

Electricity Distribution Licence review meeting 5 – 7/09/2007

Continuation of review of the electricity distribution standard licence conditions.	From Date and time of Meeting Location	Catherine Wheeler 07/09/2007 Ofgem	12 September 2007
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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
Emily Hamilton (EH)	Ofgem – Corporate Affairs Legal
Michael Knowles (MK)	Ofgem – Licensing
Catherine Wheeler (CW)	Ofgem – Licensing
Mike Harding (MH)	ENC
Tony Sharp (TS)	CE Electric
Jeremy Blackford (JB)	Scottish Power EnergyNetworks
Natasha Richardson (NR)	Western Power
Paul Delamare (PD)	EDF Energy Networks
Roger Barnard (RB)	EDF Energy Corporate
John Cooper (JC)	Wragge & Co (legal adviser to ENA)
Abid Sheikh (AS)	Energywatch

2. Apologies

John France – CE Electric

Jill Ashby - Gemserv

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

3.1. MC introduced the meeting.

3.2. MA ran through the comments received on the minutes from the last meeting. MA commented that he was happy to accept all changes and it was agreed that the revised minutes would be published on Ofgem's website early next week. MA then moved on to JB's question in the minutes which enquired whether the reporting obligation which was being omitted from draft PLC 48 (Price control revenue reporting) was the one which led to 'no action letters'. MA confirmed that it was.

4. Agenda Item 2 – Next steps

4.1. MC stated that since the last meeting Ofgem have been reviewing RB's v5 draft with a view to producing a log of changes from the old to new licence. MC commented that this process was not yet complete but that once the log was finished it would be circulated around the group for comments.

4.2. MC suggested that it may be wise to have a meeting prior to the consultation being published. RB supported this view and said that he was keen for the working group to have sight of a completed consultation document ahead of publication. MC reminded the group that Ofgem still planned to issue a 12 week consultation in mid October. However, given

the length of the consultation period, it might be sensible to have a workshop half way through this process. RB said that he thought this was a good idea.

4.3. AS wanted to know if the workshop would be available to consumer groups as well as industry. MC said that it may be more sensible for consumer groups to talk through the changes separately, as the workshop would be dealing with the entire package and not just the consumer issues. AS stated that he would contact interested consumer groups to discuss the changes in PLC 9, 10 and 11 and would pass their comments back to the working group.

4.4. RB asked if the log of changes that Ofgem was producing would be published as part of the consultation. MC said that it would be published, but as an appendix to the consultation document.

5. Agenda Item 3 – Discussion of JB's points on specific drafting in RB's final package

5.1. PLC (Proposed Licence Condition) 1 (Definitions) - JB commented on the definition of 'Electricity meter'. He questioned the need to reference the definition of a meter to the requirements set out in the Act. JB said that the device found on a customer's wall may, or may not, be something that fits the description given in the Act. NR said that the definition should be the same as is used in the SLR. RB stated that this definition was indeed the one used in the SLR, but that he would review its fitness for purpose in this licence.

5.2. JB raised concerns in relation to the definition for 'Legacy Basic Metering Equipment'. MC commented that this should be moved back into PLC 1 as it would be useful to have in Section A and not just in Section B. RB agreed to do so.

5.3. PLC 12 (Requirement to offer terms for UoS and Connection) – JB felt that this condition may be considered tighter and therefore more restrictive to the distributor and the customer in regard to a connection offer under section 22 of the Act. RB said the background for the change was set out in JC's paper on the old SLC 4(D). The group agreed that the wording of the condition could be improved by moving the reference to Section 22 from PLC 12.3 into PLC 12.2. JC agreed to take an action to and redraft PLC 12 so as to reduce the repetition between 12.3, 12.4 and 12.5

5.4. PLC 13 (Charging methodologies for UoS and Connection) – JB felt that PLC 13.5 should be amended to refer to the charging methodology statement. MC pointed out that in practice there are 3 statements – a use of system methodology statement, a use of system charging statement and a combined connections methodology and charging statement. NR agreed that the condition should make it clearer that the connections statement was a single document. JB also suggested that the word 'repeatable' should be removed from the paragraph 13.14. RB agreed to redraft the condition accordingly.

5.5. PLC 20 (Compliance with core industry documents) – JB asked why the Fuel Security Code was a standard condition of the licence. RB pointed out that it was an SLC by virtue of a statutory notice from the Secretary of State under Section 7(4) of the Electricity Act. It was therefore agreed to retain this paragraph.

5.6. PLC 26 (Disposal of relevant assets) – JB questioned the need for a part A and B in this condition. RB said that this was to reflect the conceptual and legal differences between the two historical consents. It was agreed that SLC 26 needed both parts.

5.7. PLC 44 (Appointment of a [compliance officer]) – JB brought the group's attention to the fact that PLC 44.9 (c) references PLC 14.1. JB elaborated that SLC 4A was changed in 2005 but the corresponding Compliance officer condition was not amended alongside it. Consequently PLC 44.9 (c) should really be a reference to non-discrimination in the provision of UoS or Connection which is now covered by PLC 19.1. RB agreed with JB's view

and was grateful for him pointing it out. RB agreed to amend (and expand) the drafting of PLC 44.9 accordingly.

6. Agenda Item 4 - Discussion of points on specific drafting in RB's final package

6.1. PLC 1 (Definitions). MA stated that as part of Ofgem's review process they had a few minor drafting queries which they were keen to raise with the group. The first of these referred to the definition of metering equipment in PLC 1. He commented that the present definition made reference to 'any meter' whereas the new condition made reference to 'a meter'. RB agreed to look at this again to ensure that all types of ownership were covered in the new definition.

6.2. PLC 9 (Arrangements for access to premises). MK highlighted that the new condition no longer stated that the licensee must 'take all reasonable steps to inform domestic customers, at least once a year, of the existence of the statement and how to obtain it'. RB was puzzled by MK's reference to domestic customers. MK said that he was trying to reflect current policy. RB asked if a new paragraph c) was required to ensure that the licensee made customers aware of statements once a year. This was agreed. NR wanted to clarify that this would not mean that distributors were expected to do a mail shot once a year. MK confirmed that it would not.

6.3. PLC 10 (Special services and complaints). MK expressed a preference to retain the current wording in PLC 10.3 d) (iii) which explains how a customer is placed on the PSR. PD wanted clarity in the condition that a person was added to the list at the distributor's discretion rather than the supplier's. RB said that he would review the drafting for all three registration steps in the light of these comments. MK then stated that the licensee should be under an obligation at the time of registration to give the PSR Customer general advice on supply interruptions. AS asked that a requirement be added in relation to the format or manner in which information is given to certain customers targeted under this condition. RB was asked to revise the draft to reflect these points in liaison with EH.

6.4. PLC 17 (Requirement to offer terms for the provision of Metering Point Administration Services. MA asked whether SLC 14C paragraph 7 (referring to non distortion of supply) was covered in the new licence. JB enquired if the 14C point was dealt with by 19.5. MA said that PLC 19.5 was not quite as broad as it did not refer to classes of customer. The group then agreed that it was covered by PLC 4.2 (a).

6.5. PLC 18 (Charges for MPAS) and 39 (Charges for legacy basic metering equipment and data services) – MA suggested that the wording of PLC 18.6 allowed for the licensee to combine MPAS charges with the UoS charging statement. He said that MPAS charges could be included in the UoS charging statement, so long as it was clear that the information was provided under a separate licence obligation. MA suggested the same should be done for PLC 39.6. RB agreed to redraft the wording accordingly.

6.6. PLC 20 and 21 (Compliance with core documents and D-Code) – MA said that these conditions refer to 'The Distribution Code' in line with the ongoing work of the ENA and IDNOs to develop and sign up to a single distribution code. However, the definition of 'The Distribution Code' in the proposed licence seemed to imply there could still be multiple codes. RB agreed to revise the definition to remove any possible interpretation that there could be multiple codes.

6.7. PLC 26 (Disposal of relevant assets) – MA pointed out that the term 'as amended' in A4 of the appendix to this condition seemed to imply the value of the asset to which the % increase in RPI since April 2008 would apply, could be amended each year. He enquired if it needed to be reworded. RB commented that he would have a look at it and address it in his final draft.

6.8. PLC 32 (Credit rating of the licensee) – MA considered that the term ‘its consent’ in PLC 32.1 could be interpreted to refer to either the Authority or the licensee. He asked whether it should be redrafted to clarify that the consent was that of the Authority. RB agreed to redraft.

6.9. PLC 35 (Effect of the application of Section B) – MA wondered if 35.4 and 35.5 dealing with ‘convenience customers’ should have their own condition as is currently the case. He also enquired, more generally, whether PLC 35 was the best place for the convenience customer obligations. NR urged that this piece of drafting should stay in PLC 35. This was agreed.

6.10. PLC 46 (Incentive scheme for Quality of Service) - MA raised a concern over the new definition of ‘customer’ in Appendix 1. He stated that it had been lifted out of the Rigs which meant that if, in the future, Ofgem wished to change the definition of customer in the Rigs, they would also have to successfully complete a licence mod in order to maintain consistency. RB explained why this variant definition had been taken into the licence and asked if it was likely that Ofgem would be changing the definition in the next couple of years. MC stated that he felt this was unlikely but that he would like to check with colleagues on the matter.

6.11. PLC 47 (Incentive scheme for effective connection and DG) – MA pointed out that the reference to ‘innovative funding’ seemed to have disappeared from the title. JB agreed and felt that it should be reinserted. RB agreed to do this.

6.12. PLC 48 (Reporting of Price control revenue information) – MA highlighted that A7 (b) made reference to ‘revised estimates’, yet with the reporting requirement of 1 April in SLC 50.5 being removed, the estimates received in A7 (b) would be the first estimates received that year and so would not be revised. RB agreed to remove the word ‘revised’.

7. Agenda Item 5 - Consultation Document

7.1. MC took the group through the consultation paper outline which had been circulated around the group. He identified the core issues with which it dealt, including the amalgamation of BA and B sections, consolidation of certain conditions, the removal of SLC 53 and the modification of codes of practice into public service requirements.

7.2. RB raised the issue of whether Ofgem wanted to undertake multiple licence modifications or a single modification. The group discussed the pros and cons of both approaches. MC stated that this issue would be raised in the consultation document.

7.3. RB felt that the removal of SLC 20 (payments in relation to standards of performance) needed to be highlighted to make sure that parties are aware that the DCUSA should cover these obligations in future. MH said that he would raise this at the next DCUSA panel.

7.4. JB raised the point that as a consequence of PLC 34 (regulation of charging arrangements), Special Condition G could be removed. He asked if this should go in the consultation. MC agreed that it should.

7.5. JC agreed to draft a paper that would consider whether the current BA conditions could be removed as a consequential changes modification rather than a Section 11 modification. JC said that this would be encompassed in his paper on the amalgamation of the current BA and Section C conditions which he hoped to circulate to the group in the next week.

7.6. RB enquired as to what was intended for the drafting he had placed in square brackets in his draft i.e. title of compliance officer, capacity report in PLC 14 and PLC 6.7,

6.8. MC commented that moving the capacity report currently under PLC 14 to PLC 25 was an option and that this and the other two items would be raised in the consultation.

7.7. MC suggested that the consultation would also request views on potential future policy changes that could be made, for example to the Metering conditions, Regulatory accounts, Compliance Officers conditions, RIGS conditions, etc, that would not be changed in this consultation but would be possible areas for change in the future.

7.8. NR and others raised the issue of consequential changes to the special conditions required as a result of changes to standard conditions – in particular, cross references, and also the use of “relevant year” in current special conditions. MC agreed that this needed to be addressed.

7. A.O.B

7.1 Summary of actions:

Action Consumer groups to be contacted to discuss PLC’s 9, 10 and 11	Person - By AS
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Action Redraft of PLC 12 taking into account JB’s and the groups’ comments	Person - By JC
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Action To circulate the log of changes between the old and new licence and to give the group sight of a complete consultation document for the next meeting	Person – By Ofgem
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Action To produce a final alliteration of the proposed licence including the drafting comments highlighted by JB and MA and to work with EH on re-drafting public service requirements	Person – By RB
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Action Removal of SLC 20 obligations to be raised at next DCUSA panel meeting.	Person – By MH
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Action Produce a paper on the implications of amalgamating the current BA and Section C including the process for modifying both the current and proposed licence.	Person – By JC
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Dates for next meetings

7.1. Thursday 4th October 2007 – 10:30 am Millbank