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5th January 2016

Dear Aris,

Consultation on proposed amendments to Data Assurance Guidance (DAG) submissions for network companies

Thank you for the opportunity to comment on the proposed changes. The amendment to only require reporting the results of the DAG risk assessments in the NetDAR report for changed risks only, is a sensible one which NGN supports.

In Annex G there are a couple of errors/omissions as follows:

- Row 79 - SLC4A is switched off in the GDN licence. The requirement is captured under row 83 – SSCA5.
- Submission required under SPC1E.25 - Stakeholder Engagement Submission is missing from the regular submissions list.
- Submission required SPC1G - Discretionary Reward Submission is missing from the regular submissions list.

As we have outlined in all the previous consultations on DAG and in our 2015 NetDAR submission the criteria used to assess the impact metric in the DAG remains fundamentally flawed. This metric does not provide for an effective mechanism to assess the risk of reporting errors relating to RIIO output targets, except for where these outputs are linked to a revenue incentive and consequently have a direct financial impact. These are critical outputs to be delivered under the RIIO Regulatory Contract. Errors in such reporting would lead to enforcement action as any misreporting would undermine the whole basis behind the RIIO framework. However such errors would not create an impact in the Customers, Competition, Financial or Comparative Efficiency categories in the Impact Metric table and thus the relevant submissions all score as Low risk under the DAG methodology. NGN do not consider that this methodology produces an accurate assessment of risk in these circumstances.

In addition, it is considered there are other potential impacts from reporting errors which are also not captured by the DAG impact risk methodology. For example, previous enforcement cases and the “credible deterrence” objectives outlined in the 2014 updated enforcement guidelines.

If you wish to discuss any aspect of our response please do not hesitate to give me a ring.
Our response is non-confidential.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Parker', enclosed within a faint rectangular border.

Stephen Parker
Regulation Director

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