

## **Appendix 1 - WWU Response to RIIO GD1 Statutory Consultation on Licence drafting**

### **Wales & West Utilities Ltd additional Response to Special Condition 4G**

This response must be read in conjunction with :

- Reference to previous meetings of Safety Reliability Work group date 3 December 2012 and slides circulated 30 November 2012

WWU believe the proposed date of 31<sup>st</sup> March 2013 for a cross DN consistent assessment of health, criticality and risk of each asset group is not achievable. There is willingness and commitment from all DNs to achieve Ofgem's goal of comparable health and risk assessment but work to date has identified differences in approach that will require significant time to resolve. These differences are across a number of key areas

1. Factors used to determine health
2. Mechanism and weightings to convert these factors into a health score
3. Approach to deterioration, both rate and what the impact on health would be, given many assets have never operated in that regime before.
4. Factors used in assessing criticality
5. Likelihood of a failure resulting in the criticality being realised
6. 'Scoring' of criticality factors and mechanism to map from multiple criticality factors to a single rating
7. Data in terms of both quality and quantity

For some asset groups the differences are relatively minor and consistency is achievable in the short term. However, for others there will be considerable research and data gathering to achieve meaningful and comparable assessment. We propose the following timeline

#### **By 18 January 2013**

We will resubmit the updated table 4.13 including:

- 1) Data for start of RIIO
- 2) mid-period review (2017) - with and without investment
- 3) and end of RIIO-GD1, - with and without investment

The return shall be prepared on the basis of the points set out below:

#### **For asset health reporting:**

##### **Piggable pipelines**

- Carry out a gap analysis following FP to ensure Cross GDN consistency
- Confirmation that the data used by the GDN's to assess the current health of our piggable pipeline population is robust and can be audited (based on the out turn of intervals / Condition based system used by each network) . This has been completed, but given there is

no consistent objective method for determining the impact on health of deterioration in the 'without investment' scenario, GDN's have significant differences in health over time.

#### **Other asset groups**

- A Cross GDN consistency check to identify the areas of difference on assets. (Gap analysis)  
The gap analysis revealed agreement in the factors (e.g. duty, age, fault history, etc.) that affect health, but their use has no consistency and hence proved non comparable.
- Confirmation that each GDN has applied its own consistent health reporting at system level – which should be robust and auditable. This has been completed for significant assets and where practical, for example, no GDN has devised a method for distribution valves
- A detailed Gap analysis for Non piggable pipelines based on:
  - Factors that influence the health of a non piggable pipeline
  - Appropriate weighting factor for each health category
  - Estimated Deterioration
- For all other assets: Updated position on asset health reporting at component level against GDN agreed component definitions.
- Confirmation of system / component health reporting for each GDN (further discussion on the move to component level reporting)

#### **For asset criticality reporting:**

- Each GDN to confirm its position on the assessment of criticality of its OLI pipeline assets and the work / time scales required to consistently score against the criticality areas of safety, environment and security of supply.
  - Further work (post January) is required to reach agreement on the criticality matrix scoring (adding or taking worse category)
  - Future assessment of criticality at sub assemble level.

#### **By 31 March 2013**

- Consistent health assessment of <7bar below ground assets
- Agreed and documented factors that influence health by asset group and highlighted data gaps for DN's to close.

- Agreed and documented the minimum requirements for data (quantity and quality) against each asset category
- Agreed criticality matrix that is comparable across categories (this will include safety probability)

**The goal for April 2014 – if practical and possible** For material assets (i.e. those with significant criticality or investment needs):

The following principles will be utilised to determine health and risk:

- Consistent mechanisms/models to score health from the agreed factors,
- Consistent deterioration for all asset groups
- A consistent way of determining the criticality and probability of each outcome occurring (e.g. how many governor failures result in customer lost, how many service leaks result in a fatality)
- Data gaps closed to agreed level of quality (DN specific timelines based on scale of task to close gaps)

Date to be updated by end March 2013 and throughout the process following consultation with Ofgem and their consultants.