

Aris Kalogeropoulos
RIIO Implementation Team
Ofgem
9 Millbank
London
SW1P 3GE

18 January 2016

Dear Aris

Consultation on proposed amendments to the Data Assurance Guidance submissions for network companies

Thank you for the opportunity to respond to the above consultation, dated 16 December. This letter should be treated as a collective response on behalf of UK Power Networks' three licensed distribution companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc – herein known as UK Power Networks.

We are pleased that Ofgem have split the RRP to a table level having taken on board feedback from DNOs on the implementation of the Data Assurance Guidelines (DAG).

Following a detailed review of the proposed changes we have set out our comments below. In particular we believe that the first two (in respect of the DPCR5 restatement and scoring of new returns) are the most significant of those we identified.

- DAG guidance document
 - We note that the work carried out by the DNOs to develop changes to the guidance document in respect of handling the one off DPCR5 restatement has not been included in the consultation (a draft chapter 6 was submitted to Ofgem by Paul Measday of UK Power Networks on behalf of all the DNOs on 26/11/2015 at 1302hrs). We are surprised at this following your email to all DNOs (08/12/2015 at 1229hrs) which indicated support for this proposal and its inclusion in the consultation (which has not occurred). It is key that this change is made to ensure the inclusion of the DPCR5 restatement in the DAG is done in an appropriate manner. Its inclusion and treatment as an irregular submission means that it is not being treated appropriately. The scoring mechanisms in the DAG do not cater for restatements of data in a different format, meaning that these criteria would tend to produce inappropriately high Probability Metric Scores and Total Risk Ratings. For clarity we have set out in the appendix to this letter the drafting of chapter 6 we submitted to Ofgem on 26/11/2015.
 - As we enter the first full year of reporting of DAG in the ED1 period, the wording of the control frameworks in table 2.2 inherently mean that the scores that are assigned to new reporting requirements result in the resulting total risk score is higher (i.e. worse) than it is in reality. There are two possible ways to overcome

this, to amend the wording in table 2.2, or for the licensee to add commentary as part of the submission where it feels that the resulting total risk score is not an accurate reflection of risk and does not warrant additional assurance as inferred by the DAG. At this stage we feel the latter is the appropriate way forward but are happy to work to either solution.

- It is unclear how the new paragraph 4.3 (in respect of only including submissions where the overall risk rating has changed) is intended to work.
 - For new submissions, such as the split out RRP tables, we assume they will all need inclusion the first time they are included in scope of the DAG.
 - For those which are existing and the overall risk rating hasn't changed, what are DNOs required not to do? As the list of submissions is set by Ofgem in the "ED_Submissions" tab, DNOs cannot delete them. Do DNOs therefore just not populate the "Scoring" and "Summary_Table_3.4" tabs for the relevant rows?
 - How does this interact with paragraph 4.8 which requires more information for submissions with high and critical overall risk ratings?
- The header in DAG guidance document refers to v1, however the cover sheet correctly names the file v1.2.
- NetDAR template
 - There are a number of submissions listed in the "ED_Submissions" tab which we believe should either be removed or further clarification given in respect of them:
 - No. 6/SLC 46/"Cost & Volumes/Cost & Volumes Reporting Pack and Commentary" – this can be removed as the individual tabs within the pack are included as separate lines.
 - No.118/SLC 46/"Triennial Pensions Triennial Pension Reporting Pack" – this can be removed as the submission does not fall within the time period of this DAG submission.
 - The mis-numbering of the rows on the "ED_Submissions" tab means that a number of items in the irregular submission list are not being brought through to the main tabs.

I hope that you will find our response helpful. If you have any questions, please do not hesitate to contact me.

Yours sincerely



James Hope
Interim Head of Regulation
UK Power Networks

Copy Paul Measday, Regulatory Reporting & Compliance Manager, UK Power Networks

Appendix

A draft chapter 6 of the DAG guidance document as submitted by DNOs to Ofgem in November 2015.

6. DNO only process for restatement of DPCR5 data for Cost & Volume RIGs Chapter Summary

This chapter outlines a one off process for DNOs only to cater for the restatement of DPCR5 RRP data in the RIIO-ED1 RRP templates.

- 6.1. *This chapter only applies to DNOs for a one off restatement of DPCR5 RRP data in the RIIO-ED1 RRP templates (the "DPCR5 Restatement") as part of the July 2016 RRP submission. Note that the DPCR5 Restatement is not a separate submission but is the historic data in the July 2016 RRP submission.*
- 6.2. *DNOs are not required to complete the NetDAR template for the DPCR5 Restatement. This is because the criteria for assessing the Probability Metric in Table 2.2 do not cater for restatements of existing data in a new format and assessment against these criteria would tend to produce inappropriately high Probability Metric Scores and Total Risk Ratings.*
- 6.3. *DNOs are therefore required to submit a short narrative with the February 2017 NetDAR submission outlining the following in respect of the DPCR5 Restatement:*
 - 6.3.1. *A summary of the key processes undertaken to populate it;*
 - 6.3.2. *The major assumptions made to translate the data where there new format differs from the old one in a material way;*
 - 6.3.3. *The approach used where no retrospective data was available; and*
 - 6.3.4. *A summary of the key assurance activities undertaken to check it.*
- 6.4. *The alternative data assurance requirement for the DPCR5 Restatement, described in paragraph 6.3, means that risk assessments and Data Assurance reporting for the July 2016 submissions of the items listed as regular submissions in Appendix 1d under the Costs and Volumes RIGs will relate to data submitted in relation to the first year of RIIO-ED1 only.*