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Date  
21<sup>st</sup> December 2021  
Contact / Extension  
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Dear Thomas,

**SP Transmission Response to Consultation on RIIO-2 Regulatory Reporting Requirements Relating to Network Asset Risk Metric (NARM)**

This submission is from SP Transmission (SPT) which holds the transmission licence for south and central Scotland. SPT is part of SP Energy Networks (SPEN) and the wider Iberdrola group.

Thank you for the opportunity to respond to this consultation. We have added detailed comments to the issues log which have been uploaded to Huddle, as requested. We offer the following general comments.

Timescales

The extent of the reporting requirements necessitates significant systems upgrading which we cannot instruct until after the final pack is approved. The quantity of data and analysis to populate the proposed reporting pack is very significant and appears to be in excess of even that needed for the RIIO-T1 NOMs close out. At a recent cross-sector working group, there was consensus from licensees that a different and later date for the NARM submission is necessary in general since the general RRP information needs assured before NARM RRP can be prepared. On an enduring basis, the submission date could reasonably be the end of September (instead of the end of July for general RRP), however given the very short window between a decision on this consultation and the currently proposed submission date, the first year of NARM RRP would by necessity be a compromise in the data that it is possible to provide. Alternatively, a later submission date would allow the required systems development and SPT proposes that a date of the end of December 2022 would permit the proposed pack to be completed in accordance with the guidance. One of the biggest data challenges is the allocation of the non-intervention risk changes, quantifying these changes is data and labour intensive.

Intervention Volumes Alignment Between CV and NARM RRP

The guidance requires intervention volumes reported in the CV RRP must align for each NARM Asset Category, otherwise resubmission is required to bring both into alignment (worksheets N1.1 NARM Summary in NARM RRP and NARM\_Interface in the CV RRP). There are some issues in

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the current proposed reporting pack preventing the required alignment. The volumes contained in the main RRP pack are related to every single intervention on the NARM assets however the NARM volumes in N1.1 are only related to NARM A1 funding mechanism for ET sector as per the guidance. Careful consideration should be given to the construction of the comparative volumes table in CV 'NARM\_Interface\_sheet' to ensure volumes are compared on a consistent basis. Additionally, SPT has some company specific issues with the mapping of a particular subset of asset categories between NARM and CV volumes corresponding to the spacer replacement activity under Overhead Lines.

### Risk Outputs-Long Term Risk Benefit Reporting

We support the reporting of the risk changes (single-year) for any intervention on NARM assets however the Long-Term Risk Benefit associated with the interventions should only be reported once the interventions are complete since they are an attribute of the intervention/scheme rather than linked to each asset individually. The extent of the data modelling and manipulation to achieve the calculation of interim stages of the Long-Term Risk Benefit at any point in the delivery of a project is such that significant additional processing capability would need to be procured to generate values that are neither meaningful nor useful. We do however think that it would be useful to bring together the A1 Long-Term Risk Benefit outputs per scheme in a different table to be comparable with the NARW.

### N3 Asset Category Risk Worksheets

The purpose of these tables is not clear in the guidance. Our understanding is that these tables would provide a forecast position of total network risk at the end of the T2 period (31<sup>st</sup> March 2026) based on the actual cumulative work done, expressed at the end of the period. However, it should be noted that won't be achievable at this stage since Licences are not required to report the impact of any load related additions as per the guidance's definition of Asset Additions (not part of replacement or refurbishment).

The Asset Intervention Impacts factors imply that the risk changes associated with any intervention that had completed would be reported with the forecast at the end of the period but other planned interventions would not be reported until they have been delivered. We believe they would benefit from a redesign if the purpose is as set above. Please find below some general observations to the three main stages proposed:

- Stage 1 from RIIO-1 Close out position to RIIO-2 Start position. This section should only be populated once and then locked for future RRP submissions.
- Stage 2 from RIIO-2 Start Position 2020/21 to RIIO-2 Without Intervention Position 2025/26. This section should only be populated once and then locked for future RRP submissions. The continuous update of the forecasted position at the end of the period is very challenging since it involves the 'adding back' of the already removed assets (or 'ghost' assets) and would require a significant upgrade of our systems to achieve accurate and efficient reporting. Given that this data does not have any influence on performance against targets,

our proposal would be to report without-intervention risk once and then update the with-intervention position annually.

- Stage 3 from RIIO-2 Without Intervention Position to With Intervention Position 2025/26. The Non-Intervention Impacts should be aligned with the NARM Handbook categories for non-intervention risk changes. We have included some suggestions in the issues log for the redesign of some of these categories. This section would be populated annually as part of the RRP submission with the companies' current view of the risk at the end of the period considering the cumulative work done during the previous and current year of the T2 period.

Regarding the Long-Term Risk Benefit: RIIO-2 entries at the bottom of the table, those should only be reported per scheme at completion rather than per asset category in line with our previous comment. In any case, this is a single value and cannot reported in risk bands.

#### References to the Network Asset Risk Workbook (NARW)

There are incorrect references to the alignment with the NARW for series N2.x tables since that information is not currently in the NARW.

#### Future Development- Data Submission Process and Analysis Efficiency Improvement

We will welcome the opportunity to work with Ofgem and other network companies in the development of a data structure that will improve the efficiency of the current process. We recognise the challenge of the increasing data and reporting requirements. These are very resource intensive and our systems must evolve in alignment with those.

Yours sincerely,



**Craig McTaggart**