

ECSG Meeting- 2 February 2011

ECSG regular meeting to discuss connections industry issues

Time of Meeting
Location

10:30-16:00
Ofgem Offices

1. Attendees

| Attendees | Company |
|-------------------------|--------------------------------|
| Bob Stevenson (BS) | Sheffield County Council |
| Graham Cotton (GC) | ESP |
| Jason Raymond (JR) | Premier Energy |
| Steve Wood (SW) | UK Power Networks |
| Keith Hodson (KH) | Central Networks |
| Trevor Richards (TR) | Central Networks |
| Gareth Pritchard (GP) | ASLEC |
| Tim Edwards (TE) | UK Lighting Board |
| Steve Bolland (SB) | AMEY/UCCG |
| Tim Hughes (TH) | Western Power Distribution |
| Neil Fitzsimons (NF) | Inexus |
| Peter Thompson (PT) | CE Electric |
| David Taylor (DT) | UPL |
| Bob Weaver (BW) | LowC |
| David Clare (DC) | Davis Langdon |
| Dave Overman (DO) | GTC |
| Ray Farrow (RF) | House Builders Federation |
| Alex Spreadbury (AS) | MEUC |
| Catherine Falconer (CF) | Scottish and Southern Energy |
| Michael Scowcroft (MS) | Scottish Power |
| Brian Hoy (BH) | Electricity North West Limited |
| James Veaney (JV) | Ofgem (Chair) |
| Stacy Altman (SA) | Ofgem (Secretariat) |
| Rebecca Langford (RL) | Ofgem |

2. Apologies

Chris Bean, MCCG, Mark Boyce, UCSM

3. Minutes of Last Meeting

3.1. Any Outstanding Actions

- JV brought to the group's attention those actions that were outstanding, as listed in the actions list below.
- BW commented that the minutes from the last meeting were still not reflective with regard to what he wished to be inserted for DG.
- His concern was noted that certain aspects of the guaranteed standards are incomplete, open to interpretation, and did not satisfy the aspirations of the DG community and that comments raised at the Guaranteed Standards workshops appear not to have been taken on board.

- With regard to GSOP, members asked if all DNOs were now charging a margin. JV confirmed that they were, the last commenced charging in January. SW clarified that UKPN had commenced charging on 1 November.
- It was commented that in the previous minutes, a query was minuted regarding the regulated margin applying to out of area connections but it was not answered. This was taken as an action by Ofgem.
- In the previous minutes it was noted that Ofgem expects DNOs to provide information to customers relating to the application of margins. DC commented that he had spoken to a number of customers and they were not aware of the margins. BH clarified that at least for ENWL, they provided information to customers based on the advice provided by Ofgem; that the regulated margin notice could be posted on DNO's websites to provide this information. Members commented that it may also be necessary to insert some additional detail into the common charging methodology. Some DNOs (ENWL, SSE and UKPN) clarified that as they started to charge a margin from late 2010 the ranges in their individual charging statements were up to date and included the margin.
- SB commented that information on the margin may not be evident in the quotation itself. It was noted that there is no minimum requirement in place. An action was taken by Ofgem to write to DNOs and ask them to provide detail of how they are communicating the margin in their quotations. Ofgem would then coordinate circulation of this information to the ECSG so that then customer representatives, DC and SB could communicate to customers what to expect.
- With regard to the budget estimates and quotations action, JR suggested that it could be possible that this work could be progressed through a workshop. JV clarified that an Ofgem-led workshop and subsequent workstream could not be committed to given resource constraints. JV pointed out that the aspiration for the ECSG is to have a clear set of priorities and objectives for the year given the finite resources all the members have.

| Actions outstanding/ongoing | Person – By | Comments |
|--|-------------|--|
| DECC A&D fees | Ofgem | Update was provided that a meeting with DECC was planned for Thursday 3 rd February which unfortunately has had to be cancelled due to illness in DECC. This will be rescheduled to discuss this and other issues. |
| Circulation of letter on voluntary payments | Ofgem | This was re-circulated to regulation managers in the DNOs after the last meeting. Members of the ECSG however asked for sight of this |
| Circulate DG Direction and Guidance | Ofgem | An update was provided to confirm that the Direction was circulated and published on the website. However, the DG Guidance is being finalised as there are some final tweaks legal would like to make. Members sought clarification regarding the making of the guidance documents into RIGs, see bullets above. |
| Ask DNOs for examples of budget estimates and quotations | Ofgem | An update was provided that Ofgem has received this information but is currently looking to take this to the next step and appraise the content of these. It is noted in later agenda items other issues that also concern the content of quotations. |

| | | |
|--|-------|---|
| Write a letter to DNOs requesting details of the criteria where arrangements are in accordance with S22 or S23 | Ofgem | This was taken as an outstanding action for Ofgem |
|--|-------|---|

| Actions | Person – By |
|---|-------------|
| Answer query relating to the regulated margin applying to out of area connections | Ofgem |
| Write to DNOs to request details of how the regulated margin is being communicated to customers in quotations | Ofgem |

4. MCCG & UCCG updates

4.1. UCCG: update

- SB reported that there was not much new to report as a UCCG meeting had not been convened since the last ECSG.
- SB confirmed that the UCCG are continuing to progress their actions from the last meeting
 - 500 watt rule
 - Double pole cut outs (which is an agenda item)
 - Survey on unmetered services.
- SB clarified that the template for the survey was circulated to get feedback on the questions posed. The new template will be amended to include new questions, remove any questions that may be irrelevant. It is then planned for a second round of the survey to go out via the ASLEC website as an online form. It is planned that the template should be on the website in the next 4 weeks.
- JV asked for clarification on the nature of the survey. SB outlined that the survey seeks to investigate the service quality provided by DNOs for unmetered services. The survey was originally tabled by a group of customer representatives.
- SB indicated that he was happy to bring the next round of results to the ECSG as he did at the last ECSG.
- BW raised the question of timings of meetings to coordinate with the ECSG, attendance of Ofgem at the UCCG and circulation of ECSG minutes for discussion at the UCCG. It was confirmed to BW that SB, SA and Chris Bean had been in discussion regarding coordination of UCCG and MCCG meetings with the ECSG and publication of the minutes from ECSG for circulation to UCCG and MCCG members. SB, BW and SA agreed to discuss this further outside of the meeting.
- It is intended to use these groups as conduits to discuss issues and proposals to be tabled at the ECSG. Ofgem will support this with their attendance at these meetings as necessary. In addition, it was commented that DNO representative groups could interact directly with those customer groups.
- SB mentioned on-going UCCG interest in DNO's implementation of the new unmetered GSOP, and requested Ofgem review DNO's interpretation and impact.

The UCCG group aim to be a channel for customer feedback allowing inconsistencies to be highlighted and aim to keep customers informed of what to expect.

- JV asked whether UCCG had considered any next steps regarding GSOP and whether they had received specific feedback from customer and contractors.
- Following discussion around this, some members asked Ofgem whether they would be reviewing formally the interpretation and implementation of the GSOP and to indicate a date by which they will look to review and consolidate feedback and experiences.
- Some suggested a sub group to look at this work-stream and others asked if the broad measure customer survey would include some information gathering regarding GSOP. It was clarified that this survey was intended to capture the service provided to end customers across a broad range of services and a more specific review on GSOP would be more likely.
- PT recalled that the guidance documents were planned at one stage to be converted to RIGs documents and thought that these documents were due to be re-circulated as RIGs documents in April 2011. Other members clarified that this was their understanding of the next steps for the guidance documents for GSOP. It was felt that if a review was to be initiated, the logical outcome should be to consider then converting the documents to RIGS.
- RF provided an update regarding GSOP and the house-building sector. The National House Building Council (NHBC) foundation has held two workshops to date. They have reported the issues raised in a report regarding GSOP. It is planned for there to be a GSOP workshop in 9-12 months time to receive feedback from the industry on their experience of GSOP. RF stated that he was aware of the resource constraints facing Ofgem and therefore was taking this forward. RF reported that he also acts on behalf of the UK Contractors Group who have indicated to him that they will be looking to undertake a member survey of how the GSOP have been implemented at the end of 2011.
- Members responded to RF's update by commenting on the intended timescale for review. Many indicated that the lead-time appeared reasonable to allow for bedding down of certain standards and to allow for a few developments to have completed and experienced the whole range of standards.
- SB commented that as the unmetered sector works to a different cycle a 9-12 month target was too far away and that an Ofgem review into unmetered at an earlier time was more appropriate. This was noted and it was discussed that a single consolidated review may not be necessary, but that different sectors could be reviewed at different suitable points. It was commented that there were licence inconsistencies alongside the implementation and interpretation of the GSOP. SA commented that Ofgem are aware of these inconsistencies and were considering how best to address these.
- JV also commented that there was the expectation that specific issues with specific DNOs be sorted out amongst the parties and that common issues across DNOs should be the ones to consider under a GSOP review. BH reinforced this by encouraging members to enter into dialogue with DNOs on their specific issues as there may be simple solutions to address them.
- RF commented on the keeping of a log of adverse comments by Ofgem and members asked whether Ofgem had received any adverse comments following the introduction of the GSOP. JV indicated that they had received some anecdotal evidence but that they were awaiting the first quarter's data on the 14 February

before they could see any specific themes or trends emerging. JV invited the ECSG members to bring any of the wider problems or issues experienced to Ofgem's attention.

- Members provided some examples of specific issues they had experienced:
 - SB commented that a large, possibly excessive number of exemptions had been encountered.
 - TE highlighted a specific issue with SSE regarding the identification of an unmetered fault. He reported that when an ongoing unmetered fault was reported to SSE (the UMC), the response back was that it was closed as it was considered a mains fault, not an unmetered fault. TE was concerned that at this stage there had been multiple entries of this fault but he was still not able to see what the outcome might be until it was actually resolved. CF encouraged TE to discuss the problem with her so SSE could seek to resolve it.
- A query was raised about who was responsible for making returns to Ofgem on metered and unmetered connections completed by ICPs. It was clarified that it is the obligation of DNOs to report on work they had carried out. If the work was carried out by an ICP then the DNO would not report this under GSOP performance reporting but would include this in their CIR return as assets adopted. In addition, DNOs will still be reporting ICP activity through SLC 19 reporting.

4.2. MCCG: Outstanding items register

- BW provided a list of issues from the MCCG which he confirmed were in priority order. JV commented that Ofgem have reviewed the register and felt that several of the items were being covered. JV commented that this document would be more useful once it had been updated, rather than going through each item at the meeting.
- JV took the action that Ofgem would review and update this register and then send it back to the MCCG to prioritise the outstanding issues. At that stage, it was felt an effective discussion could be had on the priorities identified. BH also indicated that he felt it a useful document but did not feel it needed to be attached to every meeting minutes. In addition, he agreed that certain issues were already in train or closed. DC later commented that the list was out of date but in some cases, it still appeared some items were not resolved, even though it was indicated on the list that they were closed.
- MCCG indicated their concern that if the list was not visible, it would be forgotten and that this was the reason for wanting the register to be attached to each set of ECSG minutes. JV suggested that as this was the MCCG item list, it should appear appended to the MCCG minutes which were intended, along with the UCCG minutes, to be published alongside the ECSG minutes on the Ofgem website. JV also pointed out that not all the issues on the items list needed to be brought to the ECSG in order to be resolved. It was discussed amongst the members however that those items that needed ECSG sight of them could possibly make up a joint workplan.
- BH queried whether the issues on the list were reflective of specific issues with specific DNOs or broader issues. He clarified that where they were specific issues, these should be resolved elsewhere. JV reinforced this by noting that the list should reflect those issues that are industry wide.
- DO raised the idea that the structure of the ECSG as is planned indicates that those issues that are not resolved should be brought to the ECSG. The initial action

therefore should be that the MCCG write to DNOs to seek resolution to the issues on the items register. BW later sought to clarify this saying that if items are not resolved with the DNOs, they will then be brought to the ECSG to consider.

- JR commented that some of the issues could form the work of a sub group. JV answered by saying that there was a need to be realistic with resources and how many work streams can be completed and taken on in a year. However, he confirmed that we did not wish for issues on the register to drop off but felt that they should be dealt with at the MCCG in the first place, then where necessary discussed between MCCG and DNOs and finally brought to the ECSG where the issue is unresolved and has a wider pan-industry impact.
- Action was taken to review the list (Ofgem) and prioritise issues (BW for MCCG).
- JR queried whether the DNOs would take the MCCG seriously. Discussion ensued where it was identified that the DNOs have their own group chaired by BH. It was commented that as the Chair of the DNO group had written in the past to the MCCG in response to a few issues that the MCCG was recognised as an important group. There was interest on the part of the DNO group chair that a priority list of issues could be reviewed by DNOs at the DNO group in order to identify where DNOs may help to achieve a resolution.
- One major comment was whether the DNO group could be minuted like the MCCG in order to ensure transparency. It was noted that in the structure outlined in the Terms of Reference the DNO group would need to be included as a formal sub group. It was clarified also that clear communication and agenda setting was also necessary for this mechanism to be effective.
- PT (CE) offered to recognise the sub groups and give them a chance to seek to resolve issues. It was however noted that the DNO group may require some consideration of its representation in order to allow it to make decisions on issues brought to it. SP and WPD also signalled their support for the trialling of this mechanism.
- In discussion between the members it was agreed to trial this mechanism where issues would be brought to the sub groups first with the objective of seeking to resolve issues where possible. This was agreed by JV with the hope that through the use of this mechanism the ECSG would only be used on the bigger/unresolved issues that needed everyone in the room in order to resolve them.

4.3. MCCG: 2nd comer rule update (Bob Weaver & David Clare)

- BW confirmed that Ofgem had provided a contact, Chris Chown, who DC and BW went to meet to discuss this issue. BW reported that C.Chown was now fully sympathetic to the issue and concluded that it would need a change in primary legislation. C.Chown advised that in order to justify a legislative change, DECC would need to understand the quantum of the problem. BW explained the situation from an ICP point of view, but he was advised to seek data from DNOs on the number of occurrences where DNOs have given refunds where a second comer has come along.
- Some discussion was raised on 'eligible customer/end user'. However it was felt that this was not the key concern with regard to change to this legislation.
- DNOs indicated that as part of the RIGs reporting requirement, they would be submitting details of second comers for the first time to Ofgem. However, there would only be 6 months worth of data available. BW and DC queried the DNOs obligation in legislation to have kept records of second comers since the introduction

of the legislation. DNOs responded that records were kept, but not in any useful format. It was suggested that it would be more efficient to await the submission of the RIGS data in June 2011 in order to have job by job details of second comers for the last 6 months. This data could then be used to illustrate the quantum of the problem. It was also noted that at this early stage it would not be prudent to try to second guess DECC's approach to this issue but rather to focus on the provision of information to them as they have advised. Ofgem will reflect on this discussion and subsequent correspondence and consider the most appropriate method of addressing the issues mentioned in this discussion.

4.4. MCCG: Distributed Generation (Bob Weaver)

- BW provided a list of agenda items for a forthcoming DG forum as requested at the last meeting.
- BW wished to raise the specific GSOP issue that DG is experiencing. The wish is that DG has defined categories (i.e. LV, HV, EHV) and that they are aware of the categories that are connected. It is then felt that if a project applies in that category it should be processed as such. Also felt that the current arrangements where a project could move from LV to HV were not reflective of the nature of DG.
- BW indicated that he would be happy to bring this issue through the DNO group rather than the ECSG if they were happy to engage. It was noted that some of the issues raised on his agenda related to charging which it was felt could not be dealt with only by DNOs. However it was acknowledged that DNOs could explain their interpretation of standards with regard to the services provided to DG. Therefore an action was taken to engage with the DNO group.
- JV clarified that a DG forum was intended and that it will be coordinated by Gareth Evans. It is intended for the forum to address a broader range of issues relating to DG however, it was acknowledged that some of the issues raised on BW's agenda could be covered by this forum.
- NF also commented that IDNOs would need to be involved in this discussion as they too had to apply GSOP.
- RF commented that DG was an issue for the house-building sector and that this is something they see as a priority.

| Action | Person – By |
|--|--------------------------------|
| Conduct a review in GSOP and to indicate a date when this is intended to be initiated | Ofgem |
| Review the outstanding items list and update comments. Forward then to MCCG for prioritisation of issues which will then be taken to the DNO group | Ofgem & MCCG |
| Finalise and agree issues list at sub group level in time for next ECSG meeting in May | ECSG members/MCCG (April 2011) |
| To make 2 nd comer data available to MCCG in order to provide data to DECC on the size of the issue regarding this piece of legislation | Ofgem |
| Update the ToR ECSG structure | Ofgem |
| Take DG issues to DNO group | BW/MCCG |

5. Double Pole Cut-Outs (Steve Bolland & Neil Fitzsimons)

- NF explained the background of relationship building that IDNOs had been using to foster links with LAs in the Greater Manchester area (organised as Greater Manchester Association of District lighting Engineers) in order to promote the merits of adoption agreements for land that had assets on it owned by IDNOs. One of the

pre-conditions the LAs came back with was a guarantee that double pole cut-outs would be provided for all installations as the LAs are used to getting from the incumbent DNO in Greater Manchester.

- This position was put to IPNL who opted to bring this to the ENA to query whether it was appropriate to install double pole cut-outs and whether IDNOs would still be compliant with all regulations as a result. This query was raised at an ENA routine meeting. NF reported that he was due a response shortly which we would be happy to share with the ECSG. NF clarified that this query was posed to the ENA as a legal question rather than a commercial/technical question which could then lead to the consideration of whether DNOs should be obligated to provide this across all LAs.
- NF wished to point out that there was a potential risk that the ENA would come back with a conclusion with which the DNOs may not be happy. BH, of ENWL who operates in Greater Manchester indicated that they currently provide the option of double poled cut-outs to their unmetered customers but would have to reconsider this if the advice was that this did not comply with the ESQCR. NF confirmed that this potential situation had been communicated to the Greater Manchester Local Authorities.
- SB reported that this item had also been raised at UCCG meetings. It is the view of this group that they wish for customers to have a choice. He would be interested in the outcome of the ENA review but would be concerned that some customers may feel that the outcome is not in their interests.

| Action | Person – By |
|--|-------------|
| Report on the recommendation of the ENA regarding double pole cut-outs | NF |

6. On-going Items/Updates

6.1. Disconnections forum update (Stacy Altman)

- SA, RF and JR provided an update on the progress of this forum. The last meeting focused on reviewing a proposed working practice for large scale disconnections, the proposal for a new data flow and changes to specific data items. It was indicated that the planned timescale for implementation put completion at the end of 2011.
- Action on SA to provide some details to KH who sits on Meter Operator Code Of Practice Agreement (MOCOPA) and to find out if there is an attendee from MOCOPA on the group.
- It was also noted that there were additional issues for implementation that could not be completed through the Master Registration Agreement (MRA) and may need to be considered by the Regulator or ECSG to take forward.

| Action | Person – By |
|---|-------------|
| Send previous minutes of disconnections to KH | Ofgem |

7. ECSG Terms of Reference

- SA presented the Terms of Reference, in particular Ofgem's proposed membership principles and criteria.
- It was explained that in an effort to make the ECSG effective, certain aspects of the current structure and working needed to be reviewed. It was felt that the agenda

should be set by members, membership needed to be clarified, attendance should be based on the intention to contribute to agenda items and that items should be formally tabled as developed proposals with clear indication of what action the ECSG was to take.

- BH asked if Ofgem’s intent was to have a limited DNO representation at ECSG. BH explained that DNOs felt it appropriate to be all represented as they were all generally directly impacted and there were likely to be increasing divergent views on issues. DC endorsed the idea of all DNOs being represented as his experience in the past (when there were only two DNO representatives) that this hindered progress. JV acknowledged the comments and accepted that whilst possibly an aspiration in the future was not desirable in the near term.
- An action was taken for members to write to Ofgem based on the membership criteria presented, in order to appraise why they should be members of the ECSG. Ofgem took the action to email members the documents presented and to provide a deadline for response.
- The overriding reason for this action was the need for the group to have a clear set of transparent criteria for membership. In addition, it was pointed out that it was needed to have a limit of ECSG members (not including Ofgem attendees) in order to have effective meetings and continuity. It was finally pointed out that there was still a wider distribution list of approximately 50 people, any of which could decide to attend meetings and therefore there was a need to define the core membership.

| Action | Person – By |
|---|--------------|
| Email members all documents presented and discussed at the meeting | Ofgem |
| Respond to Ofgem in line with the membership criteria, the reasoning for continuing or new membership | ECSG members |

8. Extension of Contestability (EoC) subgroup Terms of Reference (ECSG agreement)

- RL presented the proposed Terms of Reference for this sub group. It was noted that the membership figures on the slide would be amended. However, the full membership list was agreed to be correct.
- The terms of reference were approved.
- RL also provided an update on the progress of the sub group. All DNOs present at the last meeting expect to commence trialling by March. DNOs are putting process documents and procedures in place and various issues are being considered including: the Interruptions Incentive Scheme, SLC 15 application, the contestable non-contestable split of activities and NERS accreditation.

9. Barriers to Competition List

- RL presented on this list and explained that DNOs had been emailed and asked to consider the potential barriers identified and indicate whether they thought they were issues at all and how they are addressing them. They were also asked to indicate any additional barriers that they felt they were addressing.
- It was confirmed that DNO responses had been circulated to all members and that the real test will be when DNOs submit applications for the competition test and these are published for consultation. Discussion ensued where ENWL indicated that they were likely to be the first DNO to submit. It was clarified that Ofgem would

consider what the DNO demonstrates is in place as well as whatever responses are received in consultation. It was also clarified that the final decision on whether to grant an unregulated margin would not be based solely on market share but would take into consideration other issues. Clarity on the process was provided and Ofgem explained that by December 2013 all DNOs had to pass the competition test, otherwise they could be referred to the Competition Commission by Ofgem.

- Members provided additional issues to RL that could be included in the potential barriers to entry list. RL took note of these and took the action to amend the list and re-circulate and ask for responses to the new potential barriers included.
- JV clarified that potential barriers here sought to identify industry wide issues and to encourage DNOs to learn from best practice identified elsewhere from each other in an effort to remove barriers.

| Action | Person – By |
|---|-------------|
| Amend and re-circulate barriers to competition list and ask for responses from DNOs | Ofgem |

10. Any other business

10.1. SLC 15 timescale for HV and LV design approval (David Overman)

- DO feels that the SLC 15 timescales are based on end to end design approval and wanted to highlight this. He also noted that for IDNOs networks this is not necessarily the case. It was felt that this resulted in a very long timescale for design approval as it is based on the total network build. This also has implications for combined projects with LV and HV. DO took the action to draft a more formal proposal of the issues and will also put this to the DNO group.

10.2. PoC group member invitation

- JV invited PoC nominations for this group as it is intended for this group to be initiated. An action was also taken to re-circulate the Terms of Reference for this group.

10.3. SLC 15 standards for ICP applications

- SB noted that there was currently no standard in place requiring the provision of approval for unmetered ICP applications within a specific standard timescale. It was suggested this could be a voluntary standard.
- Action was to engage with DNOs through the DNO group.

10.4. 500 watt rule

- This was raised again as an issue. It was suggested that the UCCG could be used to pull together a suite of scenarios where it could be that there is some flexibility to allow for this. UCCG could then also be used to consult with industry. The responses would then be tabled to ECSG.

10.5. Connections Industry Review

- It was confirmed that this document was shortly intended to be published.

10.6. Introduction of new ECSG member

- KH introduced Trevor Richards who would be taking over from him as ECSG representative. KH formally thanked the group for his many years as representative. JV thanks KH for his involvement and participation on behalf of the ECSG.

| Action | Person – By |
|---|--------------|
| DO to draft a formal proposal with regard to the issue he raised. | DO |
| Submit nominations for the PoC sub group | ECSG members |
| Re-circulate Terms of Reference of PoC group | Ofgem |
| Engage with DNO group with a proposal for a new voluntary standard for ICP applications for unmetered | SB |
| Progress a proposal on 500 watt rule through the UCCG | SB/UCCG |

11. Date of next meeting: 25th May 2011