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Dear Dafydd

RIIO-ED2 Environmental Reporting Guidance

Thank you for the opportunity to comment on Ofgem's proposed draft of the Environmental Reporting Guidance document and accompanying KPI template. This response is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. It is not confidential and may be published on Ofgem's website.

We consider that the work carried out by Ofgem and the AER Working Group has resulted in a good quality guidance document and reporting template. This will allow DNOs to provide comprehensive and insightful annual updates to their stakeholders on the progress they are making in delivering their RIIO-ED2 Environmental Action Plans. However, we do have a number of comments which need to be addressed. These are recorded in the attached Issues Log and the key points are set out below.

Embodied Carbon (page 14, paragraph 3.20)

According to the last sentence of paragraph 3.20, methodologies and reporting for embodied carbon should be "in alignment with Publicly Available Specification (PAS) 2080 where this is possible". This implies that PAS 2080 is a reporting requirement. This requirement was not included in the RIIO-ED2 Business Plan Guidance or the associated "Environmental Action Plan (EAP): baseline expectations" which underpinned the development of Environmental Action Plans. While it is likely that DNOs will work towards using such publicly available standards, we feel it should be rephrased as an example of a standard that licensees could consider in their carbon management approaches, rather than as a requirement being included after Environmental Action Plans have been assessed and funding decisions made through the RIIO-ED2 Final Determinations.

Biodiversity (pages 22-23, paragraph 4.30)

In a similar fashion to the point above, paragraph 4.30 appears to introduce a requirement to report on the biodiversity impact of all projects that are sanctioned to proceed through DNOs' internal governance processes. We included actions and targets around biodiversity which included both existing sites and new schemes; these were accepted by Ofgem, implying they were suitably ambitious, and have been funded as such. However, the requirement in this paragraph was not included in the "Environmental Action Plan (EAP): baseline expectations" and as such, our plans did not include this commitment and do not fit well with reporting in this way. As such, the reporting requirement should be removed to allow DNOs to report progress against the commitments made in their individual Environmental Action Plans which have been assessed as meeting, or exceeding, Ofgem's baseline expectations.

Sulphur Hexafluoride (SF₆) and other Insulation and Interruption Gases (IIGs) (page 13, paragraph 3.13)

We welcome the inclusion of footnote 6, which states that IIGs for the purpose of the AER will include Sulphur Hexafluoride and all alternative IIGs deployed, provided they have a global warming potential. We propose that this is emphasised further in paragraph 4.15 (page 19) through the addition of the following sentence:

The licensee must report on the characteristics of alternative IIGs on the network, including the number of assets, the amount of the IIG present in kg, the Global Warming Potential of the IIG (taken from the latest BEIS publication of UK Greenhouse Gas Emissions) and the leakage in kg of this IIG, where there is a global warming potential.

The final bullet point of paragraph 3.13 refers to a forecast for future volumes of IIGs, including SF₆, on the licensee's network. It is not clear if this is a forecast of the amount of replacements that result in the lowering of the global warming potential of the sites affected or the movements of IIG volumes based on all asset replacements irrespective of the driver. In the latter case, there is significant uncertainty associated with forecasting due to the unpredictability of connections activity. To ensure the AER provides clear information and insight to customers, we suggest removing the requirement for a forecast that will be more heavily influenced by outside factors, rather than the primary topic being reported on.

Polychlorinated Biphenyls (PCBs) (pages 15-16, paragraphs 3.27-3.30)

The reporting requirements for PCBs are unnecessarily complicated for a stakeholder facing report. The work to remove PCBs is a time-limited programme to comply with legislation. We strongly believe that a simpler metric showing progress towards removal of PCBs from the network would be more appropriate and more useful and digestible for stakeholders. This is in the context of more detailed reporting being made to Ofgem through the Regulatory Instructions and Guidance/Regulatory Reporting Pack for the purposes of operating the price control mechanism associated with PCBs. Data to be included in the AER should be aligned to that provided to the Environment Agency.

Supply Chain Management (page 15, paragraph 3.22)

In paragraph 3.22, Ofgem cites carbon literacy training as a factor that licensees may consider in demonstrating how suppliers proactively meet their environmental supplier code. As carbon literacy training is specifically associated with The Carbon Literacy Project, we consider that a generic term such as 'carbon awareness training' would be more appropriate.

We hope that you will find our comments helpful and would welcome any further engagement to help finalise the Guidance document and reporting template. If you have any questions, please contact Ross Thompson in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hope', with a stylized flourish at the end.

James Hope
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Copy: Mark Norman, Head of Environment and Sustainability, UK Power Networks
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