

Final Direction

**To: The Company Secretary
Western Power Distribution (East Midlands) Plc
Company Number: 02366923
Avonbank
Feeder Road
Bristol
BS2 0TB**

**Direction under Paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition
CRC 2D (Adjustment of Performance on Quality of Supply Targets) of the Distribution Licence in place for the
2016/17 regulatory year.**

- 1 Whereas
Western Power Distribution (East Midlands) Plc (the "Licensee") is the holder of an Electricity Distribution licence (the "Licence") granted or treated as granted under section 6(1)(c) of the Electricity Act 1989 (the "Act").
- 2 The Gas and Electricity Markets Authority (the "Authority") has considered all representations and objections (if any) made by the Licensee and had regard to all relevant information and circumstances [1].
- 3 In accordance with Paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition 2D:
(a) the Authority has been notified of each event within 14 days of the date on which the licensee considers that the effect of the event has ceased;
(b) the Licensee has submitted to the Authority a statement of facts with respect to each event within 56 days of the date of the notification;
(c) the Authority, or an Appropriate Auditor nominated by the Authority under standard condition 46 (Regulatory Instructions and Guidance), has verified the impact of each event on the licensee's performance; and
(d) the Authority is satisfied that each event meets the relevant exceptionality requirements and criteria for preventative and mitigating actions, where required.

Now, for the reasons specified in Annex 1, the Authority directs under Paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D that for the purpose of calculating CIIST and CMLIST in respect of the relevant year in which the event(s) occurred, the constituent data relevant to the events shall be adjusted as follows:

CIIST for the year commencing 1 April 2016/17 shall be adjusted from 47 to 44.1; and

CMLIST for the year commencing 1 April 2016/17 shall be adjusted from 23.8 to 22.

This direction constitutes notice pursuant to section 49A(1)(c) of the Act.

31 October 2017

SIGNED on 31 October 2017

**Steven McMahon
Associate Partner, RIIO Electricity
Duly authorised by the Authority**

Annex 1

Explanation of the Authority's reasons for direction under Paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of the Distribution Licence in place for 2016/17

(1) Introduction

- 1 This document sets out the reasons for issuing a direction under Paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of Special Condition CRC 2D of the licence (the 'Licence') granted or treated as granted to Western Power Distribution (East Midlands) Plc under section 6(1)(c) of the Electricity Act 1989.
- 2 This direction is intended to adjust Western Power Distribution (East Midlands) Plc's (EMID) 2016/17 performance for the number and duration of interruptions.
- 3 The structure of the rest of this document is as follows:
Section 2 sets out the claims submitted by EMID for consideration under the quality of service incentive scheme exceptional events mechanism;
Section 3 sets out the Examiner's recommendation(s) and the Authority's decision(s); and
Section 4 sets out the Authority's revisions to performance for the exceptional events.

(2) Exceptional Event claims submitted by EMID for 2016/17

- 4 EMID notified the Authority during 2016/17 that it considered the event(s) in Table 1 to have been exceptional (for the purposes of Paragraphs 2D.32 (Severe Weather Events) and 2D.35 (Other Events) of Part F of special condition CRC 2D) and to have affected its performance.

Table 1: 2016/17 exceptional event claims

Date and event details	Claimed Adjustments	
	CI	CML
Severe Weather Event One: 23 February 2017 (paragraph 2D.32 of Part F)	2.11	1.82
Other Event One: 21 March 2017 (paragraph 2D.35 of Part F)	0.77	-
Total	2.88	1.82

(3) Examiner's recommendations and Authority's decisions

Authority's verification - 23 February 2017 (Severe Weather Event One)

- 5 The Authority's exceptional event database calculation finds that this event was exceptional, with 71 incidents at higher voltages being recorded in a 24 hour period, against a threshold of 64.

- 6 Following our audit, the Authority therefore directs that EMID's 2016/17 performance should be adjusted to exclude the audited impact of the incidents, as set out in Table 2 below.

Examiner's report – 21 March 2017 (Other Event One)

- 7 The Examiner's report finds that this event was exceptional, having breached the other event customer interruptions threshold of 0.95, with 45127 customers interrupted.

- 8 EMID was also found to have taken appropriate preventative and mitigating actions as set out in Appendix 4 of special condition CRC 2D. The Examiner therefore recommends that EMID's 2016/17 performance should be adjusted to exclude the audited impact of the customer interruptions in excess of the thresholds of 0.95 CIs and 0.76 CMLs as set out in Table 2 below.

Table 2: Audited impact of 2016/17 exceptional event claims

Date and event details	Authority's Adjustments	
	CI	CML
Severe Weather Event One: 23 February 2017 (paragraph 2D.32 of Part F)	2.11	1.82
Other Event One: 21 March 2017 (paragraph 2D.35 of Part F)	0.77	-
Total	2.87	1.82

(4) Authority's revisions to performance

- 12 The Authority has verified the impact of the severe weather events and other event on performance and considered other relevant information and circumstances (such as EMID's statement of facts) and is satisfied that Severe Weather Events One, and Other Event One were exceptional. Under paragraphs 2D.32 and 2D.35 of Part F of special condition CRC 2D the Authority may, therefore, in accordance with the provisions of those paragraphs, make adjustments to EMID's data in respect of these events.

13 The impact of the changes relates to overall company performance and the adjustment to price control revenue under the incentive scheme, rather than protection of individual customers. The Authority therefore considers it reasonable and pragmatic to apply the adjustments to the overall annual performance data rather than at a more detailed level.

14 The adjustments to the annual performance data are shown in Table 3 below.

Table 3: Adjustments to 2016/17 performance data for exceptional event claims

	Performance figures for 2016/17		Change for Exceptional Event(s)		Performance figures for 2016/17 adjusted for Exceptional Event(s)	
	CI	CML	CI	CML	CI	CML
Unplanned incidents	46.09	22.26	2.87	1.82	43.21	20.44
Pre-arranged incidents	1.82	3.04	-	-	0.91	1.52
NGET or transmission companies	-	-	-	-	-	-
Any other connected systems	-	-	-	-	-	-
Distributed generators	-	-	-	-	-	-
Overall CI & CML for 2016/17	47.91	25.30	2.87	1.82	45.04	23.48
Overall CIIS & CMLIS for 2016/17	47.0	23.8	2.9	1.8	44.1	22.0

The Authority directs that:

CIIS for the reporting year commencing 1 April 2016/17 should be reduced by 2.9 from 47 to 44.1.

CMLIS for the reporting year commencing 1 April 2016/17 should be reduced by 1.8 from 23.8 to 22.

[1] The terms "Ofgem", "the Authority", "we" and "us" are used interchangeably in this document.