

Steven McMahon  
Deputy Director  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

By email only to: [RIIOED2@Ofgem.gov.uk](mailto:RIIOED2@Ofgem.gov.uk)

6 June 2023

Dear Steve

**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**

Thank you for the opportunity to respond to the Notice of 9 May regarding the above. 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. We are Great Britain’s largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.5 million homes and businesses.

We have set out our feedback in the appendix to this letter. If you have further questions, please let Paul Measday know in the first instance.

Yours sincerely



James Hope  
Head of Regulation & Regulatory Finance  
UK Power Networks

Copy: Atalla Buretta, Ofgem  
Paul Measday, Regulatory Reporting & Compliance Manager, UK Power Networks



## Appendix

- RIIO-ED2 – RIGs Overview
  - The clarification on effective date vs reporting timelines provided in the covering letter should be added to the Overview document adjacent to Table 2.1 to ensure this is clear as the covering letter will not be part of the finalised and published RIGs.
  - The lack of an Annex C and the use of an Annex I will lead to confusion in terms of what and where Annex C is and is the latter Annex I or Annex 1. To avoid this confusion the DSO annex should be made Annex C.
- RIIO-ED2 – Annex B Costs, Volumes and Revenue
  - Please find attached a marked up copy of the CVR pack where the change log outlines edits made to the file.
  - Under the R1 – PCD tab, the formulas for the Off Gas Grid PCD should be amended, such that the allowances/adjustments are automatic, ultimately being driven from the values in the licence and the actual volumes reported under the CV2a - Off Gas Grid tab.
  - In CV2 the LV monitored demand growth memo section (rows 269-329) is not fit for purpose. The intervals make no sense and when populated it will be misleading (this has been raised with Ofgem previously)
  - In M7 should the WACC value be free input or should it link to a cell somewhere else based on licensee?
  - In M7 it's still unclear why we are being limited to five year deferral and how we should deal with Energy Efficiency which will achieve longer than this.
  - We note that there is a separate LRE Volume Drivers workbook that covers both allowance adjustments and check metric information. On allowance adjustments Ofgem has included the M6 and M7 tabs in the CVR pack that similarly cover the two LRE volume drivers. Within the M6 tab there is also a table that covers LRE volume driver disallowances but there is no link to the LRE Volume Drivers workbook. We recommend that there is as much consolidation of data input as possible in the CVR pack, factoring in any Licence Conditions, as to avoid duplication and/or input tables that could lead to inconsistency between the two different workbooks.
  - There is no guidance for M6 or the collaborative streetworks incentive.
  - In CV2 the LV monitored demand growth memo section (rows 269-329) is weighted too heavily on the assumption that demand will increase i.e. there are six bands above zero and only two below zero. Furthermore, smaller bands in the positive direction would make more sense.
  - Further to the most recent RIGs working group on 30 May 2023, we have attached a number of additional scenarios covering LV metered and unmetered services for review and discussion with Ofgem and the rest of the DNOs.
- RIIO-ED2 – PCFM Guidance
- RIIO-ED2 – Annex B Strategic Commentary
  - The price base needs changing from 2012/13 to 2020/21 (page 2).
  - Section d Environment, footnote for undergrounding should refer to RIIO-ED2.
  - Section e Connections, ICE incentive is not in place for RIIO-ED2 and should be removed from table, suggest it is replaced with the Major Connections Incentive.
  - Section g Customer Service, SECV incentive is not in place for RIIO-ED2, section needs updating to reflect RIIO-ED2 arrangements.
  - Section B, 6 Cost Performance Volume Variations – the final RIIO-ED2 modelling files do not provide a definitive set of “agreed volumes” for all of the

activities listed. In the absence of specified volumes this section will require licensees to outline variances to “inferred allowed volumes”.

- RIIO-ED2 – Annex D NARM
  - In the commentary, the RIIO-ED1 file has been updated to refer to RIIO-ED2 – but this appears to be the only change. This will not work as the tabs they reference to provide commentary all related to the RIIO-ED1 RIGs and these have changed for RIIO-ED2. Therefore, the commentary must be updated to align with the new NARM reporting packs.
- RIIO-ED2 – Annex E Reinforcement
  - Paragraph 2.14 footnote, reference to P2/6 needs updating.
  - Paragraph 2.96 refers to slow-track final determinations, text needs amending.
- RIIO-ED2 – Annex F Interruptions
  - Paragraph 1.5 which sets out the purpose of the ONI return should also refer to the capture of short interruptions data for potential use in setting an incentive for the price control after RIIO-ED2. This would then align with the RIIO-ED2 decision documents published by Ofgem.
  - Paragraphs 1.6 and 3.1 should have a “as amended” added after the reference to the regulations to avoid the reference becoming out of date when the statutory instrument is updated. Any equivalent paragraph in Annex G Connections should also be amended including 3.4 in that document.
  - With the service unlooping taking place in RIIO-ED2 under the LVSVD it would be sensible to add a specific example in paragraph 2.8 to confirm that any isolations as a result of work in this space do not result in an incident.
  - Paragraph 2.32 should be reworded to clarify that dates and times of short interruptions are not required where short interruptions are identified from a periodic count of circuit breaker operations.
  - Clock stopping by emergency services (paragraph 2.46 (iii)) should be clarified to also include the military unless Ofgem can confirm that such a scenario would be recorded under (iv) which is for government authorities.
  - There is a missing heading of “Deemed Restoration” above paragraph 2.49. A further heading above 2.51 is also required as this is about Clock Stopping but is situated after the Deemed Restoration paragraphs.
  - We are unclear if paragraph 2.55 is still required mindful the incident return was removed mid RIIO-ED1, with the relevant data requirements from that being incorporated in the stage return.
  - Read in isolation, paragraph 2.58 could be seen to require a DNO to report on the impact of a transmission incident to transmission customers – it should be clarified to make it clear it is incidents on those listed networks and systems as they impact the DNO’s network and customers.
  - The list of pre-arranged codes should also include one for the Strategic Innovation Fund, the successor to the NIC. The NIC should remain as there are still NIC projects in flight.
  - The date in paragraph 2.62 should be reset to 2020 as per v7.0 of the RIGs as its updating to 2023 infers that this requirement was not in place prior to that date.
  - The thresholds for exceptional events set out in Appendix 3 should be removed and a cross reference made to those on the face of the licence.
  - The category one exceptional event thresholds for severe weather quoted in the stage file do not match those on the face of the licence (Appendix 10 of Special Condition 4.4) nor those in Appendix 3 to the pdf file. We noted in our response to the recent consultation on amending the statutory instrument for guaranteed standards of the discrepancy in the use of these numbers. We firmly believe

that as the senior document, the figures in the licence are the ones which must be used in the RIGs workbook and that any statutory instrument figures must be aligned to those in the licence. The threshold for category two also differs between Appendix 3 and the stage return – on the basis that the category one figures must match those in the licence then the category two values must be calculated in that way for consistency and therefore the figures in Appendix 3 are correct.

- We note that Appendix 3 refers to category three thresholds – we assume this will be updated and removed once the revised statutory instrument is put into place.
- Paragraph 2.75 should be reworded to clarify that the data submitted excluding exceptional events should not be based upon the DNO's submission (claim) but based upon the Ofgem agreed exceptional event.
- Paragraph 2.89 has a short hand "no. of" which should be "number of".
- Paragraph 2.94 should be amended to remove the absolute obligation for learning to be shared within three months – the obligation should be to share at the next appropriate forum such as the Ofgem chaired QoS working group.
- The guaranteed standards pack (both the Excel and the pdf) will need a thorough overhaul once the revised statutory instrument is available to ensure:
  - References to Category 3 events are removed
  - Updated payment levels are included
  - Additional 12 hour references become 6 hour references

The Excel template will also need to ensure that it is updated such that it caters for both periods under the 2015 regulations and under the revised regulations – for example payment levels for both regulations are included and should that change take effect on a date that does not coincide with the start of a regulatory year, that the template caters for the further complexity

- Footnote 17 off paragraph 3.28 should be linked to the latest version of DCUSA, not a version which is now an earlier copy.
- Paragraph 4.11 can be removed as it replicates the reporting requirements set out in the overview document.
- The CI and CML targets which are set out in the licence should be removed and replaced with a cross reference to where in the licence they can be found. This will avoid risks of errors and discrepancies. This also applies to exceptional event thresholds, save for where those are not set out in the licence e.g. Category 2 threshold values.
- RIIO-ED2 – Annex G Connections
  - Page 2 has duplicate entries of the following sentence "Any enquiries related to the text of this publication should be sent to Ofgem at:"
  - Paragraph 1.2 has two errors
    - It has merged the concept of the Major Connections [Governance] Document with the Connections Commentary – they are separate items
    - The Major Connections Governance Document should refer to the Major Connections Guidance Document. This is also repeated in 2.141.
  - Paragraph 2.97 incorrectly refers to quotes where the application was received after 1 April 2023 – this original sentence was included when the ATTQ/C incentive was introduced at the start of RIIO-ED1 to give clarity on its introduction. Its inclusion here with a 1 April 2023 date will mean that quotations will not be reported where the application was received in RIIO-ED1 but quoted in RIIO-ED2. This paragraph should revert to its form in the RIIO-ED1 RIGs or be removed. Paragraph 2.100 provides clarity on the start date/reporting time periods for quotations.



- Paragraph 2.100 is also in error and mixing a quote and a connection date. This paragraph should revert to its form in the RIIO-ED1 RIGs or be removed. Paragraph 2.131 provides clarity on the start date/reporting time periods for connection jobs.
- Paragraph 2.100 should refer to G98 not G99.
- Paragraphs 2.110 and 2.131 have cross references to incorrect paragraphs which would need correcting (or removing depending on the solution employed for the two previous points)
  - The connections guaranteed standards documents (both the Excel and the relevant sections of the pdf) will need a thorough overhaul once the revised statutory instrument is available to ensure updated payment levels are included. The Excel template will also need to ensure that it is updated such that it caters for both periods under the 2015 regulations and under the revised regulations – for example payment levels for both regulations are included and should that change take effect on a date that does not coincide with the start of a regulatory year, that the template caters for the further complexity
- The references in paragraph 4.11 to the severe weather categories will need updating when the underlying standards are revised.
- Paragraph 4.19 has a formatting issue in the bulleted list.
- Ofgem should add a series of total columns on the right hand side of the SLC15A tab in the SLC12,15, 15A workbook which sums the data used in the Ofgem Annual Report template. This will aide Ofgem and licensees in the population and assurance of Ofgem Annual Reports.
- 1.2 – Should be Connections Guidance Document not Connections Governance Document
- 2.97 – This will still exclude jobs where application is received pre-ED2 but quoted post-ED2.
- 2.131 – there is a reference to para 2.156 which doesn't seem to exist
- RIIO-ED2 – Annex H Customer Service and Consumer Vulnerability Guidance
  - In respect of paragraph 2.10, a further bullet should be added to clarify that complaints relating to “the theft of electricity, or tampering with distribution assets or electricity meters” are not in scope, save for “Complaints about the DNO's service during these scenario must be captured as a complaint”. This then brings the complaints element of the broad measure in line with the survey element (where such jobs are excluded) but still ensures customer service complaints are reported (aligning with the footer in respect of land negotiations).
  - We note the addition of a new bullet in 3.7 as follows: “If a DNO does contact customers in relation to the Customer Satisfaction Survey, the DNO should not look to gauge or guide the customers response in any way. This includes asking questions that are similar to those asked in the survey or providing comparisons with similar services that are provided by other sectors.” The underlined wording is too restrictive as it would prevent any DNO carrying out its own surveys to help improve customer service and could have the perverse outcome of driving down customer satisfaction.
  - In our response to the soft consultation we provided Ofgem with a copy of the email agreement by Vicky Lowe of Ofgem regarding removal of certain specified scenarios from the survey. We believe that including this on the face of the RIGs would be clearer for all stakeholders, but note that this has not been progressed. We seek clarity on the reason for this.
  - We seek clarity on the need to continue reporting KM6 (total number of calls not reaching the DNO) as we are conscious this is not in a DNO's control (it is in the control of the telephony companies) and it in relation to faults on their

networks/systems. As it is not relevant to the incentive we propose that Ofgem should remove this reporting requirement.

- Ofgem have chosen to use the KMx format for reporting of new measures in respect of the communication channels and CVI reporting. The KM format is one which is specifically linked to the existing telephony incentive and we believe that a separate term to avoid confusion and conflation would be appropriate.
- We note that the guidance is unclear in respect of the definition of an LCT customer. To ensure consistency in reporting across DNOs we believe that Ofgem should engage with the ENA Customer Service & Vulnerability Working Group (formerly CSIWG) to look at this issue and develop a consistent definition which can be introduced by a further RIGs modification process later this year.
- RIIO-ED2 – Annex I DSO
  - It is unclear which template we should use to populate transformer utilisation which we understand Ofgem requires to be submitted by 31 July 2023 (as this is a year ahead of RIGs being consulted on). The request for this submission should also be clearly articulated e.g. the requirement to submit the data should be formally articulated to the DNOs.
  - Furthermore in respect of the transformer utilisation data submission by 31 July 2023, it is unclear whether this submission should only cover monitored sites or also cover unmonitored too. We understand the former is the intention but this is unclear.
- RIIO-ED2 – Annex J Environment and Innovation
  - There is no E2 tab in the Excel workbook to accompany the guidance starting at 2.5.