

EoC subgroup minutes – 20 July 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
20 January 2011
14:00-16:00
Millbank

1. Present

James Veaney (JV) (chair)	Ofgem	Regulator
Rebecca Langford (RL)	Ofgem	Regulator
Brian Hoy (BH) – by phone	ENWL	DNO
David Ball (DB) – by phone	ENWL	DNO
Jeff Eggleston (JE)	CE Electric	DNO
Kevin Smith (KS) – by phone	Scottish Power	DNO
Martin Gillick (MG)	SSE	DNO
Neil Magrath (NM)	UKPN	DNO
Paul Smith (PS)	WPD	DNO
Mark Evans (MS)	SSE Contracting	UCCG
Dave Overman (DO)	GTC	IDNO
Patrick Daly (PD)	PN Daly	ICP

2. Absent

Chris Bean (CB) - MCCG
Gareth Pritchard (GP) – ASLEC
Mike Cahill (MC) – Lloyds Register
Steve Bolland (SB) – UCCG

3. Review of actions from 4 May 2011 meeting

- 3.1. Ofgem confirmed that SSE had clarified what it meant by audits and that they were referring to the ongoing inspection and monitoring of jointers. Ofgem had requested information from the DNOs on their approach and this had been received.
- WPD intend to continue to use the regime they apply currently to service only jointing (20 per cent initially over 100 joints, five per cent over 400 joints and then two per cent).
 - ENWL is (at trial stage) auditing 100 per cent of joint to main work for the first week after which a review is held with the ICP. If there are no quality issues the frequency of auditing would return to the usual level for that ICP. Where there were quality issues the 100 per cent inspection regime would be continued.
 - SP are following their published inspection policy. They expect to review that process as experience from the EoC trials is gained.
 - UKPN are inspecting the first five joints carried out by each jointer, five per cent of the ICPs next 100 joints and then two per cent of the ICPs joints

thereafter. This is on the assumption that no more frequent rate of inspection is necessary, ie that the audit does not identify issues of concern. Two per cent is UKPN’s normal audit frequency for UMC works where an ICP (with a reasonable level of activity) has achieved an acceptable level of performance over an initial 12 month period.

- In the current climate of low work volumes, CE intend to continue to use their standard audit arrangements.

3.2. DO confirmed that he had circulated a note on the NERS Module discussions held after the sub-group’s last meeting. Whether NERs intended to introduce a new design and/or project management module associated with live jointing was discussed. He explained that Lloyds Register did not intend to change their assessment but that it might build this new area into its existing set of questions.

3.3. PD explained that Lloyds were requiring there to be an interface document between DNOs and ICPs engaged in trials. The document needed to set out when works would be carried out, what would be communicated, when, how often and to whom. ENWL agreed to circulate the interface document they are using. KS said that he would speak to Lloyds about whether the documentation provided in the SP trial met their requirements.

ACTION

OWNER

KS to speak to Lloyds about whether the interface documentation SP were using for their trials met Lloyds requirements.	SP
ENWL to circulate a copy of their interface document to the group.	ENW

3.4. RL confirmed that she had asked some of the DNOs to elaborate on the responses they had provided to Ofgem’s SLC 15 questions and that responses had been received and circulated to the group. It was agreed that RL would confirm with CB outside the meeting whether he now considered DNOs had provided direct and useful answers.

ACTION

OWNER

RL to confirm with CB that the SLC 15 responses action from the 4 May 2011 meeting is now closed.	Ofgem
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3.5. JV explained that Ofgem had considered the process for converting trials to business as usual and that it was on the agenda to be discussed later in the meeting.

4. Feedback on how trials are progressing

UKPN

4.1. NM provided feedback on UKPN’s trials.

4.2. Unmetered live jointing to ICP installed services - They started in 2009, there are 8 agreements in place and 15,000 services joints have been completed. 2011 volumes

are currently double those in 2010 and 9 further pilots are about to start. Earlier this year UKPN revised its design standard to allow service cable lengths up to 15 metres even where a LV main is present. This provides enhanced opportunity for ICP participation.

- 4.3. ICP UMC live jointing to mains – UKPN's first pilot in Norfolk commenced on 26 April. Circa 30 live mains joints have been completed to date. However, the ICP has reported a problem resulting from not being able to use 'intrusive' methods of cable identification. UKPN is seeking to meet with the ICP to discuss the matter in detail but in the meantime has arranged to provide an approved signal device service commencing on 25 July. Details are currently being finalised for a second pilot with a different ICP for work in the north London area. This second pilot is expected to commence in August.
- 4.4. ME explained that rather than UKPN providing an 'approved signal device' (rent-a-grumbler) ICPs would like the ability to use the grumbler themselves. NM explained that the current trial was focussing on connection activities rather than operation activities and this temporary measure had been introduced to allow the connections to be made. Operational activities would be considered at a later date using the learning from the connection trials. It was discussed amongst the group that using a grumbler to locate an LV cable is not always the most appropriate option. It was agreed that the issues that were preventing the ICP from identifying the cable in the first place would need exploring before grumbler use was considered. DO explained that the same issue would not necessarily be encountered in metered trials where there is usually more choice in where to connect.
- 4.5. ICP metered live jointing to mains - Three ICPs have shown an interest in taking part in a pilot. Three meetings have been held in order to develop the required processes. It is proposed that the first pilot will commence in August.
- 4.6. HV jointing to mains – UKPN has considered three options: 1) full ICP network access, 2) limited ICP network access, and 3) jointing only. In line with the ENA's proposals, UKPN proposes to explore further the option for limited ICP network access where a section of network would be isolated and released for the ICP works. A meeting with an interested ICP is planned to take place later in July so that a detailed process may be developed in readiness for a pilot later this year.

SSE

- 4.7. MG explained that SSE had background policies and procedures in place to allow live jointing trials to go ahead and that they have met with 2-3 parties regarding metered and unmetered LV jointing.

WPD

- 4.8. PS explained that WPD is currently undertaking a 6 month live mains jointing trial in the East and West Midlands involving 3 connection providers in 3 HA areas. During the course of the trial WPD will develop business systems and safe systems of work to roll out a Business as Usual process across all four WPD areas that will allow accredited connection providers to carry out live metered and unmetered connections to mains and service cables. There will be no requirement to undertake further trials in WPD's South Wales and South West areas.
- 4.9. He explained that WPD did not intend to run any further trials, including metered trials, until the unmetered trials were complete. He explained that there was no intention to run unmetered trials in WPD's original two areas. He explained that the WPD business is currently going through a big change and that they considered that more issues would be encountered on unmetered than metered so those trials were the priority. He

explained, that if unmetered trials were successful, WPD were likely to go 'business as usual' on metered and unmetered live jointing and also in the Wales/West areas without running additional trials. ME expressed his dissatisfaction that WPD did not intend to run trials in the Wales/West area. PS reiterated that WPD did not have the resources to run additional trials and that not running trials in the Wales/West areas should not delay the extension of contestability. (Post meeting note: trials in the Midlands are WPD group trials and providing they are successful will be rolled out as BAU across all four WPD licence areas. There is therefore no requirement for further trials).

CE

- 4.10 JE explained that no trials have yet commenced in CE's area and that this was due to market conditions and lack of interest from ICPs. An ICP planned to undertake a small scale trial of unmetered connections in the Teesside area. Parameters for the detail of this trial will be agreed with the ICP on a one off basis. It is estimated that this trial, which is to commence in early August, will involve only 4 mains / services breeches joints, so the making of all 4 joints will be audited by CE. He explained that another ICP has also approached CE for a large unmetered project in Sheffield and that CE has now commenced a review of its policy on processes and procedures to facilitate a potential extension of contestability. He explained that this would be discussed with ICPs.
- 4.11 JE noted that CE was prepared to consider requests for metered trials.

ENWL

- 4.10. Unmetered – Work has continued on the Blackpool PFI and up to the end of June 203 joints to main had been completed as part of the trial. The estimated number of connections to be completed by the end of September is 500.
- 4.11. In general the trials have been progressing successfully. The delivery programme has been ramped up and in doing so the ICP involved has extended their use of sub-contractors. This has resulted in an increase in quality issues although the quality issues have been addressed in full by the ICP and they have taken remedial action to replace all substandard work.
- 4.12. Unfortunately there has been one reportable electrical incident. The electrical incident has been investigated by the ICP and reported to HSE. The ICP has kept ENWL fully informed of the incident and has submitted a copy of their investigation findings to ENWL. A meeting has been arranged on Thursday 21st July to discuss the report and what subsequent actions the ICP will be taking. The costs associated with restoration of the fault, emergency response, and IIS will be recovered from the ICP as part of the terms and conditions agreed.
- 4.13. Agreement has been given to the ICP to extend the trials to cover work on the Derbyshire and Oldham & Rochdale PFIs.
- 4.14. Six ICPs have approached ENWL to discuss whether they will be eligible to be included in the joint to main trials if they are successful in winning one of the Greater Manchester Street Lighting tenders. In all cases ENWL has reviewed the competency and experience of the ICPs and confirmed that they are all suitable to be included in the trials should they be successful and the trials have not been completed.
- 4.15. On cable identification, DB explained that ENWL would expect ICPs to identify cables themselves, although if they needed help ENWL would provide it. So far however, this has only required ENWL staff to attend site twice in over 700 connections or transfers.

- 4.16. Metered - Progress with the metered trials for both LV and HV has been slow with neither of the two original ICPs being able to identify any suitable sites for inclusion in the trials. A third ICP has been in contact and ENWL have agreed to start metered trials with them during August for LV connections. Meeting arranged for 25th July to outline the scope of work and programme of connections. ENWL is concerned that they will not be able to fully evaluate the issues of jointing to main by ICPs in the metered market due to the lack of suitable trial sites. DB confirmed that in terms of operational activity, ENWL were looking towards providing the Senior Authorised Person as internally there were issues regarding the transfer of network control that were still being discussed.
- 4.17. DB explained that ENW are developing non-contestable charges (per lamp) covering off admin and inspection and monitoring costs etc. The group agreed that all DNOs would need to do this before contestability was extended as business as usual. An action was placed on the group to provide their views on non-contestable charges before the next meeting.

ACTION

OWNER

Subgroup members to provide their views on what non-contestable costs are incurred by DNOs facilitating live jointing and how they should be recovered when trials become business as usual.	All
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- 4.18. ENWL asked Ofgem for direction on how long trials should run, Ofgem confirmed this would be discussed under 'process for extending contestability'.

SP

- 4.19. ICP1 (metered) - No further approach from them since initial meeting to discuss principles in March.
- 4.20. ICP2 (metered works) - ICP has identified a site they wish to undertake a trial on. SP has issued POC for the ICP to carry out the final connections, including a number of single services to existing network cables. SP and ICP have had a meeting to clarify the details and process for undertaking this work. Awaiting ICP to confirm when they have NERS partial accreditation and audit planned for full accreditation.
- 4.21. ICP3 (unmetered) - SP and ICP have had a meeting to clarify the details and process for undertaking this work. Details of staff and authorisations to be clarified between ICP/SP. Awaiting ICP to confirm when they have NERS partial accreditation and audit planned for full accreditation.
- 4.22. ICP4 (unmetered) - SP and ICP have had a meeting to clarify the details and process for undertaking this work. Awaiting ICP to confirm when they have NERS partial accreditation and audit planned for full accreditation.
- 4.23. ICP5 (metered works) First job completed - A connection had been quoted, accepted and design approval given to a new retail development. The connections consisted of a new 11kV switchboard substation with LV auxiliary supply and another LV connection to an IDNO link box and a diversion of an existing HV cable. SP were approached by the ICP doing the contestable works to undertake the final connection to the SP network as part of the EoC trials. These consisted of 4 x 11kV straight joints and 2 x LV live breach joints. A meeting was held with the ICP to discuss and clarify the process to undertake this work. Firstly the LV auxiliary supply to the new substation was jointed on to the existing SP network cable. Secondly the 2 x 11kV straight joints were

completed to “loop” the substation on to the SP network 11kV ring. Thirdly the LV connection to the IDNO link box was jointed to the SP network. Fourthly the 2 x 11kV Point of Diversion (POD) straight joints were completed to transfer the network ring on to the ICP installed new cable. A review meeting is planned with the ICP for the 19th July to discuss the execution and lessons learnt from this trial job.

- 4.24. Points of note - It was an important benefit in this particular trial job that this ICP project manager, site manager and jointer were all ex-SP and were therefore already familiar and had the necessary SP authorisation to carry out the connection works. SP has included in the POC application form an option for the ICP to indicate at the outset that they wish to undertake the “closing connection jointing” within the terms of the EoC trial – this saves the DNO including and charging for this work in the POC quotation and then having to unpick and arranging a refund for the closing joints to the ICP. It is important to specify the existing network cable type that the ICP is connecting to – to ensure the ICP turns up with the correct joint type to start the work.
- 4.25. SP has devised a “request to connect to the SP network form” which enables the ICP to set out the apparatus which it wishes to connect on to the SP network. This form is then approved by SP once conditions for the apparatus is met. SP have stipulated that no connections to the network can be made unless the person carrying out the work is in possession of the above form with the permission to connect section approved and signed by the DNO contact. – this is to avoid the specified apparatus being connected without the DNO’s permission, given that there will be typically many stages of closing connections on a larger site and the DNO is then obliged to continue to maintain supply under the ESQC Regulations.
- 4.26. On the operational side, KS explained that they had not had any approaches from ICPs. At HV he explained that if an ICP is interested they would not have to draw a line as to what they could/could not undertake. They would however need to go through the same authorisation process as SP SAPs. In terms of LV operational activity he was not sure whether ICPs would really want it or need it.

5. Scope of the extension of contestability

Overhead lines

- 5.1. DO explained that at the original ENA working group there did not appear to be appetite for extending contestability to live jointing of overhead lines. The group discussed whether jointing of overhead lines was within the scope of the ENA’s report on the ‘proposed extension of contestability for competition in connections’. It was concluded that they were not since Appendix 7 of the ENA report showing areas out of scope includes live line working on 11kv overhead line. MG explained that this was because there were more complications with overhead than underground lines.
- 5.2. BH considered that there may be a chance to consider jointing to overhead lines in the next round of the extension of contestability but he did not consider it immediately in scope. He did however state that he was happy to discuss the possibility of arranging training with any interested ICPs. KS reminded the group that it needed to consider the scope of exactly what becomes contestable and that the volumes, training and ICP appetite need to be there. DO added that underground lines accounted to 80-90 per cent of work. JV agreed that Ofgem were not looking to make activities contestable (and add a 4 per cent margin to them) where there is no ICP demand. PD pointed out that it may be that it would only be attractive in certain geographic locations, eg South Wales, where there are more overhead services.
- 5.3. Ofgem considered that this was perhaps not an issue for this group at this time, however, if an ICP wants to work on overhead lines they should discuss it with the

appropriate DNO. He added that in terms of facilitating competition, if a DNO declined the request it would need to have a compelling reason.

Disconnections

- 5.4. PD explained that he had been in discussions with ENWL regarding undertaking disconnections. He stated that ENWL had told him that it was not in the scope of the working group and therefore that ENWL could not take part in a trial. He added that ENWL had said that if disconnections became in scope of the working group, then a trial could take place. PD explained that ICPs undertake this work in gas and that he did not understand why things could not be the same in electricity.
- 5.5. ENWL explained that disconnections are different to live jointing procedurally, in records and data flows, health and safety risks and in terms of liabilities. ENWL added that the ECSG’s current work with Gemserv may help with this. It was agreed that ENWL and PD would undertake an exercise outside of the meeting to consider whether extending contestability to disconnections is practicable.

ACTION

OWNER

ENW and PD to consider whether the extension of contestability to disconnections could be practicable.	ENWL and PD
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6. Process for extending contestability

- 6.1. RL ran through a presentation setting out Ofgem’s initial thoughts on the process for extending contestability and turning DNO trials into business as usual.
- 6.2. She explained that there appear to be five stages to extending contestability:
 - DNO’s trials
 - the subgroup discussing barriers encountered and how they can be overcome
 - DNOs and stakeholders measuring whether trials are a success
 - Ofgem assessment/consultation
 - the extension of contestability.

RL told the group that the purpose of the subgroup discussing the process for extending contestability was to consider whether Ofgem are taking the right approach.
- 6.3. RL set out Ofgem’s initial thoughts on how trial effectiveness could be measured and she explained that Ofgem was looking to the working group to develop some common criteria for assessing trial success. RL ran through some potential measures:
 - The ICP had been able to complete the live joints safely and efficiently and that they were able to provide the service at a competitive cost.
 - That processes, procedures and terms used were acceptable to both the ICPs and the DNOs.
 - DNOs must be able to implement the live jointing processes/procedures/terms on a business as usual basis, ie they should be workable and not ICP specific.
- 6.4. BH was uncomfortable with the first proposed measure as he argued that DNOs do not have control over ICPs efficiency. RL explained that the measure intended to capture whether the DNOs non-contestable charges/processes allow ICPs to compete effectively. The group considered that it might be possible to get Lloyds Register to measure trial success. Ofgem asked the group to provide feedback on what trial

success looks like before the next meeting. ENWL agreed to circulate the work they have done so far on success criteria.

ACTION

OWNER

Subgroup members to provide feedback on what they consider to be trial success to be.	All
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- 6.5. RL discussed Ofgem’s initial view of timeframes for extending contestability. She explained that the Competition Test should be an incentive for DNOs to move forward with the project and that Ofgem considered DNOs were free to progress to business as usual as quickly as they see appropriate. RL explained that it may be difficult for DNOs to pass their Competition Test if they have not extended contestability where others have. BH raised concerns that this approach could result in Ofgem running multiple consultations over time. CE raised concerns that it may be that contestability is not extended in an area for a valid reason like lack of demand. Ofgem noted both of these points. RL explained that the purpose of the subgroup considering this issue was to allow Ofgem to come to a view on the best way forward.
- 6.6. It was noted that the group had only limited time in which to discuss the issue further. An action was agreed for sub-group members to circulate their initial views on the topic following the discussion. A further action was placed upon Ofgem to set up a teleconference to discuss the way forward before the next meeting of the EoC subgroup.

ACTION

OWNER

Subgroup members to circulate their initial views on the process for extending contestability	All before teleconference
Ofgem to set up a teleconference to discuss further the process for extending contestability.	Ofgem, when minutes are circulated

7. Any other business

- 7.1. DO provided an update on G81 appendix 8. He explained that there was a draft template in the ENA document and that it might be worth considering that format. He understood that the issue had been taken to the ENA engineering committee but he was not sure of the timescales. An action was placed on DO to chase.

ACTION

OWNER

DO to find out what is happening with G81 appendix 8.	DO
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