

Cost Assessment Working Group (CAWG): 31 July 2012

The sixth meeting of the CAWG to inform cost assessment for RIIO-ED1.	From Date and time of Meeting Location	Sara McGonigle 31 July 2012 – 10am-4.45pm Ofgem Glasgow
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1. Present

- Andrew Stanger, Scottish Power
- Stuart Reid, Scottish Power
- Bob Parker, Western Power Distribution
- Barry Hollinghurst, Western Power Distribution
- Sarah Walls, Electricity North West
- Julian Rudd, UK Power Networks
- Keith Mawson, Northern Powergrid
- Iain Miller, Northern Powergrid
- Mark Kelly, Scottish and Southern Energy
- Kenny McAllister, Scottish and Southern Energy
- James Hope, Ofgem
- Sara McGonigle, Ofgem
- Mark Hogan, Ofgem

2. Apologies

None.

3. Review of DPCR5 Detailed Assessment

3.1. The meeting began with James Hope (JH), Ofgem, discussing the sharing of data among DNOs. While DNOs believe that some data will have to remain confidential the consensus was that sharing as much as possible is appropriate. JH acknowledged that Ofgem has still to send a letter to DNOs regarding the sharing of forecast data.

3.2. The discussion then moved to the detail of the approach taken in DPCR5 for the disaggregated analysis cut by the lines in the C1 table. Key points were as follows:

- **Diversions:** It was noted by JH that the allowances and actuals are quite different in the 2010/11 data. A thought would be to apply a volume driver in this area. Mark Kelly (MK) asked what would be the incentive for DNO to improve if it got a historic unit cost. JH noted that if a DNOs costs were

demonstrably lower than other DNOs this would be taken into account in determining the unit cost. Ultimately the point is that a DNO should not be paid if it is not undertaking diversions.

- Sarah Walls (SW) and MK both noted that there still has to be an incentive for DNOs not to do it at all. JH agreed – there must be a mechanism for determining efficient volumes as well as costs.
- JH noted that Ofgem will have a look at 2011/12 numbers to assess the activity/inactivity in this area.
- Initial thoughts for *Easements, Injurious Affection payments etc* and *Diversions due to wayleave terminations* is that they both have an ex ante allowance with a *possible* volume driver. *NRSWA* will likely have a volume driver.
- **General Reinforcement:** it was noted that whole life costs (WLCs) are not required to be considered with regards to fault levels (rather to consider WLCs in asset replacement and discuss the knock on effect on fault levels). Both *G&P reinforcement* and *Secondary network reinforcement* will impact on fault levels.
- Iain Miller (IM) noted that to address fault levels different options may be chosen by DNOs so WLCs might apply. MK noted that the materiality of this will be minimal (as in DPCR5). JH agreed with MK but noted that it might increase in ED1 (and ED2) and on that basis in the September Paper (the initial proposals for cost assessment in RIIO-ED1) Ofgem are likely to note that WLCs may be appropriate in this area and invite views.
- **ESQCR:** it was noted that the bulk of this will fall away in ED1. It should be “business as usual” as it’s no longer a separate programme and therefore the area in C1 is not required. JH asked the question about where it would be reported if not in the tables for the Business Plan pack? Bob Parker (BP) suggested replacement, SW suggested trouble call. The debate concluded that it could be either depending on the urgency with which the company had to deal with an identified issue. For visibility, JH suggested keeping it as it is in DPCR5 for ED1 but to take note that it will drop off – the DNOs agreed.
- **Asset Replacement:** JH noted that Lawrence Irlam of Ofgem talked through this on 26th June.
- MK noted that the Transmission model for non-load related expenditure (NLRE) was age based and questioned the use of this for distribution. JH noted that the model will be used as a gauge only for distribution.
- BP noted that WLCs were appropriate for *Woodpole overhead lines* but questioned whether woodpole overhead lines should be separated from *Modelled costs*. BP suggested collapsing the two, noting that FB PQ (forecast business plan questionnaire) data was inconsistent and interpreted differently across DNOs, whereas there are now consistent definitions for DPCR5 woodpole overhead line data. MK noted that FB PQ submissions were not helped by the last minute request to separate the areas out. JH noted that ideally Ofgem would collapse the two but we will need to look at the data before making a decision on it.
- *Substations* – the requirement for this was questioned with the note that it is now captured in *civils*. JH noted that Ofgem will look at 2011/12 data and how it changed from 2010/11. JH asked if it is still worth having *civils* separated out. MK said yes - otherwise the unit costs on transformers are skewed and that the separation exists to deal with outliers. BP agreed – the data gives

Ofgem the opportunity to question the appropriateness of different solutions to a problem – ie inside v outside substations. Separation keeps the other data cleaner.

- JH asked should *non-modelled costs* be removed. DNOs believe that they should – MK, SW and BP all asked the question – what are in *non-modelled costs* for different DNOs? IM believed that there will be some, even if small, and JH asked for an example. JH suggested looking at this year's data. JH further re-iterated that while the DPCR5 tables will not change and given the work in RIGs V3 there is unlikely to be substantial changes to the ED1 tables but tweaks to the tables are very likely for ED1 and the tables for the well-justified business plans (WJBP).
- Keith Mawson (KM) noted that another area to consider is basic replacement v replacement with additional functionality. JH stated that tables built to allow such a distinction is clearly an option for ED1.
- Regarding *Unit cost adjustment* MK noted that he doesn't understand this category – other DNOs agreed. It is likely that this will be removed for ED1 as such "adjustments" should be reflected in the Information Quality Incentive (IQI) mechanism and it is no longer necessary now that more robust unit cost data is now available.
- **Operational IT:** DNOs all agreed with the approach suggested by Ofgem to seek a review by consultants.
- **Legal and Safety:** JH noted that while specific proposals reviews might be appropriate for this area, we must be mindful of the time to make fast-tracking decisions and to undertake such reviews may not be practical. This is an area where the approach may differ for fast track and slow track.
- **Quality of Supply:** JH noted that this is an area that will likely drop off in ED1 as this will be covered in the CIs (Customer Interruptions) and CMLs (Customer Minutes Lost) incentive. BP asked the question - if DNOs are not getting an ex ante allowance for this then why do they need to provide the data. MK noted that DNOs should tell Ofgem where they are spending money (stakeholders will want to know) so that the numbers add up (ie the data tables back up the WJBP). SW stated its fine to include in plans provided Ofgem has confirmed (a) the form of incentive (b) that this spend will not be included in IQI and (c) that no adjustment to incentive targets will be made to reflect DNOs' proposed spend. JH noted that Ofgem do not wish to ask for the CIs and CMLs for benchmarking and setting ex ante allowances but that stakeholders will want to know so it should be reported. MK agreed – this makes things transparent. JH agreed that this would be discussed with Karl Hurley who takes responsibility in this area for the Cost and Output Team.
- **High Value Projects:** SW asked whether Ofgem has a view on what value a *High Value Project* is. JH noted that for Transmission it was £400m, for DPCR5 it was £15m, but that while it is likely to be higher than £15m Ofgem has not reached a view on this but it will do for the Sep paper.
- JH noted that it may be the case that rather than having DNOs set out projects A, B and C and that is all they can deliver, they may change to B, C and D provided that the substituted schemes deliver the same outputs and are of similar value. Ofgem note the need to develop a set of rules that will allow such a substitution. MK noted that he agreed with this approach. He noted that he thought a memo table in the annual pack would be more appropriate for *High Value Projects* as the driver is not the project itself but usually general

reinforcement or asset replacement. IM did not necessarily believe that this was true. MK noted that a much better argument for having a table is due to inconsistency and noted that an approach in Transmission was to have an area for large value, uncertain schemes and if they are triggered then the licensee has to give justification to Ofgem.

- **Major System Risks:** Flooding – DNOs believe that WLCs are appropriate in this area as one DNO may go for a capex solution, another may go for an opex solution. Some might protect weak points, some might protect the whole site etc. JH noted that from a cost assessment perspective, overall risk is important and therefore £ per risk reduction measure is appropriate. MK questioned the use of assessing risk reduction over time. JH noted that all other things being equal, the longer an identified risk is left without taking mitigating action, the more likely the risk is of occurring. It was reported that this is also the view of DECC. JH noted that Ofgem are mindful of the fact that it may need to take action to ensure that DNOs are not exposing customers to risk for a long period of time. This idea of a penalty/reward system is to encourage the right behaviour from DNOs. It was also noted that DNOs now have a better understanding of flood risk.
- **HILP:** JH noted very little activity in this area. SW noted that it has been superseded by wider resilience debate. Julian Rudd (JR) noted that it is useful to have HILP separate as it allows a discreet conversation to take place – it aids such a discussion. It was asked if HILP could be put into *High Value Projects*, but this was rejected - while it is a strategic investment it is not necessarily high value. BP noted that surely a DNO that has problems with security of supply can bring specific proposals to Ofgem as part of General Reinforcement. SW noted that as long as it is separately identified it does not muddy the waters in other areas. JH stated Ofgem will review what has been done in this area to date and if it would be amenable to move into general reinforcement. But the question was raised on whether it is asset replacement.
- An action was placed on DNOs to identify the pinch points that will determine which part of the analysis HILP should reside (asset replacement, general reinforcement).
- IM noted that he did not believe that HILP should be in general reinforcement. MK noted that the scale and significance of HILP is important as if high it will have an impact on benchmarking. JR noted that he would like it to remain separate in the table as it generates a warranted debate on who pays (for example, do a few hundred thousand domestic customers in central London want to pay for the demands and requirements of multi nationals?).
- **Environmental:** JH noted that the Environmental Working Group is discussing this area and will seek an update from them on this area. Regarding *Fluid-filled cables* BP noted that care needs to be taken with analysis of this as it was originally in environmental and then moved to asset replacement. MK also noted another caution with the analysis – there was a need to separate out oil in service from the total leaked – this was difficult. JH noted that work in this area needs to be done before June submission to ensure consistency with fluid-filled cables. It is likely that this sits with the Environmental Working Group but CAWG representatives will discuss this with their colleague. BP agreed to note where exactly the ambiguity is in this area.
- **Connections:** JH noted that this area is covered in the slides and asked that DNOs send any comments to Tom Johns at Ofgem. Regarding *High volume low cost connections* KM noted that there is a need to have greater clarity on shared use and sole use connections and noted that Ofgem need to bear this in

mind in any analysis. IM noted that given the economic conditions, shared use connection costs have been more expensive but there can be some level of suppression for any given volume of connections. JH noted that this should be less of a problem for ED1 and that we need to temper the amount of work in this area based on the materiality. Further, JH noted that it is up to the DNOs to state that the picture is different than in the past and to justify it.

- Regarding *Low volume high cost connections* it was noted that a volume driver will be problematic and perhaps a true up mechanism would be appropriate. KM noted if it isn't a reopener or true-up mechanism then there is a risk factor and the question is whether customers want to pay for a risk factor or true-up? SW agreed that there should be a mechanism to assess LVHC but it should not be a mechanistic volume driver given the varied nature of these projects.
- **Faults:** Ofgem believe it is appropriate to have efficient volumes as well as efficient costs of faults. This will be in the September Paper and views will be invited. SW asked if the Paper will make a clear distinction between a fault and interruptions. It was noted that when stakeholders state that they believe efficient fault volumes should be incentivised that they may in fact be supporting incentivisation of interruptions (not understanding the technical reasons why faults may not necessarily lead to interruptions). Ofgem agreed this would be done and that it will ask Karl Hurley to put in an example to illustrate.
- Regarding *LV HV UG faults* BP asked if Ofgem going to differentiate between CONSAC and non-CONSAC in determining efficient volumes. JH noted if the data is robust Ofgem may do so.
- Regarding, *Non-QoS* JH noted that the data was poor in this area as it is not incentivised.
- Regarding, *Pressure assisted cables* JH asked if this level of detail is required or could it not be analysed with other UG cables. MK noted that separation does permit looking across what's going on in *Pressure assisted cables* and how it affects big ticket items across other tables (asset replacement, I&M etc).
- BP noted potential for inconsistency in the reporting of incidents that are high cost to repair. For example if a 132 kV underground cable fails in service such that asset replacement is undertaken, then the asset replacement costs are reported in RRP Table CV3 (Asset Replacement). However, if a 132 kV underground cable is damaged by a third party and repairs of a similar content are required the costs are reported in Table CV15 (Trouble Call). This could lead to potential inconsistency in benchmarking and this could happen to any DNO. JR noted that on this basis it makes sense to keep separate. JH noted that Ofgem will run the analysis separately and then combined, before reviewing.
- JH noted that Karl Hurley will run the numbers together and separately to look at the differences, but from discussions he notes that preference for high cost incidents to be in the WJBP tables as this will allow transparency. The narrative should be used to corroborate what is in the table and not to be the main justification as this creates a more difficult task for Ofgem when assessing.
- JH asked if the *one in twenty storms* category is necessary – DNOs all said yes as it is not feasible to include in normal benchmarking. BP noted to incorporate into other fault costs would not allow assessment of efficient fault rates (its inconsistent with this proposition from Ofgem). SW noted that making no allowance for one in twenty storms would increase the cost of capital which is

likely to be more costly for customers. JH asked if historical costs can be used to set benchmarks, SW noted that given there are so few this might not be the right thing to do for customers. In summary, it would be appropriate to have a storm allowance, but Ofgem need to look at the data from the small number of 1 in 20 storms to determine the storm allowance. MK asked that Ofgem provide clarity in the September paper on proposed approach.

- BP also noted inconsistencies with the templates to be provided to Ofgem concerning *one in twenty storms* – the MTP, RRP and forecasts are inconsistent. Some you have to identify *one in twenty storms* separately, others not, in another it said exclude. JH agreed Ofgem will look at this and noted it is easily resolved to have *one in twenty storms* in all of these.
- **Inspection and Maintenance:** JH noted the need to review the proposed frequencies. MK asked if Ofgem are open to DNOs suggesting ways for assessing *submarine cables*. JH said yes and asked MK to provide something by third week in August as this may be used for September Paper.
- Regarding *Urban specific*, DNOs were not clear on what this is. SW suggested that perhaps it's the opex equivalent of non-modelled costs. BH suggested a memo pack for this. JR agreed to check where UKPN report this in the pack and noted that potentially it is no longer needed as a special category.
- **Tree cutting:** MK asked Ofgem to review their initial thoughts on reusing the DPCR5 approach of spans managed – analysis based on RRP RIGs Version 3, distinguishing between spans cut and spans inspected as a unit cost for each, would be appropriate. JH asked if a true-up mechanism would be appropriate. There was support for this with some level of tolerance built in. IM asked the question about how those DNOs working smarter are treated. JH said this is what the tolerance is for.
- **NOCS other:** JH noted that regarding substation electricity usage per site, there may be a need to open this up to consider the size of the site as a factor. Discussion also concerned how vertically integrated companies are treated and the different regional factors (like network being heated in Scotland). While valid points, JH noted that we need to be proportionate treatment of areas and that Ofgem will look at the data before taking this further.
- Regarding the proposal for a volume driver for *Dismantlement* SW noted that this is another "little area" but the number of proposed volume drivers all add up and no ex ante allowance across these as a collective could have significant on cash flows and financeability.
- **Non-Op Capex:** regarding *Property* SW noted the need for Ofgem to be alive to differences across DNOs and the reasons for these, which include outsourcing, insourcing, centralisation, decentralisation.
- **Report Timing:** on a separate issue, JH noted that Ofgem are giving some thought to the timing of the annual submissions in 2013 and will get back to DNOs on this. There may be areas that won't be necessary given the WJBP tables that will be submitted.

Action	Person	Date
DNOs to consider the pinch points that will determine which part of the analysis HILP should reside (asset replacement, general reinforcement).	DNOs	17 August 2012
BP to email Ofgem detail of the ambiguity surrounding fluid-filled cables.	BP	17 August 2012

Ofgem to discuss who is best placed to deal with further work on fluid-filled cables.	JH	24 August 2012
DNOs to send any comments on Connections to Tom Johns	DNOs	10 August 2012
Ofgem to look at the inconsistency in reporting of one in twenty storms in MTP, RRP and forecasts.	JH/Karl Hurley	31 August 2012
MK to suggest different means of assessing submarine cables.	MK	17 August 2012
JR to report to Ofgem on where <i>Urban specific</i> costs are reported in the RRP.	JR	17 August 2012
Ofgem to send DNOs an update of the DPCR5 assessment template	JH	24 August 2012

4. Review of WPD Model

4.1. Andrew Stanger (AS) reported back to the group the collective DNO feedback on the WPD model (see associated slides). Key points discussed were:

- BP noted that the model includes costs outside the price control as they drive costs within the price control. KM did not agree with this approach as costs get reallocated differently across DNOs. SW noted that in actual fact they are both saying the same thing – that the non-price control costs should be included when looking at gross indirect costs and excluded when looking at net. That overall when looking at indirects, it is appropriate to assess both gross and net costs. JH noted that Ofgem will allude to the allocation methodologies in the Sep Paper and invite views on the differences and rationale for different approaches.
- All DNOs agreed to share pension data and JH agreed to send out normalised pension data based on the ENWL calculation. Action on SW to assess significance of adjusted pensions on results.
- JH noted that the quality of data from the licensees is what is driving many (not all) of the criticisms of the model. He reminded DNOs that any model is only as good as the data that the DNOs provide.
- BP and BH noted that many of the issues raised have been addressed in V2 of the model.
- AS agreed to make tweaks to slides following feedback from DNOs to make sure that he has interpreted their feedback correctly.
- MK noted that it would be useful to clearly identify where (and why) the model uses different cost drivers than those in DPCR5. These were well laid out in the final proposals for DPCR5 and this should be updated for ED1 approach. BP and BH agreed to do this for the model.
- JH noted that any “ropey” data next June will be stripped out before benchmarking.
- BP then presented V2 of the model. It was agreed that V3 with 2011/12 data would be added. JH asked the model be built to have 10/11, 11/12, 12/13, rest of DPCR5 and ED1 data. BP and BH agreed.

Action	Person	Date
JH to send round to DNOs normalised pension data based on the ENWL calculation.	JH	3 August 2012
DNOs to send AS comments on slides containing summary view of the DNO model.	DNOs (excl. SP)	10 August 2012
BP and BH to list all cost drivers in DPCR5 and then to note	BP/BH	31 August

if they have changed in their ED1 model and reasons for this. This should be circulated to DNOs and Ofgem.		2012
BP and BH to circulate V3 of the model.	BP/BH	31 August 2012
Action on SW to assess significance of adjusted pensions on results	SW	31 August 2012

5. IQI

5.1. JH presented Ofgem's initial thoughts on the IQI for ED1. DNOs were broadly supportive that fast track companies should always be better off than slow track companies but the detail on how this would work requires further consideration. Some of the issues raised were:

- If a matrix mechanism is designed to ensure that FT companies are no worse off, why not simply give them an allowance/incentive reward?
- If the IQI for ST is based on the second not first submission, this leaves Ofgem exposed to "gaming".
- Key questions to be answered:
 - How does the IQI framework work – how do Ofgem come up with matrix, penalty, rewards etc?
 - What areas/activities does it apply to?
- JH asked that DNOs send Ofgem any questions/bullet points on IQI to him to allow consideration of the points when developing the detail.

Action	Person	Date
DNOs send Ofgem any questions, bullet points on IQI to inform the detail of the proposed mechanism.	DNOs	2 August 2012

6. Date of next meeting

The next meeting will take place on 18 September at 10am at UKPN's office (Newington House, 237 Southwark Bridge Road, London, SE1 6NP). Other dates for the CAWG are as follows:

- Tuesday 9th October (Ofgem London)
- Tuesday 13th November 2012 (Ofgem Glasgow)
- Tuesday 4th December 2012 (Ofgem Glasgow)
- Thursday 17th January 2013 (Ofgem Glasgow).

7. Consolidated list of actions

7.1. The table below provides a consolidated list of actions to date.

	Action	Person	Date	Complete?
Ofgem				
1	Remove Scenarios from C1 in Forecast pack.	MH	01-May-12	✓
2	Ofgem to provide in the minutes a link to the Dartford Determination consultation document.	SM	01-May-12	✓
3	Ofgem to circulate with the minutes comments on costs assessment issues in response to the RIIO-ED1 launch	SM	01-May-12	✓

	letter.			
4	Ofgem to circulate the links to the options value model being used in RIIO-GD1 with the minutes.	SM	01-May-12	✓
5	Ofgem to circulate a redraft of the TOR and submitted comments on the TOR.	SM	04-May-12	✓
6	Ofgem to pull together a straw-man of meeting topics.	JH	04-May-12	✓
7	Ofgem will arrange with James Grayburn to present on the options value model in one of the CAWG meetings.	JH	04-May-12	✓
8	Ofgem to add delete the area in the forecast pack regarding scenarios and add it in separate table for visibility purposes only.	MH	04-May-12	✓
9	Ofgem to find out from Bill McKenzie which working group will be dealing with the issue of pension deficits.	SM	03-May-12	✓
10	Ofgem to provide greater clarity on the "opt-in" principle.	JH	10-May-12	✓
11	Ofgem to provide greater levels of commentary in the tables and for decisions made.	C&O team	ongoing	
12	To engage with colleagues to inform them of a preference of three scenarios.	Ofgem and DNOs	ongoing	
13	Ofgem to provide guidance on the scenarios.	JH	Within 1 month of WS3 report	
14	To confirm that date that James Grayburn will present at the CAWG.	SM	14-May-12	✓
15	Ofgem to provide further guidance on the scenarios and respond to email send by Sarah Walls of ENWL (cc'ing in other DNOs).	JH	15-May-12	✓
16	Ofgem to provide guidance on the elements of the BSC that will/will not be in the public domain.	SM	TBC	✓
17	JH and MK agreed to have an off-line discussion on where best to debate the issue of most efficient solutions.	JH and MK	14-Jun-12	
18	Ofgem to provide further detail on how to assess whole life costs.	JH	10-Jul-12	✓
19	Ofgem to collate the comments on the critique of the WPD totex model.	JH, SM, MH	26-Jun-12	Passed to SP on behalf of DNOs
20	Ofgem to provide further detail on how the no worse off principle will operate in practice.	JH	No later than Sep paper	
21	Ofgem to put regression analysis and supporting data on NOCs on the FTP.	KH	30 May, 31 May, 1 June 2012	✓
22	Ofgem to provide September meeting dates to the group.	SM	01-Jun-12	✓
23	Ofgem to email DNOs a blank version of ENWLs costs assessment template.	SM	01-Jun-12	✓
24	Ofgem to send summarise all responses to DNO actions and email to the group.	SM	01-Jun-12	✓
25	Ofgem to inform the group of the new date for action 12.	SM	01-Jun-	✓

			12	
26	Ofgem to speak with Regulatory Finance colleagues on plans for cost visits.	SM	08-Jun-12	✓
27	Ofgem to inform DNOs on whether the finance pack should be included in Action	SM	08-Jun-12	✓
28	Ofgem to pull together thoughts on treatment of substation electricity for DNOs to critique.	JH	14-Jun-12	
29	Ofgem to check and re-run numbers on DPCR5 expenditure on CAIs.	MH	23-Jun-12	✓
30	Ofgem to re-run NOCs analysis with July numbers	KH	03-Aug-12	
31	Ofgem to run July data on new groupings (of CV15) for the September meeting.	KH	Sep-12	
32	Ofgem to respond to DNOs on their views on the data required by DNOs for their models.	SM	31-Jul-12	
33	Ofgem to circulate to DNOs the internal paper on scenarios.	JH	TBC	
34	Ofgem to send an updated version of the spreadsheet on the DPCR5 assessment and add in its views.	SM	31-Jul-12	
35	Ofgem to send a letter to DNOs regarding the sharing of data	MH	20 July 2012	
35	Ofgem to check who made the productivity improvement assumptions for RPEs in DPCR5.	MH	20-July-2012	
37	Ofgem to check on the action responses and note on the slides for CAIs if majority, minority or unanimous view.	MH	20 July 2012	
38	Ofgem to note is the areas of the DPCR5 Assessment template where whole life costs may apply	JH	31 July 2012	
39	Ofgem to check the legal position on sharing of forecast data	JH	20 July 2012	
40	Ofgem to give further consideration of the use of Real Options in ED1	JH, SM, MH	TBC	
41	JH to send round to DNOs normalised pension data based on the ENWL calculation.	JH	3 August 2012	
42	Ofgem to discuss who is best placed to deal with further work on fluid-filled cables.	JH	24 August 2012	
43	Ofgem to look at the inconsistency in reporting of one in twenty storms in MTP, RRP and forecasts.	JH/Karl Hurley	31 August 2012	
44	Ofgem to send DNOs an update of the DPCR5 assessment template	JH	24 August 2012	

DNOS				
1	DNOs to provide to Ofgem thoughts on totex.	DNOs	05-May-12	✓
2	DNOs to come back to Ofgem to state willingness to present thoughts on totex at the next meeting.	DNOs	04-May-12	✓
3	DNOs to give thought prior to next meeting on further iterations of assessing BSCs	DNOs	09-May-12	✓
4	DNOs to provide to Ofgem their thoughts on areas that would merit use of external consultants.	DNOs	11-May-12	✓
5	Keith Mawson to provide an email proposing some words re RPEs to facilitate consistency in submissions.	KM	10-May-12	✓
6	DNOs to provide a high level view on what data tables should accompany the well justified business plan	DNOs	18-Jun-12	✓

	(WJBP). Take existing reporting templates and indicate how much/little, and in the format (i.e. as is or more aggregation) of these that they thought			
7	To engage with colleagues to inform them of a preference of three scenarios.	Ofgem and DNOs	ongoing	✓
8	DNOs to email Ofgem with more detailed feedback on the Meeting plan (what should be covered, when it should be covered, in what level of detail and what they would like to achieve by the end of each meeting).	DNOs	17-May-12	✓
9	DNOs to provide feedback on the DNO Totex presentations.	DNOs	24-May-12	✓
10	DNOs agreed to feedback to Ofgem their views on the length of future forecasts	DNOs	24-May-12	✓
11	DNOs to provide feedback to Ofgem on the scenario worksheet that was sent out with the July forecast pack.	DNOs	24-May-12	✓
12	To put the 2010/11 data into the WPD totex model and report to the entire group. If not feasible in timescale, an earlier version of the WPD model will be populated with 2008/09 data.	BP and BH, WPD	31-May-12	✓
13	To critique the model in light of the numbers.	DNOs	14-Jun-12	Moved to action 43
14	JH and MK agreed to have an off-line discussion on where best to debate the issue of most efficient solutions.	JH and MK	14-Jun-12	✓
15	MK/SSE to raise the issue at the next LI meeting.	MK/SSE	14-Jun-12	✓
16	To present the numbers and comparison at the next totex meeting (26 June 2012).	BH and BP	26-Jun-12	✓
17	How would licensees put forward a justification of lowest whole life cost?	DNOs	10-Jul-12	ENWL, NPg, SP, SSE, UKPN, WPD
18	DNOs will provide their scenarios forecasts no later than 20 December 2012.	DNOs	20-Dec-12	
19	WPD to provide a new date for action 12.	DM	31-May-12	✓
20	SW to share with DNOs and Ofgem ENWL's Excel file that informed the presentation.	SW, ENWL	06-Jun-12	✓
21	DNOs to complete the template on cost assessment activity i.e. views on how cost assessment should be conducted across activities.	DNOs	18-Jun-12	✓
22	AS to check figures on substation cost per unit once receive data from SW and report back on issues.	AS	22-Jun-12	✓
23	DNOs to email Ofgem preferences of submission and visit dates.	DNOs	22-Jun-12	✓
24	DNOs to comment on any issues they have with the NOCs data on the FTP and NOC data presented by ENWL.	DNOs	22-Jun-12	✓
25	DNOs to detail to Ofgem the key principles that they would apply in running checks on developed models.	DNOs	22-Jun-12	✓
26	DNOs to provide their thoughts to Ofgem on whether different scenarios should be applied when assessing NOCs for the WJBP.	DNOs	22-Jun-12	✓
27	DNOs to provide their thoughts to Ofgem on the potential use of volumes for faults and allowances.	DNOs	22-Jun-12	ENWL,

				NPg, SP, SSE, UKPN, WPD
28	DNOs to provide their thoughts to Ofgem on the optimum level of aggregation for the troublecall table (CV15) in the costs and volumes RRP.	DNOs	22-Jun-12	✓
29	DNOs to provide Ofgem with their thoughts on the use of the QoS data to produce efficient volumes of faults for each DNO, and then combine this with actual cost data.	DNOs	22-Jun-12	✓
30	DNOs to provide their thoughts to Ofgem on the optimum level of aggregation within the I&M table (CV13) in the costs and volumes RRP to assess unit costs. DNOs should also consider aggregation across tables (elements from the asset replacement table CV3) and the period over which unit costs should be assessed.	DNOs	22-Jun-12	✓
31	DNOs to identify appropriate types of drivers and splits in CAIs on which to develop cost drivers.	DNOs	22-Jun-12	✓
32	DNOs to provide thoughts on elements of CAIs that will be fixed and elements that will flex depending on scenarios.	DNOs	22-Jun-12	✓
33	DNOs to identify appropriate treatment of Non Op Capex - where particular elements should be reported and costs drivers.	DNOs	22-Jun-12	✓
34	DNOs to provide Ofgem details on their potential contribution to smart meters.	DNOs	22-Jun-12	✓
35	DNOs to present suggestions of an appropriate output for WFR.	DNOs	22-Jun-12	ENWL, NPg, SP, SSE, UKPN, WPD
36	SW to provide Ofgem with note on current understanding of the proposed role and functions of DCC Communications.	SW	22-Jun-12	✓
37	DNOs to note what data, what level of granularity and what length of data (historic and forecast) they will require to input to their models.	DNOs	29-Jun-12	ENWL, NPg, SP, SSE, UKPN, WPD
38	DNOs to email Ofgem with their approach/range of techniques that they intend to use for the cost assessment part of the WJBP.	DNOs	03-Jul-12	ENWL, NPg, SP, SSE, UKPN, WPD
39	DNOs to send their views on how they believe Ofgem should approach their assessment in fast track.	DNOs	03-Jul-12	ENWL, NPg, SP, SSE, UKPN, WPD
40	DNOs to send their views on how they believe Ofgem should approach their assessment in slow track.	DNOs	03-Jul-12	ENWL, NPg, SP, SSE, UKPN, WPD
41	DNOs to send their views on where the CAWG should devote time (on 31 st July, Sep and post Sep meetings).	DNOs	03-Jul-12	ENWL, NPg, SP, SSE,

				UKPN, WPD
42	UKPN to provide Frontier Economics initial view on Totex work	UKPN	06-Jul-12	!
43	DNOs to provide SP their views on V1 of the WPD model.	DNOs	24-Jul-12	ENWL, NPg, SSE, UKPN, WPD
44	WPD to circulate proposed mid-model.	WPD	24-Jul-12	!
45	SP to co-ordinate the views of DNOs of the WPD model and present at the next meeting.	SP	31-Jul-12	
46	DNOs to circulate to all other DNOs agreed "shared data".	DNOs	01-Aug-12	Annual data shared.
47	WPD to take CV3 and take median of unit costs and use MEAV in the model (rather than circulate MEAV calculation in V1 of model).	WPD	Early Aug	✓
48	WPD to circulate V2 of the model (cosmetic/layout).	WPD	Early Aug	✓ see action 60.
49	WPD to circulate V2 model with July numbers.	WPD	Early Aug	✓ see action 60.
50	DNOs to respond to the BSCs element of the IP to allow discussion of this at the CAWG on 18 th September 2012.	DNOs	7 Sep 2012	
51	DNOs to comment on areas of the slides that they wish to change	DNOs	20 July 2012	✓ NPg, WPD
52	DNOs send Ofgem any questions, bullet points on IQI to inform the detail of the proposed mechanism.	DNOs	2 August 2012	
53	DNOs to send any comments on Connections to Tom Johns	DNOs	10 August 2012	✓ NPg
54	DNOs to send AS comments on slides containing summary view of the DNO model.	DNOs (excl. SP)	10 August 2012	✓ NPg
55	DNOs to consider the pinch points that will determine which part of the analysis HILP should reside (asset replacement, general reinforcement).	DNOs	17 August 2012	NPg
56	BP to email Ofgem detail of the ambiguity surrounding fluid-filled cables.	BP	17 August 2012	✓
57	MK to suggest different means of assessing submarine cables.	MK	17 August 2012	
58	JR to report to Ofgem on where <i>Urban specific</i> costs are reported in the RRP.	JR	17 August 2012	
59	BP and BH to list all cost drivers in DPCR5 and then to note if they have changed in their ED1 model and reasons for this. This should be circulated to DNOs and Ofgem.	BP/BH	31 August 2012	
60	BP and BH to circulate V3 of the model.	BP/BH	31 August	

Your title will appear here

Minutes

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