

**National Grid Transmission Price Control Reporting
Questions Received in Respect of July 2009 RRP Submission**

Question Ref: 83

Table Ref: NGG narrative para 38

Received: 12/10/2009 **From:** Paul Branston

Submitted: 12/11/2009

Topic: NGG/NGET SO Opex - Critical Operating Systems

Question: Provide relevant board papers identifying the benefits and costs of increasing IS support and resilience of critical operating systems (through additional work requests or through bringing forward some of the work). Where the board papers do not fully detail the expenditure and benefits please provide additional high level papers where request for the IS expenditure was given.

Response:

The recommendations to increase the resilience of IS critical operating systems and support arose following a period of reduced reliability from the critical IS systems. Having originally outsourced the support around critical IS systems and delivered cost savings in the process it became clear that this was not the ideal model going into the future with increased security and system requirements.

Outsourced support models work best when required skills, knowledge and experience are generic and are readily available / portable between applications e.g. Microsoft office support. The model does not work as well when there is a clear need for specialist skills and knowledge, and a real requirement for experience working in a particular area (such as in the critical systems space). Understanding and delivering these often bespoke and business critical solutions is not a readily available or transferable attribute. For these reasons the decision was made to bring that critical support back under the National Grid umbrella, in line with IS outsourcing models in other companies.

Governance surrounding Transmission IS expenditure is provided by the Transmission IS Steering Group (TISSG) and the Transmission Opex Governance Group (TOGG). The increased resilience recommendations surrounding critical operating systems affected a number of projects sanctioned - and due to be sanctioned - by these forums. Rather than including all sanction papers detailing the expenditure resulting from these recommendations a high level summary presentation given to TOGG on this area has been included in the submission with this question. This outlines the related IS, property and Network Operations expenditure added into the business plan following these recommendations. National Grid is confident that the steps put in place have reduced ongoing risk.

Note that since this presentation was given to TOGG National Grid have identified opportunities to deliver the required increase in CNI resilience at a lower cost than outlined in the presentation as more investigation was undertaken. Therefore the incremental cost for these activities included in both the Opex (2.14) and Capex (2.12) tables in the RRP are lower than those outlined in the presentation.



TOGG paper - Critical
Operations Overview