

WWU response to Ofgem's consultation on RIIO-2 close out methodology

To whom it may concern in the Ofgem Asset Risk and Resilience Team,

Firstly, thank you for the opportunity to comment and feedback on the proposed methodology for RIIO-2 NARM close out. We set out below our response to the question ***‘Do you agree with our proposed approach to implementing the RIIO-2 NARM close-out assessment, specifically as set out in Section 3 (Delivery Assessment) and Section 5 (Justification Assessment process and requirements)?’***

WWU response

In summary, we broadly support the approach laid out in the methodology. There are a number of specific areas of feedback for consideration by Ofgem.

NARM RRP Year 5

- Ofgem have proposed an updated template for this year, which sees changes to the layout of the N3 tabs, specifically moving the Non-NARM Interventions rows from the 2B section to the 3B section. We are struggling to see the benefit of this. There is a negative impact in that it changes the calculations on those sheets. We pasted the exact figures from last year's RRP submission into the Year 5 template, and the 2B total comes out different, which has a knock on effect on other cells in N3, and also sheet N2.8.
- Linked to this, the RIGs for the new template doesn't fully reflect the changes.

NARM RIIO 2 Close Out Methodology

- GDN's have a single UCR at network level. Our understanding of the Delivery Assessment is that we'll be assessed based on this single UCR. Could this be made clearer in the document to confirm Risk Sub-Category refers to network level for GDNs.
 - For example, Page 17 outlines the Justification Assessment, and in this section it talks about the purpose of the deadband and states that any over or under delivery within the deadband is 100% justified (2.15). It also states this again in section 2.17 in relation to "particular Risk Sub

Category” – based on the definitions earlier. This should mean network level for GDNs.

- Sections 3.31 to 3.33 could appear contradictory. 3.31 is a very clear statement, ***“For the avoidance of doubt, the identification of Clearly Identifiable elements does not alter the level at which delivery performance is assessed. Consistent with the NARM framework, delivery performance at close-out is assessed at Risk Sub-Category level (or, for GD, at network level), with such elements contributing to those aggregated outcomes rather than being assessed separately.”*** Section 3.32 then states, ***“Before comparing ONRO to the Adjusted BNRO (NROBLAD), Ofgem removes any delivery elements that it determines to be Clearly Identifiable.”*** This could be made clearer in the text.
- The methodology suggests that Ofgem will be identifying CI elements themselves. If this is based on comparing the UCR at network and project level, will almost certainly mean everything is clearly identifiable. This will result in unnecessary work and analysis for both GDNs and Ofgem.
- The RIIO 2 Close Out report is due 2 weeks after the NARM RRP submission date. This short turnaround could impact on the level of detail in the report.
- In terms of timelines more widely, RIIO-2 close out spans many more areas than NARMs. We ask that Ofgem consider the timelines for NARMs to align all elements of the wider close out.

Thanks again for the opportunity to respond

Kind regards

Ian

(sent via email on 24/06/26)