

## Reliability and Safety Working Group (RSWG) meeting 31 May 2012

Meeting to discuss the development of network Health Indices for RIIO-ED1 and Safety outputs.	From Date and time of Meeting Location	Tom Wood 31 May 2012, 10:00 Ofgem, Millbank, London	31 May 2012
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### Present

Jonathan Booth (JB)	Electricity North West (ENWL)
Paul Mitchell (PMi)	Scottish & Southern Electricity Distribution (SSE)
Heather Bain (HB)	Scottish & Southern Electricity Distribution (SSE)
Richard Wakelen (RW)	UK Power Networks (UKPN)
Rob Friel (RF)	UK Power Networks (UKPN)
Mark Nicholson (MN)	Northern Powergrid (NPG)
Paul Norton (PN)	Northern Powergrid (NPG)
Stephen Murray (SM)	Scottish Power (SP)
Gerry Boyd (GB)	Scottish Power (SP)
David Tighe (DT)	Western Power Distribution (WPD)
Phil Mann (PMa)	Western Power Distribution (WPD)
Ian Mulvaney (IM)	DECC
James Hope (JH)	Ofgem
Tom Wood (TW)	Ofgem
Martin Hughes (MH)	Ofgem

### 1. RSWG Action Log

1.1. TW outlined some of the actions relating to this meeting of the RSWG that were still outstanding. These included the revised Terms of Reference which are still to be finalised. Ofgem also asked that DNOs indicate whether they are happy with their responses to actions being circulated to the rest of the RSWG when submitting these.

**Action point:**

**Circulate SSE's proposed amendments to Terms of Reference to RSWG for comment before finalising these.**

**Person –**

**Ofgem by 8<sup>th</sup> June**

### 2. Objectives for RIIO-ED1

2.1. TW set out the objectives for RIIO-ED1. These are detailed in the accompanying slide pack for the meeting and include having in place an asset criticality index with a methodology as consistent between DNOs as is reasonably possible. JH added that Ofgem is keen to establish how much work can be done in this area this year. The group was also interested in learning from the methodology used in the assessment of asset criticality in RIIO-GD1 and T-1.

**Action point:**

**Provide updates on current status of Electricity Transmission (for SP) and Gas Distribution (for SSE) asset criticality measures, including progress towards implementation of the new requirements.**

**Person – SM,**

**HB and PMi for 24<sup>th</sup> July**

### **3. Requirements for Strategy Consultation (September) Document**

- 3.1. TW briefly ran through Ofgem's requirements for the Strategy Consultation (September) Document. MN asked Ofgem to clarify the definition of outputs that will be used and JH confirmed that this would be consistent with that used in RIIO-ED1.
- 3.2. SM wanted to know what would happen if a level of detail was reached by this working group beyond that of other groups. JH confirmed that we would include this detail somewhere in the publications, in an appendix if required. TW added that, for the September strategy document, it is likely that Ofgem will be in a position to include a level of detail greater than was included in the equivalent strategy documents for the gas distribution and transmission price controls.

### **4. SP presentation: health and criticality methodologies and proposals for evaluating criticality**

- 4.1. GB presented SP's proposals for health and criticality and detail of these can be found in the accompanying slide pack. MN queried whether the impact of failure and the consequences of failure had been considered in SP's proposals and also how SP had factored failure mode into the calculations. SM confirmed that SP had taken an adverse view with regard to failures.
- 4.2. MN noted that with regard to assessments being carried out on a sites basis (e.g a substation site), the The Electricity Safety, Quality and Continuity Regulations (ESQCR) already require DNOs to collect a significant amount of data and that differences exist between assets from the same class. PMA also felt that it is important to consider the materiality of the relative consequences relating to assets with different levels of criticality, within an asset class, when considering whether criticalities should be introduced for the asset class on an individual asset basis. SM stated that SP's measures are designed to go beyond the requirements of the ESQCR.
- 4.3. JB asked how the low, medium and high ratings for criticality had been determined for sites and if there was an absolute scale across all asset classes. SM confirmed that where sites contained assets of different criticality ratings, the highest of these ratings was recorded for the site.
- 4.4. RW suggested that it might be better to measure delivery of HI improvements asset class by asset class – i.e. the criticality is assessed absolutely rather than relatively within an asset class. JH felt that developing a metric that required DNOs to deliver improvement in a particular asset class might constrain overall improvement of the network. Ofgem does not want to restrict the range of interventions available to DNOs for addressing asset health and criticality. RF agreed that overall improvement is the key challenge facing DNOs. RW suggested that in the best interests of customers there is a need to aggregate HI measures upwards and that a trial on certain assets to see how the aggregate view could be built up would be appropriate.
- 4.5. JB added that it was important to establish how HI bands were to be defined. He felt that there was a debate to be had as to how closely the HI rating is linked with the investment plan. For example if an HI5 rating indicates that replacement is imminently required (for example, within 2 years) then this has a direct implication for the investment plan.

**Action point:**  
**Using either LV Pillars or Link Boxes and 132kV Transformers**  
**(as examples of disparate asset classes) attempt to apply**

**Person:**  
**All DNOs by**  
**29<sup>th</sup> June.**

**criticality ratings to these assets, using SP's transmission assessment methodology as starting point. Submit details of this process to Ofgem, along with details of any issues encountered.**

**Ofgem to circulate JB's thoughts on HI category definitions and all DNOs to provide views.**

**Ofgem to circulate by 8<sup>th</sup> June, DNO comments by 29<sup>th</sup> June.**

**Circulate to group information on proposed HI for OHL wood pole circuits**

**SM/GB by 29<sup>th</sup> June.**

## **5. Pros and cons of seeking consistency in DNO assessment**

5.1. TW asked DNOs to provide views on what level of consistency is achievable, what factors are preventing greater consistency and what is achievable within the timeframe. SM asked where Ofgem wanted DNOs to get to and if the ultimate aim was to use the same measures for all. JH pointed out that the RIGs only specify the framework that DNOs need to adhere to and what data they should report to Ofgem. Ofgem is therefore keen to establish to what extent this framework can be made consistent.

5.2. RW asked whether DNOs could go beyond the reporting requirements for HIs. JH replied that in theory this could but questioned whether it would be possible to establish common principles against which DNOs could assess health and criticality. JB proposed that more clarity in HI classifications may help to remove any inconsistencies. SM noted that there is an additional area where consistency needs to be considered, which is the methodology for combining health and criticality assessments into a composite rating.

### **Action point:**

**DNOs to provide thoughts on the level of consistency that is achievable in asset health and criticality assessments.**

**Person – All DNOs by 29<sup>th</sup> June**

**Circulate methodology for combining health and criticality ratings used by SP Transmission.**

**SP by 8<sup>th</sup> June**

**Comment on SP's methodology for combining health and criticality ratings**

**All DNOs by 29<sup>th</sup> June**

**Circulate first draft of guidance for provision of asset health and criticality index data in the 2013 business plan submission (with JB providing HI methodology, SP/SSE collaborating on criticality section)**

**13<sup>th</sup> July**

**Circulate a further draft of the guidance document post 24<sup>th</sup> July RSWG meeting.**

**17<sup>th</sup> August**

**DNOs provide comments on post-meeting draft**

**31<sup>st</sup> August**

**Final draft of guidance document circulated**

**14<sup>th</sup> September**

**Trial run submission of health / criticality indices**

**9<sup>th</sup> November**

## **6. Asset Criticality: views on WPD-circulated worksheet on application of criticality assessments to asset types.**

- 6.1. A brief discussion took place on WPD's previously circulated worksheet.
- 6.2. TW asked if there should be a generic assessment for all assets of a certain type. JB responded that all DNOs had a different interpretation of the data request. MN felt that there is a need to determine which categories each DNO currently has HIs for.

## **7. DNOs views on extending HIs to additional asset categories.**

7.1. The DNOs had previously provided Ofgem with their written views on the feasibility of extending HIs to other asset categories. Each DNO representative provided a brief outline of these to the rest of the group and confirmed that TW could circulate their written response to the rest of the group.

7.2. JH asked if there were any new asset categories that could be added to the methodology. RF's view was that it was important to concentrate on getting existing categories correct first. PMA stated that WPD had developed, or were considering development of, measurement of HIs for a number of further categories, but felt that a small number of categories, such as batteries, were inappropriate for HIs. HB said that SSE is keen to see a move towards a circuits level approach and away from supports. JB suggested that substation RTUs could be considered as an additional asset category as they behave more like a distribution asset and were managed in a semi-HI way. RW questioned how it would be possible to assess the HI of an RTU as they are technological assets.

### **Action points:**

**Circulate responses on introduction of HIs in additional asset classes.**

**Person –  
TW by 8<sup>th</sup> June**

**Provide comments on which asset categories they feel will be included in ED1 and which might be included looking further forward.**

**DNOs by 13<sup>th</sup>  
June**

## **8. SSE presentation: thoughts on safety outputs**

- 8.1. Prior to SSE's presentation, TW provided a summary of the Ofgem position on Safety outputs taken in the RIIIO-T1 and -GD1 price controls. In Ofgem's Annual Report there is potentially more scope to collect safety data, for example on lost time accidents and further discussion might be needed on this.
- 8.2. PMi presented SSE's views on safety outputs and detailed slides are included in the accompanying slide pack. In summary, SSE believed that operational safety should be reflected in DNOs' overall business performance and that an incentivised output could potentially encourage a proactive rather than reactive approach to safety. As a result, SSE feel that a discretionary reward could be appropriate, with an incentive rate based on total reportable incidents.
- 8.3. RW asked whether contractor staff would be included in an internal safety measure and suggested that a financial incentive mechanism could potentially discourage accurate reporting of incidents. RF also felt that there could be an issue in determining a consistent measure of safety outputs as DNOs had different considerations of what constituted an incident.

8.4. JH pointed out that issues with data quality were some of the reasons why safety performance was not included in the Annual Report however felt that it was feasible for a traffic light to be included for safety. TW added that any discretionary reward scheme would probably be contingent on involvement from the HSE . PMi stated that if no financial incentive could be agreed on, the onus would be on DNOs to devise a different measure of safety outputs that would appropriately incentivise performance. JH suggested that it may be an area that DNOs would want to discuss in more detail with their stakeholders.

**Action points:**

**Consider what appropriate level of reward should be in a hypothetical safety incentive scheme.**

**Person –  
SSE by 15<sup>th</sup>  
June**

**Circulate performance figures that were collected for annual report to DNOs.**

**Ofgem by 15<sup>th</sup>  
June**

**Provide written views on whether DNO thinks that financial incentive is appropriate along with reasons why/why not.**

**All DNOs by  
29<sup>th</sup> June**

**DNOs to provide details on what safety metrics / data is currently collected (and what is provided to HSE) and thoughts on whether contractors could and should be included in such a measure and any issues surrounding the usage of contractor safety data.**

**All DNOs by  
29<sup>th</sup> June**