



Regulation & Commercial

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**RIIO-ED1: INFORMAL CONSULTATION ON FAST-TRACK LICENCE DRAFTING – STANDARD LICENCE CONDITIONS & PART 1 OF THE CHARGE RESTRICTION CONDITIONS**

Dear Thomas,

Thank you for the opportunity to respond to the above consultations dated 10<sup>th</sup> January 2014.

The Energy Network Association (“ENA”) submitted a response to the informal consultation, on behalf of all fourteen electricity distribution licensees. We are parties to the ENA response and all associated appendices. We have therefore not repeated any issues raised in the ENA response.

This response is not confidential and can be published on the Ofgem website.

We have fully participated in the licence drafting process alongside Ofgem’s team and other DNOs since the Licence Drafting Working Group (LDWG) was formed in mid-2013. We recognise the hard work and engagement of the Ofgem team to date. We continue to be fully committed to working with Ofgem to ensure a high quality outcome in this context. With this in mind we would welcome the opportunity to share lessons learned in respect of the process to date, so as to enhance the process for all parties going forward at future LDWG meetings.

We would highlight that our review of the licence drafting has been necessarily limited because various material policy issues have not yet reached their conclusion and that certain key associated documents, such as the financial handbook, are not yet available. We look forward to taking the opportunity, in due course, to comment more fully when these are further developed.

We would like to raise a particular point in relation to Appendix 2 A2.1 (b) of CRC2D (Adjustment of licensee’s revenues to reflect quality of service performance). We realise that this has been considered by Ofgem in the past, prior to the RIIO-ED1 licence process but would invite Ofgem to reconsider the definition of “exceptional severe weather event” in light of our practical experience during recent storm events.

Specifically in terms of Appendix 2 A2.1 (b) of CRC2D, an exceptional severe weather event is deemed to have ended at the earlier of:

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- (i) *the time of restoration of the last customer off supply due to an LV incident linked to the underlying cause of the severe weather, or*
- (ii) *the end of a 48-hour period when the number of customers off supply due to high voltage incidents linked to the underlying cause of the severe weather has fallen to zero.*

Our understanding of the reasoning behind part A2.1 (b) as it is currently drafted, is that normally in storms there is a long LV 'tail'. When all customers with HV faults have been restored after 48 hours, the event is deemed to have ended, unless all customers with LV faults are restored earlier. The earlier of the two times will mark the end of the event for these purposes.

In the past this description has worked well, however, with recent intense lightning storms there has been a greater number of HV lightning related faults but very few LV faults. This has created debate about when the event actually ended. Our suggestion therefore would be to amend the licence drafting to reflect this and minimise the scope for debate.

We would welcome the opportunity to work with Ofgem to discuss and resolve this issue.

We trust that this letter provides helpful and constructive feedback. Once again, we would like to emphasise our commitment to working with Ofgem throughout the remainder of the licence drafting process.

Please do not hesitate to contact us should you have any queries.

Yours sincerely,



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