

To:

Electricity Distribution
Network Operators; and
Stakeholders

Date: 09 May 2023

Dear Company Secretaries and Stakeholders,

Proposal to issue the Regulatory Instructions and Guidance (“RIGs”) for RIIO-ED2 under Part C of Standard Condition 46 of the Electricity Distribution Licence held by distribution service providers

We¹ propose to issue the RIGs and in particular the following documents for Electricity Distribution licensees:

- RIIO-ED2 RIGs documents
- RIIO-ED2 PCFM Guidance

These are new RIGs documents following the publication of the RIIO-ED2 Final Determinations².

Please find enclosed the Notice setting out our proposal issued pursuant to the relevant Licence Conditions for the sector.

RIGs

The RIGs are the principal means by which we collect cost, volume, allowed expenditure, obtain output delivery information from licensees, monitor performance against their RIIO-2 objectives and hold them to account.

¹ References to ‘the Authority’, ‘GEMA’, ‘Ofgem’, ‘we’, ‘us’ and ‘our’ are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets. Ofgem is the office of the Authority which supports GEMA.

² [RIIO-ED2 Final Determinations | Ofgem](#)

PCFM Guidance

The PCFM Guidance provides licensees with information on how to fill in the inputs in the Revenue sheets of the RIGs, which feed into the PCFM and are used in setting the licensees' Allowed Revenues through the Annual Iteration Process (AIP).

As part of the enclosed Notice, we provide the following documents:

- RIIO-ED2 – RIGs Overview
- RIIO-ED2 – Annex A Glossary
- RIIO-ED2 – Annex B Costs, Volumes and Revenue Guidance
- RIIO-ED2 – PCFM Guidance
- RIIO-ED2 – Annex B Costs, Volumes and Revenue Reporting Pack
- RIIO-ED2 – Annex B Strategic Commentary
- RIIO-ED2 – Annex D NARM Guidance
- RIIO-ED2 – Annex D NARM Reporting Pack
- RIIO-ED2 – Annex D NARM Commentary
- RIIO-ED2 – Annex E Reinforcement Guidance
- RIIO-ED2 – Annex E Reinforcement Load Index
- RIIO-ED2 – Annex E Reinforcement Load Index Commentary
- RIIO-ED2 – Annex F Interruptions Guidance
- RIIO-ED2 - Annex F Quality of Service Interruptions Stage Data Reporting Pack
- RIIO-ED2 - Annex F Guaranteed Standards of Performance Reporting Pack
- RIIO-ED2 - Annex F Occurrences Not Incentivised Reporting Pack
- RIIO-ED2 - Annex F Quality of Service HV Disaggregation Reporting Pack
- RIIO-ED2 – Annex G Connections Guidance
- RIIO-ED2 – Annex G Connections Reporting Pack
- RIIO-ED2 – Annex G Standard Licence Conditions 12, 15, 15a Reporting Pack
- RIIO-ED2 – Annex G Connections Commentary
- RIIO-ED2 – Annex H Customer Service and Consumer Vulnerability Guidance
- RIIO-ED2 – Annex H Customer Service and Consumer Vulnerability Reporting Pack
- RIIO-ED2 – Annex I DSO Guidance
- RIIO-ED2 – Annex I DSO Reporting Pack

- RIIO-ED2 – Annex J Environment and Innovation Guidance
- RIIO-ED2 – Annex J Environment and Innovation Reporting Pack
- RIIO-ED2 – Annex J Environment and Innovation Commentary

Timeline

If we issue the proposed RIGs, they will take effect by 1 April 2023. For the avoidance of doubt, this means that the data submitted in respect of the 2023/24 reporting year would use the RIGs as proposed.

We welcome representations on our proposed modifications by 06 June 2023, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

Steven McMahon

Deputy Director, Electricity Distribution and Cross Sector Policy

Duly authorised on behalf of the Authority

Electricity North West Ltd (ENWL)
Northern Powergrid (Northeast) Ltd (NPgN)
Northern Powergrid (Yorkshire) plc (NPgY)
London Power Networks plc (LPN)
South Eastern Power Networks plc (SPN)
Eastern Power Networks plc (EPN)
SP Distribution plc (SPD) SP Manweb plc (SPMW)
Scottish Hydro Electric Power Distribution plc (SSEH)
Southern Electric Power Distribution plc (SSES)
National Grid Electricity Distribution (West Midlands) plc (WMID)
National Grid Electricity Distribution (East Midlands) plc (EMID)
National Grid Electricity Distribution (South Wales) plc (SWALES)
National Grid Electricity Distribution (South West) plc (SWEST)

(each one a "Licensee", and together, "the Licensees")

Notice as required under Part C of the Standard Condition 46 (Regulatory Instructions and Guidance) ("SLC 46") of the Electricity Distribution Licence of proposed issuance of the Regulatory Instructions and Guidance for RIIO-ED2.

The Gas and Electricity Markets Authority (the "Authority") hereby gives notice in accordance with paragraph 10 of SLC 46.

Proposal to issue the Regulatory Instructions and Guidance and PCFM Guidance

1. The Authority proposes to issue the Regulatory Instructions and Guidance (the "RIGs") under Standard Condition 46 and the PCFM Guidance under Special Condition (SpC) 8.1 of the Licence. The RIGs are the primary means by which the Authority directs the Licensees to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced in the Licence, the RIIO-ED2 Final Determinations.³ The PCFM Guidance provides licensees with information on how to fill in the inputs in the Revenue sheets of the RRP, which feed into the PCFM and are used in setting the licensees' Allowed Revenues through the Annual Iteration Process.
2. SLC 46 and SpC 8.1 set out the process for issuing and modifying the RIGs and PCFM Guidance, respectively. In accordance with SLC 46 and SpC 8.1, the

³<https://www.ofgem.gov.uk/publications-and-updates/riio-2-final-determinations-transmission-and-gas-distribution-network-companies-and-electricity-system-operator>

Authority hereby gives notice to the Licensees that it proposes to issue the RIGs in the manner indicated in the documents that can be accessed on its website, published alongside this Notice.

3. The proposed modifications refer specifically to information required to be submitted to the Authority for the 2022/23 Regulatory Year in relation to:
 - RIIO-ED2 RIGs documents

RIIO-ED2 PCFM Guidance

4. The proposed RIGs are available on our website.
5. The reason why the Authority proposes to issue the RIGs is to guide industry on how to provide it with information:
 - a) Needed to administer:
 - i. the Special Conditions (and such standard conditions as may be relevant) of the electricity distribution licence, and
 - ii. where not referenced to the Special Conditions, the RIIO-ED2 Final Determinations⁴.
 - b) That is consistent across the licensees so that it can be compared.
6. The Authority proposes that these modifications should take effect by 01 April 2023.
7. The Licensees must complete and return the reporting pack referred to above as part of the 2023/24 RIGs and AIP process.

Further information

8. The RIIO-ED2 Regulatory Reporting templates and RIIO-ED2 Regulatory Instructions and Guidance documents published alongside this notice show the proposed format as incorporated.
9. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
10. Any representations on the proposed modifications must be made on or before 06 June 2023 by email to RIIOED2@ofgem.gov.uk
11. Our normal practice is to publish responses on our website. We prefer to receive

⁴ [RIIO-ED2 Final Determinations | Ofgem](#)

responses in an electronic form for publication on our website. However, if you do not wish for your response to be made public then you should clearly mark your response as “not for publication”.

Steven McMahon
Deputy Director, Electricity Distribution and Cross Sector Policy
Duly authorised on behalf of the Authority
09 May 2023