

Grant McEachran
Head of RIIO Electricity, RIIO Networks
Ofgem
9 Millbank
London
SW1P 3GE

18 February 2016

Dear Grant

RIIO-ED1 Stakeholder Engagement & Consumer Vulnerability Incentive Guidance - informal consultation

Thank you for the opportunity to comment, on behalf of Northern Powergrid, as part of Ofgem's informal consultation on the above guidance.

Most of the draft guidance we welcome and believe strikes the right balance between offering guidance and allowing network companies to innovate or provide the best solutions for the communities they serve. We are in support of the transition from DPR5 of two 10 page submissions to the three 10 page submissions under RIIO-ED1, with the additional highlight that it throws upon network company's consumer vulnerability work.

We believe that all DNOs do valuable work in this area and their position in the energy industry gives them a unique opportunity to help vulnerable consumers. The stability of much of the guidance from the previous DPR5 regime is also welcome, allowing network companies to concentrate on service improvements against understood criteria. We would also highlight the transparency gains from the commitment to early publication of panel membership and consultant and the publication of the consultant's final report - allowing both network companies and the public the opportunity to understand and scrutinise the process better and target areas of improvement / development where it is needed the most.

In the paragraphs below we highlight areas where we have identified scope for further clarity.

Distinction between Panel Criteria and Consumer Vulnerability Criteria

Paragraph 3.1 states that Part 2 of the submission is assessed against the Panel assessment criteria and Part 3 against the consumer vulnerability criteria (paragraphs 3.4 and 3.6 collectively make the same point). However, paragraphs 4.7-4.11 asserts that Parts 2 and 3 will be assessed by the Panel, alongside the consultant's report of Part 3, and paragraph 4.24 again makes the point that the Independent Panel criteria will be the measure against which Network company's entries are assessed. The guidance could make clearer the criteria against which Part 3 is judged, of which the Consumer Vulnerability criterion is just one stage.

In addition to feeding into the Panel's considerations, the consultant's report should provide very detailed and useful feedback to each DNO on where their services are good and where

NORTHERN POWERGRID

is the trading name of Northern Powergrid (Northeast) Ltd (Registered No: 2906593) and Northern Powergrid (Yorkshire) plc (Registered No: 4112320)

Registered Office: Lloyds Court, 78 Grey Street, Newcastle upon Tyne NE1 6AF. Registered in England and Wales.

If you would like an audio copy of this letter or a copy in large type, Braille or another language, please call 0800 169 7602

www.northernpowergrid.com

they could be improved. We welcome this and will make good use of it in developing our own service plans. We would urge the report to be written to both assist the Panel in determining a score for each DNO but also to assist each company in improving their services.

Detail of Consumer Vulnerability criteria

We welcome the detail that the consumer vulnerability criteria are set out, which strikes the right balance between providing guidance to network companies and not being overly prescriptive and stifling innovation. We would welcome a similar level of detail, set out in the same spirit, for Parts 1 and 2. In particular, whilst we welcome the commitment in 4.12 and 4.12 to provide feedback on each submission, an enhanced level of detail in this area would help with an understanding of the derivation of the scores from the Independent Panel.

Role of Strategies

We welcome the requirement to have stakeholder engagement and consumer vulnerability strategies and seek clarification that the intention is that these strategies be separate from, but complementary to, each other.

Questions from the Internal Team

Paragraph 4.5 states that “If required, the Internal Team will ask the network company supplementary questions to clarify any aspect of its submission. We would not expect this process to result in any additional information being provided to us”. Whilst the meaning is clear that this should not be an opportunity for a network company to add to their submission with information that they could have included originally, if no additional information is provided then there is no purpose to asking the question. We would propose deleting the second sentence in this paragraph and it should be for the Internal Team to understand and use appropriately the answers to any questions asked through this mechanism.

The site visit

Paragraph 4.20 says “.....The purpose of the site visit is to challenge and probe the Consultant’s initial assessment of each network company.” Whilst the purpose of the site visit is clear from the rest of the guidance, we would suggest that this clause be recast to read “.....The purpose of the site visit is to verify and add detail to the Consultant’s initial assessment and to challenge and probe the network company’s own submission”.

The Consultant or the third party

There are two instances in the document (4.23 and 5.8) where there is reference to ‘the independent third party’ and many to the ‘consultant’. Whilst the glossary makes clear that these roles are the same, there doesn’t seem a rationale for the choice of the one set of words over the other across the different sections; and greater clarity could be achieved by consistency in this respect

I hope you will find these comments useful. As we set out at the start of this letter, we are broadly in support of the proposals and look forward to providing a submission against them over the next few months. We are, of course, happy to meet with you and members of your team to discuss these points further or to respond to any additional questions that you may have.

Yours sincerely



Siobhan Barton
Head of Stakeholder & Customer Engagement