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Dear Mark,

Re: Ofgem Simplification Plan 2014-15 Consultation

National Grid continues to support Ofgem's annual Simplification Plan and its aim to further the principles of better regulation and to simplify regulatory burdens within the energy industry in Great Britain. We therefore welcome the opportunity to respond to this consultation; this response encompasses the views of National Grid Electricity Transmission (NGET), National Grid Gas Transmission (NGGT) and National Grid Gas Distribution (NGGD).

As discussed in our response to last year's Simplification Plan consultation, National Grid believes that the actions within this plan should ideally be aligned to the principles outlined in Government's "one in, two out" rule and Red Tape Challenge. These Government strategies identify that, whilst good regulation is required to protect consumers, employees and the environment, the growth of regulations and bureaucracy can harm both businesses and the UK economy. As such these policies are aimed at reducing the burden of regulation upon businesses, organisations and society in the UK.

National Grid supports the areas of focus listed within the 2014-15 Simplification Plan consultation, however, it is our opinion that the simplification of information and data requested by and reported to Ofgem by licensees requires greater visibility and should be a specific commitment within the 2014-15 plan.

Over the last six months National Grid has welcomed the opportunity to work with Ofgem in agreeing shared aspirations to simplify and ensure that the reporting requirements under the new RIIO regulatory framework are relevant and proportionate for both organisations.

Further to these discussions we have identified two key areas of reporting requirements where we consider alignment and significant progression is required over the next year to achieve a step change in information and data simplification:

1. Regulatory Instructions and Guidance (RIGs) and Regulatory Reporting Pack (RRP)

National Grid values the progress made to date between Ofgem and our Gas Distribution business in achieving some simplification of the 13/14 RIGs and RRP tables, however there continues to be significant opportunities to further rationalise these for all licensees.

We are currently undertaking an internal review of RRP data tables with the aim of identifying potential areas for further rationalisation, and would welcome the opportunity to discuss these with Ofgem over the coming months.

An action that National Grid has identified as critically important in ensuring the RIGs document and supporting RRP tables remain fit for purpose and relevant to both Ofgem and licensees is the establishing of a collaborative annual iteration and review process.

2. Data Assurance Guidance (DAG)

It is essential that the DAG be scoped and designed with sufficient flexibility to meet developing sectoral requirements whilst delivering a high level framework that provides regulatory confidence that network company data is being consistently risk assessed and that material actions are reported transparently. This can be achieved by encompassing and acting promptly upon stakeholder feedback from the current DAG trial.

We have seen the original scope of the DAG extend from RRP data tables to now include non-RRP reports and potentially irregular ad-hoc submissions such as re-openers. Whilst we understand the rationale for this we would also encourage Ofgem to begin a parallel process of 'cleaning up' redundant licence obligations because it is these that drive the detail and timing for non-RRP report submissions. Whilst this exercise would positively contribute towards simplification, we also recognise that this is an onerous activity that may not be achievable in the short term and would require significant coordination of resource availability across Ofgem and licensees.

Another area where National Grid would like to work with Ofgem is in the design and development of a RIIO mid-period review and re-opener window process which is clearly defined, transparent and proportionate, and which encompasses the views of stakeholders and avoids unnecessary burdens being placed on network companies.

In alignment with Ofgem's commitment to greater consistency, National Grid believes that to effectively and efficiently design and build the future energy networks required to deliver reliable, low carbon energy to consumers in Great Britain and Europe, there must be stronger links, greater internal coordination and transparent prioritisation conducted across all individual policy areas in the setting of both Gas and Electricity policy. This will provide a holistic and appropriately paced approach to industry change.

A continued increase in Ofgem engagement with industry commercial and regulatory fora will help achieve greater consistency and also help to provide increased clarity to industry stakeholders in the development of electricity and gas frameworks that are fit to deliver maximum benefits in the development of the European Single Market. National Grid has seen clear evidence that Ofgem has positively increased its engagement with the industry right across the frameworks arena. We welcome the increased leadership given and responsibility taken by Ofgem in guiding the electricity industry through an imminent period of change.

However, further value could be realised if Ofgem played a more vocal role, as early as possible, in the framework change process. Ofgem should be able to be more transparent and express preliminary views on any issues or framework solutions throughout the respective development cycles without fear of fettering their discretion, which appears to unduly constrain Ofgem's willingness to play a more active role.

In further developing our approach and strategy to how we can contribute to developing market integration across national borders within Europe, National Grid would welcome clarification on Ofgem's view on how their current duties and obligations to GB consumers align, and are consistent, with the development of the European Single Market. There are increasing instances where projects aimed at facilitating integration do not provide equal cost-benefits to GB and European consumers and other market participants.

Underpinning all of the above proposals should be a simple, proportionate and transparent suite of Key Performance Indicators showing stakeholders how Ofgem are progressing against specific simplification plan and "Forward Work Programme", as well as wider organisational, objectives. This approach will enable industry participants to gauge where Ofgem are making progress, where they require support and where priorities have changed or developed.

As Ofgem develop their Simplification Plan 2014-15 National Grid would welcome the opportunity for further involvement to aid in the identification of specific actions to be included. In the meantime, we would be happy to discuss and expand on any of the points made within this response. If you would like to discuss the response further please contact Stephen Hassall on 01926 653706 or by email to stephen.hassall@nationalgrid.com.

Yours sincerely,

[By e-mail]

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Cc: Paul Whittaker