

Business Plan Guidance – DNOs perspective

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Requirements of RIIO-ED1 business plan

- ... for DNOs
- ... for Ofgem
- ... for other stakeholders

Suggested approach to guidance

- ... What can we do to make your lives easier?
- ... What information would you like to see?
- ... What level of detail are you interested in?
- ... Today is focused on the structure & format (?)

RIIO principles require DNOs to develop a well justified business plan that customers and stakeholders endorse – we are collectively interested in your views

Each stakeholder group will have different views on an ideal plan

DNOs

- Clarity of requirements in sufficient time
- Meets stakeholder requirements but allows DNOs to present their case

Ofgem

- Comparability
- Evidence-based
- Stakeholder-tested
- Future-proofed
- Balanced between existing and future customers
- Clear, concise and relevant

Stakeholders

DNOs should know their own stakeholder requirements, but requirements might differ across DNOs

We are interested in what you have to say

Requirements for each stakeholder group will not be the same

The ED1 business plan documents need to serve a number of audiences – an approach

	Target audience	Type of information
Level 1: Top level narrative	<ul style="list-style-type: none"> • Consumer (engagement) • The Ofgem board/government • The media 	<ul style="list-style-type: none"> • High level messages from the business plan • Indicates key priorities for UKPN • Communicate level of performance
Level 2: (Summary) Output by output high level business plan narrative	<ul style="list-style-type: none"> • Wider stakeholders (suppliers, large consumers, interest groups) • Ofgem management 	<ul style="list-style-type: none"> • Key business plan messages broken down by primary output/ secondary deliverable • Summary financial data
Level 3: (Main body) Detailed business plan narrative underpinned by high level data	<ul style="list-style-type: none"> • Ofgem price control and regulatory finance teams 	<ul style="list-style-type: none"> • Detailed narrative of the business plan • Supporting data RIGs • Detailed discussion on processes and choices
Level 4: (Appendices) Detailed business plan underpinned by disaggregated data	<ul style="list-style-type: none"> • Optional for Ofgem price control team where they request further detailed information & for confidential information 	<ul style="list-style-type: none"> • Detailed information that provides evidence of the way that the data in was derived or created

Setting a consistent approach to planning?

aspects	Consistency favoured?	Comment
Structure of documentation	YES	
Content of information	NO	Issues are relevant to specific business and geographical areas but some issues are common
Planning scenarios & assumptions	?	Business specific vs. comparable scenarios? Suggested to set common reference point, e.g. DECC's proposed scenarios
Data requirements	YES	Relevant to specific DNO but consistency of format would be sensible.
Supporting evidence	NO	Primarily relevant to Ofgem?

DNO requirements on guidance from Ofgem

For DNOs to prepare and submit high quality and well-justified business plans, they require:

- Clarity of requirements with sufficient time to prepare a high quality product
- Clear timelines and change control in any template development
- Meets stakeholder requirements but allows DNOs to present their case

So in-conclusion: a realistic approach

- DNO's must be able to reflect **their** business in **their** plans...
- A common format for high level summaries of the plan is achievable
- In the detail different Stakeholders will have different requirements and DNOs need to be able to cater for this
- A single data set design that meets all stakeholders requirements will take time to develop – does the RIIO-ED1 process allow for this?
- Confidentiality of information needs to be considered