

Electricity Connections Steering Group

Minutes of ECSG from 8 th February	From	Stacy Feldmann
	Date and time of Meeting	8 February 2012
	Location	Ofgem Offices

1. Present

Attendees	Company	Representation
Jason Raymond (JR)	Premier Energy	Consultant
Steve Wood (SW)	UK Power Networks (UKPN)	DNO
Gareth Pritchard (GP)	ASLEC	Industry group
Tim Edwards (TE)	Local Authority	UK Lighting Board
Steve Bolland (SB)	AMEY	Unmetered Connections Customer Group (UCCG)
David Taylor (DT)	UPL	ICP
Bob Weaver (BW)	PowerCon	Distributed generation
David Clare (DC)	Davis Langdon	British Property Foundation & MCCG
Peter Thompson (PT)	Northern Power Grid (NPG)	DNO
Chris Bean (CB)	Power On Connections	Metered Connections Customer Group (MCCG)
Michael Smith (MiS)	Western Power Distribution (WPD)	DNO
Dave Overman (DO)	GTC	IDNO
Michael Scowcroft (MS)	Scottish Power (SP)	DNO
Alex Spreadbury (AS)	MEUC	Customers
Catherine Falconer (CF)	Scottish and Southern Energy (SSE)	DNO
Brian Hoy (BH)	Electricity North West Limited (ENWL)	DNO
James Veaney (JV)	Ofgem (Chair)	Ofgem
Stacy Feldmann (SF)	Ofgem (Secretariat)	Ofgem
Rowaa Mahmoud (RM)	Ofgem	Ofgem

2. Apologies

Ray Farrow (RF) HBF; Rebecca Langford (RL) Ofgem

3. Minutes of last meeting and outstanding actions

Action	Responsibility	Status update
Circulate slides and documents presented by all stakeholder groups	Ofgem	Done/ongoing action following all ECSG meetings
Provide follow up on next steps of the new working practice for disconnections	Ofgem	SF circulated an update from Dan Cattle of GemServ on the 20 th December 2011. Members were advised that in order for a working practice to become a formal obligation, it was the duty of MRA members to push it

		forward but that at present there were possibly some interactions with the new Green Deal that would mean that this next step could be delayed. It was also clarified that the Green Deal was a separate issue which had some impact on the application of disconnections to sites that had Green Deals attached to them. However, this did not have an impact on the working practice other than diverting resources away from progressing this working practice to a formal obligation. JR asked whether any DNOs were prepared to conduct their disconnections process in line with the new working practice. DNOs would consider this and respond.
Ofgem to check template to see how rent-a-jointer was reported	Ofgem	SB clarified that the question related to whether rent-a-jointer was seen as part of DNO non-contestable work. It was clarified that this was the case. It was explained what was listed in the Connections Industry Review (CIR) template for rent-a-jointer, but it was further clarified that these templates were not completed by DNOs this year following changes to the Regulatory Instructions and Guidance.
SB encouraged to provide evidence and feedback regarding exact perceptions raised by the UCCG members on the data reported in the CIR	SB	Closed. Discussed in UCCG update on the agenda
BS to circulate NMO memo on the 500 watt rule to Ofgem	BS	Outstanding
Keep ECSG updated on progress of promoting best practice legals process with other DNOs	DO	Ongoing and this will form part of the priority work streams with the DNO group for the year.
Circulate comparison table of budget estimates and quotes	Ofgem	Following discussion, it was outlined that the comparison table will be re-circulated. It was further discussed and agreed
DNOs to give some consideration to commonality of budget	DNO group	

estimates and quotes		that the MCCG should feed to the DNO group what they would like to see in budget estimates and quotations. However, DNOs sought clarification about whether this was a new priority item to take the place of the other 3 identified items. It was recommended this was an ongoing issue and that it should be possible to take this discussion offline. It was suggested that bilateral discussions could be had as necessary with individual DNOs following submission of best practice suggestions for budget estimates and quotations. Action was for the MCCG to report back the outcome of these discussions to the ECSG. DNOs are to consider areas of commonality for budget estimates and quotes and present at the next ECSG.
Keep ECSG updated regarding the progress on developing a multi-utility database	RF	Ray Farrow was not present to provide an update
Optional action for concerned parties to take the out-of-area project forward themselves, if they wished	Concerned parties	JV provided an update that as discussed, there was a session in March scheduled to discuss this.
Re-circulate out-of-area connections letter again	Ofgem	
Ofgem to provide an official response regarding out-of-area connections and conclusion now that the comment stage has ended	Ofgem	
Breakdown of costs responses from MCCG- circulate to ECSG members	MCCG	Outstanding
To circulate high level summary of responses to MCCG customer satisfaction survey	MCCG	Outstanding-MCCG will circulate to Ofgem first before then sharing with individuals
DNOs asked to consider the I&M ratchet mechanism in light of long-standing, competent ICPs	DNO Group	Was discussed as part of the agenda for the meeting
Review the current dispute resolution processes in place and provide a consolidated	DNO group	Was discussed and DNOs are still to respond to MCCG

response to the MCCG and ECSG		
Members encouraged to provide feedback on their experience of GSOP	ECSG members	JV reiterated this
Members encouraged to feed into the process of considering GSOP understanding being conducted by DNO group	ECSG members	
Circulation of 12 tests of competition presentation given by the Competitive Networks Association (CNA)	Ofgem	David Overman circulated this 17 November 2011
MCCG and UCCG to indicate their priorities to the DNO group	MCCG &UCCG	This was discussed as part of the agenda for the meeting
DNO group to present at the next MCCG and UCCG meetings on the proposed next priorities	DNO Group	This was discussed as part of the agenda for the meeting
Questionnaire to customers regarding their experience of GSOP to be drafted	RF	RF was not present to update on this
Keep ECSG updated on the progress of the GSOP review	Ofgem	ongoing
Check if Ofgem was a signatory to the Memorandum of Understanding (MoU) for Lloyds Register	Ofgem	This was checked and an update was provided. It was proposed by DO that this should be part of the remit of the new Inspection and Monitoring priority work
Write minutes without acronyms/or with explanation of acronyms	Ofgem	Ongoing action item

It was noted that 2nd comer is not on the action list any longer. BH took an action to follow up on the provision of data to Ofgem as required to provide as part of the business case for the change to these regulations. In addition, was an action was noted for Ofgem to ensure that the action lists were consolidated.

4. Sub group updates

4.1. Extension of Contestability (EOC) Group

An update was provided on behalf of RL who was not present. Responses to the consultation on extending contestability to this area had been received and published. Ofgem are keen to reconvene the working group as consultation responses had raised some points that required discussion prior to Ofgem issuing its decision. EoC members have been contacted to schedule this follow up working group meeting to consider responses to the consultation.

DO raised the following concerns:

- Contractors working on the DNOs network without accreditation as there is currently no accreditation in place for such work

- Contractors are independently engaged by others but who are also completing work for DNOs
- Large amount of responses to the consultation don't want contestability to be extended to operational activities. However, in his view, on the ground there is a working market.

4.2. Point of Connection (PoC) Group

SF took an action that the PoC members would be emailed with a follow up meeting date by the end of the week, Friday 10th February

DO provided an update with regard to which DNOs had been approached to do trials. He reported that he would be meeting with Northern Power Grid and SSE the following week to discuss initiating trials. Northern Power Grid clarified that they would only be looking to do trials at Low Voltage (LV).

4.3. Part-Funded Connections (PFC) Group

JV reported that the group was considering some very complex issues and therefore the live date of 1st April was unlikely. The working group is planning to reconvene in February.

It was clarified that the issues concerned allocation of fixed costs and the impact to DUoS¹ customers if there was a change to the current regime.

Actions	Person – By
Inform PoC group of the new date for the first PoC meeting	Ofgem

5. Stakeholder group updates

5.1. MCCG

Dispute resolution process

Papers were circulated on this. MCCG have attempted to push this through the COG and the ECSG. The MCCG questioned the members about the next avenue to push this proposal through.

MCCG clarified that they have concerns with the number of internal escalation stages there are within the DNO's dispute process to resolve a dispute. MCCG feel that it would not be unreasonable for business or commercial disputes to be resolved quickly. The concern raised by BW on behalf of the MCCG specifically references a published document issued by Ofgem where it is contended, there is a requirement for an internal process of 2 stages within each DNO for dispute resolution.

Ofgem clarified that the document in question² set out that each DNO should have an internal dispute resolution process for business disputes, the details of which should be published on their website. Unlike disputes with domestic customers, there would be no requirement for these disputes to be referred to Energywatch (subsequently replaced by Energy Ombudsman) prior to a referral to Ofgem for determination. The two stages in question therefore were the company's dispute resolution process, followed by Ofgem referral. We did not specify the number of stages each company should adopt in their internal process.

¹ Distribution Use of System—charges levied for the use of the network

² <http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/16982-2607.pdf>

Ofgem also pointed to a new initiative introduced through the Distribution Price Control 5 called the Broad Measure of Customer Satisfaction. This levies a financial penalty associated with prescribed timescales for resolving complaints. It was felt that this was a smarter way to regulate rather than setting out step by step what to do. The Competition Test also provided an incentive for DNOs to resolve these type of issues efficiently.

Furthermore, following discussion between the members, it was pointed out that the 8 week timeframe for resolution of a dispute by the DNO was led by the obligations of the Energy Ombudsman who can only look at a dispute either when this 8 week resolution period has lapsed or a deadlock between the parties has been reached.

Ofgem ended the discussion by clarifying that working groups for the new price control would be scheduled soon. These may provide an opportunity to consider whether any aspects of the price control framework need to be amended to improve service levels, specifically the resolution of complaints.

DG forum

BW reported that a letter had been sent to all DNOs requesting clarity on some points i.e. breakdown of costs, provision of geographic plans, staged payment provision for small projects, the use of s16 quotations vs. s22 quotations under the Act.

He reported that a few DNOs had responded formally but requested that those who had not already done so could please respond on these particular issues.

Actions were taken for DNOs to respond if they had not and for MCCG to provide an update on this at the next meeting.

2nd comer

It was raised that the data promised by the DNOs had still not been provided and that this had been requested by DECC in order for a business case to be made for changing the legislation.

An action was taken for DNOs to provide this data to Ofgem as planned and for this to then be passed on.

5.2. UCCG

An update on the activities of this group was provided.

IDNO/LA treatment

This issue is to do with the difficulty IDNOs have in working in Local Authority (LA) areas as the LAs may be unaware of what IDNOs do, they may have certain expectations associated with level of service based on their experience with DNOs. It was reported that this was still a problem particularly with regard to the perceived emergency response that IDNOs would provide.

It was reported that this was a real barrier to competition. It was discussed whether there was a forum where suitable representatives, i.e. suppliers, customers and DNOs meet, where this issue could be tabled and discussed. It was identified that a potential forum, the USUG existed within Elexon which could be appropriate.

An action was taken to seek a route to take this issue forward for discussion and development.

It was also reiterated that the communication document prepared by IDNOs to raise awareness with LAs should be re-circulated. It was requested that DNOs consider providing a link to this document on their websites.

GSOP review

UCCG still continue to request this from Ofgem

CIR

It was reported that it was planned for this report to be completed by the end of March

PFI (Private Finance Initiative)

UCCG opened this discussion by explaining that, in their view, the Relevant Market Segments only consider new capital replacements programmes, rather than ongoing maintenance. UCCG asked for a view from Ofgem on this in due course. In the meantime, UCCG explained that it was their understanding that DNOs have it at their discretion to apply to pass the Competition test (for unregulated margins) in the Relevant Market Segments (RMS) or in a subset of RMS. They asked the DNOs to consider supporting, what the UCCG considered to be the spirit of the Relevant Market Segments by applying to have margin regulation lifted only in a subset of the PFI RMS (new capital replacement work only) rather than the whole of the RMS.

to update the next ECSG on progress of getting DG issues addressed	MCCG
DNOs to respond to MCCG's letter regarding DG issues	DNOs
DNOs to submit data to Ofgem for the 2 nd comer business case	DNOs
Action to seek route to take IDNO/Local Authority treatment issue	UCCG
Re-circulate IDNO promotional material	UCCG/IDNOs
Action for DNOs to liaise with UCCG group regarding proposed PFI arrangements	DNOs
To provide a response to PFI interpretation under relevant market segments	Ofgem

6. Objective setting 2012

6.1. JV re-iterated the modified approach for the ECSG following the work done on Terms of Reference and structure of the group in 2011. There was a concern that with too many objectives we could be spreading the group rather thin and that it would be more appropriate for additional objectives to be facilitated through the various fora to develop the projects.

6.2. JV also indicated that within Ofgem a lot of work was now commencing on the new RIIO ED1 price control and that the work-plan intended for a final strategy to be proposed through open consultation in September 2012. This was all provided as context when considering the priorities for the year ahead

6.3. JV reported that Ofgem had a pre-meeting with the representatives for the DNO group, MCCG and UCCG to discuss priorities and to prepare for the ECSG and that this was found to be a useful exercise. It is intended that that this will be used for preparation of future ECSG meetings. In this teleconference, the DNO group identified the 3 priorities brought to them by the customer groups and these were discussed with the representatives for MCCG and UCCG in terms of next steps. This was outlined thereafter by BH.

6.4. Estates and Wayleaves/legals

BH circulated to the ECSG some proposed Terms of Reference (ToR) for two of the new priorities, estates and wayleaves and inspection and monitoring.

The proposed goal with this particular priority is to develop best practice with a focus on the full end-to-end process, timescales, feedback. DNOs are then encouraged to consider which elements they wish to adopt.

It was proposed that the scope and ToR should be agreed at the ECSG. Nominees for this group were also requested and an action taken for members to submit nominees.

It was proposed that there is already a wayleaves group under the ENA and that could be used for this particular priority and that the membership would involve customers and ECSG representatives.

Actions were taken for members to comment on ToR and to submit nominations to BH.

6.5. Inspection and Monitoring (I&M)

The goal again is establishing best practice. It was noted that the existing regime principles were enshrined in an Ofgem document from 2005.

It was commented that Lloyds participation needed to be reviewed. DO reported that NERS was chaired by Lloyds but that there was no ECSG representative sitting on the Lloyds group. DO suggested that if all the DNOs were in agreement, he would like to nominate himself as chair to be the ECSG representative sitting on the Lloyds group to give this group a steer.

It was suggested that I&M scope should include consideration of the Lloyds ToR. It was noted that Steve Wood would be the chair of this task group.

Actions were also taken for members to review and comment on the ToR and to submit nominations for the group.

6.6. Adoption Agreements

BH explained that there may be Competition Act implications associated with developing a common standard agreement on this across all DNOs. BH explained that he had brought this to Ofgem's attention. Ofgem advised that collective discussion on standard adoption agreements would need to be approached extremely carefully and that Ofgem's participation would not exonerate any party from their obligations to comply with legislation. All parties were requested to seek their own independent legal advice before deciding how to progress this issue.

BH suggested some alternative approaches:

- A model form of adoption agreement that could be non-mandatory and represented best practice. DNOs could adopt this as they wished. This would still require some level of care with regard to Competition Act issues. Model forms have been achieved in other sectors with success.
- Review of the principles of what is in a proposed model form. This would move further away from the initial intention of a standard agreement but it is the least contentious.

- A final option could be that customers take this up with individual DNOs separately and work with them to develop arrangements. This option completely removes any competition act issues.

It was commented that members of the ECSG needed to be clear on whether this issue reflected concerns with the behaviour of specific DNOs or was a nation-wide issue.

CB commented that the last option would achieve no benefits. It was commented that Ofwat was able to achieve a set of standard template agreements. It was suggested that their process should be reviewed and that even though this is a risky project this should not be a reason not to try to achieve the first best option.

It was commented that in the first instance the group needed to be clear if a standard agreement was the best way to achieve what was required, i.e. the actual issue itself needed to be defined.

DO gave an example of the lengths to which DCUSA goes to in their BCA meetings to safeguard against anti-competitive behaviour.

On the unmetered side it was noted that they wanted an option simply to have bipartite agreements rather than always tripartite with no other option.

An action was taken for the members to report back to the ECSG regarding how they want to progress this work, including proposals for a Terms of Reference.

Actions	Person – By
Action for members to submit comments on the proposed Terms of Reference for the new proposed priority work streams for 2012	ECSG
Action for members to respond to BH regarding nominees for these working groups	ECSG
DO to report at next ECSG whether he is now the ECSG representative at Lloyds	DO
Action for the members to report on the proposed route to take regarding adoption agreements	Customer groups/DNO group

7. Any other business

7.1. RIIO ED1 launch letter

ECSG members were advised that the new price control review for electricity distribution had commenced under the new RIIO framework. A launch letter was published on our website early that month setting out our approach and timelines for the process. It was signalled that the next step will be the convening of working groups and for these to feed into the overall scope of work for the review.

7.2. DG forum

Responses had been received by Ofgem from the DNOs in response to a letter sent by Rachel requesting that they outline how they intended to address the issues coming out of the DG fora. JV reported that Ofgem intends to publish DNO responses and that another round of these workshops would be planned for late 2012.

Date of next meeting: 13 June