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17 January 2023

Sent by Email: [Joanna.gaches@ofgem.gov.uk](mailto:Joanna.gaches@ofgem.gov.uk)  
Cc: [Steve.mcmahon@ofgem.gov.uk](mailto:Steve.mcmahon@ofgem.gov.uk)

Dear Joanna,

### Statutory consultation on the RIIO-ED2 licence drafting modifications

ENWL welcomes the opportunity to respond to the documents that have been published as part of this Statutory Consultation process covering the licence for the RIIO-ED2 period and we appreciate Ofgem has sought to publish everything available to it at the date of consultation.

Our response to this consultation is set out in two related parts. We have provided an Annex which covers items of complexity where material issues remain based on the licence published as part of this Statutory Consultation. These go to the explicit workability of the conditions in question and are contained in Annex 1. Specifically, these are:

- Load Related Expenditure conditions and associated documentation
- Conflicts between Cyber Resilience PCD reporting guidance and licence condition 3.3
- Ex-ante allowances relating to Re-opener applications
- Network Asset Risk Metrics algebra
- The use and definition of “manifest errors”
- Amendments required to Special condition 1.3 (common procedures)
- Application and interactions of RPEs with Uncertainty mechanisms
- Further to this we are aware of a potential issue relating the allocation of allowances which we believe has been raised by some DNOs. This has been discussed at the ENA Electricity Regulation Group. It is important that the Ofgem decision relating to this potential issue is circulated to all DNOs regardless of whether it is formally raised in their Statutory Consultation response. We remain open to discussing this without prejudice as a collective, including any decision proposed, should Ofgem see this as necessary.

In addition to the issues raised within Annex 1 we have also documented our comments in issues log format which is contained in Annex 2 to this letter. The issues log Annex 2 covers all issues, including abridged versions of those set out in Annex 1. To support transparency and ease of implementation of



issues contained in the issues logs we have provided one log with individual tabs for each licence condition. In some cases where the conditions are related we have consolidated these into one tab. In the case of Load Related Expenditure conditions, we have included both a 'load' tab which describes interlinked issues, and individual logs for each of the separate licence conditions, however these should be read in conjunction with each other.

We also note that Appendix 4 of the Price Control Deliverable Reporting Requirements and Methodology Document and Appendix 4 of the Re-opener guidance and Application Requirements Document have been provided confidentially to DNOs. We will provide our response and issues log to these Appendices under separate cover and send by confidential route.

We have not included all issues we have within our response to the statutory consultation where these have been previously raised, could be tackled during the price control, or where based on information available to us they appear at this stage to be of smaller impact. Therefore, our response to the informal consultation on the licence is important in this context and our response to this should be considered alongside this Statutory Consultation response. Further this response should also be read considering our previous correspondence on RIIO-2 and RIIO-ED2.

We would further note that not all documentation related to the licence for RIIO-ED2 has been included with this Statutory Consultation, nor is everything in a workable and operable form. This has led to not all aspects of the ED2 framework or application being clear at this stage, which is not ideal for such a vital Statutory Consultation. By example we would refer Ofgem to the DSO Incentive Governance document. This currently has significant and material issues in its drafting and infrastructure which unfairly and unduly impacts DNOs in relation to size and group status. We urge Ofgem to pay particular attention to the issues we have identified in this document as contained in our issues log, specifically the worksheet entitled 'DSO incentive'.

Further, we look forward to the publication of revised and outstanding documentation in early February as a coherent, materially complete, suite of documents that work with the licence. This is crucial to the transparency and operability of the licence in the period of RIIO-ED2.

For clarity, Ofgem should not read our response to this consultation as any indication of formal acceptance of the licence for RIIO-ED2 or that acceptance is possible at this stage.

If you have any questions relating to our response, please don't hesitate to contact me or Paul Auckland ([paul.auckland@enwl.co.uk](mailto:paul.auckland@enwl.co.uk)).

Yours sincerely,

**Paul Bircham**  
**Engagement and Regulatory Strategy Director**

Encs:

Annex 1: Statutory Consultation Material issues

Annex 2: Statutory Consultation Issue logs