

## Appendix 2- FEEDBACK QUESTIONNAIRE (word format)

Thank you for taking the time to respond to our questions

We hope all the questions are understandable, If you have any difficulties please email [REDACTED]

Once the questionnaire has been completed, please send it back to us using the email address above. Please return the completed questionnaire by 4 August 2015.

Section 1 - About you	
Question	Response
What is your name	[REDACTED]
What is your job title	Regulation Manager
What is your contact detail	[REDACTED]
What is your company name	SGN
What is the name of your group (applicable only if you are representing a user group)	

Section 2 – RIIO Accounts	
Questions	Response
1. Do you have any comments on the withdrawal of the current regulatory accounts as specified in standard special licence conditions A30 on Regulatory accounts for Gas Distribution and Transmission, standard condition B1 on Regulatory accounts for Electricity Transmission and standard condition 44 on Regulatory accounts for Electricity Distribution?	<p>We agree amendments to Standard Special Licence Condition A30 will be required.</p> <p>Any new requirements for the reporting of our company performance under RIIO-GD1 should be appropriately reflected under changes to the licences of network companies.</p>
2. Do you agree with the use of RFRS principles as a basis for the preparation of RIIO accounts? If not, please give further information why.	<p>Yes we agree with the use of RFRS principles, but we would need to see the detail of these principles before agreeing whether these will be fit for purpose.</p> <p>Ofgem must ensure any principles clearly set-out what they aim to achieve and that they are consistently applied across all network companies.</p>

<p>3. Do you agree that the new framework for reporting on Network's financial position and performance would be more beneficial to users and stakeholders? If you don't please explain.</p>	<p>Yes we agree in principle the new framework could be more beneficial to stakeholders, but as noted in our response to question 2 above, we would need to see the detail of these principles before agreeing whether these will be fit for purpose.</p> <p>If this is not achieved, it may lead to stakeholders receiving information that will not allow meaningful comparisons of network company performance to be made. This is likely to be important to investors, especially where this could impact on pricing sensitivity.</p>
<p>4. Do you have any comments on the principles stated in the statement of regulatory corporate governance contained in Appendix 1 of this letter and do you support the development of such principles?</p>	<p>We are supportive of introducing the regulatory corporate governance statement and in broad agreement with the principles set out in the document.</p> <p>We would like to be informed of any future proposals to further update these principles, and consider these should be prepared with the stakeholders of the RIIO accounts in mind.</p>
<p>5. Do you have any comments on the proposed time line in Appendix 3?</p>	<p>We consider it will be extremely challenging for Ofgem to implement revised RIIO accounts within the timelines indicated. The amount of work for all parties should not be underestimated, and we are already well into the current 2015/16 reporting year.</p> <p>Our main concern with the proposals as they currently stand is around the timing for submitting future RIIO accounts. We do not consider these can be submitted until September each year, as the current price control financial model (PCFM) does not make this possible before this date and in allowing appropriate time for the required independent audits to be undertaken. This will also require our</p>

	<p>annual regulatory reporting packs (RRPs) to be prepared earlier than is currently the case, and in practical terms we doubt this will be possible. We therefore consider any proposal to submit our future regulatory accounts in July each year to be unworkable, and work suggest a September date to be a more practicable solution.</p> <p>We strongly suggest Ofgem should consult directly with all of the audit companies currently responsible for auditing network company accounts, with a view to ascertaining whether this would be workable from their perspective. Audit companies will themselves require time to familiarise themselves with any new requirements, and as such we consider Ofgem should consider a phased approach to implementing any new reporting requirements. Our suggestion is that an annual 'dry run' process should be adopted before any formal licence obligations take effect, and similar to that adopted for the data assurance process now in place. Such a trial period would be extremely useful to amend any aspect of the proposals to ensure maximum benefit for stakeholders.</p>
<p>6. Do you have any comments on our proposal to develop an audit opinion that provides assurance on the proposed RIIO accounts on a 'fairly presents' basis?</p>	<p>We consider this is primarily a question for audit companies.</p> <p>Audit companies will require training and guidance to familiarise themselves with any new requirements, and Ofgem will need to factor this into their decision making process moving forward.</p> <p>To assist this, we consider Ofgem should introduce a phased approach to implementing any new reporting requirements. Our suggestion is that an annual 'dry run' process should be adopted before any formal licence obligations take effect, and similar to that adopted for the data assurance</p>

	<p>process now in place. Such a trial period would be extremely useful to amend any aspect of the proposals to ensure maximum benefit for stakeholders.</p>
<p>7. What are your expectations on how NWO boards should report on their governance (comments from investors are particularly welcome)?</p>	<p>We have no comment to make in response to this question at this moment in time.</p>
<p>8. Please use this section to let us know of any other thoughts you might have on the introduction of RIIO accounts.</p>	<p>We are supportive of the proposal to simplify the way we present our regulatory accounts and the introduction of three separate statements covering regulatory performance, regulatory financial position and governance. We agree this approach has the potential to improve our stakeholders' ability to better understand our performance under RIIO-GD1.</p> <p>We consider the development of this initiative also provides an opportunity for Ofgem to better align information reported under existing financial accounts to that reported under the RIGs and other reporting requirements. Any options Ofgem has to streamline existing reporting requirements and thus reduce the regulatory reporting burden on us should be explored, as this will keep the costs associated with producing unnecessary reporting to a minimum and allow the benefits of further potential efficiency savings to be passed onto customers. We would be happy to continue working with Ofgem to explore how this can be best achieved.</p>