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for energy consumers

To: Electricity Transmission
Network Operators; interested
stakeholders

Email: anthony.mungall@ofgem.gov.uk

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Dear Company Secretaries and stakeholders,

Consultation on Regulatory Instructions and Guidance (RIGs), Transmission Glossary and Regulatory Reporting Pack (RRP) to apply during RIIO-ET2

The purpose of this consultation is to seek views on the proposed modifications to the RIGs, Transmission Glossary and RRP data templates¹ for the onshore Electricity Transmission (ET) sector. The draft RIGs (Version 1.1) Transmission Glossary (v1.1) and RRP (Version 1.1) are published alongside this letter.

The draft set are for onshore ET network companies to use and apply when submitting annual reporting information from 1 April 2021 to 31 March 2026. These templates and associated guidance replace the annual reporting framework applied during the RIIO-ET1 period, which ended on 31 March 2021.²

Introduction

The RIGs is the principal means by which we collect cost, volume, allowed expenditure and output delivery information from the three onshore electricity transmission owners (TOs)³ to monitor performance against their price control objectives and hold them to account.

In 2019, we published data templates and associated instructions and guidance for use by ET network companies to enable them to complete the business plan submission for the RIIO-T2 electricity transmission price control. The data and accompanying explanation received through the templates was subject to review and assessment and formed the basis of the Final Determinations for RIIO-ET2⁴.

Following the publication of Final Determinations in December 2020, we undertook a review process of the business plan submission and use, including data dependencies, data flow and structure.

¹ The draft data template contains the Cost & Volume RRP data worksheets only; worksheets for the collection of ET2 Revenue information used to update values in the Price Control Financial Model (PCFM) are not included. A separate guidance document is available for the data input requirement for the revenue worksheets: <https://www.ofgem.gov.uk/publications/riio-2-pcfm-guidance>

² A change log is not provided as this is first reporting pack produced for the RIIO-ET2 period.

³ National Grid Electricity Transmission plc (NGET), SP Transmission Ltd (SPTL) and Scottish Hydro Electric Transmission plc (SHE Transmission).

⁴ <https://www.ofgem.gov.uk/publications/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

From this review, we identified issues with how we structurally set up and present data tables, especially around data flows to and from the cost and volume data. Using these findings, and informed by regular engagement with the TOs, we have developed a revised set of RIGs for the purpose of annual reporting in RIIO-ET2. We have designed and structured the RRP data templates to be an evolved version of the Business Plan Data Template (BPDT).

We have also aimed to incorporate more automation within the RRP to reduce duplicated data entries and to improve transparency in areas of cost reporting, to better reflect the structure of the funding provision within the Final Determinations and RIIO-ET2 framework.

We are consulting on the draft RIGs, RRP data templates and Transmission Glossary, which we believe represent a pragmatic set of reporting requirements for onshore ET network companies to use when submitting annual information during the RIIO-ET2 price control period. We seek stakeholder comments on the form and content of the RIGs and how we intend to monitor performance over the RIIO-ET2 period.

We expect that the draft RRP data templates will be populated fully by the ET network companies. In a small number of cases, we understand that not all information will be available for the first annual submission, for example data that cannot yet be sourced from internal systems and be restated in the requested manner without some further attribution or allocation method. We are engaging with network companies to understand when this information will be available for submission. If information is incomplete at submission, we expect to be informed of the reasons why, and when this will be remedied.

We intend to publish the final versions of the RIGs, RRP data templates and Transmission Glossary in January 2022.

Way forward

We will continue to review all opportunities to improve both the efficiency and effectiveness of the annual reporting process with the ET network companies.

We are aware that companies are actively considering improvements to their own systems which could support further improvements that can be made within the boundaries of existing data systems architecture. Longer term this may extend to more fundamental changes to the way we collect, process and present data on regulated network companies' performance, moving towards the goal of a more automated system and process.

Timeline

If we implement these changes, they will take effect immediately. For the avoidance of doubt, this means that the data submitted in July 2022 (in respect of the 2021/22 reporting year) would use the RIGs as modified.

We welcome comments on our proposed modifications by Tuesday, 21st December, and the details for responding are contained on our website.

Yours faithfully,

Min Zhu
Deputy Director, ET sector
19 November 2021