

Action on LN to clarify Xple and Pilc training requirements through Lloyds Register. LN spoke to a Lloyds representative and confirmed to the ECSG via email that jointing of Xple to Pilc service cables is covered by the UMS module. – Action closed.

- Point of Connection (POC) information requirements.

JH stated amendments were made to the POC information requirements and agreed by DNOs on 04 May 2006.

JH stated the only change made to the previous version was the addition of the final paragraph stating:

“Following consideration of the POC quotation, the ICP may in exceptional circumstances, request supplementary information (e.g. design options considered, interpretation of cost apportionment rules etc.) from the DNO that may be necessary to clarify or justify the quotation. The DNO will charge for this supplementary information in circumstance where the original POC design proposal and quotation is subsequently confirmed to be appropriate.”

JH stated that should a charge be levied, it will be cost reflective.

VC stated he agrees with the amendments made, however there needs to be a reasonable timescale set up for the exchange of information.

JH agreed with this comment and stated this could be included in the Ofgem Competition in Connections Review, as this matter could be considered for consultation.

PW stated as all parties were agreed, the industry guidance document G81 could now be updated. PW stated governance of industry guidance document G81 rests within the remit of the ECSG and as all parties were agreed on the amendments to POC information, G81 parts 1 and 4 could be updated via the

Energy Networks Association (ENA). JJH stated he will inform the Distribution Code Panel of the changes being made to G81.

- Definitions of Complicated and Complex Works

JH presented a revised version of definitions for simple, complex and complicated connections. The definitions had been updated to take account of feedback from VC at the previous ECSG meeting that it was not appropriate to classify all non-passive / disturbing loads as complicated. Following discussion with other DNOs, JH proposed that only non-passive / disturbing loads which require network analysis or modelling to establish potential impact (e.g. compliance with GB DCODE) would be classed as complicated.

VC stated he will seek agreement to the proposed definitions at the next MCCG meeting on 17 May 2006.

Action: VC to add proposed definitions to the MCCG agenda.

- Update on the next steps for the UMS SLA

RM stated there was an action on Ofgem to write to the DNOs to set out the next steps for the SLA. RM stated Ofgem have written to the DNOs to request the continuation of monitoring and performance and stated two DNOs have responded. One DNO supports the continuation of monitoring of performance. One DNO supports the extension of the trial upon condition the trial will be completed by the end of this calendar year.

- Overhead line contestability

RM stated overhead line contestability had been included within the scope of the Competition in Connections Review. The initial consultation letter was published 4 May 2006.

The ECSG supported this decision.

- Site Inspections

RM introduced the issue of affiliated ICPs undertaking site inspections.

LN quoted her email sent with regard to the NERSAP minutes stating:

"In addition to item 3(c) (of the NERSAP minutes) that Ofgem thought it was a compliance issue for Ofgem's consideration rather than a competition in connection issue for ECSG. Ofgem's line was that we recognise the potential conflict of interest of ICPs auditing other ICPs. However, Ofgem stressed that if a DNO chooses to use an affiliated ICP to inspect a non-affiliate then they should ensure that the audit and inspection regime is applied on a non-discriminatory basis. Should there be any evidence of discrimination, then this would be a matter for Ofgem." – Action Closed

- Safety Rules – NERSAP

LN explained that she discussed the ECSG views on safety rules at NERSAP and NERSAP agreed that safety rules are outside the remit of the NERSAP Terms of Reference.

LN stated NERSAP will close discussions on safety rules; however a DNO representative at NERSAP intended to take forward safety issues for clarification to the ENA. JH agreed to contact the DNO representative and make him aware that this issue had been considered previously by ECSG and the DNO CINC Working Group and as far as JH/PW are aware, the issue had been resolved.

PW stated in the future, Ofgem representatives at NERSAP must ensure discussions remain within the NERSAP remit.

- Proposed Cable Fault Definitions

JH stated he met with TS to discuss proposed cable fault definitions.

JH stated technical issues within cable fault definitions can be more easily resolved however commercial issues will be harder to determine.

Action: TS to redraft a cable fault technical definitions paper and to discuss with JH. An update is to be given at the next ECSG meeting.

6. Update on the Local Authority (LA) Champions Meeting/ Update on UMS SLA Trial

LE updated the ECSG on the LA Champions meeting held at Ofgem on Tuesday 11 April 2006.

LE stated that a number of LA Champions raised concerns about the SLA trial. LE stated that a number of LA Champions are looking for an end date to the trial, and that lengthening the trial is acting as a disincentive for LAs to participate in the scheme. LE is concerned that the inclusion of the SLA as part of Ofgem's Competition in Connections Review will further lengthen the process.

LE also raised the issue that some LAs have not been given the opportunity to verify data submitted by the DNOs to Ofgem. LE stated this would bring about questions of the credibility of any final decisions made by Ofgem should they be based on unverified data.

LE stated LA representatives should be given the opportunity to review the raw data pertaining to their LA in order to agree the data with the respective DNO. LE suggested this could be done by Ofgem sending the raw data to the respective LA Champion who will then forward on to the relevant LA.

PW stated good practice for the SLA required monthly or quarterly meetings between LAs and DNOs in order for data to be verified.

RM stated Ofgem is not in a position to determine the validity of the figures submitted by the DNOs, however, RM agreed that there is a need for the data to be confirmed. RM stated if the LAs and DNOs can agree the figures, the SLA can be moved forward through the Review.

RM added that it was necessary for the ECSG to agree a way forward as it is important for Ofgem to complete and report on the trial.

RM clarified that should final decisions be made with regard to the SLA, these would not necessarily have to be left to the end of the Review period before being put into place.

JH stated there is a necessity for data to be reported in a consistent manner if an analysis is to be published.

The ECSG agreed that data should be shared with respective LAs via their LA Champion. LAs will then be given a six week time period to state whether or not they agree with the data, and if not, a reason should be given.

Upon receipt of verified data Ofgem would publish a report summarising the four quarters of data and share this with DNOs before publishing on its website. JH expressed concerns about publishing this report. RM explained that it was necessary to report on the trial as it has been widely publicised and that there was an expectation that Ofgem would publish a review of the trial.

JH requested that those LAs with the opportunity to comment on the SLA data, that do not take that opportunity be recorded, and this included with any final publishing.

RM questioned whether the DNOs would have any disclosure issues if Ofgem provided SLA data for this purpose.

JH believed there will be no disclosure issues upon the condition that data is sent out only to the respective Local Authority. JH also requested that the data being sent out to the LA Champions be copied to the respective DNO Regulatory Managers and Champions.

Action: Ofgem to send out raw SLA data to respective LA Champions by 12 May 2006. LAs are to respond to Ofgem by 30 June 2006.

Next Steps for SLA:

- Ofgem to send out to LA trial data in order for verification;
- LA to provide verified data to Ofgem by 30 June 2006;
- Ofgem to produce a summary of the four quarters of data;
- ECSG to review summary and agree a format for publication of SLA data.

It was agreed by the ECSG that they will revisit the SLA at the next meeting when the data has been verified. Discussions will include the format for publishing the end data for the SLA Trial.

7. Triangular Agreement

PW commented that a triangular agreement is being undertaken between WPD and Caerphilly County Council.

JH stated that he hopes to be able to report on a new triangular agreement being undertaken at the next ECSG meeting.

VS discussed the development of the PFI Scheme and explained that there is pressure on contractors to perform to timescales in accordance to the contract. As a result there is a limited amount of time to train staff up to Lloyds accreditation standards to support initiatives like the triangular agreement. Also VS explained that contractors are questioning whether participation is commercially viable.

VS stated contractors do not see long term ways forward for the triangular agreement and stated there is a need to review as to why the triangular agreements are not progressing. VS stated contractors believe there are barriers

to competition in streetlighting, and are unlikely to enter the market unless there is a realistic competition arrangement making participation financially viable.

PW stated that customers by now should be aware of the different choices available for procuring connections. PW stated that DNO costs were regularly assessed and controlled by Ofgem under the Price Control Review process and its performance regularly scrutinised. If informed customers do not use competition, it is not a failure of competition; it may simply be that the customer has positively chosen to use the DNO.

PWh stated the rent –a – jointer scheme has been more popular as it is seen to be more financially viable.

RM raised the suggestion that the triangular agreement be included in the Review.

JH concurred that UMS should be a specific topic for the Review. JH stated there is a need to determine whether there is a demand for competition in UMS or whether increased regulation is needed to improve service levels.

PWh stated as the triangular agreement is selective, there is a disincentive for contractors/ parties to participate as not all works can be offered or carried out.

PWh suggested upon completion of the WPD and Caerphilly County Council triangular agreement the pros and cons of the arrangements should be considered.

VC informed the ECSG that he has been asked to become involved with a triangular agreement and hopes to be able to update the ECSG as to where hurdles may exist when trying to enter such an agreement.

RM concluded the issue, stating views from across industry regarding the triangular agreement will be invited through the review and from there the next steps for the triangular agreement can be determined.

8. Competition in Connections Review

RM introduced the topic stating that an initial consultation letter was published by Ofgem on the 04 May 2006 setting out the aims and general scope of the review. Ofgem's letter proposes a Workshop on the 24 May 2006.

RM stated this would be an opportunity to engage at a high level with industry parties and for the industry to provide Ofgem with views on the success and requirements for future development of regulation/ competition and standards of service.

MC stated that a further workshop is planned for later in the year where there will be the opportunity to discuss topics on a more specific level.

Comments on the review were invited from the ECSG.

VC suggested that it was important to state clearly too all parties involved that the review would take a start point from the Part A Decision Document of November 2004 and the Part B Decision Document of February 2005. VC stated unless the Review took a starting point from these documents there would be a risk that the review be held up debating previous issues.

LN stated Ofgem tried to address this issue in the consultation letter by including a decision on how Ofgem currently protects customers but that Ofgem would take on board that point for the workshop.

PW stated there was a need to ensure an alignment as to what is presented at the workshop, and suggested in order for the workshop to be channelled; presenters could follow the 6 bullet points as detailed in the initial consultation letter:

- the progress of Ofgem/industry led competition in connections initiatives;
- identification of policy areas;
- identification of areas of work where it may be appropriate for Ofgem to reduce its regulatory oversight;
- considering whether it is appropriate to increase regulation by putting in place formal obligations/incentives on licensees to improve performance for non-competitive services or whether it is appropriate to further facilitate competition;
- considering contestability in respect of distribution and transmission related activities; and
- Identifying whether further measures are required to support competition in the gas and electricity connections industries.

RF raised the suggestion that two workshops be held for the review period, one in the North and one in the South. RF expanded his suggestion stating it was likely different issues arise dependent upon differing geographical conditions.

MC stated the broader the range of issues raised through the review, the better, and added Ofgem will take into consideration RF's suggestion of 2 workshops when making arrangements for the workshops planned for later within the review.

There was a general consensus among the ESCG welcoming the Ofgem's review.

RF informed the ECSG the HBF plans to take forward a number of complaints made by members regarding utility connections to the Government Cabinet Office and the Treasury.

RF stated complaints will be made in line with Recommendation 20 of the Barker Review, citing the competition and provision of infrastructure for new housing.

Action: Ofgem to circulate the Initial Consultation letter for the Review to the ECSG to forward onto any contacts believed to be interested in the review and the forthcoming workshop.

At this point JH left the ECSG.

9. Technical Process Specifications for extension of contestable works

LN introduced the topic. ECSG had committed to producing a guidance document on the technical process specifications in Ofgem's recent decision letter on extending the scope of contestable works (diversions and reinforcement).

PW stated that for the additional specifications, they should follow the same basis as in G81 parts 1-6, but, given the extent, complexity and inter-dependencies of the individual asset specifications, the approach should relate to processes for providing specifications rather than "volumes of telephone directory" detail. It

was agreed that this work would form additional part(s) of G81 to emphasise linkage and continuity with parts 1-6.

**Action: PW and VC to discuss in detail the technical process specifications for the extension of contestable works. PW to take to DNOs for agreement.
PW to provide an update to the ECSG at the next meeting.**

10. Any other Business

Cutout Isolation Training

VS raised the issue of training requirements for the removal of electrical cutouts for the isolation of public lighting. VS drew attention to the different safety procedures operated by DNOs with regard to the level of training required as some DNOs recognise previous training, however others require separate DNO specific training.

VS stated ASLEC operate a similar training scheme to that as offered by NERS, linked to an NVQ. VS would like to clarify whether or not this can be deemed as appropriate training for undertaking removal and re-insertion of fuses in DNO electrical cutouts.

VS added that he was seeking clarification on whether this activity is deemed as a contestable and whether the ECSG was the correct forum to discuss this topic.

PW responded, stating that the question of electrical contractors wishing to remove DNO cut out fuses to obtain isolation of house consumer units had been debated recently in ENA. He offered to pass details of ASLEC's training scheme to ENA for consideration by DNOs.

Action: VS to provide PW with details on the ASLEC NVQ training for cutout isolation. PW to table at the ENA for discussion.

It was decided this issue would be discussed at a future ECSG meeting once an ENA position has been determined.

Publishing Dispute Determination Information

RF queried whether or not competition dispute determination decisions based on made available publicly.

MC stated determination decisions are public information and can be found on Ofgem's electronic public register.

<http://62.173.69.60/index.php?pk=folder156674>

LN stated Ofgem has the powers to make determinations on issues of cost and reasonableness of scheme rather than standards of service.

It was confirmed by RM that in the first instance a customer wishing to make a complaint should contact energywatch.

11. Date of Next Meeting

05 July 2006

Appendix 1

Classification	Greenfield site housing development	Previously developed site housing development	Industrial and Commercial connected load up to and incl 11kV
Simple	L/V mains and services only.	Where the site has been totally cleared of existing electricity infrastructure: L/V mains and services only.	Not applicable
Complex	New HV/LV substation with standard plant layout within a standard enclosure or a previously agreed building arrangement. Multi-occupancy with agreed single intake location and standard equipment layout at ground floor or basement level and with no rising mains or services.	Where the site has been totally cleared of existing electricity infrastructure: New HV/LV substation with standard plant layout within a standard enclosure or a previously agreed building arrangement. Multi-occupancy with agreed single intake location and standard equipment layout at ground floor or basement level and with no rising mains or services.	L/V mains and services or new HV/LV substation with standard plant layout within a standard enclosure or a previously agreed building arrangement. HV connection is simple tee or ring main unit. Connection involves installation or modification of protection and control equipment in standard use by the specific DNO.
Complicated	Others e.g. New HV/LV substation with non-standard equipment layout. New HV/LV substation not in previously agreed building. Multi-occupancy with rising mains or services. Overhead line connections. Requirement for upstream reinforcement of existing DNO network Diversion or recovery of existing DNO equipment	Others e.g. Where the site has not been totally cleared of existing electrical infrastructure e.g. involves diversion or recovery of existing equipment, transfer of existing services etc. New HV/LV substation with non-standard equipment layout. New HV/LV substation not in previously agreed building. Multi-occupancy with rising mains or services. Overhead line connections. Requirement for upstream reinforcement of existing DNO network	Others e.g. Overhead line connections Non-passive or disturbing loads which require network analysis or modelling to establish potential impact (e.g. compliance with GB DCODE) Connections involving upstream reinforcement or diversion / recovery of existing DNO assets Connection involves automation (eg changeover scheme, auto-close scheme etc.) Connection requires installation or modification of protection & control Requirement for upstream reinforcement of existing DNO network Diversion or recovery of existing DNO equipment