

ECSG Minutes**06 September 2006**

Ofgem, 9 Millbank, London

Attendees

Phil West	(PW)	Western Power Distribution (DNO Representative)
Ray Farrow	(RF)	Home Builders Federation
Lee Evans	(LE)	Caerphilly County Council
Tony Stephens	(TS)	Hampshire County Council
Peter Whiffen	(PWh)	ASLEC
Vas Siantonas	(VS)	ASLEC
Vince Colby	(VC)	ICP Representative
Jeff Hunt	(JH)	ScottishPower (DNO Representative)
Roger Morgan	(RM)	Ofgem (Chair)
Martin Crouch	(MC)	Ofgem (Representative)
Laura Nell	(LN)	Ofgem (Representative)
Katherine Pierzchala	(KP)	Ofgem (Minutes)
Michael Dooley	(MD)	Ofgem (Minutes)

1. Introduction and Apologies.

RM opened the meeting and welcomed attendees.

No apologies were made on behalf of attendees.

2. Review of previous ECSG minutes.

The ECSG agreed that the minutes from the previous meeting were a true and accurate record. Tony Stephens is to be added as an attendee to the previous minutes.

RM reviewed the agenda items and actions from previous minutes. The following actions from the previous meeting had been closed down:

Action from 05/07/06 meeting: TS and LE to contact those Local Authority ('LA') Champions who have not yet responded to Ofgem.

Action from 05/07/06 meeting: Ofgem to distribute to ECSG an electronic copy of the Service Level Agreement ('SLA') LA verification spreadsheet when all responses have been received.

The remaining actions were included as agenda items for this meeting.

3. PW to update ECSG on ENA SHE group discussions on updating G39/1 document.

PW informed the ECSG that the ASLEC NVQ training document for cut-out isolation was sent to the ENA Safety, Health and Environment ('SHE') group in June 2006. The SHE group is yet to examine this document, but will do so at the next October SHE group meeting. PW had asked the SHE group managers if they

could provide an earlier response to the document but they had been unable to do so.

PW confirmed that he had received feedback from some Distribution Network Operators ('DNOs'). Central Networks ('CN') commented on 3 July 2006 that the G39/1 document is an appropriate reference and each respective DNO and contractor must agree to the Association of Street Lighting and Electrical Contractors ('ASLEC') NVQ training on an individual basis. CN had also commented that editorial updates are needed to G39/1.

JH pointed out that ScottishPower ('SP') directly replied to VS on the ASLEC training scheme, PW added that he had consulted Western Power Distribution ('WPD') internally on the ASLEC training scheme and concluded that if the LA accepts the ASLEC NVQ training accreditations, then WPD would accept them without additional authorisation.

VS commented that he is pleased with WPD's response to the ASLEC training scheme and would like the remaining DNOs to have this type of response to the document.

JH pointed out that PW was right to push the SHE group on this issue. JH added that SP will not be adopting the same approach as WPD. He added that the ENA SHE group should formulate a collective response on the withdrawal of cut-outs and decide if it is to be considered as work on the DNO system or work in the vicinity of the DNO system. JH is of the view that it is work on the DNO's system. SP insists that to withdraw cut-outs everyone needs to be authorised by SP, and undertake a competency assessment together with an interview, a 30 minute test and a session covering safety and communication. He pointed out that this is distinct from G39 training as everyone is required to work under SP's safety rules, regardless of whether they are a contractor, an Independent Connections Provider ('ICP') or a direct employee of SP.

VS disagreed with JH and did not consider the spirit of G39 to be working on the DNO's system with regards to cut-outs. VS is of the view that the cut-outs are working in the vicinity of the DNO system.

VS stated that the G39 document is a clear manual which sets out a method of authorisation. Everyone has been following this document since the late 1970s.

PW pointed out that the G39 includes a model form of authorisation. He added that structurally there is nothing wrong with the document and that it is only in need of an editorial update.

VS stated that the G39 is a key document in the industry and that individual DNO authorisation for the withdrawal of cut-outs is not necessary. VS added that the majority of columns maintained do not require authorisation for cut-outs from the DNOs, only from LA's. VS pointed out that with the G39 document there are no issues with training, only with authorisation. This issue is to be raised in the next SHE group meeting in October in order to hear a collective response.

ACTION: PW to provide an update on ASLEC proposal G39's authorisation issue after the October SHE group meeting.

4. JH/VC to update ECSG on Metered Connections Customer Group ('MCCG') discussion on proposed definitions of complicated and complex schemes.

VC explained that since the last ECSG meeting he had discussed definitions of complex and complicated schemes with the MCCG and would email comments over to PW and JH to agree on details.

VC discussed time frames that could be associated with the three different schemes; 15 days for simple schemes, 20 days for complex schemes, and 40 days for complicated schemes.

PW considered that DNOs may face delays in getting back to ICPs within the complicated timescale due to factors outside of their control. VC and JH both agreed that these instances would be exceptions, rather than the norm.

JH went on to question whether or not complicated schemes should have a timescale associated with them at all. JH considered the time to turn around a complicated quote should simply be recorded for future analysis. VC agreed with this to some extent, stating that timescales should only be associated with 'normal' complicated schemes.

VC added that clear definitions should lead to fewer schemes being classified as complicated due to some DNOs quoting complex schemes as complicated to increase time allowances. He went on to explain that once the definition for complex schemes had been agreed on, the complicated definition would naturally formulate.

JH explained that a 40 day time allowance for complicated schemes was not long enough for connections at transmission voltages, involving connection of embedded generation or unusual connection configurations (e.g. involving special protection arrangements) which the DNO may either not be familiar with or which require substantial design input.

RF questioned when the timescale actually begins for DNOs, and whether they are required to provide a quotation prior to planning consent for a site being obtained. PW stated that it is possible due to Local Authority request to amend planning proposals, that connections applications at the pre-planning stage may lead to an increase in abortive works on the part of the DNO. JH highlighted that the SP Manweb commitments include a timescale for informing the ICP that the information they have provided is insufficient to enable the DNO to formulate a quotation.

RM questioned what the process would be for getting definitions agreed on. JH stated they will require DNO sign-off and for Ofgem to write out to the industry.

ACTION: VC to send definitions with MCCG comments to PW and JH.

- **JH will circulate definitions to all DNOs**

5. TS to update on position of cable fault definitions.

JH pointed out that he has prepared a short paper on technical cable fault definitions, although he had not discussed these definitions with TS or circulated them to the respective DNOs for comments. JH stated that he will do so straight after the ECSG meeting.

LE asked JH to explain what is in the draft cable fault definitions.

JH stated that he had used the definitions of long duration i.e. permanent interruptions (faults of greater than 3 minutes) and that the definitions used are consistent with those in the Information and Incentives Project ('IIP').

JH pointed out the definitions clarified who is responsible for the cable fault repair. The guiding principle is that the relevant asset owner is responsible for the fault repair.

JH added that there is a need for clarification of responsibility on fault repairs, regarding the separation of technical and commercial issues. Once this is achieved a separate debate is needed on who is to pay for the repair.

ACTION: JH to discuss with TS the progress on cable fault definitions and circulate definitions to respective parties for feedback and comment.

- **At the next ECSG meeting, JH and TS are to give an update on cable fault definitions**

6. VC/PW to update ECSG on technical process specifications for the extension of contestable works.

PW pointed out that G81 Part 7 document has been drafted and circulated to ENA for comments. PW added that he has circulated the document to VC on 14 August 2006 for comments. VC stated that he has circulated the document to the MCCG group and has received 6 responses, and is awaiting 6 more. VC commented that G81 Part 7 is re-iterating the fundamentals of Ofgem's decision document and he will send it back to PW when completed. VC added that he has no issues with the draft document itself, but MCCG members had commented that the threshold should be 66kV instead of 33kV.

JH questioned whether there is sufficient 66kV network within the UK to justify inclusion in G81. He also suggested that the technical differences between 66kV and 33kV cables and lines are such that the threshold should remain at 33 kV for the time being.

VC pointed out that cables up to and including 33kV are contestable for elements of diversion and reinforcement works. VC expressed the view that 66kV cables are unlikely to be fully funded by the customer.

LN pointed out that there is an opportunity to raise the 66kV issue in response to the Consultation document.

RM pointed out that a technical colleague at Ofgem (Bridget Morgan) has drafting comments on the document.

ACTION: LN to circulate Bridget's comments to PW and VC. PW and VC to agree a finalised draft of G81 Part 7.

7. Ofgem to update ECSG on triangular agreements contracts received from DNOs.

LN stated that with regards to triangular agreements, WPD, Scottish and Southern Energy ('SSE'), United Utilities ('UU') and SP have all provided copies of their triangular agreements to Ofgem in response to the request. CE Electric ('CE'), EDF Energy ('EDF') and CN have not provided the agreements. CN maintain they have documentation in place, although not in a finalised triangular

format. Ofgem and ECSG expressed disappointment that not all DNOs have them available despite commitments made to Ofgem in April 06.

PWh suggested that DNOs should publish the documents on the website. JH confirmed on behalf of SP that they would be happy to publish their contract on the website, but that interested parties should note that each contract entered into may require tailoring to suit the individual circumstances. LE highlighted the amount of additional work required to enter into a triangular agreement even when the contract is in a finalised state. PW added that the modification to the asset data system was one element of the additional work.

LE stated that DNOs without a triangular agreement are hindering competition. VS then pointed out that contractors want to get involved but are being put off due to the length of time the contracts are taking to finalise. He added that contract members need to know which DNOs have triangular agreements readily available.

MC assured the group those DNOs that are yet to produce a triangular agreement will be contacted by Ofgem. MC added that SP's willingness to publish their contract was a promising start.

PW was concerned with the mention of alternatives to triangular agreements in Ofgem's consultation document. PWh emphasised that at present, there are no triangular agreements in place and so it would be difficult to judge their effectiveness.

VC explained that some DNOs have delivered whereas some have not, urging Ofgem to put pressure on the DNOs that have not.

VS introduced the idea of contractors benefiting from monopolistic market characteristics when entering into a triangular agreement. He believes the only way around this is for LAs to have several triangular agreements with several contractors. LE stated that competition will be present as long as contractors are accredited against the National Electricity Registration Scheme ('NERS').

ACTION: Ofgem to follow up on DNOs triangular agreements.

8. VC updating ECSG on National Electricity Registration Scheme Advisory Panel ('NERSAP') discussion regarding jointer training.

VC stated that there has not been a NERSAP meeting to discuss the jointer training. The next meeting is scheduled for 27 September 2006.

9. ECSG to review Ofgem consultation document and suggest guidelines and areas of discussion for review workshops.

VS queried the level of interest in the workshop. LN informed the group that there had been a lot of interest in both workshops. LE commented on restricting the workshop to DNOs members and LA champions. LN explained that due to the varied content of the consultation document, Ofgem hadn't wished to exclude any interested parties.

LN summarised the content of the consultation document, highlighting its focus on promoting competition in electricity connections and protecting customers where there is little or no competition. LN went on to ask the ECSG for preliminary views regarding the document and the workshops. TS questioned the purpose of the workshop and whether or not it was to achieve industry consensus. MC emphasised that the aim of the workshop was for Ofgem to hear

people's views and to give respondents the opportunity to hear the views of others before formulating a response.

TS questioned the SLA's future. RM addressed this by highlighting the three options outlined in Ofgem's consultation document for the future of the SLA; self regulation, continued monitoring and publishing of performance data or to develop financial incentives.

LE considered that the SLA voluntary route had not worked well and a backstop position is required, consisting of compulsory minimum standards of service backed up by financial penalties for poor performance. LE went on to comment that industry performance seemed better than expected according to the performance data published. However RF and TS were sceptical as to how well this data reflected the realities of industry performance. RM explained that Ofgem had simply presented the data provided by DNOs and verified the accuracy of the data with participating LAs.

JH explained that he felt the document had failed to address differing levels of competition around the UK. He considered that the document has focused more on performance issues within DNO areas where considerable competition already exists and the more fundamental question of how to ensure that competition is increased in a consistent manner across all areas of the UK appears to have been ignored by Ofgem. MC emphasised the need for DNOs to be more pro-active at embracing competition in order to avoid more radical solutions being introduced by Ofgem. PW suggested that constant change can lead to confusion. MC added that an agreed position from DNOs may move the issue forward.

RF stated that the voluntary regime does not address competition issues in some Distribution Service Areas ('DSAs'). JH considered that the options proposed will improve performance but will not improve competition. TS continued by introducing the concept of separating competition issues from standards of performance issues.

VC stated that the right framework for unmetered connections is established, but industry has hit a bottleneck. He emphasised the need for clear definitions to avoid misinterpretation and level out competition. PW stated that the application of the Electricity (Connection Charges) Regulations to competition in connections customers needs to be explained, as there is a common misperception that the DNOs are not applying them as they should whereas in reality the wording of the regulations does not allow them to apply. MC explains how all potential amendments to the regulations need to be considered as a package as opportunities to amend the regulations will not come by often. LN adds that the wording in the Electricity Act 1989 may also be an issue.

10.ECSG discuss findings of the Elexon BSc audit.

LN asked the views of ECSG members on the findings of the Elexon BSc audit.

RM stated that the ECSG had discussed Inventory Management at the 5 May 2006 ECSG meeting with Victoria Moxham from Elexon. LN added that the link to the audit has been circulated.

PW pointed out that losses in the price control make it an attractive incentive for DNOs to audit. If no material discrepancies are found then the DNO pays.

RM questioned whether this closes the issue of Inventory Management. LN pointed out that Inventory Management is enforceable by contract, but the audit

revealed that some DNOs do not have a contract with customers. MC considered that there is no further work for Ofgem/ECSG on this issue.

RM questioned whether the audit findings addressed ECSG's initial queries. PW stated that ECSG's initial queries were in relation to the governance procedures of Elexon.

ACTION: PW agreed to re-read the audit findings in advance of the next ECSG meeting and report back any issues.

11. Any other business.

LN pointed out that the Connections Industry Review (CIR) has been published on Ofgem's website.

12. Date of next meeting.

The next meeting is scheduled for 10:45am, Friday 10 November 2006.