

Electricity Distribution Licence review meeting 2 – 18/05/2007

Continuation of review of the electricity distribution standard licence conditions.	From Date and time of Meeting Location	Catherine Wheeler 18/05/2007 Ofgem	21 May 2007
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1. Present

Martin Crouch (MC)	Ofgem – Distribution Policy
Simon Polley (SP)	Ofgem – Distribution Policy
Cherie Davis (CD)	Ofgem – Distribution Policy
Paul Darby (PRD)	Ofgem – Distribution Policy
Mark Askew (MA)	Ofgem – Distribution Policy
John Wilson (JW)	Ofgem – Networks Legal
Jessica Mehta (JM)	Ofgem – Networks Legal
Catherine Wheeler (CW)	Ofgem – Licensing
Jeremy Blackford (JB)	Scottish Power
John France (JF)	CE Electric
Jill Ashby (JA)	Gemserv
Natasha Richardson (NR)	Western Power
Paul Delamare (PD)	EDF Energy
Roger Barnard (RB)	EDF Energy
Abid Sheikh (AS)	Energywatch

2. Apologies

Mike Harding - ENC

3. Agenda Item 1 – Introduction and review of last DLR meeting

3.1. MC introduced the meeting.

3.2. RB asked for thoughts on how the minutes for these meetings should be agreed. RB's suggested approach was for Ofgem to send out a draft of the minutes within a week of the meeting and give recipients a week to respond using track changes to make any comments or corrections and circulating these to all members. These comments or corrections should then be discussed at the next meeting and agreement sought. Only after the meeting should the final minutes be published. The group agreed with this approach.

4. Agenda Item 2 – Review of Section A package as distributed by RB

4.1. RB recommended that there be two separate conditions, a Definitions condition and a Rules of Interpretation condition, covered by Conditions 1 and 2 of his package. He stated that the form and content of the Interpretation condition could mostly be copied over from the Supply Licence Review (SLR).

4.2. PD commented that there could be a change control issue with the review of the distribution conditions and advised that he thought a log should be produced showing what changes were made and why. It was agreed that a simple table could be produced demonstrating and explaining the movements, deletions and redrafting which had occurred. It was decided that this table would be drawn up after further drafting had taken place.

4.3. RB's draft version of an amalgamated non-discrimination condition (RB's Condition 4) was discussed. JF felt that an amalgamation should not be attempted as it would inevitably lead to a policy change. NR suggested that this point was evident in RB's draft conditions 4.1 and 4.2. It was agreed that this was an area for future debate.

4.4. Review of RB's Condition 5. NR pointed out the reference to 'financial year' in Condition 5 should be amended to 'relevant year' as it referred to the regulator's financial year rather than the licensee's financial year. PD felt the condition was good it just needed the right definition as NR suggested. It was also pointed out that the date references to 31 and 1 October would need to be altered to 30 June and 1 June respectively. The rest of the group agreed.

4.5. Review of RB's Condition 6. JF questioned the omission of paragraph 8 of the current SLC24 from the draft. JF argued that this paragraph requires Ofgem to provide a written request for further information from the licensee, giving reasons for the request. RB said he had omitted it because of its doubtful legal value. MC asked if it could be argued that the issue was addressed by legislation relating to better regulation. JF felt that removal of the paragraph should be specifically discussed in the initial consultation. AS and NR agreed. RB said he would restore the paragraph within square brackets.

4.6. NR commented that RB's Condition 7 is helpful, PD agreed. RB felt that paragraph 7.3 should be explicit in setting out the relevant considerations rather than cross-referencing the reader to another condition for the explanation.

4.7. PD said that although the amalgamation of the use of system and connection provisions (RB's Condition 13) was helpful, he felt that it might be too condensed.

4.8. RB informed the group that his draft Conditions 13 and 14 contained a paragraph on the declaration of precedents (paragraphs 13.13, 14.20, 14.21 and 14.22). RB asked as to their origins and current usefulness. MC and JW considered that they may have been transitional. RB commented that a question could be posed in the initial consultation about deleting these paragraphs.

4.9. There was a discussion about paragraphs 14.10 to 14.14 and whether it would be more appropriate for these paragraphs to be located with the conditions relating to long-term development statements. It was agreed that paragraphs 14.10 to 14.14 should be 'square bracketed' for further review.

4.10. In reviewing RB's Condition 14 CD identified that a reference to a separate connection charging statement had been included. MC explained that there was only a connection charging methodology statement which included illustrative examples. RB stated that he would review Condition 14 with PD. The group discussed paragraph 14.15 regarding the amendment of UoS charges.

4.11. Review of RB's Condition 18. RB reminded the group that this draft only had the effect of amalgamating the licensee's compliance obligations in relation to industry codes and agreements. The licence would still need to contain conditions setting out the required contents and objectives of those documents.

5. Agenda Item 3 – Other action items from last meeting

5.1. CD informed the group that the Social Affairs team were currently assessing whether the distribution licence codes of practice conditions should be redrafted as has occurred in the Supply Licence Review with the proposed supply licence codes of practice conditions. CD provided an overview of the proposed supply licence codes of practice conditions. CD stated that Ofgem would be in a position to circulate a draft of revised codes of practice conditions prior to the next meeting.

5.2. CD gave an update on the theft and abstraction workstream and stated that a final version of the report is expected to be received from the ENA and ERA in the next couple of weeks. It is expected that Ofgem will consult on this issue later this year. As a result it was agreed that Condition 7 should not be substantively reviewed at this stage. The group agreed with this approach.

5.3. JW discussed JM's table detailing the occurrence of definitions within the Licence. JW suggested that any definitions found not to occur at all would be candidates for removal from the definitions conditions, pending a check against the special conditions [but these are legally independent – RB] and the amended standard conditions. PD suggested that any definitions with fewer than five occurrences could be left in the relevant conditions with a full description rather than being contained within the new Definitions condition. JW agreed to identify which definitions are mentioned fewer than five times and add this information to the table.

5.4. MC commented that RB's background paper on the current SLC 32 had been incorporated into discussions on RB's Condition 1 and 2.

5.5. MC moved discussion over to the re-draft of SLC 29. RB suggested keeping SLC 29 in its current form, rather than splitting apart Disposal of assets and Relinquishment of control. RB, JF and PD agreed to draft the SLC 29 consents into the licence condition.

5.6. JB took the group through his paper on restructuring Section C. He commented that there are some requirements which are specific to DNOs but that a number of these were broadly similar to the specific IDNO (BA) conditions. RB suggested that he, JF and JB work together to further review the current Section C and the BA conditions and develop a proposal.

5.7. JB enquired as to whether there was a word version of the BA conditions which could be circulated. CD agreed to locate such a version and circulate it to the group.

6. Next Steps

6.1 MC suggested that the group should be working towards producing a consultation in late July. He felt that this consultation should be issued on the basis of a strawman text of at least Section A. He suggested that this text should be accompanied by a log which tracks the changes to each licence condition.

6.1. The group agreed that the next meeting dates would be the 14 June and 11 July and that both of these would commence at 10:30 at Ofgem.

7. A.O.B

7.1 RB stated that given the time constraints, it would be better to discuss his redraft of Conditions 31A and 31B at the next meeting and that in the meantime he would give the matter some further thought. The group briefly discussed the relevance of the current SLC 39, 40 and 42. It was agreed that this would be discussed further at the next meeting.

7.2 Summary of actions:

Action

Further review of Section A package for next meeting including:

- Considering the relevance of 'financial year' in Condition 5.1
- A change of date reference in Condition 5.3
- A review of Condition 14, including consideration of the reference to a separate connection charging statement

Person - By

RB

Action

Carry on evolving the Section A package in broad accordance with the structure and contents of the draft on the table.

Person – By
RB

Action

Draft the SLC 29 consents into the licence condition

Person – By
RB, PD, JB

Action

Further review the current Section C and the BA conditions and develop a proposal

Person – By
RB, JF, JB

Action

Produce a draft of the codes of practice conditions

Person – By
Ofgem

Action

Expand the table already produced on definitions to identify those definitions with fewer than five occurrences and where they appear within the Licence

Person – By
Ofgem

Action

Circulate a word version of the BA conditions

Person – By
Ofgem

Action

Produce a background paper on SLC 53 and its current relevance

Person – By
Ofgem

Dates for next meetings

- 7.1. Thursday 14th June 2007 – 10:30 am Millbank
- 7.2. Wednesday 11th July 2007 – 10:30 am Millbank