

ECSG Minutes**16 August 2007**

Ofgem, 9 Millbank, London

Attendees

Chris Bean	(CB)	Power on Connections (ICP)
David Clare	(DC)	Mott Green Wall (ICP)
Peter Whiffin	(PWhif)	Power 2 Connect (ICP)
Bob Weaver	(BW)	nPower (ICP)
Phil West	(PWest)	Western Power Distribution (DNO)
Alan Michie	(AM)	SP Energy Networks (DNO)
Paul Delamare	(PDel)	EDF Energy (DNO)
Brian Hoy	(BH)	United Utilities (DNO)
Paul Francis	(PF)	CE Electric UK (DNO)
Mark Smith	(MS)	Scottish and Southern Electricity (DNO)
Wayne Oxborough	(WO)	Central Networks (DNO)
Darren Grundy	(DG)	Laing O'Rourke (IDNO)
Mike Harding	(MH)	Gas Transportation Company (IDNO)
Lee Evans	(LE)	Caerphilly County Council
Tony Stephens	(TS)	Hampshire County Council
Roger Morgan	(RM)	Ofgem (Chair)
Simon Polley	(SP)	Ofgem
Paul Darby	(PDar)	Ofgem
Sunaina Nayyar	(SN)	Ofgem
Katherine Pierzchala	(KP)	Ofgem (Minutes)

1. Introduction and Apologies.

RM opened the meeting and asked attendees to introduce themselves.

Apologies were received from Chris Allanson (CA).

RM explained that the meeting agenda is structured to discuss unmetered issues in the morning with the afternoon session focusing on metered connection issues.

2. Review of previous minutes.

There were several minor changes to be made to the 7 June 2007 ECSG minutes. Ofgem agreed to post an amended version of the 7 June ECSG minutes on Ofgem's website **(ACTION: OFGEM)**

Actions

RM confirmed that the following actions from the previous ECSG meeting have been completed:

- Ofgem to circulate to ECSG analysis undertaken on high priority fault repairs.

The following remaining actions from the previous ECSG meeting formed part of the agenda for 16 August 2007 meeting:

- CA / Chair of COG to update Ofgem on the 12 June 2007 COG sub-group meeting, including next steps for the non-contestable charging 4B template (see section 9 of minutes).
- COG to deliver timetable on next steps to circulate to ECSG (see section 9 of minutes).
- Ofgem to supply ECSG with a timetable for taking forward the good practice arrangement as detailed in the February 2007 Proposals document (See section 5 and 7 of minutes).

Unmetered issues

3. Cable fault definitions update

RM explained that the previous ECSG discussed a paper presented by Scottish Power and Hampshire County Council on cable fault definitions. This paper raised a number of technical questions for DNOs to consider. RM added that DNOs took away an action to consider the technical matters and send responses to these issues to Ofgem. RM added that Ofgem had only received WPD's response. To take this matter forward, RM suggested that DNOs be given a further two weeks to submit their responses to Ofgem. A number of ECSG attendees requested that Ofgem circulate the technical questions. **(ACTION: Ofgem / ECSG)**.

RM added that Independent Distribution Network Operators (IDNOs) are included in the ECSG distribution list and are invited to submit their responses to the technical issues referred to above.

4. 2006 / 07 Service Level Agreement (SLA) report

RM tabled Ofgem's Draft Unmetered SLA Performance Data Report which summarises SLA performance from 1 April 2006 to 31 March 2007. RM pointed out that the report is similar to the report published in 2006. RM set out briefly the contents of the report and explained that the report:

- Summarises performance across the SLA over the four reporting quarters;
- Compares the first year's performance with the second year's.

RM explained that the SLA report is in draft form and added that DNOs and Local Authority (LA) reps would be given a short time to provide comments. RM added that Ofgem intends to publish a decision on the SLA key performance indicators at the same time as the SLA Report. The ECSG asked Ofgem to circulate the draft SLA report **(ACTION: Ofgem)**. RM asked ECSG attendees to provide comments on the draft report by close of play 23 August 2007 **(ACTION: ECSG)**.

Fault repairs undertaken

PWest raised concerns regarding the high volumes of high priority fault repairs submitted by LAs in WPD's South West distribution area. PWest added that the draft report indicates significant increases in the volumes of faults recorded in year two of the SLA compared to year 1.

PWest added that the draft SLA report should be amended to include fault repair analysis previously presented by Ofgem and the numbers of participating LAs by each DNO. Ofgem agreed to amend the draft report to include fault repair analysis and list the number of participating LAs by each DNO **(ACTION: Ofgem)**.

LE expressed concerns about LAs that are submitting high volumes of high priority faults and explained that he has discussed this matter with specific LAs in WPD's South West area. RM explained that the recording of fault repairs is a matter for each DNO and LA to discuss at an operational level. RM added that the draft report reflects the reporting data submitted to Ofgem.

A number of DNOs commented on the reliability of the SLA data and explained that high volumes of fault repairs include knockdowns arising from traffic incidents. Also, the draft report does not currently include data on the number of lighting columns in each DNO area. TS suggested that in order to verify the figures on fault repairs an independent assessment may be required.

RM explained that Ofgem does not have access to street lighting inventory data. RM added that Ofgem will be able to include in the SLA report the total number of LAs that are participating in the SLA and fault repair analysis. RM expressed concerns that significant amendments to the draft report could delay publication.

Direction of the SLA

LE emphasised the need for Ofgem to make a decision on the SLA key performance indicators. LE explained the LAs may choose not to participate in the SLA if a decision is not made shortly. RM explained that Ofgem is aiming to publish a decision by end of August on the key performance indicators and the decision will be accompanied by a revised set of definitions and a reporting template.

TS and MH questioned whether reporting guidelines / guidance were produced for the SLA. RM stated that no 'explicit' guidelines were produced, however, a template was provided for DNOs to complete on a quarterly basis. RM explained that reporting issues should be discussed by LAs and DNOs before submission to Ofgem and if amendments to reporting arrangements are required this could be progressed by the ECSG.

TS suggested that independent verification of reporting data on a sample basis may provide some certainty over the accuracy of reporting data. RM explained that Ofgem does not verify the accuracy of the data provided and added that it is for DNOs and LAs to agree data before it is submitted to Ofgem.

LE explained that LAs who participate in the SLA will submit faults for rectification/ new connections and the performance levels should be agreed between the parties before DNO submission to Ofgem. LAs who do not participate in the SLA will still be reporting faults for rectification/new connections and the DNOs should still report performance figures to Ofgem stating that they refer to non participating LAs. The fact that LAs are not participating in the SLA should not absolve the DNOs from reporting performance figures.

5. Competition in Connections (CIC) Review – Time table

RM discussed the CIC Review timetable which detailed the next steps for the CIC Review. RM focussed on unmetered issues and explained that a number of the best practice principles apply to services provided to LAs and that during bi-lateral meetings with DNOs, Ofgem would discuss the SLA arrangements.

6. Tri-partite arrangements in South Wales

LE discussed the recent tri-partite agreement involving Caerphilly County Council (CCC), WPD and Centre Great Lighting Group (CGL). LE added that CCC and CGL have agreement with WPD to continue with the contract.

LE explained that a number of LAs in WPD's South Wales area are interested in progressing tri-partite arrangements and that a number of LAs and contractors are keen to progress schemes.

PWest indicated that there had been a widespread take up of tri-partite arrangements which were now progressing with a majority of the LAs in WPD South Wales territory. The Caerphilly trial had been valuable in checking the process. Where the arrangements were being rolled out to involve other WPD depots, briefings had been provided by both WPD and Contractor staff involved in the trial, and this had been found very helpful.

RM asked DNOs if they have been approached to operate a tri-partite arrangement. Several DNOs pointed out that they have received interest from a contractor to set up a tri-partite arrangement, including:

- Central Networks (CN). WO pointed out that CN is working with a contractor to set up a trial tri-partite arrangement;
- Scottish and Southern Energy (SSE). MS pointed out that SSE have had an expressed interest from a Private Finance Initiative (PFI) bidder to take on work under SSE's tri-partite agreement; and
- EDF Energy (EDF). PD explained that they are involved in initial discussions with a contractor.

LAs and Independent Distribution Network Operators (IDNOs)

MH raised concerns that a number of LAs are unaware that IDNOs are operating networks in various host DNO areas. MH queried what measures could be put in place to improve awareness of IDNOs.

TS suggested that awareness of IDNOs could be raised through articles in lighting related publications for example 'The Lighting Journal.' TS added that an article could provide general details about IDNOs and their responsibilities.

500w limit for unmetered connections

LE pointed out that Ofgem is to receive a letter from Welsh LAs regarding WPD's policy decision to implement the 500w limit for unmetered supplies.

PWest added that this is a statutory requirement on all DNOs and WPD is acting in accordance with the regulations. He further commented that European legislation being developed was identifying the impact of street lighting on overall energy use, and the emphasis was towards tightening standards and loss reduction.

RM explained that at the previous ECSG meeting this matter was discussed and Ofgem confirmed that the Statutory Instrument (SI) includes a dispute resolution process. RM added that DNOs must act in a reasonable manner, ie satisfy the 'reasonableness test', in the event of disputes remaining unresolved the matter could be forwarded to Ofgem for consideration, ie determination.

Metered issues

7. CIC Review – Timetable

RM discussed Ofgem's CIC Review timetable, in particular, the next steps for taking forward a number of metered connections issues.

RM explained that Ofgem intends to establish bi-lateral meetings with DNOs in September / October 2007 to discuss progress against the best practice principles outlined in Ofgem's February proposals document. Also, the proposals document set out a number of areas of development for the ECSG. For example, reporting arrangements, provision of Point of Connection (POC) for quotes above a £20k threshold. RM added that Ofgem intends to progress these matters through the formation of an ECSG metered sub-group which would, discuss amongst other things, partially funded diversions and reinforcements, convergence and whether it is appropriate to establish standard adoption agreements.

RM explained that Ofgem will provide in advance supporting papers. For example, proposed terms of reference and deliverables **(ACTION: OFGEM)**

BH was of the view that a standard adoption agreement may be difficult to achieve as each licensee will have specific terms in their respective adoption agreements which relate to the way each DNO manages connections. WO suggested that a possible way forward could be to establish convergence on specific sections of the adoption agreement.

BW emphasised that inspection regimes and their associated costs should be addressed as this can be a significant cost for Independent Connection Providers (ICPs). BW expressed concerns about apportionment rules and the need for further clarification on how various DNOs apply rules.

RM explained that the apportionment rules are outside the scope of the ECSG. RM added that the terms of reference of the ECSG is to advise Ofgem on measures to facilitate competition in the electricity connections market.

WO agreed with RM that cost apportionment rules and charging methodology issues are outside the ECSG's terms of reference.

Date of sub-group meeting: 19 September 2007

Connections Industry Review (CIR) 2006 / 07

PWest commented on the recently circulated CIR and noted that there is a significant increase in the number of High Voltage (HV) metered connections undertaken by ICPs, and suggested that the HV connection market may be the most attractive market segment for ICPs.

PDar explained that the CIR presents data on the volumes, value and characteristics of connections to licensed gas and electricity networks during the financial year 1 April 2006 to 31 March 2007. PDar explained that licensees have highlighted a number of possible changes for next year's CIR and added that there is scope to improve definitions, interpretation and reporting requirements. Ofgem will liaise with the industry to take these matters forward, perhaps through the ECSG or a separate forum.

8. Standard Licence Condition (SLC) 4F – Ofgem update

RM explained that the formal consultation on SLC 4F closed out on 10 August 2007. RM added that Ofgem received and is considering a number of representations on both the licence condition and guidance document. RM explained that a number of licensees highlighted inconsistencies between the guidance document and the licence and these matters were being progressed by Ofgem.

RM described the next steps and explained that a modification notice which reflects representations is being progressed by Ofgem. RM confirmed that the

proposed implementation date is 1 October 2007 and thanked the ECSG for participating in the sub-group meetings that progressed the guidance document.

9. COG 4B sub-group non-contestable template

RM tabled a draft spreadsheet which set out each DNOs non-contestable charging arrangements. RM explained that this has been developed by the COG sub-group and is currently work in progress. RM explained that the main purpose of a non-contestable template is to enable customers and ICPs to compare non-contestable charges/services across DNOs in a common format. RM added that the COG sub-group is keen to involve an ICP representative and suggested that ICPs consider who is best placed to attend the COG sub-group (**ACTION: ICPs**).

RM explained that any comments on the draft template should be emailed to Chris.Allanson@ce-electricuk.com.

PF commented that the template includes generic non-contestable categories, which are displayed in a common template, however, costs vary across DNOs. A number of ICPs whilst supportive of the move towards a common template, expressed concerns about lack of progress and the amount of time it has taken the COG sub-group to table draft proposals.

10. Convergence / best practice – way forward

RM explained that convergence and assessing progress against the good practice areas will be progressed through bilateral meetings with each DNO in September/October 2007.

11. AOB

PWest raised a query with regard to Engineering Recommendation G81 - if referenced documents such as relevant regulations, or British / International Standards etc change, how are consequential amendments to G81 to be handled? Would sidemarked changes and an amendments sheet be acceptable?

The ECSG suggested that PW should email Ofgem stating the proposed amendments to G81, following which Ofgem would circulate to ECSG members. If accepted, P West would then request that Energy Networks Association, update the version of G81 published on their website. PWest has since copied the proposed changes to Mike Kay for the information of DCRP, in line with the governance arrangements for the G81 documents.

12. Date of next ECSG meeting.

The next meeting is scheduled for 13 November 2007.