ofgem

Minutes

Environmental Reporting Requirement Workgroup

First meeting of dedicated workgroup to develop the new environmental reporting requirement	Date and time of Meeting	18 October, Ofgem offices, 12:30-14:00

Present

Attendee	Organisation	Representation
Ruth Chambers	Independent consultant	Environment stakeholder
Sam Ridesdale	Scottish and Southern Energy	DNO
Clive Steed	UK Power Networks	
Jon Booth	Electricity North West	
Ray Wright	Scottish Power	
Gordon Walker	Northern Power Grid	
Paul Jewell	Western Power Distribution	
Frank Gordon	Renewable Energy Agency	Environment stakeholder
Jeff Hardy	Ofgem	Regulator
Stacy Feldmann		

Apologies

Sheila Wren, Heather Bain, CPRE

Introduction

1.1.   The meeting was to discuss the requirement outlined in the strategy decision for companies to produce a public facing reporting environment report.

1.2.   The focus of the meeting was for Environmental Working Group to provide input into the scope, content and timing of the report to inform Ofgem's process to prepare an Environment Report Guidance Document.

1.3.   The outputs of the meeting will feed into the development of the Environment Report Guidance Document that will accompany the licence drafting consultation on 10th January 2014. It was agreed that a second meeting ahead of the January deadline would be necessary to discuss an initial straw man.

1.4.   In particular the meeting focused on the feedback DNOs have received from environmental (and other) stakeholders through the process of developing their Business Plans and the proposals and targets they are planning for the period.

Points to note

Best practice in public reporting

1.5.   Marks and Spencer, Unilever and B&Q sustainability reports were cited as examples best practice public reports. They are clear and well structured. They outline a robust strategy, clear targets, the route of involvement and engagement for stakeholders, updates

on progress. They are very visible on their websites, clearly branded and have clear opportunities for engagement and feedback from stakeholders.

The licence condition

1.6.   SLC47 refers to the requirement for an Environment Report, that is public facing, accessible document.

1.7.   The report does not intend duplicate other reporting requirements but may draw upon other data and reporting if it could provide context, layers of information, trends, to the public sphere and signpost to other higher level reports e.g. RIGS or parent company reports.

1.8.   SLC 50 is a new licence condition for progress reports on all activities under ED1. An action has been taken for Ofgem to consider possible duplication between this requirement and the new Environment Report.

Stakeholder priorities

1.9.   There is interest in low carbon, oil loss cables, enablement, EV penetration, carbon footprint

1.10.   Varying views on what feel stakeholders are interested in. The challenge is to cover the spectrum of all environmental activities you want to tell your stakeholders about as well as providing what they are directly interested in, the key obligations you are bound to and signposting to aid education and involvement of stakeholders

1.11.   Stakeholders are also interested in where companies have been fined, breached rules, taken to court etc, on environmental issues. At the same time, it was fed back that some stakeholders like what is already being done by their local DNO on the environment and may want more to be done, but there is not appetite for more money to be spent to achieve this.

1.12.   There is a lot of interest in undergrounding but with sufficient level of detail that undergrounding stakeholders, eg National Parks authorities, can draw on the report for their own reporting purposes in highlighting benefits and progress to their local communities. Reporting of undergrounding needs a narrative around the data and qualitative information as well as factual data

Content

1.13.   It was suggested that the report content should both explain details of what the company is doing and what is happening as a result.

1.14.   To provide ease of accessibility and addressing of different stakeholder priorities, the report can have clear signposting and heading to different chapters or activities.

1.15.   A lot of the data that could be drawn on is already reported as part of the Business Plans and Regulatory Reporting Packs and is hidden, but this report is an opportunity to provide some narrative and context around aspects of the information.

1.16.   One suggestion was to use the Business Plan format as a template and considering the scope for wide and narrow aspects of the report as outlined in the Business Plans—i.e. low carbon wide versus environment specific obligations, which is narrow, and that Business Plan commitments could flow into the Environmental Report

1.17.   There was agreement around the table for a themed environment report with some mandatory aspects and others, which are optional. Within this framework, there is a need

to be clear how the Environment Report Guidance Document will steer companies on common reporting, innovation and other activities DNOs are doing outside their obligations and different from each other.

1.18.   The audience for the report is interested stakeholders, of which Ofgem will be one. Therefore, the best form of accreditation/certification would be from DNO's stakeholders directly—hence the importance of accessibility and mechanism for stakeholders to get involved

1.19.   Environment stakeholders suggested additional detail on content –

- connecting low carbon and distributed generation to the distribution network, including trends, number connected each year etc

- making the report meaningful to stakeholders,

- highlighting improvements as a result of trends and

- providing room for unexpected circumstances and uncertainty

1.20.   The rest of the workgroup agreed on the merits of this sort of content, particularly highlighting areas of difference and allowing flexibility in reporting for that, as well as accommodating trend analysis and uncertainty

Initial straw-man for environment report

1.21.   Suggested themes

- Managing the impacts of existing assets—including asset stewardship, oil leaks etc

- Manner of the way we work —including waste, BCF etc (may become a large chapter – there was a suggestion to split this out into now and future)

- Preparing for what comes next —low carbon, climate change adaptation, enabling and preparedness

- Controlling the impacts of future networks—including DG, 'smart' in the context of enabling low carbon, new legislation and obligations and how this is changing behaviour

1.22.   Additional scope was suggested

- Carbon-other effects, world effects, supply chain etc

- Adaptation-tree cutting, flood prevention

- Mitigation and adaptation and other elements as reported to DEFRA this year and again in 2015 but on a more regular basis reflecting interests of stakeholders in DNO activities

1.23.   Decoupling of time horizons could help further split out the varying levels of content within each of these themes

1.24.   Ordering of the report was seen as a series of levels:

- Mandatory aspects (eg aspects of performance to include, but not limited to)

- Optional with examples

- Anything else of interest to your stakeholders/company specific

1.25.   It was suggested that reporting should be at group level, with details of any regional differences explained within the report.

Smart as part of 'impacts of future networks'

1.26.   The inclusion (at the suggestion of Ofgem) of the impacts of the impacts on future networks, particularly the elements relating to 'smart', resulted in significant discussion.

1.27.   Ofgem explained it would be odd if companies didn't report on future plans and future networks without covering smart approaches, and that smart approaches are not explicitly reported on elsewhere. Smart approaches are synonymous with absorbing low carbon technologies and as an enabling mechanism for the low carbon transition. There is stakeholder interest in how the companies are rolling out smart innovations (eg such as those developed under the LCNF) into business as usual and the outcomes of the smart intervention.

1.28.   DNOs suggested they needed to consider the relevance of smart within this reporting framework and the perspective from which it could be covered.

Date of next meeting-to be confirmed