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Date
4 March 2016

Dear Clothilde,

Proposed Business Plan Reporting Guidance

I am writing in response to the proposed Business Plan Reporting Guidance covered by the Notice under Part B of Standard Condition 50 dated 23 February 2016. This response is on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc.

Although the guidance document proposes some common data reporting, the vast majority of the report allows a significant amount of flexibility for DNOs to approach the reporting obligations in different ways. Even though DNOs will be basing their approaches on stakeholder engagement, this will inevitably lead to reports that are quite different in structure and content, making them less comparable across the industry.

Ofgem has indicated that it will be producing its own report that does compare performance across the industry. Stakeholders have told us that cross industry reports are useful to put DNO specific reports into context. We would therefore urge Ofgem to continue to produce cross-industry reports that complement the DNO specific reports.

Having reviewed the content of the Business Plan Guidance Document and the associated 'SI1 – Performance Summary' we have identified a number of specific issues with the proposals that are covered in Appendix A for the guidance document and Appendix B for the 'SI1 - Performance Summary' in 'Annex B - Cost and Volumes'.

More generally the introduction of table 'SI1 – Performance Summary' into 'Annex B – Costs and Volumes' introduces a number of new terms that do not have associated definitions in the 'Annex A – Glossary'. The RIGs for SI1 in 'Annex B – Cost and Volumes' include a number of capitalised terms, which suggests that these are defined terms. We suggest that all new terms should be defined and only those terms with a definition should be capitalised.

Please see below for detailed comments.

If you require any further information contact amichalowski@westernpower.co.uk or dbroderick@westernpower.co.uk.

Yours sincerely

A handwritten signature in black ink, appearing to be 'AS', written in a cursive style.

ALISON SLEIGHTHOLM
Regulatory & Government Affairs Manager

APPENDIX A – Specific Issues with the Business Plan Guidance Document

Background and general Instructions

Paragraph 1.2 refers to the following footnote:

"2 The reporting requirement in SLC50 applies to each licensee. A group may publish a single Report, which applies to all of the licensees within the group, provided that sufficient information about each individual licensee is reported."

This is an important point that should be within the main text. We suggest that it should either be included in paragraph 1.2 or inserted after paragraph 1.2.

Paragraph 1.5 states:

"This document constitutes the Business Plan Reporting Guidance referred to in SLC50.4. This document is issued by the Authority under Part B of SLC50. The Guidance may be revised and reissued in accordance with Part B of SLC50. The most recent version of the Guidance published on the Authority's website is the current version."

This suggests that the most recent version published on the Authority's website is the current version, but the latest version published could be a draft version, consultation version or notice to issue version. The last sentence in paragraph 1.5 should make it clear that it is the last directed version.

We suggest that the last sentence should be:

*"The most recent **directed** version of the Guidance published on the Authority's website is the current version."*

Scope of the Report

Paragraphs 3.1 and 3.2 define the scope of the report. This appears to limit the scope of the document to data that is comparable across all DNOs. We do not believe that this is the intent.

We propose the following alterations to section 3

*3.1 The **report** licensee is required to **should** provide **a high-level** summary of **the licensees** information ~~on its overall~~ performance **in relation to the commitments the licensee made in its** under RIIIO-ED1 Business Plan. ~~as part of the Report.~~*

*3.2 The **report** **should include specified** purpose of this summary is to ensure that stakeholders are provided with summary performance information **that allows comparison on a comparable basis** across all DNOs. **This is referred to as the 'Performance Snapshot'.***

Performance Snapshot (paragraph 4.3)

Typo in first and second bullets. These state RIGs sheet SI11, this should be SI1.

It is unclear how much detail is required for the 'Additional qualitative information' for reliability and safety, environmental impact and innovation.

This is intended to be a one-page 'Snapshot' which implies that this should be summary highlights rather than detailed narrative.

This requirement would be clearer by changing 'Additional qualitative information' to '**Summary bullet point** qualitative information'

Appendices

Paragraph 5.1 typo. This states SI11, this should be SI1.

APPENDIX B – Specific Issues with the ‘SI1 – Performance Summary’ Table

Total Expenditure (TOTEX)

Total Expenditure (actual) - row 18

The RIGs guidance states that this is to be populated from the PCFM model. We suggest that this should be populated direct from within the C&V pack, table I1 PCFM Inputs 12-13, as it is this table which updates the actual expenditure in the PCFM.

RIIO-ED1 Allowed - row 19 –

We do not believe it is practical to use the PCFM to link to for allowances.

The RIGs guidance states that SI1 should be linked to the Input sheet in the PCFM. The Inputs tab in the PCFM brings in data using “if” formulae depending upon which licensee has been selected on the UserInterface worksheet of the PCFM. It is therefore not possible to create links to the Input sheet to bring in each DNO’s data to worksheet SI1. If this approach is taken, links would need to be to the DNO specific input sheets.

Further, it would be difficult to ensure the links created are linked to the latest version of the PCFM. It is anticipated that the PCFM working group will convene annually in June, with potential for an updated PCFM to be issued soon after this with any agreed amendments. This would not fit well with issuing a new RRP pack with updated links close to the finalisation of the RRP. Further, another update of the PCFM would then be published each November after the AIP.

Instead, we suggest having an “Ofgem data input” worksheet within the C&V tables, containing hard coded allowances populated by Ofgem.

It is also unclear from paragraph 3.5 in the RIGs Guidance whether Ofgem would want Opening Totex allowances or revised (i.e. post-TIM) Totex allowance. If the latter is presented, this would have to be restated on a 2-year lag basis, given that this is only calculated in the AIP in the regulatory year following the year of expenditure. This information is not contained in the Input sheet of the PCFM.

Unrestricted Domestic Tariff (adjusted for typical consumption)

The only part of this table that is to be manually input as per the RIGs guidance is row 27 Unrestricted Domestic Tariff.

We suggest that para 3.7 in the RIGs guidance should state 3100 kWh (not just 3100) to improve clarity.

The unit of measure stated in cell G27 of the table is £/kWh. If we have interpreted the RIGs guidance correctly, we believe the unit of measure should be £ instead.

Time to Connect / Time to Quote

The current proposal is to average the average values for LVSSA and LVSSB. This will create a false average because it is combining existing dissimilar averages.

Take for example the following hypothetical values.

TTQ LVSSA - 3,4,5,6,7

TTQ LVSSB - 20,25,30

Average LVSSA = 5

Average LVSSB = 25

Proposed approach average of the averages = $(5+25)/2 = 15$

True average is $(3+4+5+6+7+20+25+30)/8 = 12.5$

It is therefore invalid to average the averages.

We suggest that all values are shown separately with no averaging. This will lead to TTC for both LVSSA and LVSSB and TTQ for both LVSSA and LVSSB.