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Your ref

Our Ref

Date

25 February 2015

Contact / Extension

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Dear Joanna

**Consultation: The Regulatory Instructions and Guidance (RIGS) for RIIO-ED1**

We welcome the opportunity to comment on the above consultation and to acknowledge the hard work of Ofgem in order to provide streamlined regulatory reporting instructions.

SPEN has the following comments in the context of the questions posed in the consultation document:

1. *What are your views on the proposed structure? Does the proposed structure appropriately split reporting between different annexes?*

We believe that the proposed structure works well and welcome the new approach to maintain one consolidated set of RIGS split into the relevant sections as we believe this will assist the governance process when updates are required. One point to note is that we believe environmental reporting justifies its own annex due to the extent and standalone nature of the new reporting requirements.

We would like to note that that version control and ease of navigation is crucial so that all DNOs are utilising the latest documents for all submissions. Colleagues have commented that they have often found difficulty in finding the latest set of RIGS or associated documents on the Ofgem website. We welcome Ofgem's decision to maintain a dedicated area on the Ofgem website for publishing the RIGS. We believe it would be useful to publish a very simple version control list alongside this document. The new formed area could be held within the Electricity- Distribution Networks section of the website and be called "Price Control Regulatory Documents". This would also act as a central area for the Ofgem team when utilising such documents.

2. *What are your views on the information we are asking the DNOs to forecast? (See the F1 – Forecasts worksheet in the Costs and Volumes Reporting Pack.)*

We understand Ofgem's desire to incorporate forecasting into ED1 C&V Reporting. We believe forecasting in ED1 should be aimed at a summary level only. To provide a re-forecast for ED1 at individual investment driver table line level would significant increase the regulatory reporting burden with what we believe to have no positive output.

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Consideration should be given to the best timings of forecasting. For example, we see forecasting as being value adding at the ED1 mid-point and the later years of ED1. The value of forecasting in years 1 and 2 of the price control may be limited. This is a key point given that the DAG obligations will extend to forecasting.

3. *We and DNOs may publish information contained in the RIGs. What information would you like to see published? What format would you like to see it published in and how often?*

We believe it is valuable and necessary to share pertinent information with our stakeholders. In order to support this and ensure transparency, we feel it is vital to consult with stakeholders in order to define their needs. We are pleased to note Ofgem's intent to do this as our stakeholders have already indicated that regulatory reporting is difficult to understand and welcome a simpler approach.

Given our experience with Transmission reporting, our suggestion would be to produce a similar report to that published in Transmission (Transmission Annual report, with key summary tables). High level tables such as our cost drivers could be of assistance to stakeholders. We do not believe the publication of detailed C&V tables in isolation would be of assistance and would only create a complex regulatory publication which would be difficult for our stakeholders to interpret. This would undermine both our and Ofgem's goal of transparency.

Ofgem have indicated in the consultation document that commercially sensitive information will not be published which we are in agreement with. However, as this term is not defined, we would need to have discussions in order to determine which data constitutes "commercially sensitive" as we may have differing views to Ofgem.

As a result of this new potential reporting obligation, we would like to make a strategic suggestion in order to provide clarity for stakeholders. We believe it would be more advantageous for stakeholders to publish one overarching stakeholder report with various annexes for each aspect of stakeholder information. Instead of publishing various individual reports for our differing regulatory reports eg. SLC50, Environmental, Innovation, Losses etc, it would be useful to publish one report with a structure akin to the new RIGS structure. This would avoid stakeholder confusion when cross referencing to other documents as the proposed environmental report requires.

As various reports are due on differing dates throughout the year, this could be treated as a "live" document which indicates when each annex was reported. Each annex would still be required to be submitted to Ofgem as per the licence deadlines.

4. *We are consulting in parallel on the Environment Report. Most of the data to be included in the Environment Report will be collected in the RIGs. What are your views on this approach? Do you think some or all of the data in the Environment Report should be collected separately?*

We believe that the guidance as published has gone beyond its original intent of summarising and directing to other reports in order to avoid duplication. Not all data being requested is contained in the RIGS nor is this directly related to the environment.

For the Environmental report to be beneficial to stakeholders this should be a crisp, concise document which is informative for our stakeholders, avoiding overly complex data which does not aid transparency on our performance. As noted in Q1, due to the expansion of the scope of environmental reporting we believe it justifies its own annex.

*5. Specific comments on individual tables and their associated guidance and definitions.*

We have included our specific comments on individual tables and their associated guidance and definitions within the response template provided in this consultation.

We hope that this is helpful. Please do not hesitate to contact me should you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Mathieson', with a stylized flourish at the end.

Scott Mathieson  
**Network Planning & Regulation Director**

## **Appendix B**

Please find attached as separate template