

**ECSG Minutes****13 November 2007****Ofgem, 9 Millbank, London****Attendees**

Darren Grundy	(DG)	Laing O'Rourke (IDNO)
Mike Harding	(MH)	Gas Transportation Company (IDNO)
Bob Weaver	(BW)	NPower (ICP)
Tony Stephens	(TS)	Hampshire County Council
Keith Hodson	(KH)	Central Networks (DNO)
Chris Allanson	(CA)	CE Electric (DNO)
Chris Bean	(CB)	Power on Connections (ICP)
Steve Bollard	(SB)	CE Electric (DNO)
Brian Hoy	(BH)	United Utilities (DNO)
Mark Smith	(Marks)	Scottish and Southern Energy (DNO)
David Clare	(DC)	VBC Associates (ICP)
Jeremy Blackford	(JB)	Scottish Power (DNO)
Lee Evans	(LE)	Caerphilly County Council
Ray Farrow	(RF)	Home Builders Federation
Steve Wood	(SW)	EDF Energy (DNO)
Mike Smith	(MS)	Western Power Distribution (DNO)
Roger Morgan	(RM)	Ofgem (Chair)
Katherine Pierzchala	(KP)	Ofgem (Minutes)
Sunaina Nayyar	(SN)	Ofgem (Minutes)

**1. Introduction and Apologies**

RM opened the meeting and asked attendees to introduce themselves.

Apologies were received from Phil West (Western Power Distribution) and Paul Francis (CE- Electric).

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

**2. Review of previous minutes.**

There were no comments on the 16 August 2007 minutes.

**Overview of actions**

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

- Amended version of 7 June ECSG minutes to be posted on Ofgem's website.
- Ofgem to circulate to the ECSG a summary of DNOs' responses to unmetered technical questions prepared by Hampshire County Council and Scottish Power.

- Ofgem to circulate to ECSG for comment the draft Service Level Agreement (SLA) report.
- Ofgem to amend the draft SLA report to include fault repair analysis previously discussed in the ECSG and list the number of participating Local Authorities (LAs) by each DNO.
- Ofgem to provide supporting papers for the Metered Connections ECSG sub-group meeting, ie proposed terms of reference and deliverables.

The following actions from the previous ECSG meeting formed part of the 13 November 2007 meeting agenda:

- Cable fault definitions – overview of DNO responses.
- Update on COG 4B Standard Charging Template.

### **Unmetered Issues**

#### **3. SLA decision - Key Performance Indicators (KPIs) and LA Champions meeting update**

RM discussed Ofgem's decision on the SLA KPIs that was published on 19 October 2007. RM explained that the SLA KPIs are minimum performance targets and that Ofgem expects all DNOs to outperform these. RM explained that Ofgem's decision established measurable performance targets with particular emphasis being placed on reporting. RM added that the SLA decision included restated performance figures for year 1 and year 2 of the SLA to correct data inaccuracies. RM invited comments from the ECSG on the SLA decision.

TS explained that LAs welcomed a decision on the SLA KPIs. TS added that a number of LAs consider that more stringent SLA targets should have been established and that LAs are concerned about the accuracy of DNO reporting. For example, inconsistencies across DNOs in reporting cable faults.

LE updated the ECSG on discussions that took place in the LA Champions meeting. LE added that LAs are concerned about poor performance by DNOs across the SLA categories. LE acknowledged that progress has been made, however, further work was required to improve performance and operation of the SLA.

RM stressed the importance of SLA reporting. In particular, the need for LAs and DNOs to agree performance data before it is submitted to Ofgem. RM added that the SLA performance data submitted is not audited by Ofgem and Ofgem expects DNOs to submit accurate performance data. RM explained that Ofgem presents performance data in graphs/charts that summarise each DNO's position.

BH discussed the submission of reporting data to Ofgem and indicated that agreeing performance data with LAs in some cases is not straightforward and may lead to a delay in submitting data to Ofgem (week after quarterly submission due dates).

RM commented further on Ofgem's SLA decision letter, in particular, the development of the SLA and potential measures that can be explored through the price control review. RM explained that further work is required to improve performance and outlined on a high level basis a number of potential options. For example, establishing best practice across DNOs with an expectation that all

DNOs would comply with established best practice. RM added that this might be taken forward through a penalty/reward mechanism. That is, a reward scheme for the best performing DNO. RM added that developing such measures would require further industry liaison in particular with DNOs.

CA discussed CE-Electric's views on the SLA decision and explained that:

- CE Electric will continue to report in line with SLA;
- The SLA decision has been generally welcomed by LAs in YEDL/NEDL's areas;
- Bi-lateral SLA arrangements will continue in NEDL/YEDL areas;
- CE Electric support a national SLA for comparative purposes;
- For a number of years, CE Electric have invested in internet systems to improve submission of requests that aid the accuracy of data reporting. CA added that not all LAs use this facility;
- Not all LAs are proactive in attending CE led street lighting steering group meetings.

MarkS explained that SSE intends to implement new systems for SLA reporting purposes in its SHEPD area. Meetings are arranged with the Local Authorities for late November / early December and implementation is expected soon afterwards. ECSG members discussed increased levels of tri-partite activity and questioned how this data will be recorded and captured. RM suggested that the Connection Industry Review (CIR) may be a suitable vehicle for publishing tri-partite activity information.

### **SLA definitions**

RM outlined the SLA definitions set out in Ofgem's decision letter (Annex B) and tabled some revised definitions (Annex B) proposed by TS. The revisions clarify which party is responsible for raising fault repairs and align with the reporting template.

The ECSG discussed the revised definitions and raised the following points:

- There was general agreement that additional clarity is required in relation to who is responsible for raising faults. However, concerns were raised about the definitions referring to complaints being escalated by councillors as this does not capture all raised fault repairs.
- There is a need for consistency, ie working days and / or normal working hours, eg how many hours define a 'normal working day', **(ACTION) Ofgem to insert a footnote in Annex B to define working day.**

**ACTION: Ofgem to circulate revised definitions to ECSG for a two week consultation period. Ofgem to collate responses and circulate to the ECSG.**

#### 4. Cable fault definitions

Ofgem circulated a summary of DNOs' responses to technical questions relating to cable faults definitions. The ECSG raised the following points:

##### **Non-standard service cable ownership**

TS explained that DNOs have different approaches to identifying ownership of non standard service cables. TS explained that delays may occur under the Tri-partite arrangements when a jointer does not have the appropriate skills to work on the cable and therefore has to contact the DNO for further assistance. BH added that in such circumstances it would be common practice for a DNO to undertake a risk assessment prior to working on the cables to ensure works are carried out safely.

LE suggested that in circumstances when a non-standard cable is connected to a DNO network then it is under the ownership of the DNO and the jointer should stop works and notify the DNO accordingly. However, it was recognised that each job should be dealt with on a case by case basis and the complexity of the works involved may influence the action that a DNO may take.

A number of DNOs suggested that in such cases they would generally 'joint out' non-standard service cables. The ECSG discussed whether a standard approach was required across all DNOs. CA added that DNOs tend to deal with these differently and local arrangements would dictate the approach taken.

The ECSG agreed that no further action was required at this stage.

#### 5. 500w rule for unmetered supplies

LE expressed concern that Caerphilly County Council (CCC) was not given prior notice that Western Power Distribution (WPD) was to apply the 500w limit. LE suggested that the legislation needs reviewing and that it may not be fit for purpose. LE explained that this issue was also discussed with the LA Champions and explained that other DNOs are now applying this restriction.

A number of DNOs explained that they are complying with legislation that applies. That is, Statutory Instrument (SI) 3263 'The Electricity Unmetered Supply Regulations 2001' and Elexon requirements BCSP 520 which is aligned with the SI. RM added that the SI contains a dispute resolution process and an LA can raise a dispute with Ofgem regarding whether it is reasonable for a DNO to insist on a meter being fitted.

MS and MH stated that the LAs should raise the issue with regard to the SI 3263 to Ofgem. LE confirmed that this issue has been brought to Ofgem's attention by the South Wales Lighting Authorities. RM explained that an amendment to the SI would involve a consultation and all interested parties would be in a position to submit their views. RM added that at this stage it isn't clear whether a consultation would be driven by BEER or Ofgem. RM added that Ofgem would consider carefully the next steps and is due to respond to the South Wales LAs' letter.

**(ACTION: Ofgem to consider next steps and outline process for amending SI 3263)**

## 6. Ofgem update – Unmetered connections Bilateral meetings

The presentation slides 1 – 5 of the 'Ofgem Update For Best Practice' are available from the link below:

[Ofgem Update: Best Practice](#)

RM explained that during October and November 2007, Ofgem held a number of bi-lateral meetings with each of the DNOs to discuss progress against the good practice principles set out in the February 2007 Proposals document. RM confirmed that during the bi-lateral meetings Ofgem discussed unmetered connections. RM explained that these meetings were productive and informative for both parties. RM presented an overview of discussions that took place in relation to the SLA and tri-partite arrangements.

- **Unmetered SLA**

RM pointed out that DNOs were keen to understand the overall direction of the SLA so that decisions about IT investment could be made. RM explained that DNOs were focussed on improving performance and were keen to get as many LAs as possible involved in the SLA. RM added that a number of DNOs explained that not all LAs are able to attend liaison meetings and that agreeing performance data is not possible in all cases.

- **Tri-partite arrangements**

RM explained that a number of DNOs are receiving increased interest from LAs about tri-partite arrangements. RM added that some DNOs are 'sharing experiences' to gain a better understanding about the steps required to develop and implement a tri-partite agreement.

LE explained that a number of LAs that are interested in developing tri-partite arrangements have been unable to locate DNOs draft agreements. RM explained that all DNOs were asked to confirm whether a draft agreement had been prepared and made available on their respective websites. RM suggested that the DNOs should send their website links to Ofgem who will circulate to LE and TS for onward circulation to LA Champions (**ACTION: DNOs/Ofgem/TS and LE**)

### **Metered Issues**

## 7. Ofgem update – Metered connections sub-group

The presentation 'Update of the sub group meeting' is available from the link below:

[Update of Metered Connections Sub-Group](#)

RM presented an overview of discussions that took place in the metered connections sub-group. RM discussed the following topics:

- Provision of contestable / non-contestable breakdown for section 16 quotes

RM explained that a number of DNOs and ICPs did not support the £20K threshold proposed in the February proposals document. RM added that UU and SP had supported a £50K threshold as this level reflects competitive activity in

their respective areas. RM added that EDF had said that their experience suggests that £150k was more appropriate. RM asked the ECSG to confirm whether £50k or £150k could be more appropriate threshold. The ECSG agreed that £50K was an appropriate threshold for providing cost breakdown and POCs with section 16 requests. A number of DNOs also added that a contestable / non-contestable cost breakdown would be provided if requested regardless of the value of the job.

- Partially funded diversions/reinforcements

RM explained that the sub-group made good progress and discussed in high level terms the issues that would require further consideration if partially funded schemes were to become contestable. RM added that the sub-group began to discuss the mechanics of how a partially funded scheme would be progressed and set out the risks/issues arising that would require further discussion. RM added that the sub-group members supported another meeting to conclude high level discussions and commence more detailed debate concerning specific details that would need further consideration.

- Standard adoption agreement

RM discussed sub-group progress and explained that the sub-group raised concerns that a standard adoption agreement (to apply across all DNOs) may be expensive and time consuming. Some DNOs questioned the benefits of a standard adoption agreement. RM explained that ICPs were concerned that DNOs adoption agreements are favourable to DNOs and ICPs have little control over changes proposed and generally have to accept changes raised. RM added that this issue would require further debate if progress was to be made.

- Standard application forms

RM explained that the sub-group discussed standardising application forms for competition in connections. RM added that UU and SP had developed standard forms for developers through liaison with the HBF. RM explained that KH took an action to review all DNO application forms and develop (in draft form) a standard application form. A number of DNOs explained that this action wasn't clear as sub-group minutes had not been circulated. KH tabled CN's application form and explained that the form covers all requests, ie from customers, ICPs etc.

BW expressed concerns that DNOs reject application form for spurious reasons and suggested that a standard form adopted by all DNOs would be of benefit to ICPs.

RF tabled a template developed by the HBF which sets out requirements in relation to break down components for S16 quotes. RF explained that HBF members were concerned that some DNOs were unwilling to provide a breakdown of S16 quotes. The ECSG agreed that the proposed template should be circulated for a two week consultation.

**(ACTION: OFGEM to circulate HBF template to ECSG for two week consultation)**

**(ACTION: ECSG to submit comments to OFGEM)**

**(ACTION: OFGEM to collate responses and circulate to ECSG)**

- Proposed way forward

The ECSG agreed to focus the next sub-group discussions on partially funded diversions/reinforcement schemes. The ECSG agreed that the adoption agreement principles set out in Ofgem's previous Competition in Connections decision documents should be revisited and discussed at the next ECSG meeting.

**Date of sub-group meeting: 27 November 2007**

**(ACTION: Ofgem to circulate agenda for sub-group meeting)**

#### **8. Ofgem update – Metered Connections Bilateral meetings**

The presentation slides 6 – 10 of the 'Ofgem Update For Best Practice' are available from the link below:

[Ofgem Update: Best Practice](#)

RM presented an overview of the bi-lateral meetings with DNOs that focussed on assessing progress against the good practice principles. RM explained that DNOs were making good progress against the good practice principles. RM added that a number DNOs are in the process of implementing changes to websites, application forms etc. RM presented a number of slides that covered the following:

- Themes emerging from bi-lateral meetings
- Good practice principles – progress to date

#### **9. Progress on the COG Condition 4B Standard Charging Template**

CA discussed the COG sub-group's progress and explained that a non-contestable template was developed to aid comparison of non-contestable charges. CA explained that ICPs have provided input into developments and general concerns have been raised by ICPs about the need for consistency and transparency over DNO's non-contestable costs.

CB raised concerns that a number of DNOs have not included in their methodologies the ratchet mechanism for ICP Q&A work. CB suggested that the ratchet principles were developed by the industry and detailed in one of Ofgem's Competition in Connections decision documents. CB added that ICPs expected DNOs to reduce the frequency of Q&A and associated costs in line with the principles set out in Ofgem's document.

RM added that these principles should be revisited by the ECSG.

**(ACTION: CA to circulate draft 4B statement/Template to Ofgem)**

**Date of next ECSG meeting**

The next meeting is scheduled for 31 January 2008 at 10.00.

#### **10. AOB**

There were no other matters raised at the meeting.