

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	James Veaney
Date and time of meeting	7 March 2012 10:00-12:00
Location	Millbank, London

## 1. Present

James Veaney (JV)	Ofgem	Regulator
Rebecca Langford (RL)	Ofgem	Regulator
Chris Bean (CB)	Power on Connections	MCCG
David Ball (DB)	Electricity North West	DNO
Dave Overman (DO)	GTC	IDNO
Gary Barnes (GB)	SP Power Systems	DNO
Geoff Earl (GE)	Northern Power Grid	DNO
Neil Magrath (NM)	UKPN	DNO
Patrick Daly (PD)	PN Daly	ICP
Richard Allcock (RA)	WPD	DNO
Steve Bolland (SB)	Amey	UCCG
Tony Dowd (TD)	Lloyds Register	Lloyds Register

## 2. Apologies

Martin Gillick – SSE

Gareth Pritchard – HEA / UCCG

## 3. Actions from the last meeting

3.1. JV confirmed that all of the actions from the last meeting (30 November 2011) had been carried out. He noted that RL would clarify SLC 15 arrangements later in the agenda.

## 4. Discussion on issues raised in consultation responses

4.1. RL talked through the attached slide pack<sup>1</sup>.

4.2. It was highlighted that where an activity is listed as contestable in a DNO's connection charging methodology it will be marginable. Concerns were raised that a DNO could make an activity contestable in its charging methodology before:

- a) it would/could allow ICPs to undertake the work
- b) its competitors had gained the necessary NERs accreditation to provide the service.

4.3. JV explained that the margins/competition test policy was set out in CRC 12 at DPCR5. He explained that the purpose of the 4 per cent margin was to provide headroom for competition to develop. Further, he explained that whether DNOs were facilitating competition would be judged through the Competition Test process and that where the Competition Test has not been passed by December 2013, DNOs will be reviewed and could subsequently be referred to the Competition Commission.

4.4. On **unmetered and LV jointing** it was agreed that it had not been envisaged that contestability would be extended to non-standard cables. However, it was raised that

<sup>1</sup> Slide pack can be found on the Ofgem website as an associated document to these minutes.

where a jointer could show that they did have the appropriate skills/experience they should not be prevented from undertaking the work. SB asked whether overhead lines would be included in the scope of Ofgem's decision. RL considered that it was for DNOs to extend contestability in their area as they see fit, however she noted that they would need to defend their position in the Competition Test.

4.5. The group consensus was that contestability should be extended LV jointing (inc unmetered) subject to jointer competency.

4.6. There was a discussion on the extension of contestability to **operational activity**, ie use of a signal injection device to identify cables at LV and switching to allow 'dead' jointing at HV.

4.7. PD explained that before ICPs can use signal injection devices ICPs need to be allowed to: enter the DNO substation, have access to DNO network records, attach the signal injection device, use a switching programme. DO considered that ICPs should be allowed the same access and information as DNO sub-contractors. DB stated that if somebody is allowed to use a signal injection device as a sub-contractor, ENWL would endeavour to allow them to do so as an ICP.

4.8. It was discussed whether ICPs had the volume of work required to hold the necessary accreditations to perform operational activity. CB considered that since processes between DNO areas are not that different, there should be a sufficient volume of work available to ICPs.

4.9. NM highlighted that it was rarely necessary/not always possible to use a signal injection device to identify cables. SB explained that on PFI schemes where a large number of unmetered connections are being modified in a single area there can be a significant amount of signal injection device use. DO highlighted that specialist contractors/companies offering operational activities may move into the market if the activity is made contestable.

4.10. The group discussed their approaches to trialling contestable operational activity. The scope of the related NERS module was discussed and it was agreed that this needed to be updated. It was agreed this would be discussed with NERSAP and Lloyds Register.

ACTIONS	OWNER
To consider the scope of operational activity covered by the NERS.	Tony Dowd

4.11. RL considered that there appeared to be a number of issues that needed to be worked through before contestability could be extended to operational activities, however this should not preclude DNOs making contestable operational activity work. CB and DO expected DNOs to continue to work towards making operational activities contestable. RL explained that Ofgem's decision would encourage DNOs to set up/continue to trial procedures to extend contestability in this area and that further meetings of the Extension of Contestability sub-group may be required to share learning/discuss issues encountered.

4.12. It was agreed that delaying an Ofgem 'in-principle decision' on the extension of contestability to operational activity did not prevent the extension of contestability to LV jointing.

4.13. The group also discussed the extension of contestability to **HV jointing**. RL explained that some responses to Ofgem's consultation raised concerns that there may be limited benefits to customers of extending contestability to HV jointing without also extending contestability to operational activity. RL understood this to be because ICPs would not be in control of connections timescales and would continue to rely on the DNO to provide a Senior Authorised Person (SAP). GE explained that having reviewed other DNO responses to the Ofgem consultation, Northern Power Grid withdrew the concerns they had raised that the benefit to customers of making HV joints contestable (without also extending contestability to operational activity) was unclear. CB explained that whilst HV jointing remains non-contestable, ICPs are reliant on DNOs to make available both a SAP and a jointer (two people). He explained that if contestability was extended to HV jointing, ICPs would only be reliant on DNOs to make a SAP (one person) available. It was agreed that this should make scheduling works easier/quicker which would benefit customers.

4.14. Ofgem noted the groups views on extending contestability to jointing to DNO HV mains and explained that they would be considered in the decision making process.

## **5. SLC 15 – commitment from DNOs to apply timescales voluntarily**

5.1. RL talked through the attached slide pack, explaining that SLC 15 only applies where an activity is non-contestable, ie contestable final connections services are not covered by the standard. The group agreed that DNOs should continue to voluntarily apply the standard for the first 12 months of contestable jointing. NM highlighted that how the DNOs report the voluntary application of the standard would need to be considered.

5.2. PD considered that new standards covering new non-contestable services, eg provision of a SAP, should to be introduced. RL explained that amending the licence condition to introduce new standards would be a long process and suggested that DNOs could voluntarily introduce standards to cover off new non-contestable services. It was agreed that Ofgem's view would be set out in its decision on extending contestability and that the group (and other interested parties) would reconvene after Ofgem's decision to agree a standard.

## **6. Any other business**

6.1. There was no other business.