Anna Rossington
Head of RIIO-ED1
Ofgem
9 Millbank
LONDON
SW1P 3GE

By email only to riio.ed1@ofgem.gov.uk

25 February 2015

Dear Anna

The regulatory instructions and guidance (RIGs) for the next electricity distribution network operators' price control, RIIO-ED1

Thank you for the opportunity to respond to the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. Our response is not confidential and can be published via the Ofgem website.

We welcome the clarity provided by the revised regulatory instructions and guidance as they will ensure consistency of reporting of information to Ofgem and improve the accuracy of the data underpinning future benchmarking. We believe, and feedback from our stakeholders suggests, that Ofgem should continue to publish its own authoritative reporting that allows stakeholders to make comparative performance assessments as this cannot be replaced through DNOs' own performance reports which we are required to publish under our licence.

We have responded to the separate environmental report guidance document and would welcome Ofgem developing a single appendix for all environmental reporting under the RIGs. The current drafting is still unclear on the overlaps with other reporting requirements. Ofgem should set out in its guidance clear demarcation between the Environment Report, the Losses Strategy, the Innovation Strategy and annual performance reporting required under the licence and be clear in the degree of overlap. This will aid stakeholders in finding the right documents from individual DNOs.

The regulatory instructions and guidance are a comprehensive body of work and we recognise that they will need to be amended in the future to provide greater clarity and new data submissions. Some of these changes could require future changes to our business processes systems to ensure that the data provided is accurate and complies with our obligations under the data assurance governance requirements. Individual changes to our business systems and processes can be expensive and it is often more economical to combine changes in a single system update. Changing business processes during a regulatory year can also be confusing to our staff. We note Ofgem's requirements under the licence to discuss with companies before changes to the RIGs are enforced but we would also welcome greater clarity and guidelines on the change control process that Ofgem would use when considering changes to their requirements.

We recognise that Ofgem has included an initial high level requirement for forecast data in the RIGs and this will need to be developed as we approach ED2. We have discussed these requirements with Ofgem and we believe that an approach of defining a set number of submissions would be the most pragmatic. These submissions could also be timed to coincide with the business plan submissions for the ED2 revenue control. We have proposed to Ofgem that three submissions at the mid-period review, 2021 ("fast track business plan submission") and 2022 ("slow track business plan submission") are specified in the RIGs. This will provide a balance between the level of information submitted to Ofgem and Ofgem's ability to track performance in ED1 and to prepare for ED2.

Our detailed feedback is contained in the accompanying spreadsheet log. If any part of our response requires further explanation or clarification, please do not hesitate to contact me.

Yours sincerely

Keith Hutton
Head of Regulation
UK Power Networks

Copy   Maxine Frerk, Interim Senior Partner, Smarter Grids and Governance: Distribution, Ofgem
        Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks