

## WSC Governance Document

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As part of the RIIO-ED2 price control, we have implemented a use-it-or-lose-it (UIOLI) Allowance to enable the licensees to carry out works for the specific purpose of improving reliability for WSC. The purpose of this document is to set out the purpose and reporting obligations that the licensees must comply with in relation to their WSC UIOLI Allowances.

**It is the responsibility of the licensee to understand the provisions of the Governance Document and how they apply to its activities. This Governance Document comes into effect on 1 April 2023.**

This document is version 1 of the WSC Governance Document referred to in Special Condition 3.4 of the Electricity Distribution Licence.

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## **1. Introduction**

- 1.1 Special Condition 3.4 provides WSC Allowances for licensees to undertake WSC Projects that specifically aim to reduce the number of interruptions WSC experience.
- 1.2 Each licensee's WSC Allowance is set out in Appendix 1 of Special Condition 3.4 of its Electricity Distribution Licence.

### **The WSC Governance Document**

- 1.3 This document is the WSC Governance Document, which sets out the eligibility requirements of the WSC Allowance and the reporting obligations that underpin it.
- 1.4 In this document, we use the terms 'Ofgem' and 'the Authority' as well as the terms 'we', 'us' and 'our' interchangeably. Ofgem is the Office of the Gas and Electricity Markets. The Authority is the Gas and Electricity Markets Authority and is the governing body of Ofgem, consisting of non-executive and executive members.

### **Compliance**

- 1.5 The licensees are required by Special Condition 3.4.7 to comply with this document.
- 1.6 This document does not relieve the licensees from their responsibility to ensure ongoing compliance with legislation including competition, data protection, environment and consumer protection laws and also needs to be considered alongside the SpC 3.4.

### **Review**

- 1.7 Ofgem may from time to time revise this WSC Governance Document by direction in accordance with Special Condition 1.3 (Common procedures).

## **2. WSC Project eligibility**

- 2.1 The WSC Allowance is provided for the licensees to carry out works that specifically seek to reduce the number of Incidents that are experienced by WSC.
- 2.2 We have not set a minimum number of WSC per WSC Project or a cap on the cost per WSC, as this would mean that some WSC might never receive service improvements. However, to be eligible, a WSC Project needs to have at least one WSC connected at the time the WSC Project is identified and be forecast to reduce the number of interruptions WSC experience.
- 2.3 The licensee must by 1 June 2023, publish and make easily accessible on its website the methodology that it will use for identifying WSC Projects to reduce the number of interruptions WSC experience, including its approach to optioneering and how they are costed. This will give Ofgem and stakeholders confidence that the licensee is applying a structured and cost-efficient approach to designing solutions for its WSC.
- 2.4 The licensee must annually review its methodology to ensure it is current, and where appropriate update the published version.
- 2.5 The WSC Allowance is not conditional on ex-post proof of benefits for a specific number of WSC, in recognition of the fact WSC can change year-on-year. However, licensees must follow their published methodology and report to Ofgem (via the RRP) and stakeholders on progress with WSC Projects in line with Chapter 3.

### **Unspent allowances**

- 2.6 In the event that the full WSC Allowance is not spent on eligible WSC Projects by the end of RIIO-ED2, the unspent proportion of the WSC Allowance will be returned to customers without application of the Totex Incentive Mechanism.

### 3. Annual reporting requirements

#### Reporting to Ofgem

3.1 The licensee must report to Ofgem on the WSC Projects it is carrying out, as part of the RRP. The detailed instructions for how to fill out the relevant RRP table are set out in the RIIO-ED2 RIGs. The data required is summarised in Table 1 below.

**Table 1: Summary of reporting metrics**

Information required	Description
Total number of WSC in a year	The number of customers that qualify as WSC as at the 31 March in the relevant Regulatory Year

#### Reporting per WSC Project

WSC Project Reference Number	A unique licensee chosen identification number for the WSC Project
Year qualified	The Regulatory Year in which the WSC Project qualified under the WSC framework
Name of WSC Project	A unique identifier/ location of the WSC Project based on how the licensee records such data
Description	A narrative of the work to be undertaken as part of the WSC Project. This should be limited to no more than two sentences
Number of WSC the planned WSC Project is expected to benefit	The number of WSC that the WSC Project is expected to benefit
Expected completion date	The Regulatory Year in which the WSC Project is expected to be completed
Expected cost of WSC Project (£k)	The estimated cost of the WSC Project
WSC Project status	Planning – WSC Project is being planned, including any consents being obtained Delivery – WSC Project is being delivered ie construction has commenced Completed – WSC Project delivery has completed
Number of WSC that the delivered WSC Project is intended to benefit	The number of WSC that the WSC Project that was actually delivered is intended to benefit

Reason for variance between planned WSC Project benefit and delivered WSC Project benefit, if required	A short narrative outlining the reason for any difference between the number of WSC that the WSC Project actually delivered is intended to benefit compared to the number of WSC that the planned WSC Project was expected to benefit.
Actual delivery date	The Regulatory Year in which the WSC Project was completed
Annual cost of the WSC Project	Annual costs of the WSC Project

### Reporting to stakeholders

3.2 With effect from the Regulatory Year commencing on 1 April 2024, the licensee must, by 31 October in each Regulatory Year, publish on its website information about the WSC Projects it is undertaking in respect of its WSC in such a format that stakeholders can easily understand the activities the licensee is carrying out to improve outcomes for its WSC.

3.3 As a minimum, licensees should publish the following information set out in Table 2 on its website in relation to each WSC Project.

**Table 2: Reporting information about each WSC Project to stakeholders**

Information category	Information required	Description
Total number of WSC in a year  Background information on WSC and the WSC Project		The number of customers that qualify as WSC as at the Regulatory Year ending on 31 March of the stated year
	WSC Project Reference Number	A unique licensee chosen identification number for the WSC Project
	Year qualified	The Regulatory Year ending where the WSC Project qualified under the WSC framework
	Name of WSC Project	A unique identifier/ location of the WSC Project based on how the licensee records such data
	Description	A narrative of the work to be undertaken as part of the WSC Project. This should be limited to no more than two sentences

Information category	Information required	Description
Evidence of relevant optioneering		Summary of WSC Project options
WSC Project detail	Network locations of the WSC Project	Relevant feeder information
	Number of WSC planned WSC Project is expected to benefit	The number of WSC that the WSC Project is expected to benefit
	Expected completion date	The expected Regulatory Year ending that the WSC Project will be completed in
	Expected cost of WSC Project (£k)	The estimated cost of the WSC Project
WSC Project progress update	WSC Project status	Planning – WSC Project is being planned, including any consents being obtained Delivery – WSC Project is being delivered ie construction has commenced Completed – WSC Project delivery has completed
	Number of WSC that the delivered WSC Project is intended to benefit	An update on the number of WSC that the WSC Project that was actually delivered is expected to benefit.
	Reason for variance between planned WSC Project benefit and delivered WSC Project benefit, if required	A short narrative outlining the reason for any difference between the number of WSC that the WSC Project actually delivered is intended to benefit compared to the number of WSC that the planned WSC Project was expected to benefit.
	Actual delivery date	The actual Regulatory Year that the WSC Project was completed in
	Annual cost of the WSC Project	Annual costs of the WSC Project



## 4. Glossary

### **Regulatory Instructions and Guidance (RIGs)**

means the document published by the Authority in accordance with Standard Condition 46 (Regulatory Instructions and Guidance).

### **Regulatory Reporting Pack (RRP)**

means the data templates that licensees use to report to Ofgem the information required under the RIGs.

### **Regulatory Year**

means a period of twelve months commencing on 1 April.

### **WSC Project**

means a project that is expected to reduce the number of Incidents at Distribution Higher Voltage experienced by WSC. This covers both capital investments and operational changes.

### **Totex Incentive Mechanism**

means the mechanism within the ED2 Price Control Financial Model which provides for the licensee to bear a specified share of any overspend, or retain a specified share of any underspend, represented in either case by a difference between:

- (a) the licensee's Totex Allowance; and
- (b) the licensee's Actual Totex.

### **WSC Use It Or Lose It (UIOLI) Allowance**

means the PCFM Variable Values established by Special Condition 3.4 (Use It Or Lose It Allowances).

### **Worst Served Customer (WSC)**

means a Customer of the licensee who experiences 12 or more unplanned Incidents of a duration of three minutes or longer at Distribution Higher Voltage, over a three Regulatory Year period with a minimum of two such Incidents per Regulatory Year.

### **WSC Allowance**

means the WSC expenditure cap specified for each licensee's licence (Appendix 1 of Special Condition 3.4).