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Dear Paul

Consultation on Data Assurance Guidance for Electricity Distribution Licensees

Thank you for the opportunity to comment on your proposed Data Assurance Guidance (DAG).

We have always supported the principles behind the introduction of the DAG. In particular we see the following main drivers for its implementation:

- Ofgem uses data submitted by licensees for numerous purposes, and in particular to enact the mechanisms of current price controls and to set appropriate allowances for future price controls. It has been clear through the RIIO-ED1 assessment processes that, in a number of areas, some DNOs have submitted data to Ofgem that is not consistent with the current reporting rules. This has led to Ofgem being forced to use sub-optimal assessment techniques in a few areas. It is essential that Ofgem sets out the required assurance processes that licensees must use to improve the quality of data Ofgem has available to it.
- We take the assurance of the data that we submit to Ofgem very seriously. These processes come at a financial cost. It would be inappropriate for companies that do not take assurance as seriously, and therefore spend less money, to earn greater outperformance rewards than those that do.

Electricity North West has undertaken a detailed review of the draft guidance and associated appendices that were published on 17 December and has contributed fully to the Energy Networks Association's (ENA's) response to the consultation.

The ENA's response is comprehensive and includes the majority of the issues that we wish to raise. Please consider that the ENA's response also represents part of Electricity North West's response to your consultation.

Overall, we were disappointed with the quality of the guidance that Ofgem included in its consultation. This is a particular issue as licensees' first submissions under the new DAG guidance are required in less than six weeks time. At this stage, it is unclear exactly what licensees are required to produce; such lack of clarity will inevitably mean that it will be very difficult for Ofgem to take enforcement action for non-compliance.

In addition to the points raised by the ENA we have identified two further issues that must be considered before the implementation of the changes to the Data Assurance Guidance.

1. Ofgem's clarification letter, also of 17 December, requires that DNOs 'should provide an update on the activities identified in the trial NetDAR'. We understand from discussions at Ofgem working groups that many companies limited the scope of their trial DAG submissions to the list of submissions provided by Ofgem. We included details of a further seven submissions that we believe met the then definition of an irregular submission. Ofgem's clarification therefore extends the formal scope of the DAG for our licensee to include these submissions, where others do not have this obligation.

It is inappropriate that companies that followed the guidance of the trial DAG most closely should face more onerous obligations than those who did not.

2. We recommend that Ofgem adds the following routine reports onto the list of reports within scope of DAG for DNOs:

- 'SLC12' reporting
- Include the 'Memo and Disaggregated' workbook within the scope of 'Cost Reporting RIGs – actuals'

If you have any questions about our response please do not hesitate to contact me.

Yours sincerely

Paul Bircham
Regulation Director

cc Neill Guha
Sara McGonigle
Jane Jellis