

Digital Justification Paper (DJP) template

This template sets out expectations for DNOs preparing a Digital Justification Paper (DJP) as the decision-ready justification for a material digital allowance request. It is not intended to function as a detailed solution design document, not to duplicate portfolio-level narrative. Its purpose is to provide Ofgem with sufficient evidence to assess whether a particular investment line or coherent programme should be approved for funding.

1. Guidance

1.1 When a DJP should be completed

A DJP should be prepared at the smallest unit on which Ofgem is being asked to make a material allowance decision.

In practice, the following should apply:

- the default submission unit is an investment-line-level DJP
- a programme-level DJP may be submitted where the programme is genuinely coherent
- project-level detail should be included only where necessary to demonstrate viability, material risk, or the basis of costs and benefits

1.2 Programme-level DJPs

A single DJP may cover a programme only where all the following apply:

- the included lines address the same core need, or closely related root causes
- they share a common target state or outcome
- they share a common transition path and main dependencies
- the same broad option set and decision criteria apply across the group
- the mapping to each Business Plan Data Table (BPDT) line is explicit, auditable and free of double counting
- line-specific outputs, costs and outcomes can still be identified clearly enough for assessment

Where these conditions are not met, the submission should be disaggregated to ensure each DJP can be assessed against the above criteria.

1.3 Sufficient detail

A DJP will be considered to contain sufficient detail where Ofgem can determine, without the need for further clarification, the answer to six questions:

- what is the problem, and what evidence supports that view?
- what happens under business-as-usual or minimum compliance?
- what outcome is being sought, and why does it matter?
- what credible options were considered, and why is the preferred option best?
- what is the delivery path, including the main risks and dependencies?
- what is being requested in cost terms, and how will outputs and benefits be evidenced?

Where these questions are not addressed clearly and coherently, the DJP is unlikely to provide an adequate basis for assessment.

1.4 Suggested length

As a general guide:

- a line-level DJP should usually be 5 to 8 pages, excluding annexes
- a programme-level DJP should usually be 8 to 12 pages, excluding annexes, plus a short line-by-line schedule

If a submission is materially longer, the DNO should consider whether additional detail would be more appropriate in annexes or elsewhere in the Business Plan.

1.5 What DNOs do not need to include in the DJP unless asked

To ensure proportionality and reduce unnecessary burden, DNOs are not expected to routinely provide the following information unless specifically requested:

- final build-level solution designs
- full monetised cost-benefit analysis (CBA) of every option
- exhaustive longlist
- full risk registers
- repeated Digitalisation Strategy and Action Plan (DSAP) or Data Best Practice (DBP) narrative already provided elsewhere or
- separate architecture papers unless the proposal is especially novel or risky

1.6 Relationship between documents

The Data and Digitalisation (D&D) Annex and the DJP will be read together, but are expected to fulfil distinct and complementary purposes:

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- the D&D Annex explains the portfolio, scope, routing, coherence and evidence map
- the DJP justifies the allowance request for a line or programme
- the BPDTs remain the authoritative cost lines
- the DSAP remains the transparency and stakeholder engagement mechanism for digital products and services
- the DBP guidance remains the data practice standard to which proposals should refer where relevant

2. Template

2.1 Title sheet

The first page of the DJP should be a short summary table which includes:

- DJP title
- whether the DJP is line-level or programme-level
- investment line(s) covered
- gross ED3 totex
- ED3 phasing
- primary D&D objective(s)
- BPDT line reference(s)
- D&D Annex reference
- key interfaces with Cyber Resilience Business Plan (CRBP), IT and Telecoms or other annexes
- statement on why this is the correct submission unit

2.2 Needs case

This section is required for all DJPs. Describe the problem or opportunity, the current state, and the evidence supporting the case for change. Include:

- baseline capability and current performance
- the underlying cause of the issue, not merely its symptoms
- affected users, processes, datasets or assets
- implications of a 'do nothing' or minimum-compliance scenario
- any material assumptions and uncertainties

Example: “Current flexibility dispatch relies on manual consolidation of multiple data sources, creating delay and inconsistent operational decisions.”

2.3 Target state and theory of change

This section is required for all DJPs. Describe the target state or target outcome and explain how the proposed investment is expected to move the DNO from the current state to that future state. Include:

- what materially improves
- who benefits
- why the proposed intervention is expected to deliver that improvement
- how the proposal links to relevant ED3 D&D objectives
- how it links to the latest DSAP, where applicable

2.4 Options appraisal

This section is required for all DJPs. Include:

- a do-nothing or minimum compliance option
- at least one credible alternative
- the preferred option
- the decision criteria used in the appraisal
- key trade-offs

Where relevant, options should consider architecture choices, delivery model, sourcing model, standards and interoperability implications, data governance implications, and Data Sharing Infrastructure (DSI) implications. Submissions should avoid providing exhaustive design detail for each option. The focus should remain on the information necessary to demonstrate why the preferred option remains the most appropriate and proportionate response.

2.5 Costs and value for money

This section is required for all DJPs. Provide:

- the requested gross ED3 totex
- the proposed phasing across ED3
- the key cost drivers
- any major assumptions
- a monetised CBA where appropriate

Digital-specific costs including software lifecycle, licensing, implementation and change management should be addressed where relevant. Where benefits cannot be credibly monetised (for example, where they are enabling or cross-cutting), submissions should provide a structured qualitative value-for-money assessment. This should clearly set out the relevant non-financial benefits and how they will be evidenced and assessed over time.

2.6 Outputs, outcomes and assurance

This section is required for all DJPs. Include:

- the key deliverables
- the expected benefits or outcomes
- how delivery and benefit will be measured and monitored
- any essential assurance arrangements

Where programme-level key performance indicators (KPIs) are used, submissions should make clear how individual lines contribute to, and will be assessed against, outcomes.

2.7 Delivery confidence, governance and risk

This section is required for all DJPs. Describe:

- delivery phases and major milestones
- key dependencies and integration points
- governance and decision rights
- delivery capability, including use of internal and external resources where relevant
- key risks and mitigations

Where plans may evolve during ED3, explain the change control and reprioritisation approach. Where design choices remain subject to change, submissions should clearly distinguish between elements that are fixed and those that remain open and set out how final decisions will be taken and assured.

2.8 Conditional modules

Complete these only if they are genuinely relevant to the submission.

Interoperability, standards and DSI

Complete this where the proposal materially depends on data standards, exchange pathways, application programming interfaces (APIs), common models, or DSI readiness.

Explain:

- what interoperability problem is being addressed
- whether alignment to an existing standard is expected
- whether DSI or common exchange pathways are relevant
- what would happen if this alignment is not achieved

Asset visibility and dynamic asset data

Complete this where the proposal affects asset registration, network visibility, dynamic monitoring, or model inputs derived from visibility data. Where common asset registration policy is still developing, keep the case option-neutral and do not assume a final delivery model.

Explain:

- the visibility baseline
- the use case
- targeted rather than blanket improvements
- the role of third-party data, if relevant
- data quality and model assurance implications

Artificial intelligence (AI) or advanced analytics

Complete this where AI or advanced analytics materially affects the proposal's benefits, delivery model, or risk profile.

Explain:

- the role of AI or analytics in the case
- key assumptions
- governance and risk controls
- how outputs or outcomes will be evidenced

2.9 Line-by-line mapping table

Where a programme-level DJP is used, include a short schedule for each line showing:

- investment line reference
- short statement of the line-specific need
- line-specific output(s)
- line-specific cost
- key dependency or interface
- why this line is properly justified within the programme-level DJP rather than through its own standalone DJP

This schedule provides key assessment control, enabling Ofgem to assess each individual investment line without requiring duplication of programme-level narrative.