



# Business Plan Commitment Reporting Guidance

*Northern Powergrid's response to Ofgem's proposal to issue the Business Plan Commitment Reporting guidance.*

## KEY POINTS

- **We have provided feedback on the one page performance summary as part of the performance reporting working group and this has largely been reflected in the Business Plan Commitments Reporting guidance. In response to this consultation we have a few minor comments in relation to the guidance that offer improvements to aid the readers' understanding of the information and to help ensure that DNO stakeholder reports remain in a user friendly format.**
- Our comments include:
  - Encouraging caution in relation to the use of the Unrestricted Domestic Tariff charge as an indicator of performance against business plan commitments or as a metric to compare DNO performance. We recommend clear explanatory narrative to avoid readers drawing incorrect conclusions regarding the prices quoted.
  - Rather than requiring that DNOs publish the SI1 summary table from the RIGs templates as part of print publications of the Business Plan Commitments Report, we suggest DNOs should be allowed to publish the annual table, including all years to date, on their websites alongside the report. This will avoid breaking any report formatting that DNOs choose as the best and most user-friendly approach for its stakeholders.

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## 1. Summary

*We only wish to make a few minor comments in relation to the Business Plan Commitments Reporting guidance.*

1. Firstly, we welcome the introduction of the Business Plan Commitments Report as a means for DNOs to account for the delivery of the commitments made in their Well Justified Business Plans. At Northern Powergrid we have published an Annual Stakeholder Report since February 2014 which we see as an important part of keeping our stakeholders up-to-date on our levels of performance and our plans for the future. Our Annual Stakeholder Report has been shaped through consultation with our Stakeholder Panel. We have recently consulted and gained support from the Panel for our plan to merge the new Business Plan Commitments Report with our existing Annual Stakeholder Report to ensure continuity in our communications with stakeholders.
2. With this in mind we appreciate Ofgem's decision to allow DNOs to shape the report as they see fit and determine their own report formatting. We understand Ofgem's requirement for DNOs to include a common, one page annual performance snapshot in their respective reports whilst allowing DNOs to position the summary in the report where they feel it sits best.
3. We would like to reiterate a previously raised point of caution regarding the use of the Unrestricted Domestic Tariff charge as an indicator of performance against business plan commitments or as a metric to compare DNO performance. If this information is presented to a non-specialist reader there is the danger that it may lead them to draw incorrect conclusions about the fact that one DNO's price is higher than another DNO's price in a particular year. Ofgem needs to clearly set out what the Unrestricted Domestic Tariff charge actually shows<sup>1</sup> in order to properly educate readers who would be more familiar with pricing akin to those of retail markets.
4. As stated previously, in developing our Annual Stakeholder Report, we frequently and comprehensively consulted with our stakeholders on the content, focus and style of the report. We would like to build on the significant significant strides we have taken in this area as we merge this with the Business Plan Commitments Report. We suggest that Ofgem's wording in paragraph 5.11, which states that licensees should append a hard copy of SI1 to printed copies

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<sup>1</sup> The cost to the typical domestic customer is simply the result of (a) assuming a certain consumption for the chosen customer, (b) the allowed income that is being targeted (which reflects previous under/over-recoveries and various incentives); and (c) the application of the common charging methodology.

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of the report, would be detrimental to the presentation of a high-quality, self-standing, report on the current year's performance for stakeholders. We suggest changing paragraph 5.11 to read: "The licensee should also publish an electronic copy of SI1 on its website alongside the annual report, covering all years to date, to enable stakeholders to access the data without a time consuming data inputting exercise".

5. We provided some suggestions for drafting amendments in response to the draft consultation in order to improve the clarity of the guidance and more properly align it with the drafting in the Distribution Licence. Ofgem has incorporated the majority of these suggestions and we have two further suggested amendments:
  - In our previous submission we suggested rewording paragraph 1.5 to make it more reflective of the status of the guidance in relation to the licence. We suggest a similar amendment to paragraph 2.2 where Ofgem has written "The Guidance defines the compulsory summary information which must be published by the licensee as part of the Report". We would suggest that the use of 'compulsory' and 'must' is not appropriate and the sentence should be rephrased "The Guidance defines summary information which should be published by the licensee as part of the Report".
  - For consistency with the Distribution Licence, we suggest the second sentence in paragraph 1.2 be replaced with "The licence also requires that the DNO publish the report on its website. The report's location on the licensee's website should be readily accessible to the public".
6. On the performance summary snapshot we recognise that there are output areas, such as Environment, where the Regulatory Instructions and Guidance (RIGs) are still under development and the information Ofgem requests the DNO's to include may change over the course of the next few years. We will continue our involvement in the development of the Environmental RIGs.