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Dear John

**Electricity Distribution Network Planning – Engineering
Recommendation P2/6**

energywatch welcomes the opportunity to respond to the issues raised in the open letter. This response is non-confidential and we are happy for it to be published on the Ofgem website.

Consumers expect the delivery of safe, secure and reliable electricity supplies in an efficient and economic manner. In meeting those expectations, the distribution network operators (DNOs) must have regard to their statutory and other obligations whilst Ofgem, as the industry regulator, has a responsibility, particularly through its primary statutory duty to protect the interests of consumers and to act where these obligations are not being met or are not fit for purpose.

The consultation raises several technical issues on which energywatch is not qualified to comment. There are other areas, however, relating to consumer protection and consumer expectations upon which we do have a view.

Active networks and embedded generation may require changes to the way in which the industry functions but it is not clear at this stage how this would be able to be transcribed into an industry standard particularly as so little is known about how these areas will develop. It is possible, however, that there may need to be a standard for large, slow moving events such as the creation or major restructuring of a central business district or the further development of the rural urban fringe. This is because the redundancy in the existing network may not be sufficient to ensure that existing consumers are not interrupted unnecessarily during these works. These circumstances require detailed risk assessment and effective risk management and the development of a standard may assist this process. An alternative to the introduction of a standard could be the introduction of incentives around IIP – again this would encourage better risk assessment and risk management and so protect consumers. Ofgem's consultation is timely in this regard but should not restrict itself to the standard but should also look at how risks can be managed until more is known about how networks will develop.

Alongside this Ofgem should consider consumers expectations. In the main, consumers are not interested in the technical elements of distribution. They are passive recipients of the service and expect network operators to behave responsibly and appropriately. They also expect network operators to be in agreement over the level of service consumers should reasonably expect and that definitions are clear and agreed with no confusion between the various parties delivering the service. Equally, there should be clarity and agreement in demand definitions – here consistency is essential as consumers have a right to be treated consistently in areas over which they have no control.

In both instances cited above, where there are necessary differences then the reasons for this should be clear and accepted. The overriding factor must always be to minimise detriment to consumers. Ofgem must, therefore, look at all areas where there is difference in opinion or where there may be differences and ensure these are resolved as a matter of urgency.

In relation to substation design at GSPs clarity and consistency are again paramount and industry is responsible both jointly and individually for ensuring that where there is not consistency that differences are calculated in a consistent manner and without detriment to consumers.

Going forward, we will continue to keep these issues under review as and when they are raised, always considering the possible impact on consumers. We look forward to further engaging in DPCR 5 prior to the demise of energywatch.

If you do wish to discuss our response further please do not hesitate to contact me on 0191 2212072.

Yours sincerely

Carole Pitkeathley
Head of Regulatory Affairs