

To holders of an Electricity Transmission Licence,  
a Gas Transporter Licence and other interested  
parties

Email: [DAG@ofgem.gov.uk](mailto:DAG@ofgem.gov.uk)  
Date: 3 February 2015

## Decision on Data Assurance Guidance and licence changes for Electricity and Gas Transmission Licensees and for Gas Distribution Licensees

### 1. Introduction

On 17 December 2014, we issued a consultation<sup>1</sup> seeking views on proposed new data assurance requirements for electricity transmission, gas transmission, and gas distribution licensees (ie network companies or companies)<sup>2</sup>. The proposed requirements were set out in the Data Assurance Guidance (DAG) including associated reporting templates. Appendix 1 to this letter contains a list of the licensees to which these requirements will apply.

In the same letter, we also sought views on proposed modifications to the electricity transmission and gas transporter (transmission and distribution) licences in a Statutory Consultation<sup>3,4</sup>. The purpose of these modifications is to enable us to require the companies to provide Network Data Assurance Reports (NetDAR) to the Authority<sup>5</sup> on the annual cycle set out in the DAG.

This letter sets out our decision following the Statutory Consultation in relation to the licence modifications and the consultation on the DAG.

### 2. Consultation Responses

We received 10 responses to the consultation, all of which were from or on behalf of companies to which these requirements will apply<sup>6</sup>. All responses have been published on our website.

We have summarised respondents' substantive comments and issues raised along with our responses to them in Appendix 2.

Where respondents correctly identified typographical or other minor errors, we have made the necessary corrections in the relevant documents. The corrections we have made can be seen in the published DAG documents as "track changes".

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<sup>1</sup> [statutory consultation on the DAG](#)

<sup>2</sup> Excluding Offshore Transmission Owners (OFTOs) and independent Gas Distribution Operators (iGDNs).

<sup>3</sup> <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-notice-proposal-modify-gas-transporter-license-standard-special-condition-a55-data-assurance-requirements>

<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-notice-proposal-modify-electricity-transmission-standard-condition-b23-data-assurance-requirements>

<sup>5</sup> The terms the "Authority", "Ofgem", "we" and "us" are used interchangeably in this document. The Authority refers to the Gas and Electricity Markets Authority. Ofgem is the Office of the Gas and Electricity Markets Authority

<sup>6</sup> The Energy Network Association (ENA) submitted a response that was co-signed by all six electricity distribution companies and by two electricity transmission companies (SHE Transmission, SP Transmission). Some of these companies also submitted separate responses.

All respondents agreed with the general principles that the DAG set out to achieve. However, some were of the view that it had become too mechanistic, that the risk assessment criteria do not achieve the objectives, and that the DAG as drafted is not fit for purpose. These views were not consistent across licensees, with one licensee expressing a contrasting view that all of the proposed changes, and the reasons for these changes, are appropriate and reflect discussions with us through previous correspondence and through working group meetings. Our view is that there is sufficient scope in the DAG for licensees to tailor their approach within the framework it sets out. We believe that the DAG is fit for purpose and will achieve real benefits for consumers. However, while there is wide scope for licensees to work in, the full benefits will only be realised if licensees keep in mind and are guided by its intended aims when planning their assurance and preparing their NetDAR.

The response from ENA requested a further opportunity to discuss feedback and to review the updated DAG documents prior to modifications being made. We do not agree that this is necessary. Licensees have had opportunities throughout the trial phase, which took place between September 2012 and November 2014, to feed in their comments and to influence the final DAG. We took account of and balanced the sometimes conflicting views of licensees throughout the trial and do not feel that the points put forward in the consultation responses are of sufficient materiality to necessitate any more than minor modifications to the DAG documents.

All licensees have engaged constructively with us throughout the course of the DAG trial to develop a set of guidance that will benefit consumers by improving the quality of the data submitted by network companies to Ofgem. We believe that the DAG will do this. While it may involve a significant workload initially for some licensees to comply with it, we do not believe that it increases unnecessarily the regulatory burden on them.

Furthermore, at the licensees request we issued a clarification letter<sup>7</sup> to them at the same time as we published our consultation. Our letter acknowledged the workload that may be involved in complying with the DAG and attempted to provide assurances to licensees that our approach to assessing the DAG in its first year would be to focus less on the detail of the individual submissions' risk scoring and plan details, and more on the overall systems and processes that lie behind the full set of data submissions. We feel that some licensees have given adequate consideration to the clarification provided.

### **3. Our Decision on Data Assurance Guidance (DAG)**

The background to our proposals and our decision is set out in the consultation documents that we published on 17 December 2014. We have carefully considered the consultation responses in reaching our final decision, and have concluded that only minor modifications are required to the DAG documents.

This letter serves as a direction under Standard Condition B23 of the Electricity Transmission Licence and Standard Special Condition A55 of the Gas Transporter Licence and gives legal effect to the DAG as if it was a condition of the applicable licence. This Decision will take effect on and from 1 April 2015.

The DAG consists of the documents listed (1 to 4) below, which together comprise the "Data Assurance Guidance" under the relevant DAG licence condition, and each of which has legal effect as if it were a condition of the licence:

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<sup>7</sup> [clarification letter](#)

1. DAG Guidance Document (version 1.1)
  - Any changes from version consultation (version 1.0) are shown highlighted in the document.
2. Network Data Assurance Report (NetDAR) Template (version 1.1)
  - Minor changes listed.
3. Risk Assessment (RA) Template (version 1.1)
  - A sheet titled 'Changes\_Log' has been added to the workbook. Any changes from consultation version (version 1.0) are listed on this sheet.
4. Irregular Submission Assurance Template (version 1.1)
  - Minor changes listed.

Each of these documents has been published alongside this Decision.

#### **4. Our Decision on Modification of the Electricity Transmission and Gas Transporter Licences**

Having considered the one response that we received to the consultation on modification of the electricity transmission and gas transporter licences, our decision is to approve the conditions as modified without any further modification. The effect of these modifications is to extend the permitted scope of the DAG to allow us to specify the annual cycle on which licensees shall report to Ofgem. This allows us to require licensees to submit their NetDAR by the 28/29 February as now specified in the DAG. The Authority's decision notices on the proposed licence modifications can be found on Ofgem's website.

#### **5. Permission to appeal the decision**

**For holders of a Gas Transporter Licence:** Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) under section 23B of the Gas Act 1986, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules<sup>8</sup> requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Appendix 3 provides a list of the relevant licence holders in relation to this modification. The meaning of 'relevant licence holder' is set out in section 23(10) of the Gas Act.

**For holders of an Electricity Transmission Licence:** Where an application for permission to appeal the Authority's decision is made to the Competition and Markets Authority (CMA) under section 11C of the Electricity Act 1989, Rule 5.7 of the CMA's Energy Licence Modification Appeals Rules<sup>9</sup> requires that the appellant must send to any relevant licence holders who are not parties to the appeal a non-confidential notice setting out the matters required in Rule 5.2. The attached Appendix 3 provides a list of the relevant licence holders in relation to this modification. The meaning of 'relevant licence holder' is set out in section 11A(10) of the Electricity Act.

**If you have any comments or questions on this letter, please contact Keren Maschler on telephone: 020 3263 9619 or e-mail: [DAG@ofgem.gov.uk](mailto:DAG@ofgem.gov.uk) in the first instance.**

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<sup>8</sup> The rules were originally published by the Competition Commission in September 2012 and has been adopted by the CMA Board. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the CMA.

<sup>9</sup> The rules were originally published by the Competition Commission in September 2012 and has been adopted by the CMA Board. On 1 April 2014, the Competition Commission was abolished and its functions transferred to the CMA.

We consulted separately on identical proposals for electricity distribution companies. The Authority's decision on the Consultation on Data Assurance Guidance for Electricity Distribution Companies has also been published today on our website<sup>10</sup>.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Paul Branston', enclosed within a faint rectangular border.

Paul Branston,  
Associate Partner, Costs and Outputs  
Smarter Grids and Governance

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<sup>10</sup> <https://www.ofgem.gov.uk/publications-and-updates/consultation-data-assurance-guidance-electricity-distribution-companies>

## Appendix 1: Licensees to which DAG requirements will apply

### Electricity Transmission

Company Group	Licensee	Company number	Licence Type
National Grid plc	National Grid Electricity Transmission Plc	2366977	Electricity Transmission
SSE plc	Scottish Hydro Electric Transmission Plc	SC213461	Electricity Transmission
Scottish Power Ltd	SP Transmission Plc	SC189126	Electricity Transmission

### Gas Transporter

#### Distribution Network operators (DNs) and Retained DN

Company Group	Licensee	Company number	Licence Type
National Grid plc	National Grid Gas Plc	2006000	Gas Transporter
Cheung Kong Group <sup>11</sup>	Northern Gas Networks Limited	5167070	Gas Transporter
	Wales & West Utilities Limited	5046791	Gas Transporter
Scotia Gas Networks Limited	Scotland Gas Networks Plc	SC264065	Gas Transporter
	Southern Gas Networks Plc	5167021	Gas Transporter

#### National Transmission System (NTS) operator

Company Group	Licensee	Company number	Licence Type
National Grid plc	National Grid Gas Plc	2006000	Gas Transporter

<sup>11</sup> Northern Gas Networks Limited and Wales and West Utilities Ltd are required to report separately.

## Appendix 2 - Summary of consultation responses

### 1 Risk Assessment and submission tables

- 1.1 Both ENA<sup>12</sup> and SSE state that a precedent has been set by Ofgem for the treatment of the RIGs (Regulatory Instructions and Guidance) tables being rolled-up into workbooks: for electricity distribution all RIGS tables are rolled-up into six workbooks and for electricity transmission a revenue workbook has been created. However, the remaining tables in electricity transmission have been listed individually. This significantly alters the obligation for transmission licensees, creating an imbalance. They thought that Ofgem should require licensees to undertake risk assessment and report at workbook level.

*Ofgem response:*

*We do not agree that a precedent has been set in respect of the treatment of RIGs tables. We have previously said to electricity distribution network operators (DNOs) that the current list of submissions (Appendix 1d) is interim only for the first year while we transition from DPCR5 to RIIO-ED1. We intend to revise the DNO list once the RIIO-ED1 reporting requirements have been finalised. This may involve a greater degree of disaggregation than we have at present. We will revise the list in consultation with the relevant licensees and will modify the DAG in accordance with the Electricity Distribution Licence requirements.*

*Furthermore, if licensees feel that it is preferable to aggregate any submissions for risk assessment purposes then the DAG gives them scope to do so, provided they explain the rationale for doing so in their NetDAR. This is clearly stated in paragraph 2.31 of the DAG.*

- 1.2 ENA, SPEN<sup>13</sup> and SSE have commented that the RIGS tables included in the transmission appendix (ET\_Submissions sheet) of the Risk Assessment Template (RA Template) are not aligned to the new RIIO-T1 Regulatory Instructions and Guidance (RIGs) document.

*Ofgem response:*

*We have aligned the list in the DAG with the current version of the RIGs.*

- 1.3 We were asked by ENA to remove Irregular Submissions that are not due until the 2016-17 reporting year.

*Ofgem response:*

*We do not agree that these submissions should be removed. Where a submission is not relevant for a NetDAR submission, licensees should enter a comment to this effect in the RA Template. The guidance in the RA Template has been modified to this effect.*

- 1.4 ENA and National Grid asked for clarity on which versions of RIGs documents are to be used for which submission:

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<sup>12</sup> ENA is the Energy Network Association. It represents 14 electricity distribution licensees and two Transmissions Operators in Scotland.

<sup>13</sup> SPEN (Scottish Power Energy Networks), on behalf of Scottish Power Distribution (SPD), Scottish Power Manweb (SPMW) and Scottish Power Transmission (SPT).

*Ofgem response:*

*The current list of submissions is provided in the RA Template. Column G refers to the RIGs that should be used for each submission. The majority of, but not all, submissions due to Ofgem between 1 April 2015 and 31 March 2016 will be based on the DPCR5 RIGs. A list for submissions due between 1 April 2016 and 31 March 2017 will be developed once the RIIO-ED1 RIGs are completed. These will all be based entirely on the RIIO-ED1 RIGs.*

*With the exception of the RIIO-ED1 RIGs for 2015 NetDAR, licensees should complete the Future Submissions section of their NetDAR on the basis of the RIGs in force at the time of submission.*

- 1.5 ENA, WPD and SSE were concerned that the scope of the DAG in respect of Irregular Submissions was unclear. They suggested that Ofgem should provide a full list of Irregular Submissions for each licence type and to amend paragraph 5.1 in the DAG (definition of Irregular Submission).

*Ofgem response:*

*We do not think it is necessary or in the best interest of consumers for Ofgem to attempt to compile a comprehensive list of Irregular Submissions for each licensee. It is the responsibility of each licensee to be aware of and take responsibility for its own submissions (regular and irregular). The DAG clearly defines Irregular Submissions, and whether or not an Irregular Submission is listed does not release a licensee of its obligations to carry out data assurance and to report to Ofgem. We feel that the definition of Irregular Submission is clear and is as was agreed at the Data Assurance Working Group meeting on 12 November 2014. At the meeting, we agreed to remove the additional classification of Irregular Submission as any "submissions specifically required under any licence condition", as we accepted the licensees' argument that this was too broad in scope.*

- 1.6 The ENA response states that risk scoring overstates the risk score for Irregular Submissions.

*Ofgem response:*

*We do not agree with this statement. Irregular Submissions by definition will be submitted less frequently than regular submissions. The systems and processes behind them may therefore be less mature and hence might present greater Risks. If these submissions are scoring higher than regular submissions we would take this as an indication that the risk assessment methodology is appropriate. As with any submission, it is the licensee's responsibility to justify its choice of Data Assurance Activities. If a licensee feels that the risk score overstates the Risk then it should plan accordingly and explain in its NetDAR the rationale for its choice of Data Assurance Activities. In our review of the NetDAR reports, we will consider all evidence and explanations put forward by licensees.*

- 1.7 WWU commented that there were some returns for Gas Distribution Network companies that do not lend themselves to the risk assessment, and that as a result there will be some inconsistencies across networks.

*Ofgem response:*

*As part of our annual review of licensees' NetDAR, we will investigate the reasons behind any apparent inconsistency in risk scoring. We expect licensees to use best endeavours to risk assess all submissions. Where licensees feel that they cannot*

*properly risk assess a submission, they should explain this in their NetDAR and should provide additional reasons to explain their choice of Data Assurance Activities.*

- 1.8 UKPN noted that the requirements for forecast data for RIIO-ED1 RIGs and RIIO-ED2 business plans are yet to be specified. It stated that in its view the inclusion of any forecast submission in the DAG appendices is premature and asked to remove such returns from the scope of the DAG for electricity distribution companies.

*Ofgem response:*

*While these submissions have not yet been finalised, many are licence requirements and/or are sufficiently well developed to give us confidence that they will be submitted in the forthcoming year. The fact that they have not all been fully developed is part of the rationale for including them on the list as whole submissions rather than at disaggregated table level. As mentioned before, if a submission is not due in the following year, the licensee should state this in the comments section of the RA Template.*

- 1.9 UKPN also asked for clarification regarding the impact in the risk assessment ie whether it should be scored relative to their own totex or to the industry totex.

*Ofgem response:*

*Our intention is for the companies to relate to their own totex. We are aware that the smaller a company is, the smaller the impact might be. The DAG states that licensees should score relative to "Licensee's annual baseline totex" and therefore we do not feel any modification is required.*

- 1.10 NGN was primarily concerned that the risk assessment methodology is not fit for purpose. The impact of this, it claims, is to require the company to carry out two risk assessments, one for compliance with Ofgem requirements, and one to design its own actual assurance plans. Following this, the company then has to explain the differentials in its risk assessment.

*Ofgem response:*

*The views expressed by NGN appear to be at odds with those of other respondents. We have considered the comments and concerns raised by NGN. The risk assessment methodology was developed and modified in the last two years to reflect the risk from a consumer perspective of incorrect, inaccurate, or late data submission. From a corporate perspective, licensees may take additional risk factors into account, for example reputational risk. It is for the individual licensee to manage its corporate risks.*

- 1.11 NGN also commented that it is not possible in any meaningful way to apply the risk assessment methodology to qualitative or forecast reports.

*Ofgem response:*

*We have previously clarified that the risk assessment should relate to the historical input data on which the company is basing its forecasts (see section 2 of the DAG guidance: "Forecast Data"): "When assessing the probability of incorrect or inaccurate data submission, licensees should consider the systems and processes behind any historical input data utilised in arriving at forecast views".*



*Licensees have a responsibility to use best endeavours to risk assess all their submissions. Over time, should evidence be gathered to suggest that the approach towards forecast data is not working or that the risk assessment methodology should be improved, we will consider modifying the DAG.*

## **2 DAG Guidance**

- 2.1 Both ENA and WPD suggested that it was inappropriate to require them to inform Ofgem of material errors found before data submission, and suggested an amendment to paragraph 4.12 of the DAG.

*Ofgem response:*

*We do not agree that this amendment is needed as sub-paragraph (b) requires licensees only to report material errors identified **prior** to submission where a similar error may not have been picked up in the past.*

*The ENA's suggested modification to paragraph 4.12 was to change sub-paragraph (b) to state: "the error was detected by control systems or procedures and corrected in the return prior to submission, but a similar error may not have been picked up in past submission(s)". The effect of adopting this modification would be that, by not correcting the error prior to submission, licensees could circumvent the requirement to report any errors detected by the control systems.*

- 2.2 ENA noted that the term risk appetite should not be used in the context of data assurance.

*Ofgem response:*

*We consider that this term is appropriate in this context as it relates to defined Risk under the DAG and, therefore, is limited in scope to data Risks.*

- 2.3 Risk assessment of forecast data: ENA requested to change the term describing the company's obligation to risk assess forecast data from use of "best endeavours" to "reasonable endeavours".

*Ofgem response:*

*We consider that companies should use their best endeavours to risk assess submissions made to us. The DAG Licence Conditions also require licensees to use "best endeavours" to mitigate such risks.*

- 2.4 SPEN in its response stated its view that there was an imbalance of coverage dedicated to risk assessment as opposed to assurance, and had a general view that the DAG was too heavily focused on risk assessment.

*Ofgem response:*

*We disagree that the DAG is too heavily focused on risk assessment. Whilst more of the DAG Guidance is dedicated to risk assessment, this is because it requires more explanation than the assurance activities require. We expect licensees to already be carrying out data assurance for all their submissions and therefore, the information they report in their NetDAR should in most cases simply reflect this existing work. The option of a more prescriptive approach to Data Assurance Activities was considered and discussed throughout the trial period. However, licensees were of the view that such an approach was unnecessary and unhelpful.*

- 2.5 National Grid welcomed the introduction of the DAG and fully supported the benefits expected from its implementation. However, it asked for more clarification on the term "realistic worst case scenario".

*Ofgem response:*

*We do not feel that "realistic worst case scenario" requires a strict definition as it is simply a principle to be applied by licensees when carrying out their risk assessment.*

### **3 Clarification letter (not part of the consultation)**

At the licensees' request, we sent a clarification letter to them at the same time as we published our consultation. The purpose of this letter was to provide licensees with more clarity over how we intend to approach the first year of DAG implementation. This letter did not form part of the consultation. However, a number of respondents commented on this letter and we have therefore included these comments and our responses to them below. We have also published the clarification letter on our website.

- 3.1 ENA requested that we clarify the legal status of the clarification letter.

*Ofgem response:*

*The clarification letter was sent to licensees on 17 December 2014 to provide them with additional clarity on how we will approach the first year of DAG implementation. We feel that this letter is sufficient to enable licensees to judge whether or not their first NetDAR will be compliant and meet Ofgem's expectations. We expect all licensees to fully comply with the DAG, and nothing has emerged from our previous discussions with licensees or from the consultation to suggest that licensees will be unable to do so. Any concerns raised about compliance will be considered on a case by case basis.*

- 3.2 Both ENA and SSE asked Ofgem to advise them of the submissions that will be used in future comparative efficiency analysis so that they could use the information in their risk assessments.

*Ofgem response:*

*As we previously stated in an email to licensees on 24 November 2014, licensees should use their own judgement to score comparative efficiency. It is not appropriate for Ofgem to advise licensees of the submissions that will be used in future comparative efficiency analysis. Our approach to comparative efficiency analysis is constantly evolving. We will not limit our ability to use data that has not been used in the past by stating our intentions in the DAG. We have been very open with licensees in the past on our assessment techniques and the types of data used. Licensees are, therefore, based on their past experience, well placed to assess the comparative efficiency criteria. As with all impact categories, we expect licensees to make reasonable judgements based on the information available to them at the time.*

- 3.3 SGN stated that it accepts the benefits of benchmarking risk scores but asked that we recognise that each licensee has different systems for collating and reporting data which will impact risk scores. National Grid made a similar point and asked that we share any benchmarking information on assurance activities across data types and industries to avoid over-assurance for comparable risks.

*Ofgem response:*

*We agree that there are benefits to benchmarking licensees' risk scores and this is something that we intend to do as part of our annual reviews of the NetDARs. We will consider how best to share benchmark data with licensees in order to maximise the benefits of these, and will work with them to figure out how this can be achieved.*

- 3.4 UKPN, in relation to section 3 of the clarification letter, asked us to ensure that licensees are made aware of any data issues with the past submissions of the company.

*Ofgem response:*

*Ofgem brings such issues to licensees' attention as soon as they come to light. It is, however, the responsibility of licensees to make sure such issues are addressed in their NetDAR.*

- 3.5 Scope of Past Submissions: ENA, UKPN and SPEN, commented that the scope of Past Submissions, as described in the clarification letter, is greater than was agreed at the last working group. ENA also suggested amending paragraph 4.1 in the DAG to reflect this position. They added that the clarification letter should explain whether the "additional information" on past submission is purely for information. UKPN stated that they consider that Ofgem does not have the authority to retrospectively extend the scope of the trial.

*Ofgem response:*

*There has been no retrospective change in the scope of the trial. The trial ended in November 2014 prior to which licensees submitted a number of trial reports. For their first NetDAR submission, licensees are not required to include any submissions in their Past Submissions section that were not in scope for the trial. This is in accordance with what was agreed at the last Data Assurance Working Group meeting on 12 November 2014. Our clarification letter stated that "licensees should [also] provide commentary to cover the assurance related to those or any other submissions made in the year commencing 1 March 2014. [However,] the additional commentary need not necessarily be on a submission by submission basis, but may be an overall view of their assurance activities and findings in the year". This additional commentary is necessary to allow us to take an overall view of a licensee's data assurance and is something we would have expected licensees to provide without the need for an explicit request. Furthermore, our clarification letter goes on to state that "our review of licensees' NetDAR reports for the first 'live year (i.e. 2015) will focus less on the detail of the individual submissions' risk scoring and plan details, and more on the overall systems and processes that lie behind the full set of data submissions". We feel that this is a significant concession to licensees and we are concerned that the above comment might suggest a lack of understanding on the part of some licensees of the aims of the DAG reporting and its importance to consumers.*

- 3.6 ENWL stated that since the DAG requires licensees, for the first year's NetDAR, to carry out a risk assessment for "all submissions within scope for September 2014 Trial NetDAR", some licensees who included a greater number of informal submissions in their September 2014 trial NetDAR will now face more onerous obligations than those who included fewer irregular submissions.

*Ofgem response:*

*Firstly, we note that ENWL included seven Irregular Submissions in its September 2014 trial NetDAR, while most licensees did not include any. We would like to commend ENWL for this and for its constructive and proactive engagement*

*throughout the DAG trial and development. We can assure licensees that there is no intention to unfairly penalise any licensees and we can confirm that the requirement to risk assess submissions within scope for September 2014 trial NetDAR covers only regular submissions. We have amended DAG Table 4.1 accordingly.*

- 3.7 National Grid stated that prior to publication of any significant issues found in a NetDAR that Ofgem should discuss the issue with the relevant licensee.

*Ofgem response:*

*We agree. The first step will be dialogue with the relevant licensee.*

#### **4 License modifications**

- 4.1 NGN commented on the consultation on modification to Standard Special Condition A55. It claimed that the concept of the DAG reporting year adds to the fog of bureaucracy and therefore the licence should not be modified to allow the DAG to specify one.

*Ofgem response:*

*We do not agree that the term "DAG reporting year" (as defined in the DAG) or the term "relevant reporting period" (as specified in the relevant DAG Licence Condition) creates any lack of clarity or bureaucracy. We held a long consultation period and dialogue with licensees on this issue, and we believe that it was widely agreed that this was the best option.*

- 4.2 SPEN and SSE commented on the proposed licence modification to Standard Licence Condition B23 of the Electricity Transmission Licence. Both respondents thought that the licence condition modification should be aligned with Standard Licence Condition 45 of the Electricity Distribution Licence, which has just been agreed.

*Ofgem response:*

*While there are some wording differences between the electricity transmission licence condition and the electricity distribution licence condition, we are of the view that the meaning and effect of the licences are the same. We do not believe the differences between the licence conditions to be significant enough to cause difficulties in implementation of the DAG and therefore consider that full alignment of licence text at this point is unnecessary.*

#### **5 Errors and General comments:**

- 5.1 ENA, UKPN, and SPEN, mentioned that there were some incorrect submission dates referred to within the Risk Assessment Template.

*Ofgem response:*

*These errors have been corrected in the final workbook.*

- 5.2 It is also mentioned by ENA and SPEN that some submissions have been included on one list and not the other (e.g. Directors' Remuneration, Business Separation).

*Ofgem response:*

*Inconsistencies between lists of submissions for different licence holders have been corrected in the final workbook.*

- 5.3 NGN did not agree with our proposed end of February NetDAR submission date. The reason given was that the NetDAR that will be submitted in February will relate (in its retrospective element) to submissions that have been made seven months earlier. It also feels that it is more sensible to have two separate reports at different times of the year, one report related to completed assurance work and one related to proposed assurance work.

*Ofgem response:*

*We agree that most of the regular submissions that the NetDAR relates to, in its retrospective element, would have been made a few months prior to NetDAR submission, and that earlier trial versions of the DAG had the reporting split into two reports, as NGN suggested. This issue has already been discussed and we considered licensees' views on this issue at the Data Assurance Working Group meeting that was held on the 16 April 2014. The pros and cons of various reporting options were raised and discussed at the Working Group meeting and these were taken into account when reaching our final decision. A single report was by general consensus the preferred option.*

*It was felt that a single report was preferable to two reports for a number of reasons including:*

- it reduces duplication,*
- a single sign-off by the board of the licensee is required, and*
- it is easier to interpret and to monitor as it covers a continuous 24 month period.*

*The ideal date for a single report would, all things being equal, be 31 July, which is the date on which the main regulatory returns (the RIGs) are submitted. However, from a practical perspective this was not optimal as:*

- prior to the submission, licensees' resources would be tied up in preparing the actual returns, meaning the NetDAR may receive less attention than it requires in order to be fully comprehensive,*
- there would be no time for licensees to consider any learning or issues related to their RIGs returns,*
- after 31 July Ofgem's resources would be tied up in assessing the regulatory returns, meaning that the NetDAR would receive insufficient attention from Ofgem for a number of months after submission.*

*The 28/29 February submission date was chosen as:*

- it gives a greater chance, for both licensees and Ofgem, that sufficient resources will be available to dedicate to the NetDAR,*
- by that date there should be clarity over any modifications to the RIGs for the forthcoming regulatory submission,*
- it gives Ofgem time to feedback comments or issues to licensees and some time for licensees to act on these ahead of their RIGs submissions.*

- 5.4 ENA commented that some of the issues they have raised were identified on the day we published the consultation (ie 17 December 2014), and comments were sent by email to Ofgem. It was expected that Ofgem would provide updated versions of the DAG documents sooner

*Ofgem response:*

*The comments received on the consultation publication date were noted and are reflected in this decision. The issues raised by the companies were not significant enough to prevent licensees from carrying out any necessary preparatory work ahead of their first NetDAR submissions. The issues raised related to minor errors and typographical errors in the DAG documents. Where it was appropriate to do so, we responded with clarification directly to the licensee that raised the query.*

- 5.5 SGN stated that upon reviewing the statutory consultation documentation, it considers all of the proposed changes, and the reasons for these changes, were appropriate and reflected discussions with Ofgem.
- 5.6 Logistical issues with 2015 submissions: ENA, UKPN, National Grid, and SPEN expressed concern that the timeframe between informal NetDAR submission (2 March 2015) and formal submission (1 April 2015) is tight and their ability to make significant changes to their NetDAR will be limited in the event that Ofgem identifies any significant issues.

*Ofgem response:*

*We intend to provide feedback only if substantial issues arise from the report. When giving our feedback, we will consider the practicalities relating to the licensee's ability to make significant amendments to their NetDAR. Should the need arise, we will discuss these issues with the relevant licensee and agree an appropriate approach to take.*

- 5.7 Logistical issues with 2015 submissions: The ENA response stated that licensees need clarity from Ofgem on which version of the guidance they should work from when producing the informal submission for 2 March 2015, bearing in mind the corrections and clarification proposed in this response and the time needed to implement them.

*Ofgem response:*

*We do not believe that this is an issue as the changes in the DAG between the consultation and the final decision are not significant enough to be the cause of any emissions or inconsistencies, or to prevent licensees from carrying out any necessary preparatory work ahead of their 2 March 2015 NetDAR submission. Additionally, the clarification letter was sent to licensees partly as a way of overcoming this potential issue.*

### **Appendix 3: Relevant licence holders for the purpose of appeals to the CMA**

#### **For holders of an Electricity Transmission Licence:**

All the licence holders listed in Appendix 1 are relevant licence holders as set out in section 11C of the Gas Act and for the purpose of appeals to the CMA (see page 3, paragraph 5 above). In addition the following are also relevant licence holders for these purposes.

<b>Licensee</b>	<b>Company number</b>	<b>Licence Type</b>
TC Barrow OFTO Limited	7384547	Electricity Transmission
TC Gunfleet Sands OFTO Limited	7384551	Electricity Transmission
TC Ormonde OFTO Limited	7456969	Electricity Transmission
TC Robin Rigg OFTO Limited	07384550	Electricity Transmission
Great Gabbard OFTO plc	08180541	Electricity Transmission
TC Linc OFTO Limited	08079075	Electricity Transmission

#### **For holders of a Gas Transporter Licence:**

All the licence holders listed in Appendix 1 are relevant licence holders as set out in section 23(10) of the Gas Act and for the purpose of appeals to the CMA (see page 3, paragraph 5 above). In addition the following are also relevant licence holders for these purposes.