



Electricity Distributors and other interested parties

Promoting choice and value for all gas and electricity customers

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Notice under Part D of standard condition 49 of the distribution licence to Distribution Services Providers to modify the Cost and Revenue Reporting RIGs (Ref: 149f/12)

Proposal to modify existing Regulatory Instructions and Guidance (RIGs)

The purpose of this Notice is to set out the modifications we propose to make to one of the existing Regulatory Instructions and Guidance (RIGs) documents - the Cost and Revenue Reporting RIGs (CRRRIG). These modifications are intended to revise the reporting arrangements with respect to electricity distribution losses for the remaining years of the DPCR5 price control period that began on 1 April 2010. The proposed date for modifying and issuing the revised RIGs is 1 April 2013.

It should also be noted that distribution network operators (DNOs) will be making submissions of their Well Justified Business Plans (WJBPs) to Ofgem on 1 July 2013. We are currently giving consideration to the inclusion of the 2012/13 annual CRRRIGs data in the WJBP. If we choose this route, then the proposed modified losses reporting arrangement will be incorporated into the WJBP data templates alongside all other CRRRIGs data.

Reasons for proposing modifications to existing RIGs

Following ongoing concerns regarding the data available for reporting electricity distribution losses, and an extensive consultation process, the Authority has taken the decision¹ not to activate the Distribution Losses Incentive Mechanism in DPCR5, but rather to establish a Distribution Losses Reporting Requirement (DLRR).²

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 allow analysis between price controls and at the subsequent price control review.

The recent decision therefore necessitates modifications to the CRRRIG, specifically to Chapter 4, to remove the existing reporting requirement and replace it with relevant

¹ http://www.ofgem.gov.uk/Networks/ElecDist/Policy/losses-incentive-mechanism/Documents1/1A_Decision_Losses_DPCR5_161112.pdf

² http://www.ofgem.gov.uk/Networks/ElecDist/Policy/losses-incentive-mechanism/Documents1/4D_Decision_Losses_Reporting_DPCR5_161112.pdf

guidance on the DLRR. The proposed modifications will also result in the replacement of reporting table V15 (with V15A) and the removal of tables V16 and V17³ of the Cost and Volumes Reporting Pack.

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

We believe that the proposed modifications will more effectively achieve the purposes of standard licence condition (SLC) 44B of the electricity distribution licence, under which the distribution losses RIGs are in force. In particular, the proposed modifications will introduce the required additional categories of Specified Information, and should secure the provision of more accurate, consistent, useful and comparable Price Control Cost information. We are seeking views on whether the proposed changes achieve this.

The attached documents for Statutory Consultation have been developed in view of the provisions of standard condition 49 of the electricity distribution licence. The CRRRIG document has been issued as a 'tracked changes' version, showing the development from Versions 3 to 3.1. We have not included any commentary templates. The attached reporting table (V15A) will replace the existing table V15 in the Cost and Volumes Reporting Pack.

Date within which representations on the proposals may be made

Interested parties may make representations with respect to the proposed RIGs and we will take those representations into account in coming to its decision. Any such representations should be made in writing and sent to us by 14 December 2012, by e-mail to dora.guzeleva@ofgem.gov.uk or by post to Dora Guzeleva at Ofgem, 9 Millbank, London, SW1P 3GE.

Hannah Nixon
Senior Partner
Smarter Grids and Governance (Distribution)

List of Statutory Consultation documents

Title of document	Type	Reference
Electricity Distribution (DPCR5): Cost and Revenue Reporting - RIGv3.1 (Tracked changes from version 3 to Version 3.1)	Guidance	36/12(b) 149f/12(a)
Replacement table V15A of Costs and Volumes Reporting Pack	Excel	36/12(c) 149f/12(b)

³ Tables V16 and V 17 pertain to adjustments to losses figures to take account of distributed generation and will no longer be required if the losses mechanism is not activated.