



Electricity Distributors and other
interested parties

*Promoting choice and value for
all gas and electricity customers*

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Date: 23 March 2012

Dear Colleague,

**Notice under Part D of standard condition 49 of the distribution licence – to
Distribution Services Providers to modify the Cost and Revenue Reporting RIGs
and the Network Asset and Performance Reporting RIGs (Ref: 36/12)**

Proposal to modify existing Regulatory Instructions and Guidance (RIGs)

The purpose of this Notice is to set out the modifications Ofgem is proposing to two of the existing Regulatory Instructions and Guidance (RIGs) documents; the Cost and Revenue Reporting RIGs (CRRIG) and the Network Asset Data and Performance Reporting (NADPR RIGs). These modifications are intended to improve the reporting arrangements for the DPCR5 price control period that began on 1 April 2010. The proposed date for modifying and issuing the revised RIGs is Wednesday 25 April 2012.

Reasons for proposing modifications to existing RIGs

The RIGs provide a framework which enables Ofgem to collect data from distribution network operators (DNOs). We collect data annually to enable us to monitor the DNOs' performance against price control incentives, monitor compliance with their price control obligations and to allow analysis between price controls and at the subsequent price control review.

The new price control arrangements from 1 April 2010 placed a number of additional incentives and obligations on the DNOs that have required us to collect new forms of data from the DNOs. These include:

- a requirement on the DNOs to commit to deliver a predetermined set of network investment outputs
- new standards of performance for connections
- a requirement to report the company's business carbon footprint
- new incentives related to customer satisfaction with the DNOs' performance
- incentives to reduce the proportion of electricity that is lost on the distribution network¹

¹ This is not a new incentive but we are placing much stricter reporting requirements in this area.

- exposure to a proportion of transmission network interface costs to encourage DNOs to take a more holistic view on network costs
- a low carbon networks fund that will make funding available to encourage DNOs to trial new technologies and new commercial arrangements to meet the needs of a low carbon economy.

In the March 2010 Notice² that accompanied the first version of the RIGs we stated that we would be keeping the RIGs under review, including accommodating the outcome of a trial run with data from the last year of DPCR4. The trial run was designed to give the DNOs an opportunity to complete Version 1 of the RIGs, using data previously reported to Ofgem, so that they could provide informed feedback on the new reporting tables. In the commentaries they returned to Ofgem alongside their completed tables, the DNOs offered their thoughts on how instructive the accompanying guidance was and how demanding it had been to obtain the required data. We issued a Notice on 1 April 2011 to modify the RIGs to take on board the lessons from the trial run, incorporating any changes to the tables identified as necessary.

We asked the DNOs to submit the first set of DPCR5 returns under Version 2 of the RIGs in September 2011. Having received the DNOs' 2010-11 returns we proceeded to undertake further analysis of these in preparation for visiting all 14 licensees during October, November and December 2011. These annual visits allowed more detailed discussions to take place on areas of the RIGs where either Ofgem or the DNOs felt further clarity was required. They also gave Ofgem the opportunity to speak directly with a wider range of DNO staff, in particular those who were most directly involved in the operational areas of work that were the focus of reporting in the RIGs. Through this process we were able to gain a better understanding of the DNOs' progress towards meeting their forecast levels of activity and expenditure during DPCR5.

Based on the discussions at the annual visits, the written responses provided by the DNOs as part of their 2010-11 submissions and Ofgem's analysis of these submissions, we undertook to make further amendments to the RIGs before issuing the revised Version 3.

Following a further process of joint Ofgem and DNO working groups and bilateral meetings in January and February 2012 we were able to establish a consensus on the RIGs with the DNOs. We believe that the revised RIGs are a further improvement on those issued last year.

Provisions to which modification must conform - Part B of standard condition of 49

We are proposing to modify the RIGs to achieve the following:

- improve the presentation and style of the requirements of the RIGs
- to remove and reduce inconsistencies between DNOs in the application and interpretation of the requirements
- to clarify the meaning of words and phrases used within the requirements to define the information to be provided
- to improve the form and manner in which the information is provided
- to enlarge existing categories of Specified Information
- to secure the accurate provision of more accurate, consistent, useful and comparable Price Control Cost Information.

The attached annex contains a full list of the documents issued for the Statutory Consultation, developed in view of the provisions above. These documents have been issued as either a 'clean' version without comments or tracked changes, and as tracked changes versions showing the development from Versions 2 to 3, or both, as specified in

² <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=455&refer=Networks/ElecDist/PriceCtrls/DPCR5>

the annex. At this stage we have not included commentary templates however these will follow within the next two weeks.

Unless specified otherwise in the RIGs, (such as Network Outputs) we propose that the submission for 2011-12 should focus on data for the 2009-10, 2010-11 and 2011-12 years only, we will issue a separate request for forecast information for the remainder of DPCR5 and the entire RIIO-ED1 period within the next month.

I would particularly like to thank all the DNOs for their considerable efforts in reviewing the RIGs Glossary in addition to their assistance in the working groups which have developed and refined the RIGs documents. Given the extensive work that has now taken place in developing the RIGs, we do not envisage further substantive changes being required.

Date within which representations or objections to the proposals may be made

Any representations or objections to the proposed RIGs must be made in writing by Friday 20 April 2012. They should be sent to James Hope at the Office of Gas and Electricity Markets, 9 Millbank, London SW1P 3GE or by email to james.hope@ofgem.gov.uk.

A handwritten signature in dark ink, appearing to read 'C. Watts', with a long horizontal line extending to the right.

Chris Watts
Associate Partner, Costs and Outputs

For and on behalf of the Authority

ANNEX – List of Statutory Consultation documents

Title of document	Type	Reference
Electricity Distribution (DPCR5): Cost and Revenue Reporting – RIGv3	Guidance	36/12(a)
Electricity Distribution (DPCR5): Cost and Revenue Reporting - RIGv3 (Tracked changes from version 2 to Version 3)	Guidance	36/12(b)
Costs and Volumes Reporting Pack	Excel	36/12(c)
Costs and Volumes Reporting – Commentary template	Commentary	36/12(d)
Memo and Disaggregated Pack	Excel	36/12(e)
Memo and Disaggregated – Commentary template	Commentary	36/12(f)
Revenue Reporting Pack	Excel	36/12(g)
Financial Issues Reporting Pack	Excel	36/12(h)
Financial Issues Reporting – Commentary template	Commentary	36/12(i)
Electricity Distribution (DPCR5): Network Asset Data and Performance Reporting - RIGv3	Guidance	36/12(j)
Electricity Distribution (DPCR5): Network Asset Data and Performance Reporting - RIGv3 (Tracked changes from version 2 to Version 3)	Guidance	36/12(k)
Network Outputs Reporting Workbook	Excel	36/12(l)
Network Outputs HI Tracking Reporting Workbook	Excel	36/12(m)
Material Change Log	Excel	36/12(n)
Network Outputs Reporting – Commentary template	Commentary	36/12(o)
Quality of Service Interruptions Reporting Workbook	Excel	36/12(p)
Quality of Service Stage Data Reporting Workbook	Excel	36/12(q)
Quality of Service HV Disaggregation Reporting Workbook	Excel	36/12(r)
Non Quality of Service Occurrences Reporting Workbook	Excel	36/12(s)
Electricity Distribution (DPCR5): Connections Reporting - RIGv3	Guidance	36/12(t)
Electricity Distribution (DPCR5): Connections Reporting - RIGv3 (Tracked changes from version 2 to Version 3)	Guidance	36/12(u)
Connections Reporting Pack	Excel	36/12(v)
Connections Reporting Pack – Commentary template	Commentary	36/12(w)
Electricity Distribution (DPCR5): Glossary of Terms- RIGv3	Guidance	36/12(x)
Electricity Distribution (DPCR5): Glossary of Terms- RIGv3 (Tracked changes from version 2 to Version 3)	Guidance	36/12(y)