



Northern Powergrid's response to the formal consultation for ED2 Regulatory Instructions and Guidance.

KEY POINTS

- Northern Powergrid finds that that initial draft of the RIIO-ED2 Regulatory Instructions and Guidance are generally fit for purpose. As we are beginning a new regulatory period with a new set of reporting requirements, we recognise that the guidance will contain areas that need to be reworked.
- Northern Powergrid has ten material representations to make at this stage that Ofgem should look to address before the final publication of the RIGs.
 1. The Connections RIGs should not purport to amend the Connections Guaranteed Standards of Performance Regulations or the Distributed Generation Standards. In any event, it would seem that the proposed changes are not in line with the best interests of customers.
 2. Green Recovery Scheme costs are not able to be input after year two of ED2. There has been no prior written decision that has set a hard stop to costs incurred in the rest of ED2.
 3. There is a logic error in the secondary reinforcement volume driver which causes allowed activities to be underfunded by reducing the cap by disallowed volumes.
 4. The newly added "Capacity committed through Connection Agreements not utilised in year" is onerous and unclear, given it may be years before full capacity is committed.
 5. The original reinforcement load indices were developed in 2010 and discussion on their formulation and utility should be had to ensure they are appropriate measures. Also, the term "latent demand masked by distributed generation" is not clearly defined.
 6. Measures capturing performance across multiple communication channels must be input by licensee. However, it will not be possible to split this data by licensee when DNO groups run one single website. Ofgem need to confirm if it is acceptable to present this data by DNO group or explain how this metric can be split by licensee.
 7. Further discussion is required on how the Secondary Network Visibility metric (NVt) will function as a basis of reward or penalty since it does not reflect the extent of the visibility of LV networks, but the accuracy of the prior year's LV forecasts compared to actuals.
 8. Curtailable connections have been introduced as part of the Access Significant Code Review, but the definition in the RIGs is not consistent with the Access SCR decision.
 9. Primary Network Forecasting, during the soft consultation working groups it was raised that the comparison of Load Index and Long-term Development Statement is not appropriate. Ofgem's recommended amendment to this measure has not been reflected.
 10. The adoption of the Innovation Measurement Framework for innovation benefit tracking is not reflected in the RIGs with references made to the now outdated E6 table.
- Northern Powergrid also raises 18 further material comments about aspects of the RIGs that we feel could be improved with minor changes.
- With regards to the future of the ED2 RIGs, looking into Year 2 and beyond, Northern Powergrid offers eight observations about how the RIGs could be improved in future years.
- Northern Powergrid also offers four observations of matters that, whilst still relevant, do not specifically impact the effectiveness of the RIGs.
- Finally, we have noted a number of formula errors within reporting packs. To address this, we have provided a separate Excel worksheet with details of these errors.

1. Material Representation

Northern Powergrid has ten material representations to make at this stage that we feel directly affect the integrity of the ED2 Regulatory Instructions and Guidance that Ofgem should address before final publication.

- 1) The Connections RIGs should not purport to amend the Connections Guaranteed Standards of Performance Regulations or the Distributed Generation Standards. In any event, it would seem that the proposed changes are not in line with the best interests of customers given the priority placed on facilitation of low carbon technology uptake by stakeholders, Ofgem and DNOs in the ED2 period.
 - a. In ‘Annex G – Connections’ Paragraph 3.29, under Applications of the standard, makes a statement that the Connections Guaranteed Standards of Performance Regulations and the Distributed Generation Standards do not apply in the circumstances quoted.
 - i) Regulations 5 and 6 of the Connections Guaranteed Standards of Performance Regulations and Condition 3 of the Distributed Generation Standards apply where a customer gives a notice under section 16A(1) of the Electricity Act 1989 (including a notice modifying any previous notice) requesting the offer of terms for making a connection.
 - ii) Consequently, Regulations 5 and 6 of the Connections Guaranteed Standards of Performance Regulations and Condition 3 of the Distributed Generation Standards apply when the distributor receives a notice under section 16A(1) of the Electricity Act 1989 requiring the distributor to modify the customer’s existing connection, for example in order to allow the customer’s connection to have additional capacity such as a fuse change whereby the rating of the fuse is increased and a service cable change whereby the capacity of the service cable is increased.
 - iii) Paragraph 3.29, as amended, is therefore not correct and the RIGs should not purport to amend the Connections Guaranteed Standards of Performance Regulations or the Distributed Generation Standards.
 - iv) In addition, we understand that other stakeholders may interpret the proposed paragraph 3.29 of the Connections RIGs to mean that such modifications to connections should be included within the General Enquiries element of the Customer Satisfaction Survey. This would not be correct because the “Connections – quotations” category in the Customer Service and Consumer Vulnerability RIGs is clear that quotations for alterations to connections that fall within the ambit of the quotation accuracy scheme, and fall into either the ECGS2A or ECGS2B categories, should be included in the Connections element of the Customer Satisfaction Survey. The “Connections – complete” category is equally clear.

- v) Paragraph 3.29 of the Connections RIGs should not have an adverse impact on that clarity and, therefore, should be a statement of fact such that it reads as follows:
 - vi) *'These standards do not apply where the customer has not given the DNO a notice under section 16A(1) of the Electricity Act 1989 requiring the DNO to modify the customer's existing connection.'*
- b. In the section related to CC8 – Time to Connect and Time to Quote, there has been the addition of service upgrades where no formal connection offer is being issued.
 - i) It is difficult to see how an upgrade to a service cable to provide additional capacity does not constitute a modification to a connection, which would require a formal connection offer to be issued. Consequently, the introduction of this exclusion risks inconsistencies of interpretation across the DNOs that may result in service upgrades being inappropriately removed from the incentive. It should therefore be deleted.

Cost, Volumes and Revenue Reporting Pack

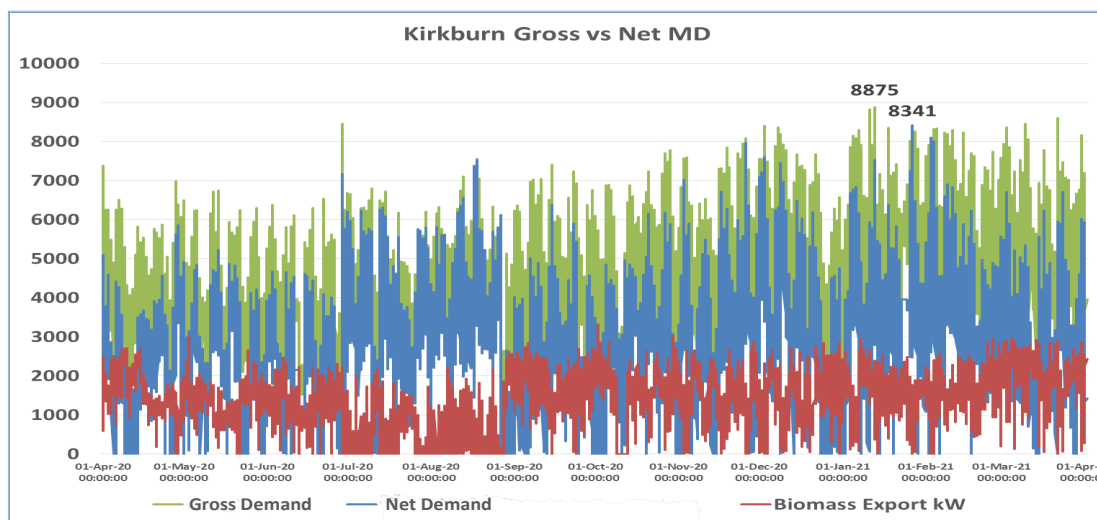
- 2) In the 'Costs, Volumes & Revenue Reporting Pack' workbook, the memo sections within the worksheets 'CV1 - Primary Reinforcement' and 'CV2 – Secondary Reinforcement', prevents the reporting of Green Recovery Scheme Project Costs after year two of ED2.
 - a. There is no element of the licence or any other documentation relating to the Green Recovery Scheme that would preclude spend in years three to five. It can be seen in the licence drafting for ED2, extract below, that the expenditure cap applies to the price control as a whole.
 - i) *'TGRS means the licensee's total cap for the RII0-1 Price Control Period and the Price Control Period as specified in Appendix 1'*
 - b. Furthermore, in the Heads of Terms for the Green Recovery Scheme, agreed between Ofgem and the network companies, paragraph 4.7 states:
 - i) *'Where a licensee has started an Agreed Scheme in ED1, any Agreed Scheme costs that are incurred in ED2 would continue to flow through the funding mechanism.'*
 - c. There has been no prior decision or relevant documentation that sets a hard stop to costs incurred mid-period in ED2. This, coupled with the two agreements listed above, leaves us to conclude that the two year stopping point in both CV1 and CV2 is an error.
 - d. We recommend the reporting tables are amended to allow costs to be reported throughout the price control period across both 'CV1 - Primary Reinforcement' and 'CV2 – Secondary Reinforcement'.

- 3) On tab 'M6 - SRVD & LVSVD', there is a logic error in determining the allowances driven by volume driver values. The error causes allowed activities to be underfunded by reducing the cap by disallowed volumes.
- a. This is as per issue #416 raised on the Ofgem Gitlab by NGED, which we are in agreement with.
 - b. The current logic subtracts the disallowed volumes from the value of the cap. It should subtract the disallowed volumes from the volumes delivered to derive allowed volumes and should then compare allowed volumes against the cap.
 - c. The logic should be:
 - i) Value of disallowed volumes identified
 - ii) Value of delivered volumes identified
 - iii) Value of allowed volumes identified (delivered - disallowed)
 - iv) Value of allowed volumes compared to cap
 - d. We recommend that table M6 should revert to the correct logic listed above.

Annex E – Reinforcement and associated Reinforcement Load Index reporting pack

- 4) The purpose of newly added "Capacity committed through Connection Agreements not utilised in year" column in LI reporting pack worksheet is not clear.
- a. The term is defined in the Annex A - Glossary but it is not described in the Annexe E -Reinforcement. It should be added there and should be addressed in detail. Our concerns and questions on this newly added column are below:
 - b. We cannot agree to this information being included in the calculation of LIs if the LIs will be used to test our forecast in the DSO RRE of the DSO pack. The problem is, it may be years before the full capacity committed through the Connection Agreements is realised – if ever.
 - c. Recognising that there are many customers with unused capacity and that data gathering will be very onerous, further guidance is required on when the column should be completed. For example, it may be only necessary to complete it for customers with Maximum Import Capacities greater than a given threshold or it is only required for LI3, LI4 and LI5 sites.
 - d. This further raises a dilemma about discretionary versus non-discretionary reinforcement.
 - e. We request that further guidance is added in Annex E to address this new content and the concerns we have raised.

- 5) The original LIs were developed before DPCR5 in 2010 and we feel that discussion on their formulation and utility may now be useful.
- In clause 2.37 in Annexe E, the term “latent demand masked by distributed generation” is not clearly defined in the guidance which may need improvement/more clarity. The LI guidance allows latent demand masked by DG to be applied to sites where the maximum net demand results in an LI3, LI4 or LI5. Our concerns on this issue are growing because the numbers and capacity of embedded generation are increasing.
 - Traditionally this term meant that once a site reached LI3 or above based on net demand, we added in the generation at time of net maximum demand (MD).
 - However, true gross peak may not necessarily be the same as that at the time of net MD – see figure 1 below for further clarity where gross MD is 8.875MW compared to the 8.341MW gross at the time of net MD.



- This would require us to report latent demand masked by distributed generation at any site where the gross result made it an LI3, LI4 or LI5. Consequently, we would need to analyse all our sites to find which ones became LI3+ on latent demand masked by DG.

Customer Service and Consumer Vulnerability Reporting Pack

- 6) For ED2, the Customer Service and Customer Vulnerability Reporting Pack includes a worksheet named ‘Communication Channels’ for capturing performance across multiple communication channels including, but not limited to, website, social media, webchat etc with the purpose being to provide a framework for the collection and provision of accurate and consistent data across a number of key measures.
- Although we agree with the intent of what this table is looking to capture, the practicality of doing so poses some concern. The main issue that has been identified is down to the way that this data is to be presented within the Customer Service and Consumer Vulnerability Reporting Pack.

- b. As a DNO that operates more than one licence, we are required to populate a separate reporting pack for each licensee. However, as a DNO we only operate a singular website to serve our customers, meaning we do not have the ability to segregate and report separately the number of visitors, concurrent users or response times by license area. We would imagine that this would also be the case for the other DNOs operating across more than one license.
- c. We feel that Ofgem need to consider whether these metrics are appropriate for a licence level breakdown and either:
 - i) Remove these metrics from individual licensee reporting, or;
 - ii) Provide further guidance on how DNOs should split their overall figures across their licensees in circumstances where it is impossible to give a precise breakdown.

Annex I – DSO and associated reporting pack

In responding to this consultation in relation to the DSO reporting pack we are conscious of the remaining due process with regards to the design of DSO outturn performance metrics and target setting for those metrics. As such, we have documented items for material representation that, as it stands, we believe materially impact the operation of those metrics, whilst being cognisant of the possibility these items may change.

- 7) The objective of the Secondary Network Visibility metric (NVt) per Ofgem’s Final Determinations Core Methodology document is to promote visibility and accuracy of PMT and GMT utilisation.
 - a. Further discussion is required on how the NVt metric will function as a basis of reward or penalty since it does not reflect the extent of the visibility of LV distribution networks, but instead indicates the accuracy of the prior year’s LV forecasts compared to actuals.
 - b. It should be recognised that this metric’s results are sensitive because forecasts are developed based on areas larger than the areas supplied by individual secondary substations. Forecasts work for the aggregated impact over a number of secondary substations and could never be accurate enough to differentiate between new connections on one secondary substation or its neighbour.
 - c. Forecasts would not be 100% accurate even if DNOs created them by asking every customer whether they will buy an EV or HP in the following year, and as such forecast accuracy is at the whim of externalities.
 - d. If the metric and RIGs are taken forward in their current form, additional exclusions need adding to the guidance which currently only allows for a monitored site to be excluded when the transformer is reinforced during the current year to prevent skewed utilisation results.
 - e. The guidance needs to permit exclusions when a monitor is installed for less than a full year either because it has just been installed or fails and stops recording for part or all of the year.

- f. Otherwise, the error formula needs to exclude null scores due to new or failed monitors which don't have values for the whole year.
- 8) Curtailable connections have been introduced as part of the Access Significant Code Review. Per the RIIO ED2 Final Determinations Core Methodology document the intent of the curtailment efficiency metric is to limit curtailment of users and the core methodology states that the definition of curtailment should be consistent with the Access SCR decision.
- a. However, the definition of Curtailable Connection in the RIGs is not consistent with the Access SCR decision, and DCUSA amendment DCP 404. The Access SCR decision and DCUSA legal text specifically time-bounds the definition as only relevant to connection applications received after the 1st April 2023.
- b. By not time-bounding the definition of Curtailable Connection for the purposes of the DSO reporting pack and the CEt metric, Ofgem are setting an ambiguous definition which is open to interpretation and will invite incomparable submissions from DNOs.
- c. Our interpretation of the current definition is that this brings all legacy flexible connections into scope for reporting. It is unreasonable to include legacy connections within scope of reporting as they were delivered under a past regulatory regime with no requirement to report on them. As such, they have been delivered with a technical solution which does not log curtailment actions taken and we would currently be unable to report on those connections.
- d. In order to report on legacy connections, we would need to retrofit connections with appropriate control and monitoring solution, which would incur significant costs to be socialised and would involve outages for those connections affected. This is neither in the interest of the general distribution customer base, or the specific connection customers affected.
- e. The customers of those legacy connections benefitted from a low-cost solution at the time of obtaining a Flexible connection, due to:
- i) Avoiding reinforcement costs, and;
- ii) The technical solution for control avoiding costly data logging and communication components and fitting.
- f. Post Access SCR, if these customers were unhappy with the level of curtailment being experienced, they could re-apply for the full capacity and upon reapplying would become a reportable curtailable connection.
- g. We recommend that the RIGs and DSO Incentive Guidance definition of 'Curtailable Connection' is updated:

- i) Preferably, and in line with ED2 Final Determinations Core Methodology, we suggest the Access SCR and DCUSA legal text definition of Curtailable Connection is adopted fully, time-bounding the definition to apply to applications received after 01 April 2023.
 - ii) Alternatively, if there is no appetite to apply a time bounding, the definition should be updated to be more specific in order to clearly define the specific types of legacy connections that should be included in the scope of the metric, acknowledging that retrofit will be required, incurring associated costs and outage impacts.
- 9) With regard to Primary Network Forecasting, during soft consultation it was raised that the proposed comparison of LIs and LTDS is not appropriate as:
- i) There are material differences to the basis for calculation between the two data sets, and;
 - ii) There would be an effective 18-month lag between them.
- a. Ofgem's recommended amendment to this measure was to remove the comparison to LTDS and instead create an additional submission of LI forecast in July.
 - b. This recommendation has not been reflected and the guidance still defines the forecast to be entered into RRE2 as the forecast maximum demand as included in the Long-Term Development Statement (LTDS). As previously noted, this may not always be directly comparable to maximum demand as reported in the Reinforcement Load Index (LI) Reporting Pack.
 - c. We recommend that guidance needs changing to require licensees to submit a bespoke year ahead forecast for RRE2 in the same way as currently proposed for the NVt metric.

Environment and Innovation Reporting Pack and Annex J.

- 10) Regarding tab E6 in the Environment and Innovation Reporting Pack, our understanding was that DNOs are to adopt the Innovation Measurement Framework (IMF) for innovation benefit tracking throughout ED2, with the IMF superseding the existing E6 method. If this is the case, then the proposed RIGs should not continue to reference the E6 table and we should be given the opportunity to consult on the amended guidance for use of the IMF.
- a. In the Environment and Innovation reporting pack, the E6 tab has been renamed 'Holding Tab – IMF'. The content of the worksheet, however, appears to not have changed from the previous E6 table, nor has any change been noted in the Change Log.

- b. The accompanying Guidance and Commentary in Annex J, refer solely to the E6 reporting process and again, the IMF is not referenced. The IMF holding tab in the reporting pack, however, suggests that the change is to be implemented, but with the guidance only referencing E6, it raises confusion.
- c. We understand that Ofgem is currently seeking to clarify each DNOs position on adoption of the IMF as a replacement for the E6, with early indicators suggesting that most will switch to the IMF. We request clarification on Ofgem's position regarding DNO's adoption of the IMF for innovation benefit reporting.
- d. Once agreement is reached, changes will need to be made to the RIGs to reflect the use of the IMF which will need to be consulted on, given that they were not released in time for the formal consultation window. It is our position that this guidance should broadly match that given to GDNs since they never had an E6 table and have moved straight to the IMF.

2. Other material comments

Cost, Volumes and Revenue Reporting Pack and associated Annex B.

- 11) We believe that within the tab 'R1 – PCD' the calculations relating to NARM need simplifying and correcting.
- a. The NARMs allowance calculations in 'R1 – PCDs' are set up to work on an annual basis, which doesn't reflect the formulae in Special Condition 3.1 (most of which is for the ED2 period in total). Rows 8 to 16 require separate values for each year of ED2, but all other calculations (in rows 23 to 63) should be for the ED2 period in total.
 - b. We recommend that the calculations are corrected and that the guidance for R1 is updated to make it clear that this section is only required to be completed if DNOs are forecasting an allowance adjustment, noting that some Ofgem-assessed values will not be available until completion of the ED2 close-out process.
- 12) We believe that the tab 'R2 – UIOLI' requires the addition of input cells for forecast years.
- a. 'R2 – UIOLI' collects actual expenditure data only. As forecast data is also required for the PCFM Interface, there should be a mixture of formula-driven cells (e.g., initially for 2024) and input cells (e.g., for 2025 to 2028) in rows 8, 27 and 45.
 - b. Instructions to copy the formulae into columns for later years (as required) should be included in Annex B and the PCFM Guidance should be updated.
 - c. The formulae in rows 12, 31 and 49 also needs changing to remove reference to the reporting year, otherwise the cap is not correctly applied in forecast years.
 - d. We recommend that the above changes are made to allow forecast to be made for future years, as required for the PCFM interface.
- 13) We believe that tab 'R4 – Volume Drivers and Other' and tab 'R6 – PT' requires the addition of input cells for forecast years.
- a. The PCFM Guidance applicable to these tables contains the following instructions:
 - i) *'To forecast values in any blue cells linked to other sheets of the CVR, which do not themselves contain forecast data, data should be input directly into the blue cells to overwrite the linking formulae. Where this applies, this should be made clear in the submitted CVR and commentary.'*
 - b. We believe it would be clearer to have a mixture of formula-driven cells (e.g., initially for 2024) and input cells (e.g., for 2025 to 2028).

- c. Instructions to copy the formulae into columns for later years (as required) should be included in Annex B and the PCFM Guidance should be updated. This would avoid the need to provide details in the submitted CVR and commentary and maintain the integrity of the input cell colour-coding in the completed CVR packs.
 - d. We recommend that the above changes are made to allow forecast to be made for future years, without the need to justify manual changes to the reporting pack in the CVR commentary.

- 14) R1/R4 – Strategic Investment and Shetland Link Contribution rows should be moved from ‘R1 – PCDs’ to ‘R4 – Volume Drivers and Other’.
 - a. The PCFM categorises these items as being subject to Capitalisation Rate 2.
 - b. The methodology used in worksheets T4 and T1 relies on tables R3 and R4 containing all Capitalisation Rate 2 items; therefore, these items need to be included in table ‘R4 – Volume Drivers and Other’ in order to include associated expenditure in Capitalisation Rate 2 totex.

- 15) The tables for ‘Dig Fix and Go’ and ‘Collaborative Streetworks’ in tab ‘R5 – ODIs’ require correction due to the fact that they only apply to selected DNOs. This results in errors for DNOs that they do not apply to.
 - a. These mechanisms do not apply to all DNOs, so the relevant sections should be set to show as zero unless the DNO(s) to which the mechanism applies is selected on the Cover Sheet.
 - b. This is a particular issue for the Dig, Fix and Go mechanism, which only applies to ENWL but is causing a value of £5m p.a. to be linked through into the ‘PCFM Interface’ worksheet for any DNO.
 - c. We recommend that these mechanisms are amended to ensure that the data for these initiatives only affects the relevant DNOs.

- 16) We have identified some minor differences between values in tab ‘I3 – Licence Values’ and the equivalent values in the relevant licence conditions.
 - a. This applies to volume driver unit costs and a small number of ODI incentive rates, and is likely to be related to rounding of values in the licence.
 - b. These should be aligned, as appropriate, so that calculations can be replicated using values set out in the licence. Details of the differences we have noted can be found in the accompanying ‘ED2 RIGs Formula Correction Log’ excel workbook.

- 17) We have noted that some of the table headings within tab 'CV5 – Diversions' are incorrect.
- a. In the CVR pack, additional reporting requirements have been added to tab 'CV5 - Diversions'. However, it appears that the table headings have been incorrectly entered, as below:
 - i) Column D from row 136 onwards refers to 'Claims settled' – some of these cells relate to 'Diversions completed' etc per the ED1 C&V pack.
 - ii) Column A from row 157 onwards should relate to claims settled but have the sub-heading – 'Diversions for highways (funded as detailed in NRSWA)'.
 - b. We recommend that the table is reviewed, and the headings updated, to avoid any confusion.
- 18) We believe that more consideration is needed for the proposed split of LV UGB data in tab 'CV7 – Asset Replacement'.
- a. In the CVR pack, the RRP Asset categories have been amended so that LV UGB are now reported as two separate categories for 'LV UGB (2 way)' and 'LV UGB (4 way/Other)', with this split being found on rows 42 and 43 of the tab.
 - b. Other DNOs have questioned the need to separate out the categories and have suggested that the 2 way/ 4 way split be reported in a memo table.
 - c. Northern Powergrid can report separately against 2-way and 4-way link boxes so the identification of cost and volumes is straightforward, however there remains a concern that needs to be addressed as follows:
 - i) There are potential implications for other areas of reporting (e.g., on other tables and CNAIM). The extra granularity of data could be simply retrieved from a memo table.
 - d. We recommend that DNOs and Ofgem examine the drivers and benefits associated with reporting LV UGB as two separate entities, and if necessary, explore reporting via a memo table.
- 19) We believe there is a memo tables missing from tab 'CV2a - Off Gas Grid'
- a. The table is for UKPN only. However, we believe that it is missing memo tables on rows 135 to 331 as are included on the standard CV2 table.
 - b. Assuming that the benchmarking is similar at ED3, we believe it would be helpful to capture the associated capacity released MVA data annually in the RRP.
 - c. We recommend that these memo tables be included on the assumption that the additional data will be required for benchmarking.

- 20) We believe that the guidance for tab 'M9 Streetworks' is unclear.
- a. The outcome of the Streetworks specific working groups is not clear from the tables and guidance. The ED1 tables have now been reduced to one M9 table but the Annex B guidance appears unchanged in the main. Some row references are now incorrect.
 - b. We recommend that the Glossary and Annex B guidance are updated for consistency of reporting between DNOs. The row set should be reviewed and confirmed that all are still required.
- 21) We believe that the guidance for data in the tab 'M6 – SRVD & LVSVD' is incomplete.
- a. Definitions for terms used in the table are missing from both the Annex B – Cost, Volumes and Revenue and the Annex A - Glossary. For example, 'Transformer gross (capacity) additions' is not defined.
 - b. We recommend that both annexes be updated to provide guidance on all data required in tab M6 to ensure consistent reporting.
- 22) We believe further definition is required for the metric related to 'Number of LCTs (new in each regulatory Year)'.
- a. Paragraph 6.77 of the Annex B – Cost Volumes and Revenue and the reporting tab 'M14 – Drivers' refer to 'Number of LCTs (new in each regulatory Year)'. However, this term is not defined in the Annex A Glossary.
 - b. We recommend that the glossary is updated with the definition of "Number of LCTs (new in each regulatory Year)" to ensure consistent reporting.

Annex E – Reinforcement

- 23) We note that the definition for LI substation and substation groups appears to have changed.
- a. Paragraph 2.15 states that:
 - i) 'In the 'LI – Substations yyyy' worksheets, this column should be populated with a unique name for each primary substation, excluding substations that are solely for a single customer.'
 - b. Our interpretation of this wording is that the intention may now be for the tables to only be used for primary substations feeding the HV network, and that supply points (e.g. at 132kV/EHV), which we have historically included, are actually not required in the LI tables
 - c. We recommend clarity is given in relation to the definition in paragraph 2.15 as to whether:
 - i) The table is now only for primary substations, or;
 - ii) Supply points should continue to be included.

- 24) We believe that paragraphs 2.16 and 2.17, which provides guidance on Substation Groups, does not suit what we consider to be a substation group.
- a. As it stands, it covers a specific case of single transformer primaries. Our groups are more complex, and it is not possible to separate out their relative contributions to group demand because of interconnected flows.
 - b. We recommend that the guidance is broadened to cover a wider definition of substation groups

Annex F – Interruption

- 25) Paragraphs 2.93 to 2.95 introduces the concept of Other Exceptional Events knowledge sharing with further definition of such events provided within Annex A – Glossary.
- a. However, the licence definition for Other Exceptional Events was changed to exclude weather related events. This position was developed in response to the use of the OEE mechanism in ED1 for weather related events.
 - b. For consistency, we recommend it would be appropriate to align section 2.93-2.95, along with the glossary definition, closer to the newly altered licence definition.

Annex H – Customer Service and Consumer Vulnerability

- 26) In paragraph 6.1, elements of the Customer Vulnerability Incentive (CVI) are listed, including, but not limited to, new customer satisfaction surveys for customers benefiting from Fuel Poverty support and, separately, customers benefitting from Low Carbon transition support.
- a. However, whilst survey scripts are provided for the existing BMCS surveys (Power cuts, Connections and General Enquiries) in Appendix 1, no such scripts are provided for the new surveys.
 - b. In the interest of consistency and completeness, we recommend that scripts for both the Fuel Poverty Customer Satisfaction Survey and the Low Carbon Transition Customer Satisfaction Survey are provided, either:
 - i) As an addition to Appendix 1, or:
 - ii) An additional appendix within Annex H.
- 27) When comparing the Key Measures (KM) in section 5 of the Customer Service and Customer Vulnerability Annex to the associated reporting template there appears to be a lack of alignment in both the wording and content. The wording is less of an issue, although it would be wise to align. The main concern is what is referred to in the annex when compared to the Reporting Pack.

- a. Within Table 5.1 we have identified the following;
 - i) Under 'KM8' it requests the 'number of unique visitors to the DNO's website', this is present in the reporting template, however there is also a measure to show the 'total no. of website visits' which is not referenced in the annex.
 - ii) The annex includes under KM12 the 'percentage of website load times that exceed 5 seconds', however within the reporting template this measure appears to have been omitted.
- b. We recommend that the Annex is updated to include a definition of each of the missing measures listed above.

Annex I – DSO

- 28) Regarding RRE 2 – Primary Network Forecasting, clarity is required on whether only primaries are included, and bulk supply points are excluded in the preparation of RRE2.
- a. *Northern Powergrid have historically included bulk supply points in the Reinforcement Load Index (LI) Reporting Pack which the guidance says should be used as the source of the unique substation names used in RRE2.*
 - b. *The definition of the bespoke forecast must be clear on the treatment of latent demand masked by distributed generation, since there are differences in existing reports.*
 - c. *For example, guidance on Load Indices allows latent demand masked by DG to be applied to sites where the maximum net demand results in an LI3, LI4 or LI5. This is different to the LTDS's use of gross DFES forecasts which consider latent demand masked by distributed generation for all sites.*
 - d. *Also, there is a subtle difference between a definition of latent demand masked by distributed generation based on how much generation is operating at the time of the net maximum demand compared to a definition based on the absolute gross maximum demand.*

3. On-going development of RIGs

Although these comments do not require immediate attention before the RIGs are published for Year 1 of ED2, we think that further work needs to be done in the following areas to improve the development of the RIGs in the future.

Cost, Volumes and Revenue Reporting Pack and associated Annex B.

- 29) We believe that tab 'CV2 – Secondary Reinforcement within the CVR pack is becoming increasingly more detailed, which is making it difficult to complete.
- a. The requirements for this table continue to increase above the standard cost & volume information, with further detail now required for network utilisation and demand, and consumption growth. The table now covers 329 rows.
 - b. The scope of the table has increased significantly beyond the basic cost and volume information and the table is unwieldy and difficult to complete.
 - c. We recommend that consideration should be given to moving the memo sections into dedicated memo table(s).

Occurrences Not Incentivised Reporting Pack

- 30) At this stage all data sets align and there are no material issues to consider for ONIs. However, there has been a separate consultation for views on the "Statutory Instrument ("SI") required to implement immediate recommendations from the review of the of Severe Weather Compensation Arrangements for Electricity Customers" which may have an impact.
- a. This consultation is currently closed pending a decision. However, this decision has yet to be reached and published.
 - b. The final decision may impact some of the data against which the RIGs have been considered. We recommend that the regulator is open to this possibility and considers reviewing the reporting pack once the decision has been published.
- 31) During the SRRWG review of short interruptions, the reporting template was modified to include two sets of 'system generated' short interruptions.
- a. These modifications were as followed:
 - i) DNO systems (e.g. PowerOn), and;

- ii) third-party systems (e.g. vendors such as EA Technology Limited or Kelvatek).
- b. These modifications were not present within the reporting pack.
- c. The development of this was to ensure fair treatment of submissions generated by third parties which DNOs only hold contractual relationships with and do not carry out their own quality assurance.
- d. We believe this difference should be included to mirror accurately the reporting template. We recommend the following modification:
 - i) From: *'If the interruption was identified by the system-generated, the start and end time of the interruption should also be inputted, and one row of data is required per short interruption stage.'*;
 - ii) To: *'If the interruption was identified by the system-generated (either via DNO data or third-party data), the start and end time of the interruption should also be inputted, and one row of data is required per short interruption stage.'*

Annex I – DSO

- 32) Regarding the DSO Stakeholder Satisfaction Survey, paragraph 3.31 within the “Minimum response rate process” section of the DSO Incentive Governance Document states:
- i) *'the minimum response rate threshold will be set at 5% (rounded to the nearest integer) of the distribution network company's DSO Stakeholder population'*.
 - a. Furthermore, In Annex I of the RIGs (DSO guidance), it states that:
 - ii) *'licensees must report the number of DSO Stakeholders who were issued the DSO Stakeholder Satisfaction Survey'* (section 2.2);
 - iii) *And also that 'Licensees must also report the number of unique DSO Stakeholders who submitted a score in response to each of the five scored questions'* (section 2.6).
 - b. However, there is currently no information which clarifies a minimum DSO stakeholder population size and thus no absolute minimum response count is defined, despite confirmation of the minimum response rate of 5%.
 - c. It is unclear as to whether a licensee is at risk of scrutiny in a situation where population size and thus minimum number of responses may be low but still meets the 5% response rate. This issue could draw questions around the statistical validity of any scores where the count of responses is low.
 - d. We believe a minimum threshold for absolute count of stakeholder responses would mitigate any possible challenge around the statistical significance of mean scores from population sizes which differ greatly. For example, a mean score of 10 based on 1 response from a population of 20 stakeholders has less statistical significance, and holds a greater error margin, than a mean score of 10 from 50 responses from a stakeholder population of 1,000.

- e. We recommend that Ofgem determine a minimum threshold to be met for DSO stakeholder population size and response rate to ensure the validity of the mean scores for licensees.
- 33) The purpose of the Flexibility Reinforcement Deferral metric is to make a comparison between constraints mitigated through traditional reinforcement and constraints mitigated through flexibility. Traditional reinforcement can only be reported in the year that it is completed, however Flexibility is a continual solution that will operate for many years.
- a. Section 3.7 and 3.12 of Annex I attempts to address this issue by stating that:
- i) *“Licensees must not include the counterfactual network reinforcement associated with ongoing Distribution Flexibility Service procurement where the contract to address an identified constraint was first commenced in previous Regulatory Year(s).”*
- b. As this statement refers specifically to ‘contract’ this could lead to a perverse incentive for Licensees to procure much shorter-term contracts than necessary. Procuring 1 year flexibility contracts repeatedly year after year would boost the amount of reportable Flexibility.
- c. To avoid this risk, we recommend, and alternative wording as follows:
- i) *‘Licensees must not include the counterfactual network reinforcement associated with ongoing Distribution Flexibility Service procurement where the first contract to address an identified constraint was commenced in previous Regulatory Year(s).’*
- 34) It is considered appropriate that the assessment of Primary network forecast accuracy is usefully included in RRE2 rather than a DSO metric as it allows the results to be explained in the DSO annual report.
- a. For example, where the actual demand falls short of the forecast demand, it could be explained that a new customer’s development had been delayed and they had not connected load when they had expected and as reflected in the forecast. Primary network forecasts are very sensitive to the assumed profile of small numbers of accepted customers connecting large loads.
- b. Consideration should be given to the use of utilisation weighting factors in RRE2 as they are in NVt DSO metric 2, to reflect the higher level of importance and focus that should be applied to higher utilised assets.
- c. Consideration should be given to the basis of the accuracy calculation in RRE2. In contrast to the consideration of percentage utilisation in the accuracy assessment in NVt, in RRE2 accuracy is defined on the basis of actual MVA loading rather than primary rating. This means that for a 23MVA transformer, a 1MVA mismatch when the primary is loaded at 5MVA is judged more onerously than when the load is 22MVA yet

it is more material at the higher loading level when investment to provide more capacity is likely to be needed sooner.

- 35) Regarding RRE 4 – Network Option Assessment Outcomes, licensees must report against a number of standardised categories including *‘Signal future requirements, ie alert potential providers of flexibility services that a requirement may arise in the near future’*.
- a. The use of the term ‘near future’ is ambiguous and invites interpretation by DNOs, leading to incomparable submissions.
 - b. We recommend that Ofgem should provide clarification on the definition of ‘near future’.
- 36) We note that there is still work to be done with some definitions within Secondary Network Visibility.
- a. We look forward to working with other Licensees to develop a joint method statement for determining the utilisation accuracy score of unmonitored transformers within each substation utilisation band.

4. Minor comments

Annex G – Connections

- 37) In the section related to CC2 Metered in the Year – Connections Reinforcement, the references made do not match the Connections Reporting Pack.
- a. Paragraph 2.33 - Connections reporting pack table CC2 has not been updated to reflect the reference to “Connections Reinforcement – Customer Funded” and instead still refers to the old terminology of “Element of connection that is subject to the apportionment rules - Customer funded”
 - b. Paragraph 2.34 - Connections reporting pack table CC2 has not been updated to reflect the reference to “Connections Reinforcement – DUoS Funded” and instead still refer to the old terminology of “Element of connection that is subject to the apportionment rules - DUoS funded”.
 - c. Northern Powergrid suggests the following amends to reflect the current metrics terminology.
 - i) Update CC2, column H with Connections Reinforcement – Customer Funded, and;
 - ii) Update CC2, column I with Connections Reinforcement – DUoS Funded
- 38) In the section related to CC5 Annual Quotation issues – Connections Reinforcement, the references made do not match the Connections Reporting Pack.
- a. Paragraph 2.84 - Connections reporting pack table CC5 has not been updated to reflect the reference to “Connections Reinforcement – Customer Funded” and instead still refer to the old terminology of “Element of connection that is subject to the apportionment rules - Customer funded”
 - b. Paragraph 2.85 - Connections reporting pack has not been updated to reflect the reference to “Connections Reinforcement – DUoS Funded” and instead still refer to the old terminology of “Element of connection that is subject to the apportionment rules - DUoS funded”
 - c. Northern Powergrid suggests the following amends to reflect the current metrics terminology.
 - i) Update CC5, columns H, N, T and Z with Connections Reinforcement – Customer Funded, and;
 - ii) Update CC5, column I, O, U and AA with Connections Reinforcement – DUoS Funded

- 39) In the section related to CC8 – Time to Connect and Time to Quote, there has been the addition of service upgrades where no formal connection offer is being issued.
- a. This develops inconsistencies across the DNOs as those where they do not provide a formal connection offer will remove service upgrades from the incentive, where as those DNOs (NPg included) that do provide a formal connection offer will include them in the incentive.

Annex J – Environment and Innovation

- 40) In paragraph 2.39, Ofgem have request the Global Warming Potential of SF6 should be taken from the latest BEIS publication of UK GHGs (23,500).
- a. This will increase our SF6 loss emissions by 10% as the DEFRA factor we currently use (as specified by Ofgem) is lower at 22,800.
 - b. Whilst we do not challenge the decision to switch from one factor to the other, we are using this opportunity to formally note the impact we believe it will have.

5. Formula issues

- 41) We have included in our response an excel formula corrections log containing the formula errors noted in our review of the RIGs.