

James Veaney
Head of Distribution Policy
Ofgem
9 Millbank
LONDON
SW1P 3GE

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

18 December 2015

Dear James

Notice under Part B of Standard Licence Condition (SLC) 47 (Environment Report) to issue the Environment Report Guidance Document

Thank you for the opportunity to respond to the above Notice. 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.

Although we do not wish to make any formal representations, we have a small number of items of specific feedback which we believe should help ensure a fit for purpose report once they are taken on board. The feedback helps to avoid unnecessary duplication between this and other reports and also helps to ensure there is not an undue regulatory burden through the publication of this report.

These are set out in the Appendix to this letter. If any part of our response requires further explanation or clarification, please do not hesitate to contact me.

Yours sincerely



James Hope
Interim Head of Regulation, UK Power Networks

Copy Rob Friel, Regulatory Strategy & Optimisation Manager
Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks
Amy Freund, Ofgem

Appendix

Feedback on “Background and general instructions”

1. In paragraph 1.3 the reference to the current version of the guidance being the one published on the Ofgem website is misleading as multiple versions will be on the Ofgem website as part of the change control process for this document. We propose that this sentence is removed.
2. Paragraph 1.4 could be more succinctly expressed as “The DNOs are required to comply with this guidance as if it were part of the distribution licence.”
3. We agree that the reports should be clear and well structured, however the use of “must” in the opening sentence to paragraph 1.7 makes this an absolute requirement which, considering the subjectivity of the obligation is not appropriate. Replacement of “must” with “should” resolves this issue.
4. Furthermore in para 1.7, we believe the wording introduces obligations beyond the scope constrained by the licence condition. We propose the revised wording for use in this paragraph.
“1.7 DNOs’ Reports should be clear, well structured and outline the activities undertaken in relation to environmental impact. DNOs should use the Report to demonstrate to stakeholders what steps they have taken to manage their environmental impact.”
5. In paragraph 1.10, the final sentence should start with “This” not “The”.

Feedback on “Environmental Report Template”

6. We note that the template could lead to a report of quite a significant size and with this in mind it would be sensible to see if any areas of duplication within the report could be removed – one such area is in respect of the “Introductions”, specifically any overlap between sections 1.3 and 2.1.
7. Section 2.4.3 introduces detailed forecasting requirements which go beyond the scope constrained by the licence condition. Accordingly we believe that the first sub bullet starting “Analysis of...” should be removed.
8. In the final bullet above table 1, there is reference to DNOs annually publishing “the Report” – we believe this should read “this report”.
9. In table A it is not clear why the column headings have had “estimated” removed from them in three instances when compared to their use in the RIGs. Their removal when used in the environmental report may lead to misinterpretations by stakeholders as to the accuracy of the data.
10. In section 3.2, we believe that the requirement to explain “any” (and therefore all) changes to the Innovation Strategy is not appropriate and is an undue regulatory burden as it would require updates on reformatting, typographical corrections etc. The rewording to “a summary explanation of material changes” is more suitable for stakeholders and also a more appropriate regulatory requirement avoiding undue duplication.
11. The final sentence in the subsequent bullet starting “A hyperlink to the...” is unclear – we believe Ofgem are requiring DNOs to link to their NIA Annual Summary but a review of the wording here is required.