

EoC subgroup minutes – 4 May 2011

Working Group established to enable the implementation of the recommendations of the ENA's Connections Working Group report 'Proposed Extension of Contestability for Competition in Connections'.

From
Date and time of
Meeting
Location

Rebecca Langford
4 May 2011
14:00-16:00
Millbank

1. Present

James Veaney (JV) (chair)	Ofgem	Regulator
Rebecca Langford (RL)	Ofgem	Regulator
Jeff Eggleston	CE Electric	DNO
David Ball (DB)	Electricity North West	DNO
Kevin Smith (KS)	Scottish Power	DNO
Neil Magrath (NM)	UK Power Networks	DNO
Keith Hodson (KH) (by phone)	WPD	DNO
Tim Hughes (TH)	WPD	DNO
Steve Bolland (SB)	AMEY	UCCG
David Overman (DO)	GTC	IDNO
Mike Cahill (MC) (by phone)	Lloyds Register	Accreditation scheme provider
Patrick Daly (PD)	PN Daly	ICP
Chris Bean (CB) (by phone)	Power on Connections	MCCG

2. Apologies

Gareth Pritchard - ASLEC
Martin Gillick - SSE

3. Review of actions from 27 January 2011 meeting

- 3.1. Ofgem confirmed that the subgroup's terms of reference (TOR) had been agreed at the ECSG on 2 February 2011.
- 3.2. CB and SB confirmed that the MCCG and the UCCG had broadcast availability of information relating to DNO live jointing trials.
- 3.3. Ofgem confirmed that it had circulated an update on DNO trials following the last meeting of the subgroup. JE explained that CE had been absent from the last meeting due to some confusion as to who would be representing CE.
- 3.4. Ofgem explained that it had confirmed by email that interruptions caused by third parties are not exempt from the IIS.
- 3.5. Ofgem confirmed that DO had circulated his paper on benefits of extending contestability to customers. DB explained that ENW was in the process of developing a similar paper from a DNO perspective since one did not currently exist. JV reiterated, in assessing whether or not to make any non-contestable activity contestable, Ofgem

would be unlikely to make an activity contestable if few ICPs would be interested in providing the service.

- 3.6. Ofgem confirmed that it had written to DNOs to get their position on the application of the SLC 15 standard and that this would be discussed under a later agenda item. Ofgem also confirmed that later in the meeting Lloyds would give an update on the new NERs modules associated with extending contestability and DO would update the group on G81.

4. Feedback on how trials are progressing

ENW

- 4.1. DB confirmed that ENW has commenced trials. It currently has one ICP operating live and they had so far completed about 30 unmetered connections. DB explained that ENW had hoped it would have metered connections trials underway by this stage but that these had been delayed while the ICPs concerned identify suitable jobs. It was expected metered work would commence in 3-4 weeks (job dependent).
- 4.2. CB stated that ENW seem to be doing everything in their power to make live jointing to mains happen. PD agreed but said that more clarity was required on issuing separate quotes where the ICP was to be undertaking the live jointing. DB explained that work needs to be done to alter ENWs systems so that they can produce quotes that do not include ENW charges for live jointing. Currently these charges are removed using manual work arounds. DB expected that this work would happen when live jointing was no longer at a trial stage.

WPD

- 4.3. TH explained that no trials had commenced in WPD's four licensed areas but that a seminar with stakeholders had been held and applications of interest had been requested. They are looking to set up an unmetered trial, initially with one ICP in one geographical area (eg one LA area) to last approximately 6 months. TH explained that metered trials would follow the unmetered.
- 4.4. SB explained that he had attended the seminar but that he was not aware that it covered all four licensed areas. He was extremely unhappy that WPD only proposed to hold one trial with one ICP. He explained that unmetered customers had written to WPD to express their disappointment.
- 4.5. CB asked about the differences between metered and unmetered and why trials could not be undertaken concurrently. He also asked WPD to consider how ENW could already have trials underway while WPD was still only thinking about trials.
- 4.6. PD did not agree with WPD's assessment that metered trials must follow unmetered and he also drew comparisons with ENW already having trials underway. PD did not believe that WPD were doing all they could to facilitate the extension of contestability. PD also had concerns that WPD would only allow one ICP to be involved in trials especially if WPD chose that ICP itself. He also questioned how WPD would assess whether the trial had been successful.
- 4.7. TH explained that the acquisition of CN had impacted upon the extension of contestability process. He explained that WPD were not inclined to adopt the processes previously developed by CN and that instead all areas would be following the WPD 'hands on' approach. TH explained that while only one ICP will be involved in trials initially it is possible that another may be involved within 6 months. KH explained that the acquisition of CN by WPD requires major changes to systems and processes and that other activities along with the extension of contestability have been affected. TH

and KH explained that success would be measured using review sessions throughout the trial period with the ICP involved and other interested parties.

- 4.8. DO explained that before WPD's takeover of CN GTC were going to be allowed access to link boxes in the east and west midlands areas. They were told that it would be the extension of contestability process that would make it happen and it is now not happening. He is extremely unhappy at this change and the financial impact this will have on GTC.
- 4.9. JV noted WPD's current position and customer's/ICP's disappointment in the significant shift in approach to progressing with trials. He explained that Ofgem would be in discussions with WPD regarding transition arrangements and that the extension of contestability would be included in those discussions.

UKPN

- 4.10. NM explained that UKPN has appointed Sue Jones as Competition Development Manager and that they have been engaging with stakeholders through workshops. He explained that a number of ICPs have been conducting live jointing to services for some time and that UKPN now have an unmetered trial for live jointing to mains happening in Norfolk. He explained that so far only six joints have been made but that initial indications are that the trial is going well. Other ICPs have expressed an interest in trials and UKPN want to move forward with one or two more ICPs. NM noted however that there was not an open door policy and that numbers would need to be limited at the trial stage. NM explained that he would expect the trial to last between 3 and 6 months and that UKPN wanted to move between trials and business as usual smoothly. NM expected that metered trials would commence in June/ July. He considered that there were differences between metered and unmetered and UKPN were meeting with stakeholders to discuss these issues and the development of processes. NM confirmed that UKPN expected HV trials to commence in September although they had no progress on HV to report at this time.
- 4.11. DO suggested that following ENW's experience in trying to find metered trial projects at short notice it might be worth ICPs considering suitable projects for June/July now.

CE

- 4.12. JE confirmed that CE had discussed extending contestability with ICPs but that there was little 'desire' from ICPs to progress with live jointing at this time. PD disagreed with this statement. JE explained that the lack of 'desire' most likely stemmed from a lack of suitable jobs available due to the recession. The subgroup agreed that there was no feeling that any ICP had been turned away by CE. DO suggested that CE could look at processes and procedures ready for ICPs to come forward to take up trials. JE explained that they needed to be careful not to develop processes that may not be taken up.
- 4.13. Pre-requisites to undertaking live jointing to mains were discussed. PD explained that ICPs had difficulty completing trials on live jointing to ICP installed assets due to the recession and a lack of business in the North East. The group was unsure whether it was necessary to complete live jointing to ICP installed assets successfully before CE would allow an ICP to do live jointing to mains. JE explained that the ability of each ICP would be considered individually but it was not necessarily the case that they would have had to complete a live jointing to ICP installed assets trial before starting a live jointing to mains trial.

SP

- 4.14. KS explained that usually SP would require an ICP to undertake a period of dead working on their network before they could progress to live working. However in the absence of experience they would consider an ICP’s ability when considering live jointing to mains trials.
- 4.15. KS explained that they are in discussions with a number of ICPs regarding both metered and unmetered trials, however at this time they only have one ICP ready to start a trial. The trial in question will involve metered work mostly LV but also including HV joints. The ICP is ex-SP staff and is not interested in undertaking operational activity. The trial is scheduled for next week. KS considered that the learning from this trial would be applied to all ICPs not only ex-SP staff.
- 4.16. SP has been working on reviewing documentation to allow for live jointing to mains. This has included making changes to the connection request form (now request to connect).

SSE

- 4.17. RL updated the subgroup on behalf of SSE. They have canvassed the ICPs and have four possible ICPs to take forward a trial. SSE are currently progressing with internal procedures and documentation. They are interested in the group’s view on which distribution safety rules DNOs propose to operate, ICP ('hands off') or DNO ('hands on') and what type of DNO audits on jointers are proposed and with what detail and frequency.
- 4.18. UKPN confirmed that they would be 'hands off', ENW explained that while their trial was 'hands on' they did expect to be 'hands off', WPD confirmed they would be operating a 'hands on' approach as did SP. RL stated that in previous meetings SSE had indicated it would be taking a 'hands off' approach. It was agreed Ofgem would clarify with SSE whether audits referred to 'ongoing inspection and monitoring practices' and request the appropriate information from DNOs via email.

ACTION	OWNER
Ofgem to clarify what SSE meant by audits and request required information from DNOs via email.	Ofgem

5. Update from Lloyds Register on NERS modules and accreditation

- 5.1. MC explained that so far Lloyds has accredited two ICPs under the network connections module, the accreditation is valid in the whole of the UK. Both accreditations relate to ICPs undertaking unmetered work. The first ICP accredited was in ENW’s area and they gained partial and full accreditation on the same site. The second ICP was in UKPN’s area and they followed the usual route of first gaining partial accreditation before gaining full accreditation on site. MC explained that there was another ICP in the process of applying.
- 5.2. MC asked if the subgroup had any comments on the draft Guidance Note – NERS Scopes for Network Connections. He explained that he intended to finalise the note by the end of the week. DO explained that GTC used a lot of contractors, he asked if there would be an associated design and/or project management module as they are not interested in construction. It was agreed that this would be discussed off line. JV suggested that any comments from subgroup members should be relayed to MC

outside of the meeting. It was noted that accredited designers would need to be made aware of the extension of contestability as it may affect their work.

ACTION

OWNER

DO, MC and SB to circulate a note on the NERS Module discussions held outside of the meeting.	DO, MC, SB
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6. SLC 15 - DNO responses

6.1. RL explained that following the last meeting Ofgem had sought responses from DNOs regarding how they applied SLC 15 in practice. The reason for this was that SLC 15 had been raised as a potential barrier to the extension of contestability. There had been concerns raised that some DNOs did not apply SLC 15 standards to non-contestable works where an ICP requested that the DNO provide one or more contestable service. It was thought this situation could be aggravated by the extension of contestability. There were also questions surrounding what performance standards would apply to final joints when they became contestable.

6.2. RL explained that DNO responses broadly fell into three categories: 1) there is no issue since the DNOs only provides non-contestable services to these customers, 2) SLC 15 standards / timelines would generally be applied to non-contestable services, 3) SLC 15 standards would not be applied to non-contestable services.

6.3. The group discussed the first category, whether ICPs require DNOs to provide contestable services. KS explained that if an ICP does not have the skills/inclination to carry out contestable works they can hire the services of a contractor, they are not reliant on the DNO since the service is contestable. CB agreed with this statement but suggested that such contractors needed to be established especially for newly contestable activities. He felt that DNOs should be helping 'facilitate' competition. RL suggested that in that case an interim measure could be introduced when services first became contestable to give players time to emerge.

6.4. The discussion moved onto whether DNOs should continue to provide final connections to ICPs within SLC 15 timescales (where requested) once contestability had been extended to final connections. RL suggested that timeframes for final joints could be arranged at the time final joints were made contestable and they were removed from SLC 15. She considered that there could potentially be a voluntary agreed timescale within which DNOs would provide closing joints on request for an initial period. KS pointed out that when work is made contestable DNOs will start to reduce staffing levels and therefore that they could not be expected to meet the same timescales for providing closing joints to ICPs as they do whilst it is a non-contestable service.

6.5. It was agreed by the group that it was not clear that SLC 15 was a barrier to competition and that it would be revisited if it emerged as one. CB explained that he was not happy with the seemingly evasive way some of the DNOs had answered Ofgem's questions. RL agreed to follow up with the DNOs.

ACTION

OWNER

RL to ensure all DNOs have provided direct and useful answers to Ofgem's SLC 15 questions.	Ofgem
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7. G81 Update

7.1. DO explained that the proposed appendix to G81 was drafted about a year ago but that the process had stalled. He has now spoken to the appropriate people and the process is back underway. The appendix will go in front of an ENA committee for ratification and DNOs will presumably be invited to participate through the ENA. He confirmed that there was no action on the sub-group in relation to G81 at this time.

8. Any other business

8.1. DB asked what the criteria were for whether trials could be deemed a success. Ofgem agreed to consider this for the next meeting. DB also requested timescales from Ofgem on when this work would be completed. JV explained that Ofgem will aim to have a view for the next meeting of the subgroup, however given the nature of extending contestability it is hard to give a definite end date for the project.

ACTION

OWNER

Ofgem to consider the process for converting from trials to business as usual.	Ofgem
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8.2. PD asked if disconnections were outside the scope of this subgroup. JV agreed to follow this up outside of the meeting. PD also raised the fact that a DNO had told him an entire project was non-contestable since the DNO was funding some of the work, the group agreed that this was correct since partially funded work was currently non-contestable. JV explained that this was something Ofgem would be consulting on in the near future.

8.3. DO noted that trials of live jointing to ICP installed assets had been on-going for some time. He considered that making this business as usual should happen alongside live jointing to mains.

8.4. NM explained that UKPN had identified an issue relating to their licence with Ordnance Survey which prevents them providing open mapping access to ICPs. He asked if other DNOs have the same issue and whether they have identified a solution. KH explained that he thought DNOs were public bodies and therefore were able to share maps where it was necessary for their business. NM and others were not sure that DNOs were public bodies. PD explained that PN Daly pay for a licence which costs approx £1,500, that allows DNOs to share data with them. KS agreed with this approach stating that SP makes ICPs sign a contract that gives ICPs access to DNO records if they obtain an Ordnance Survey licence.

9. Date of next meeting

9.1. It was agreed the next meeting would be held prior to the next ECSG meeting on 27 July. RL to circulate potential dates.