

DLR meeting 3 – 14/06/2007

Continuation of review of the electricity distribution standard licence conditions.	From Date and time of Meeting Location	Catherine Wheeler 14/06/2007 10:30 Ofgem	15 June 2007
---	--	--	--------------

1. Present

Martin Crouch (MC)	Ofgem – Distribution Policy
Simon Polley (SP)	Ofgem – Distribution Policy
Mark Askew (MA)	Ofgem – Distribution Policy
John Wilson (JW)	Ofgem – Networks Legal
Catherine Wheeler (CW)	Ofgem – Licensing
Jeremy Blackford (JB)	Scottish Power EnergyNetworks
John Cooper (JC)	Wragge & Co (legal adviser to ENA)
Mike Harding (MH)	ENC
Natasha Richardson (NR)	Western Power
Paul Delamare (PD)	EDF Energy (Networks)
Roger Barnard (RB)	EDF Energy (Corporate)
Tony Sharp (TS) (attending for John France)	CE Electric

2. Apologies

Cherie Davis – Ofgem, Distribution Policy
 Paul Darby – Ofgem, Distribution Policy
 Jessica Mehta – Ofgem, Networks Legal
 John France – CE Electric
 Jill Ashby – Gemserv
 Abid Sheikh - Energywatch

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

3.1. MC introduced meeting and asked the group to introduce themselves. Prior to finalising the minutes from the previous meeting, MC stated how he thought it would be useful to provide an update on the timetables for the group. MC said that he felt that the current aim to publish the initial consultation at the end of July would reduce the time available for a full review of the new conditions. He suggested that the consultation be moved to September in order that the group could have full confidence in the document when it was issued. RB suggested that if the consultation was moved to September then it would be possible to also include a new Section B in the consultation in conjunction with the new Section A. MC stated that this would be worth considering as the group progressed.

3.2. MA ran through the substantive comments received on the minutes from the last meeting. It was agreed that the door should not be shut on a single non-discrimination condition. It was also agreed that RB would consider the use of 'regulatory year' in condition 1. The rest of the changes suggested were finalised and agreed. MC stated that the approved minutes would be published on Ofgem's website early the following week.

4. Agenda Item 2 – Discussion on current Section C and BA conditions

4.1. The group ran through JB's paper on the differences between the BA conditions and the corresponding conditions in Section C. RB commented that the differences were

minimal. It was agreed that the BA conditions could be incorporated into the new Section A as part of a new 'Financial Arrangements' chapter. It was questioned whether condition BA1 could be included into this group especially as this condition included different disapplication dates for each licensee. After discussing the possibility of having a revised BA1 as a special condition, it was proposed that BA 1 be taken in as part of the new Financial arrangements chapter but that this should be raised as part of the consultation. JB agreed to have a further look at BA1 in conjunction with MH and see if they could make any further progress to ease the transition of a revised BA1 into Section A.

5. Agenda Item 3 – review of new Section A package as distributed by RB

5.1. PD commented that it may be useful to have a version control on the Section A package from now on in order to avoid any confusion and to allow the group to look back and view the steps which had been taken. RB said he was happy to do this. The group then started to run through all the conditions in RB's Section A package

5.2. SLC 1 (Definitions for standard conditions) - RB proposed that it would be useful to steer the reader to the origins of definitions within the licence which came from statutory legislation ie the Electricity Act 1989 and Utilities Act 2000. This was agreed.

5.3. SLC 4 (No abuse of special position) – RB agreed to review SLC 4 again. It was agreed that 4.2 (c) be deleted and 4.3 needed to be reconsidered on the grounds of whether it takes account of de minimis activity. As part of the discussions, the group skipped to Condition 19 and agreed to alter the reference to discrimination to make it 'undue preference/unduly discriminate' in paragraphs 19.1 and 19.3 respectively.

5.4. SLC 5 (License's payments to the Authority) – The group debated the use of the phrase 'Financial year' in paragraph 5.1. MC stated that from a practical point of view this was not helpful as Distribution companies may well have their own financial year which is separate from the Regulator's. NR stated that 'relevant charging year' was more appropriate. RB agreed to alter the phrase to 'Regulatory Year'. JB stated that if 'Regulatory year' was used then the current SLC 42A could be removed. MC said that this could be raised in the consultation.

5.5. SLC 6 (Provision of Information to the Authority) – It was agreed that the inclusion of paragraph 6.8 should be a point for consultation.

5.6. SLC 7 (Determinations by the Authority) – RB raised the issue of paragraph 7.3 (c) and highlighted that the matter is dealt with in his current drafting of the new Condition 28. MC stated that if the group was happy with RB's condition 28 then 7.3 (c) would become superfluous. MH noted that there was reference within the condition to requestor and requester. RB agreed to tidy this up.

5.7. SLC 8 (Safety and Security of Supplies Enquiry service) – The group was happy with the current drafting of RB's new condition 8.

5.8. SLC 9 (Arrangements for site access) – The group examined the differences between Ofgem's draft condition 9 and RB's draft condition 9. RB noted that in paragraph 9.2 (c) the Ofgem draft contained an obligation for Distributors to 'inform each of its Domestic Customers, at least once a year'. NR advised that this was not practical as distributors did not routinely write to every customer. The group agreed to drop the words "each of its" so that the obligation was to "inform Domestic customers".

5.9. SLC 10 (Services for specific Domestic Customer groups) – The group ran through the Ofgem draft. TS commented that paragraph 10.2 was unduly restrictive in specifying who should be allowed on the register. The group agreed that references to 'relevant supplier' needed to be clarified because they might no longer be required. MH raised the

point that the drafting of paragraph 10.9 (c) might be broadening the range of the condition. NR commented that the 10.9 (d) implied that a mail shot would be needed to inform 'each of its domestic customers. The group agreed that the reference to 'each of its' should be deleted and replaced with an obligation to 'ensure adequate publicity' for the service.

5.10. SLC 11 (Reporting on performance) – RB stated there was little difference between his and the Ofgem draft of condition 11. NR commented that RB's paragraph 11.2 slightly duplicated paragraph 11.1. RB agreed to provide some further drafting prior to the next meeting.

5.11. The group examined Ofgem's draft condition dealing with procedures for complaints. RB proposed that this condition be incorporated into Condition 10. MC commented that it seemed sensible to retain this as it was to avoid any policy change, pending progress on the Consumers Bill. It was agreed that RB should circulate an illustrative amalgamated draft without delay so that the point could be further considered.

5.12. MC stated that it may be better to return to the Provision of services chapter - Conditions 12 to 17 – after reviewing the rest of the package so as to consider all the Connections items together.

5.13. SLC 20 (Compliance with core industry documents) – The group agreed the drafting which RB had provided.

5.14. SLC 21 (Distribution Code) – NR commented that the new condition made reference to 'the' distribution Code whereas the existing condition made reference to 'a' distribution Code. MH said that the new condition reflected what happened in practice and supported the wording.

5.15. SLC 22 (Distribution Connection and Use of system agreement) – The group agreed that paragraphs 22.8 and 22.9 could be removed.

5.16. SLC 23 (Master Registration Agreement) – RB suggested that this condition be moved forward into Section B. The group agreed that this could be done and also suggested that the power to direct exemption in paragraphs 23.4 and 23.5 be removed.

5.17. SLC 24 (Distribution service planning standard and quality of service) – NR suggested that subheadings be inserted into this condition, along with some restructuring, to differentiate between the quality of service obligations and the planning standard obligation. The group also agreed to use the phrase 'regulatory year' rather than 'financial year' in paragraph 24.6

5.18. SLC 25 (Long term development statement) – The group suggested that 25.10 be removed.

5.19. SLC 26 (Disposal of relevant assets) – The group discussed incorporation of the general consents, possibly as separate appendices to this condition. RB commented that he would look at this, along with a possible redrafting of paragraph 26.6 with JC.

5.20. SLC 27 (Theft, damage and meter interference) – RB commented that he had drafted the Condition on the basis of a paper submitted by the Revenue Protection Association. MH and NR commented that the paper did not represent the views of the IDNOs or all DNOs and that it represented a change of policy, in advance of the conclusion of the current review of revenue protection. RB agreed to remove paragraphs 27.1 – 27.4.

5.21. SLC 28 (Application of statutory powers) – There was a short discussion about whether this condition applied to DNOs out of area when acting as an ICP, and it was agreed that it did not apply in such cases.

6. Agenda Item 4 - Connection issues and provision of services chapter

6.1. SLC 12 (Requirement to offer terms for Use of System and Connection) – JC explained that the condition had been drafted on the basis of his paper dealing with the legal framework for electricity connections. JC then took the group through the condition. MC commented that he was concerned that the draft could allow a connection to be carried out that was covered by neither Section 16 nor Section 22 of the Electricity Act 1989, and therefore not subject to the protection of statutory legislation. He wanted to ensure that a distributor could not do this without the customer's consent. RB agreed to redraft the condition on this basis. The group also agreed to remove paragraphs 12.2 and 12.3 dealing with Modification of Connections. JB commented that the relevance of paragraph 12.10 (Application Regulations) may be something to raise in the consultation.

6.2. SLC's 13 & 14 (Charging methodologies and charging statements) – MC commented that these conditions do replicate the requirements of the current conditions in that they ask for four statements to be provided. He went on to explain that in practice there are three statements submitted and that it would make sense for the Licence to reflect this. MC also highlighted that at present there was no obligation to have the UoS charging methodology statement published. RB agreed to insert a paragraph at the end of the condition stating that the statements would be available on a website.

6.3. SLC 15 (Standards for providing Non contestable connection services) - RB commented that he felt this condition was inconsistent with the overall approach of the licence and that its subject matter would be better dealt with as a determination of overall performance standards under Section 40A of the Act. MC commented that it would need to remain subject to the current consultation and licence modification process.

7. Agenda Item 5 – Next steps

7.1 MC stated that he had outlined these at the start of the meeting.

8. Agenda Item 6 – A.O.B

8.1 No other issues were raised.

Action

Finalise and publish the minutes from 18 May 2007

Person – By
Ofgem

Action

Carry on evolving the overall draft in light discussions aiming for an early completion of Section A

Person – By
Roger Barnard

Action

Look at BA1 and come up with suggestions to ease its transition into Section A. [some workable drafting to be circulated soon may allay concerns on this front – RB]

Person - By
Jeremy Blackford
& Mike Harding

Action

New SLC 4 to be reconsidered with suggested changes

Person – By

Roger Barnard

Action

Redraft of public service obligations with Ofgem's policy note kept in mind

Person – By

Roger Barnard

Action

Complete the drafting of Condition 26

Person – By

John Cooper &
Roger Barnard

Action

Redraft of SLC 27

Person – By

Roger Barnard

9. Date of next meeting

9.1 Wednesday 11th July 2007 – 10:30am Millbank