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Dear Neill

Response to Statutory Consultation on the Data Assurance Guidance (DAG) and proposed licence changes for Electricity Transmission, Gas Transmission and Gas Distribution Licensees

Further to the publication of the above consultation please find enclosed comments from National Grid, this feedback covers the licences held by National Grid for the above UK regulated businesses and should therefore be treated as a joint response.

We welcome the introduction of DAG and fully support the benefits expected from its implementation as stated on p2 of the consultation letter. Following review of the consultation and supporting documents, and in the spirit of continuous improvement, we have made observations around interpretation of the detailed guidance and possible clarifications and will communicate these through the 'Issues Log' as part of the forthcoming Informal and Formal NetDAR submissions process as this is an established practice that has operated throughout the DAG trial period.

DAG has evolved considerably over the last couple of years and we are keen to get to a position where the output of DAG not only delivers the assurance Ofgem seeks but also enhances the efficiency of our internal assurance processes. We believe the DAG guidance intends this but would benefit from clarity to help licensees risk assess data consistently in all areas and subsequently undertake proportionate assurance activities cost effectively. To be confident that licensees are applying the guidance consistently and therefore place reliance on the quality of NetDAR submissions it would be helpful if Ofgem could focus on making the following improvements as soon as possible. These points have previously been communicated to Ofgem during the DAG trial:

- Impact scoring – the impact metric is a critical component in determining the risk level and subsequent assurance activity and is assessed in the context of a 'realistic worst case scenario.' Our experience of the trial so far is that 'realistic worst case scenario' assessment is difficult to apply consistently across all criterion. It would be helpful if Ofgem could tighten the definition to provide more clarity

- Forecast data – we recognise the importance of forecast data for Ofgem but given that forecasts are based on a set of assumptions we have concerns on how easily and practically DAG can be applied in this area, which raises a question over how reliable the assessments will be
- Clarity over versions of the DAG – It would be beneficial for Ofgem to provide clarity on which version of the RIGs is relevant for each NetDAR submission, particularly in the phase between trial and ‘go live’. We are assuming that looking back assessments relate to the prior year RIGs, but for looking ahead we may not be fully aware of any future changes to RIGs so can only assume the RIGs will stay the same and complete our looking ahead assessments on this basis
- Benchmarking assurance activities – in the absence of explicitly aligning assurance activities to differing levels of risk we would ask Ofgem to share any benchmarking information on assurance activities across data types and industries to avoid over-assurance for comparable data risks, we would also welcome involvement in any working group Ofgem might set up to progress this activity
- Regulatory burden of data assurance – we have been working closely with Ofgem and other TOs/DNs to simplify the data that is reported in the RRP and are pleased to have made progress in specific areas. We would like this to be a process of continual improvement as we should only be assuring data that is valuable to both licensees and Ofgem, otherwise it creates an unnecessary burden and incurs a cost that has no corresponding value
- Inclusion of NetDAR reviews in Ofgem’s Annual report – we note your intention to publish matters of significance specific to licensees DAG processes / NetDAR results but there would be benefit in discussing these with licensees first before publishing to ensure the points are consistently understood and agreed
- Informal NetDAR feedback – we note the tight timescales during March for material feedback to all licensees on their Informal submissions and wanted to highlight that if material feedback is not received in time for us to make the necessary amendments to our Formal NetDAR on 1 April then there is a risk that this deadline might not be met, naturally we will flag this to Ofgem at the earliest opportunity

Please do not hesitate to contact myself or Chris Bennett if you have any questions or require clarification in any area.

Yours sincerely

[By e-mail]

Mark Ripley
Director, UK Regulation