

Maxine Frerk
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By email only to: RIIO.ED1@ofgem.gov.uk

22 March 2016

Dear Maxine

Notice under Part C of Standard Licence Condition 46 (Regulatory Instructions and Guidance) of the Electricity Distribution Licence of proposed modifications to the Regulatory Instructions and Guidance

Thank you for the opportunity to comment on this Notice. This response should be regarded 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. For convenience, the three licensees are collectively referred to as "UK Power Networks" throughout. Please note that our response is not confidential and can be published via the Ofgem website.

We are pleased that the changes being proposed under this Notice are mainly cosmetic so should not cause us an issue to implement at this late stage. We will continue to work closely with you to ensure high quality regulatory submissions. We believe that this would be facilitated through all parties highlighting issues and potential RIGs modifications earlier in future regulatory years. This would enable all stakeholders to assess the implications of the changes and would provide relevant stakeholders with sufficient time to incorporate required changes in their processes and IT systems.

We have provided detailed feedback on the changes in the appendix to this letter.

If you have any questions or queries on this repose then please do not hesitate to contact me in the first instance.

Yours sincerely



James Hope
Head of Regulation & Regulatory Finance, UK Power Networks

Copy Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks
Louise Deighan, Ofgem

Appendix 1

1. RIGs Overview – in accordance with the DPCR5, GD1 and T1 reporting packs the tolerances for error checks should be 0.1 (not 0.01 as currently drafted). The erroneous drafting currently in place means tolerances of £10,000 are required and we strongly believe this should be corrected to £100,000 (*raised on teleconference but not on the issue log*)
2. Annex A – the definition of Asset Register – Other Movements on p.29 is incorrect. It should replicate the definition for V4 – Other Movements paragraph 5.11 of Annex B (*not previously raised*).
3. Annex A – the term ‘Renewable Generation’ is used on page 106 of the RIGs glossary to define the term ‘Low Carbon Technologies’ but is not itself defined in the glossary. Therefore, for the purposes of the RIGs LCT table (E7) it has been taken to refer to all generation technologies for which financial support is available under either or both of the FiT and RO schemes. An addition to the glossary to reflect this would be beneficial for clarity (*not previously raised*).
4. Annex B – M2 – DPCR5 WSC Schemes: This worksheet collects data on the number of Worst Served Customers (as defined for the DPCR5 WSC mechanism) for Regulatory Years in DPCR5. However the M2 table does not contain columns for schemes which continue to incur costs and that target HV+ Incidents in ED1. The primary driver for these schemes is Worst Served Customers, therefore unless the table is expanded on this basis, please notify us where to place the costs incurred in ED1 on the DPCR5 schemes (*not previously raised*).
5. Annex D – on page 18, the Asset Count Check paragraph 2.83 reference to Columns (N to W) and (Y to AH) is incorrect; it should be (O to X) and (AA to AJ) respectively (*not previously raised*).
6. Annex F – there is a spurious minus in cell E20 of the “interruptions” tab of the stage workbook (*not previously raised*).
7. Annex F – on the stage workbook the formulas for calculating the number of customers of for 12 hours need amending from 1080 to 720 hours to line up with the amended heading (*not previously raised*).
8. Annex F – we support the introduction of the new paragraph 2.44 which gives more details of the handling of access issues due to environmental factors. However, we do not support the deletion of the existing paragraph 2.44 as this covers a different and valid scenario for a clock stop under IIS. Furthermore the removal of this paragraph would change the rules for IIS at the end of the year after any such incidents had been recorded against the existing rules (*Issue 5 on the log*).
9. Annex G – we have identified an additional formatting error in the SLC 12 & SLC 15 Reporting pack. On the ‘SLC 15 Providing Quotes’ tab, cells B79: E79 are formatted to ‘general’ and require changing to ‘percentage’ (*not previously raised*).
10. Annex G – CR4 – Completed Summary has been updated to include DPCR4 Connection projects, however the definition of a Connections Project states on p.48 of Annex A (Glossary): *Where a quotation was offered to the connecting party after the required systems and processes were in place to provide the level of project specific detail required for a RIIO-ED1 project.* DPCR4 projects do not hit the criteria outlined by this definition therefore should not be included in the CR5 and CR6 tables, and summarised on CR4 (*Issue 3 on the log*).
11. Annex G – CR2 & CR3 Metered/Unmetered In-year: following the same logic as above counting MPANs/POCs for DPCR4 projects pre-dates system changes and therefore the

DPCR4 Connections Projects rows, columns AN to AQ should be greyed out (*Issue 3 on the log*).

12. Annex J – E6 – Innovative Solutions, all tables in this tab have had the DPCR5 data un-greyed to yellow: As previously communicated to Ofgem, UK Power Networks does not support the reporting of historic data for Innovative Solutions which were not required under DPCR5. We have not seen strong justification from Ofgem for this change which requires a significant creation of data which prior to the RIIO-ED1 RIGs was not envisaged. We continue to be of the view that the industry would be better placed focussing its efforts on the complete and accurate capture of data for RIIO-ED1 innovation solutions rather than placing a disproportionate amount of resources on historic data. (*Issue 4 on the log*).
13. Annex B – although we concede that it is too late in the process to apply to the 2015/16 return, we would like to propose an extension to the true up mechanism between ONIs (CV28) and Smart Metering (CV34) of the restatement of intervention volumes. Given the possible delay between defect rectification and meter installation, and the dependency on suppliers following up interventions with a smart meter installation (no SLA in place), we believe the restatement each regulatory year should not only apply to the prior regulatory year notifications, but extend to the all prior years within the RIIO-ED1 period. Extending the restatement period would provide a closer reflection of smart meter installation volumes as we move through the roll out period, and recognise the current trend estimated by us where 30+% of smart meter interventions in 2015 have not been followed up with a smart meter change in year by the supplier (*not previously raised*).
14. Annex G – the example provided on page 8 paragraph 2.10 “For example, if an HV and an LV connection are made as part of a project, this should be recorded under HV Category 9: HV end connection involving HV work” appears to contradict table 2.1 “Metered Connection Categories and Market Segments”. The way it is written does not match table 2.1 where it is defined on page 7 (the word “only” is missing). Additionally, the example given should be recorded as Category 8: LV end connections involving HV work, not Category 9 which according to table 2.1 is for “HV connections involving only HV work” (*not previously raised*).
15. Annex A – on page 77 the track change indicates that Ofgem have expanded the definition on a Severe Weather 1 in 20 Event with the following statement: “for clarity, the Severe Weather 1-in-20 Event threshold applies to a 24 hour period within the event, rather than across the entirety of the event”. This additional text needs to be removed from the definition. In order to align with the reporting of severe weather 1 in 20 Events in DPCR5, the threshold should apply to the entirety of the event. In EPN’s 2013/14 submission the October St Jude storm qualified as a 1 in 20 Event due to the 751 HV incidents incurred for the entirety of the event, breaching the DPCR5 threshold of 448 HV incidents. Ofgem’s IIS direction states the claim met the IIS severe weather exceptional event threshold due to 99 HV and above incidents occurring in a 24 hour period. If the suggested alternative definition for RIIO-ED1 applied, the St Jude storm would no longer qualify as 1 in 20 event which we do not believe would be a correct outcome (*Issue 16 on the log*).