

**To: The Company Secretary
SP Manweb Plc
Company Number: 02366937
3 Prenton Way
Prenton
CH43 3ET**

Direction under paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F (Adjustment of performance on quality of supply targets) of Special Condition CRC 2D: Adjustment of licensee's revenues to reflect interruptions-related quality of service performance, of the Distribution Licence in place for the 2021/22 Regulatory Year.

- Whereas
- 1 SP Manweb Plc (the "Licensee") is the holder of an Electricity Distribution licence (the "Licence") granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 (the "Act").
 - 2 The Gas and Electricity Markets Authority (the "Authority" [1]) has considered all representations made by the Licensee and had regard to all relevant information and circumstances.
 - 3 In accordance with the requirements of paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence:
 - (a) the Authority has been notified of each event within 14 days of the date on which the Licensee considers that the effect of the event has ceased;
 - b) the Licensee has submitted to the Authority a statement of facts with respect to each event within 56 days of the date of the notification;
 - (c) the Authority, or an Appropriate Auditor nominated by the Authority under standard condition 46 (Regulatory Instructions and Guidance) of the Electricity Distribution Licence, has verified the impact of each event on the Licensee's performance;
 - (d) the Authority is satisfied that each event meets the relevant exceptionality requirements and criteria for preventative and mitigating actions; and
 - 4 In accordance with the requirements of sub paragraphs (d) and (e)(iii) of Paragraph 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence:
 - (i) the licensee has provided such further information, if any, as the Authority may require; and
 - (ii) the Authority is satisfied that any payments under the Electricity (Standards of Performance) Regulations 2015 by the Licensee to Customers in respect of the event should be recovered via this Licence condition.

Now, for the reasons specified in Annex 1, the Authority directs under paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence that, for the purpose of calculating CIIST (customer interruptions actual performance term) and CMLIST (customer minutes lost actual performance term) in respect of the relevant Regulatory Year in which the events occurred, the constituent data relevant to the events shall be adjusted as follows:

CIIST for the Regulatory Year commencing 1 April 2021/22 shall be adjusted from 41.7 to 30.3; and

CMLIST for the Regulatory Year commencing 1 April 2021/22 shall be adjusted from 86.1 to 30.9.

This direction constitutes notice of reasons for our decision pursuant to section 49A(1)(c) of the Act.

31 October 2022

SIGNED on 31 October 2022

**Steven McMahon
Deputy Director, Onshore Networks, Price Control Setting
Duly authorised by the Authority**

Annex 1

Explanation of the Authority's reasons for direction under paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence

1. Introduction

- 1 This document sets out the reasons for issuing a direction under paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence.
- 2 This direction adjusts the Licensee's 2021/22 performance on quality of supply targets for the number and duration of interruptions.
- 3 The structure of the rest of this document is as follows:
- (i) Section 2 sets out the claims submitted by the Licensee for consideration under paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the Licence;
 - (ii) Section 3 sets out the Authority's analysis and decisions on the claims; and
 - (iii) Section 4 sets out the Authority's revisions to the Licensee's performance for the exceptional events.

2. Exceptional event claims submitted by Licensee for 2021/22

- 4 The Licensee notified the Authority during the Regulatory Year 2021/22 that it considered the events in Table 1 to have been exceptional (for the purposes of paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D) and to have affected its performance on quality of supply targets for the number [2] and duration of interruptions [3]. It claimed the adjustments shown in the table below:

Table 1: 2021/22 exceptional event claims

Date and event details	Claimed Adjustments	
	Customers Interrupted (CIs)	Customer Minutes Lost (CMLs)
Other Event One: 9 June 2021 (paragraph 2D.35 of Part F)	0.26	5.06
Severe Weather Event One: 26 November 2021 (paragraph 2D.32 of Part F)	7.36	43.99
Severe Weather Event Two: 7 December 2021 (paragraph 2D.32 of Part F)	0.73	1.22
Severe Weather Event Three: 18 February 2022 (paragraph 2D.32 of Part F)	1.15	1.78
Severe Weather Event Four: 20 February 2022 (paragraph 2D.32 of Part F)	1.28	2.32
Total	10.78	54.37

3. Appropriate Auditor's recommendations and Authority's decisions on the claims

Other Event One: 10 June 2021

- 5 This was a claim for 0.26 CIs and 5.06 CMLs because of three concurrent faults on EHV cables.
- 6 The Authority appointed an Appropriate Auditor under Standard Condition 46 of the Electricity Distribution Licence to audit the claim.
- 7 The Appropriate Auditor's report finds that the Other Event CI threshold of 1.68 in Appendix 3: Exceptionality requirements for other events of Special Condition CRC 2D was exceeded, with 29526 CIs.
- 8 The Appropriate Auditor's report finds that the other event customer minutes lost threshold of 1.34 in Appendix 3: Exceptionality requirements for other events of Special Condition CRC 2D was exceeded, with 9744918 minutes of supply lost.
- 9 The Appropriate Auditor also found the Licensee to have taken appropriate preventative and mitigating actions as set out in Appendix 4: Criteria for preventative and mitigating actions of Special Condition CRC 2D. The Appropriate Auditor therefore recommended that the Licensee's performance for the Regulatory Year 2021/22 should be adjusted to exclude the audited impact of the event as set out in Table 2 below.

Severe Weather Event One: 26 November 2021

This was a claim for 7.36 CIs and 43.99 CMLs because of wind and gales.

The Authority's exceptional event database calculation finds that this event was exceptional, with 264 incidents at higher voltages being recorded in a 24 hour period, against a threshold of 68 set out in Appendix 2 of Special Condition CRC 2D.

The Authority therefore directs that the Licensee's performance for the Regulatory Year 2021/22 should be adjusted to exclude the audited impact of the event, as set out in Table 2 below.

Severe Weather Event Two: 7 December 2021

This was a claim for 0.73 CIs and 1.22 CMLs because of wind and gales.

The Authority's exceptional event database calculation finds that this event was exceptional, with 71 incidents at higher voltages being recorded in a 24 hour period, against a threshold of 68 set out in Appendix 2 of Special Condition CRC 2D.

The Authority therefore directs that the Licensee's performance for the Regulatory Year 2021/22 should be adjusted to exclude the audited impact of the event, as set out in Table 2 below.

Severe Weather Event Three: 18 February 2022

This was a claim for 1.15 CIs and 1.78 CMLs because of wind and gales.

The Authority's exceptional event database calculation finds that this event was exceptional, with 92 incidents at higher voltages being recorded in a 24 hour period, against a threshold of 68 set out in Appendix 2 of Special Condition CRC 2D.

The Authority therefore directs that the Licensee's performance for the Regulatory Year 2021/22 should be adjusted to exclude the audited impact of the event, as set out in Table 2 below.

Severe Weather Event Four: 20 February 2022

This was a claim for 1.28 CIs and 2.32 CMLs because of wind and gales.

The Authority's exceptional event database calculation finds that this event was exceptional, with 106 incidents at higher voltages being recorded in a 24 hour period, against a threshold of 68 set out in Appendix 2 of Special Condition CRC 2D.

The Authority therefore directs that the Licensee's performance for the Regulatory Year 2021/22 should be adjusted to exclude the audited impact of the event, as set out in Table 2 below.

The Licensee did not include certain incidents in their initial claims for Severe Weather Event One, Severe Weather Event Two, Severe Weather Event Three and Severe Weather Event Four. The omitted incidents were submitted by the Licensee following the Authority's additional analysis of Severe Weather Event One, Severe Weather Event Two, Severe Weather Event Three and Severe Weather Event Four. The omitted incidents impacted both the CIs and CMLs of Severe Weather Event One, Severe Weather Event Two, Severe Weather Event Three and Severe Weather Event Four, and are included in the adjustments shown below.

Table 2: Audited impact of 2021/22 exceptional event claims

Date and event details	Authority's Adjustments	
	CI	CML
Other Event One: 9 June 2021 (paragraph 2D.35 of Part F)	0.25	5.04
Severe Weather Event One: 26 November 2021 (paragraph 2D.32 of Part F)	7.77	44.62
Severe Weather Event Two: 7 December 2021 (paragraph 2D.32 of Part F)	0.78	1.27
Severe Weather Event Three: 18 February 2022 (paragraph 2D.32 of Part F)	1.17	1.86
Severe Weather Event Four: 20 February 2022 (paragraph 2D.32 of Part F)	1.38	2.40
Total	11.34	55.19

4. Authority's revisions to performance

The Authority has verified the impact of the Severe Weather Event One, Severe Weather Event Two, Severe Weather Event Three, Severe Weather Event Four and Other Event One on performance and considered all other relevant information and circumstances (such as the Licensee's statement of facts) and is satisfied that Severe Weather Event One, Severe Weather Event Two, Severe Weather Event Three, Severe Weather Event Four and Other Event One were exceptional. Under paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D the Authority may, therefore, in accordance with the provisions of those paragraphs, make adjustments to the Licensee's data in respect of these events.

The adjustments to the annual performance data are shown in Table 3 below.

Table 3: Adjustments to 2021/22 performance data for exceptional event claims

	Performance figures for 2021/22		Change for Exceptional Event(s)		Performance figures for 2021/22 adjusted for Exceptional Event(s)	
	CI	CML	CI	CML	CI	CML
Unplanned incidents	40.04	81.72	11.34	55.19	28.70	26.53
Pre-arranged incidents	3.26	8.68	-	-	1.63	4.34
NGET or transmission companies	-	-	-	-	-	-
Any other connected systems	-	-	-	-	-	-
Distributed generators	0.00	0.00	-	-	0.00	0.00
Overall CI & CML for 2021/22	43.30	90.40	11.34	55.19	31.96	35.21
Overall CIIS & CMLIS for 2021/22	41.67	86.06	11.34	55.19	30.33	30.87

The Authority directs that:

CIIS for the Regulatory Year commencing 1 April 2021/22 should be reduced by 11.3 from 41.7 to 30.3.

CMLIS for the Regulatory Year commencing 1 April 2021/22 should be reduced by 55.2 from 86.1 to 30.9.

[1] The terms “Ofgem”, “the Authority”, “we” and “us” are used interchangeably in this document.

[2] Customers Interrupted (CIs) is the proportion of total customers whose supplies have been interrupted. This is calculated by summing the number of customers with an interruption of supply that lasted for three minutes or longer, multiplying by 100 and dividing by the total number of customers.

[3] Customer Minutes Lost (CMLs) is a measure of the duration of interruptions to supply. It is the average customer minutes lost per customer, where an interruption of supply lasts for three minutes or longer.