

Steven McMahon
Ofgem
10 South Colonnade
London
E14 4PU

6th June 2023

Dear Steve

Re: Notice to issue regulatory instructions and guidance under the electricity distribution network operators price control RIIO-ED2

We welcome the opportunity to provide our views on the proposed modifications for the Regulatory Instructions and Guidance (RIGs) for RIIO-ED2.

Overall, SSEN is supportive of Ofgem's proposed modifications to the RIIO-ED1 RIGs, and we welcome the engagement that Ofgem has had with the industry in getting to this position. However, we have a number of comments relating to some of the proposed modifications to various element of the packs, which we have set out in the attached issues log. Where possible, we have suggested a proposed amendment to the text or table. This log includes a mix of typographical errors and minor changes, as well as more detailed comments.

We would encourage Ofgem to take the time needed to address the issues that are raised through this consultation, both by SSEN and other DNOs, rather than to issue a set of RIGs as soon as possible. This will reduce the number of additional changes needed in future years. Since RIIO-ED2 has already started and some of these changes may require system and/or data collection changes, we would support an approach that means we only need to make changes to systems in this first year.

With this in mind, we would also flag the risk that, in complying with the requirements of these new RIGs, the systems and data changes that might be required to report against these new RIGs may not have been completed in time for the 2024 submission.

Appendix 1 summarises the key issues from the log which we consider require consideration ahead of any changes to the RIGs. These are the issues that will have a material impact on the quality and consistency of reporting, as well as those where the requirements of the RIGs do not align with the requirements of the Licence.

Within the Cost, Volumes and Revenue Reporting Pack ("CVR Pack"), there are a number of places where the detail provided in the worksheet does not align with the details or values that are set out in the corresponding Licence Conditions. We firmly believe there should be consistency between the RIGs and the Licence, and suggest the tables are reviewed with this in mind. We have flagged the examples that we have identified so far within the attached issues log.

Also, within the CVR Pack, there are a number of places where inputs are required to be entered in 2020/21 prices, rather than in nominal prices. We suggest that all inputs are required in the nominal £m value, and that these are discounted within the CVR pack itself. This will ensure consistency across DNOs, and avoid inaccuracies induced through the use of different discount rates.

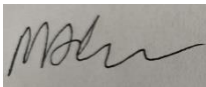
We are fully supportive of the reporting requirements under the Annual Environment Report and believe the AER will provide a good level of transparency for both stakeholders and Ofgem in understanding how DNOs are performing against their Environmental Action Plan Commitments. The reporting outlined under the AER is structured in a way that follows best practice.

On this basis, we believe that E3 – BCF should be removed from the Environment and Innovation pack, as the information captured here will already be reported in the AER, and in a more structured format. This will avoid a duplication of reporting of this information across two reporting obligations, and ensure stakeholders have access to a consistent set of information for each DNO.

For E1 – Visual Amenity, E4 – Losses Snapshot, and E5 – Smart Metering, we would urge Ofgem to ensure that the information captured here is not already being captured through tables in other parts of the RIGs or AER. For example, we support the approach to reporting Visual Amenity on a scheme-by-scheme basis in E1 – Visual Amenity.

If you have any questions on our view or would like to discuss this further, please contact jack.ambler@sse.com.

Yours sincerely



Mark Askew

Head of Regulation, SSEN Distribution

Appendix 1 – Key issues

Document	Reference	Issue
Annex B – CVR Reporting Pack	Multiple worksheets	<p>There are several points throughout the Reporting Pack where inputs are required to be entered in £m 2020/21 prices rather than in nominal prices.</p> <p>We suggest it would ensure consistency if all inputs are in the nominal £m value and discounted within the CVR model to avoid any inaccuracies.</p>
Annex B – CVR Reporting Pack	T5 - Forecasts C1	<p>The RIGs guidance (section 2.25) mentions copying formulae from specific rows in the 'S2' sheet, however the rows given do not contain any data fields:</p> <p><i>'For all regulatory years to date, this worksheet should be populated using data from worksheet S2 - Summary of C1s (Real). In order to do this the DNO must copy the formulae in Rows 16, 33, 50 and 67 into the rows that corresponds to the year under report.'</i></p> <p>This needs to be clarified in the guidance.</p>
Annex B – CVR Reporting Pack	R1 - PCDs NARMAD	For NARMAD, only the Upper Limit calculation is shown but there is also a Lower Limit calculation which is included in the cells (row 38) and the Special License Condition (3.1.34).
Annex B – CVR Reporting Pack	Tables R4, R5, R6, and R7.	<p>There are a number of points in these tables where the table does not align with the details or values set out in the relevant Special Licence Conditions. There needs to be consistency between the RIGs and the Licence.</p> <p>For example, the formula for calculating SECT in worksheets R6 (row 24) and C22 (row 36) is not consistent with special licence condition 6.1.9.</p>
Annex B – CVR Reporting Pack	R4 - Volume Drivers and Other Special Condition documents	UMTERMt - formula in special licence condition 3.12.4 is not consistent with the CVR pack, row 80 i.e., SRVDx and LVSVDx terms are missing from formula copied into the CVR pack from the licence.
Annex B – CVR Reporting Pack	R5 - ODI I3 - Licence Values Special Condition documents	<p><u>Broad measure of customer service</u></p> <p>SIRIRt value on row 730 of worksheet I3 is 2.238 whereas Appendix 2 of special licence condition 4.3 is 2.237</p> <p>SIPIRt on row 762 of worksheet I3 is 2.238 whereas Appendix 4 of special licence condition 4.3 is 2.237</p> <p>SIPIRt on row 763 of worksheet I3 is 4.218 whereas Appendix 4 of special licence condition 4.3 is 4.220</p>

		<p>CRIRt on row 817 of worksheet I3 is 3.729 whereas Appendix 7 of special licence condition 4.3 is 3.728</p> <p>CRIRt on row 818 of worksheet I3 is 7.030 whereas Appendix 7 of special licence condition 4.3 is 7.029</p> <p>CPIRt on row 849 of worksheet I3 is 3.729 whereas Appendix 9 of special licence condition 4.3 is 3.728</p> <p>CPIRt on row 850 of worksheet I3 is 7.030 whereas Appendix 9 of special licence condition 4.3 is 7.029</p> <p>GERIRt on row 889 of worksheet I3 is 1.492 whereas Appendix 11 of special licence condition 4.3 is 1.491</p> <p>GERIRt on row 890 of worksheet I3 is 2.812 whereas Appendix 11 of special licence condition 4.3 is 2.811</p> <p>GEPIRt on row 921 of worksheet I3 is 1.492 whereas Appendix 13 of special licence condition 4.3 is 1.491</p> <p>GEPIRt on row 922 of worksheet I3 is 2.812 whereas Appendix 13 of special licence condition 4.3 is 2.811</p> <p>IRCMt on row 957 of worksheet I3 is 0.394 whereas Appendix 15 of special licence condition 4.3 is 0.393</p>
Annex B – CVR Reporting Pack	R5 - ODI	<p>PSR in cells F402 and I402 should reference cells in row 427 or 428</p> <p>VFP in cells F403 and I403 should reference cells in row 459 or 460</p> <p>VLCT in cells F404 and I404 should reference cells in row 491 or 492</p>
Annex B – CVR Reporting Pack	R6 - PT C22 - Pass Through	<p>Failed Supplier Recovered Costs (row 17) is referencing row 32 on C22 - Pass Through worksheet which is Supplier of Last Resort Net Costs (which is already included in row 14 of worksheet R6) and is therefore double counting. Also, there is no discounting to 20-21 £ for row 17 on worksheet R6 currently. A new term for SRC needs to be added to worksheet C22.</p>
Annex B – CVR Reporting Pack	R6 - PT C22 - Pass Through Special Condition documents	<p>The formula for SECT in worksheets R6 (row 24) and C22 (row 36) is not consistent with special licence condition 6.1.9 i.e., the formula in the licence deducts income from units purchased whereas the C&V pack sums implying it should be entered as a negative value. These should be reviewed and aligned to ensure consistency.</p> <p>Also, row 36 of worksheet C22 includes 'EU Emission Trading Scheme' in the SECT formula which is not referred to in special licence condition 6.1.9 or the RIGs Annex B guidance document.</p>
Annex B – CVR Reporting Pack	R7 - ORA	<p>CGSRAt (Row 10) does not reference the calculated values in row 65</p>
Annex B – CVR Reporting Pack	R7 - ORA	<p>Cell E36 (ECNIAt) is coloured blue implying a link to another worksheet, but this is not included.</p>

		Cell D36 specifies the value should be in 20/21 prices but special licence condition 5.3.4 states it should be 2023/24 prices. These should be reviewed and aligned for consistency.
Annex B – CVR Reporting Pack	R7 - ORA	Cell D38 specifies the value should be in 20/21 prices but special licence condition 5.3.4 states it should be 2023/24 prices. These should be reviewed and aligned for consistency.
Annex B – CVR Reporting Pack	R7 - ORA	Cells E48:E51 are coloured blue implying a link to another worksheet, but this is not included. Cells D48:D51 specify the values should be in 20/21 prices but special licence condition 5.3.4 and the descriptions in column C state it should be 2022/23 prices. These should be reviewed and aligned for consistency.
Annex B – CVR Reporting Pack	Multiple worksheets	Some inputs are required to be entered in £m 20/21 prices instead of nominal e.g., HBt (row 26 of worksheet R6). It would be better if there was a consistent approach throughout the C&V pack where all inputs are input in nominal £m and discounted within the model to avoid any inaccuracies
Annex B – CVR Reporting Pack	C22 - Pass Through	No definition is given in special licence conditions, standard licence condition 38B or RIGS Annex B document of what constitutes 'Other reasonably incurred costs' (row 50). We believe this should be included to help DNOs report the costs correctly and consistently.
Annex D – NARM Reporting Pack	Page 19 - 3.69	The Columns quoted are incorrect and should be BJ to BO
Annex J - Environment and Innovation Reporting Pack	E3 – BCF	We suggest that this table is removed from the reporting pack, as the information is already captured within the equivalent table in the AER. The format in the AER is clearer and follows best practice.