

Reliability and Safety Working Group (RSWG) meeting 12 April 2012

Organiser	Tom Wood,
Attendees	DNOs, Ofgem Costs & Outputs
Date and time of Meeting	12 Apr 2012 10:00
Location	Room 9, Ofgem

1. Present

DNOs

Jonathan Booth (JB)	- Electricity North West (ENW)
Mark Marshall (MM)	- Northern Powergrid (NPG)
Mark Smith (MS), Mark Kelly (MK)	- Scottish and Southern Electricity (SSE)
Stephen Murray (SM), Gerry Boyd (SP)	- Scottish Power (SP)
Richard Wakelen (RW), Robert Friel (RF)	- UK Power Networks (UKPN)
Robert Parker (RP), Philip Mann (PM), David Tighe (DT)	- Western Power Distribution (WPD)

Ofgem

James Hope (JH)
Martin Hughes (MH)
Karl Hurley (KH)(part)
Tom Wood (TW)

2. Overview

This was the first meeting of the Reliability and Safety Working Group and aimed to develop responses to reliability and safety issues raised in the Network Outputs Working Group of 1st March 2012. Tom Wood of Ofgem led the meeting, with representatives of all of the DNOs contributing to discussions. Mark Smith of SSE also gave a presentation on Totex efficiencies. A separate list of actions arising from the meeting has been produced.

The group discussed the priority areas identified by the companies for the RSWG to focus on, as well as Ofgem's views. The group then went on to discuss the development of the existing Health Index measures for RIIO-ED1.

3. DNO responses to RSWG priority areas and review of responses to open letter

Health Indices (HI)

DNOs had previously reached a consensus that criticality needs to be incorporated into HIs.

Other comments raised included extending the use of HIs to additional asset categories and agreeing the definitions of the DNO network interventions that will count towards HI performance.

RP felt that it was important to finalise definitions of terminology used in describing network risk, in particular "criticality" and "consequence".

Load Indices (LI)

Some of the key issues raised by DNOs on LIs were how to account for the impact of DSM, ensuring relevance to ED1 issues, and the need to recognise the pace of change for demand and DG connections.

JH asked the DNOs if the RSWG was the correct forum for discussing LIs or if the Flexibility and Capacity Working Group (FCWG) would be more appropriate.

RF said he saw the FCWG as having a role in setting the wider framework for LIs – for example, treatment of ‘investment ahead of need’ – but that the detail of the format of the LI mechanism would be discussed in the RSWG. MS also felt that if the intention is to include DSM in LIs then they would be a relevant topic for the FCWG.

RP stated that there is a need to recognise that different networks are experiencing different issues with regard to LIs, e.g. WPD South West is receiving a comparatively large number of DG applications.

JH said there may be scope for Ofgem to facilitate the creation of headroom as long as this is in the long term interests of customers. JB pointed out that the debate on investment ahead of need raises questions about who pays and who benefits from such works.

JH asked whether it would be feasible to look to extend the LI to include additional lower voltage substations. RP’s view was that this would not be possible both for practical reasons (WPD has 110 – 120,000 such substations) and technical ones. The DNOs agreed to provide a written response on this point. MK’s view was that if licensees are forecasting significant increases in expenditure at lower voltages, there needs to be a way to justify this.

The next RSWG meeting on 3rd of May 2012 will focus on LIs.

Quality of Service

Priorities raised by the group focused on target setting and incentive rates for the interruptions incentive scheme (IIS), reviewing the definition of ‘worst served customers’ and associated allowances, pre-arranged interruption allowances and short interruptions.

RP queried whether IIS incentive rates should recognise localised ‘willingness to pay’.

RF said that UKPN’s stakeholder feedback is indicating that short interruptions are appearing as an issue for certain customer groups.

Resilience

Ofgem recognised that further work with DECC was needed on resilience. The possibility of creating a new resilience metric was discussed and Jonathan Booth agreed to circulate previous work undertaken by ENW on this.

Safety

The DNOs stated a preference for Safety to continue to be included in the remit of the HI meetings. DNO responses on RSWG priorities tended to suggest that there was agreement with Ofgem’s initial view expressed in the open letter that the primary safety output should be to maintain compliance with HSE requirements. MK agreed to provide thoughts how a DNO safety metric could be composed.

JB raised the possibility that a broad measure for safety could be produced which made the current legal and safety reporting table in the RIGs redundant and agreed to look into this

further. The other DNOs were invited to feed back their thoughts on what factors should be included in a broad measure.

RW pointed out that 'safety' can take different forms – safety of DNO workforce, public safety, asset safety, etc.

4. Totex efficiencies in delivery of Outputs (presentation by SSE)

MS presented SSE's views on Totex efficiency indicating that SSE felt this should be a key driver for the RSWG and a key measure of DNO performance going forward. This view was discussed by the other DNOs and Ofgem.

Ofgem asked DNOs to provide examples of means other than asset replacement or refurbishment which they felt delivered HI improvements.

Other DNOs expressed a view that the primary responsibility for efficiency did not sit with the RSWG, though the metrics and incentives that the group may work on should discourage inefficient behaviours.

5. Development of Health Index for RIIO-ED1

The group discussed the idea of incorporating a measure of asset criticality into the existing health index. Asset criticality data will be used in the transmission gas distribution price controls (RIIO-GD1 and RIIO-T1).

The SP and SSE representatives pointed out that transmission assets, unlike distribution assets, tend to be 'high value, low volume' and, as a result, more data is available on the consequences of failure of such assets. This needs to be taken into account if we look to incorporate an equivalent measure in the electricity distribution sector.

RP expressed the view that some interventions designed to reduce the criticality of certain assets, whilst potentially improving overall network reliability, could store up problems for the future (i.e. where a DNO reduces 'risk' by addressing the consequence rather than the probability of asset failure). RF's view was that this relates to the relative weightings of asset failure and consequence. There was also a suggestion that DNOs could report to Ofgem the expenditure on improving criticality and improving the health of the network separately.

It was agreed by the DNOs and Ofgem that improving consistency (to some extent) of asset condition assessment should be an aim of the RSWG. On consistency in the assessment of criticality, SM pointed out that there was not agreement between the transmission operators, though there were similarities in some aspects of the methodologies.

For the forecast business plan submission in July, DNOs were asked to show how they can provide visibility of ED1 and demonstrate how they expect to 'exit' DPCR5, expressed using the new asset metrics (to be developed). DNOs were asked to consider the feasibility of retrospectively applying new scoring methodologies to the DPCR5 control period.

All DNOs agreed to look into the current scope of HI reporting and let Ofgem know (by 27th April) if there were any asset categories for which they were collecting data which were outside of this.