



RIIO 2 consultation response

Enzen Global Limited



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To:
James Veaney
Head of RIIO-2 Policy
Ofgem
9 Millbank
London, SW1P 3GE

2 May 2018

Dear Mr Veaney,

RE: Enzen's response to Ofgem's RIIO-2 Framework Consultation

We would like to thank you for this opportunity to respond to the RIIO-2 Framework Consultation. Enzen is a global knowledge practice that provides consulting, technology, engineering and innovation services. We provide and deliver outcome driven solutions to leading UK and global businesses, governments, non-governmental organisations and not-for-profit organisations.

We work with customers across the energy and water value-chain to deliver sustainable and lasting improvements to their efficiency and performance, adding value that benefits both consumers and investors. The RIIO regulatory regime, with its output focused performance incentives, aligns well with what we aim to achieve on behalf of our customers.

Please see below Enzen's response to the consultation. We have focused our response only on those areas that we believe could further improve the RIIO framework to benefit consumers.

We hope that Enzen's response will be constructive in building a framework for RIIO-2 that delivers benefits to UK energy consumers of today and of the future. We would be delighted to have further discussions with Ofgem around our response and with interested, cross industry parties on the RIIO-2 framework.

Thank you,

(On behalf of Enzen Global Ltd)
Harsha Anand
Group Head – Business Transformation



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Giving consumers a stronger voice

Q1. How can we enhance these models and strengthen the role of stakeholders in providing input and challenge to company plans?

→ What are your views on the proposal to have Open Hearings on areas of contention that have been identified by the Groups?

A1. Ofgem needs to take customer engagement to the next level, this is especially true for distribution companies. RIIO-1 was plagued with uncertainties. Although, there was an observable improvement in customer engagement since the last regulatory phase, Ofgem has not been prescriptive about ways in which companies should interact with the customers. We acknowledge that in the light of promoting competition, Ofgem has left it to the networks to define and innovate ways of engaging with its stakeholders. For RIIO 2, we recommend that Ofgem should provide key principles for customer engagement. With this in mind, Enzen recommends the following:

1. **Customer engagement:** How distribution companies carry out customer engagement should evolve along with its evolving customers. Some of the areas Enzen believe need to be addressed are as follows:
 - a. **Engaging with younger customers:** Distribution companies will have more iGen/Gen Z customers during RIIO-2, whose expectations from the utilities are likely to be different from other customers. They are inherently more energy conscious and are more likely to take up the role of prosumers than older generations. Assessing and addressing their needs might be an important aspect in customer engagement for distribution companies.
 - b. **Social media / Multi channel:** The changing customer base processes information differently. To ensure companies are hearing the voice of the masses, they need to consider access to social media/multimedia channels that will help extend the engagement to a wider audience.
 - c. **Going beyond customer satisfaction to sentiment analysis:** Big data analysis has successfully helped companies develop innovative strategies. Accessing customer and customer engagement data could allow utility companies to capture trends and customer sentiments.
 - d. **Empowering customers:** We believe companies need to take the effort in making the issue/engagement relevant to the customer, especially if it is an area they are not particularly familiar with. This will allow distribution companies to gauge what customers actually think about different aspects of price controls.

2. **Customer Engagement Group:** Ofgem should provide more clarification around the role of the Customer Engagement Group, since it directly liaises with the end customers. Some of the areas that Enzen feels need elaboration are:
 - a. **Selection of the group:** Ofgem should provide more clarity/guidance on the composition of the Customer Engagement Groups. Since Ofgem will only be ratifying the appointment of the Chair, we recommend for Ofgem to provide guidelines to ensure that the group represents interest from a wider variety of stakeholders (consumer and prosumers).
 - b. **Scope of review:** Ofgem acknowledges that customers of the distribution companies have diverse needs but are unable to challenge the company's business plans effectively. Thus, as a representative of the customers, the Customer Engagement Group should have some clear directives on what needs to be considered whilst challenging a company's business plans.
 - c. **Leveraging local metropolitan regions:** Working alongside the local metropolitan regions might help the distribution companies engage customers more efficiently. Their regional understanding and reach might qualify them to be a worthy participant in the Customer Engagement Group.
3. **Post issuance review of customer engagement in the business plan:** Ofgem explains the process by which it expects the utility companies, the Customer Engagement Groups and the User Groups to review customer engagement in the company's business planning process. However, there is not enough explanation on how it expects the RIIO-2 Challenge Group to review how well the customer engagements are reflected in the finalised business plans.

Further, regarding open hearings, Enzen does not see value in them. They seem to provide an additional sticky layer. Enzen sees more value in Ofgem deciding on conflicting interests arising amongst the companies; or amongst the companies and stakeholders, internally.

Responding to changes in how networks are used

Q2. Do you agree with our preferred position to set the price control for a five-year period, but with the flexibility to set some allowances over a longer period, if companies can present a compelling justification, such as on innovation or efficiency grounds?

- What type of cost categories should be set over a longer period?
- How could we mitigate the potential disruption this might cause to the rest of the framework?
- What additional measures might be required to support longer-term thinking among network companies?
- Do you instead support the option of retaining eight-year price controls with a more extensive Mid-Period Review (MPR)?
- What impact might the alternative option of an eight-year price control with a more extensive MPR have on how network companies plan and operate their businesses?

A2. We appreciate the thinking that has gone towards the proposal of 5-year cycle for RIIO 2. Given the uncertainties in the emerging energy scenarios, companies and the regulator will struggle to consider all possible scenarios and plan for a longer investment cycle. With this in mind, it is prudent to consider a short-term review cycle, keeping in mind the emerging energy scenarios are yet to be fully understood.

We believe keeping the 8-year cycle with a rigorous mid-cycle review will not be beneficial in the longer run. Our thinking is based on the following reasons.

1. The network companies will in effect be preparing for a 4-year investment cycle keeping the regulatory review in mind. Increased uncertainty on the mid-cycle outcomes will not help them to lock in any supply-chain efficiencies with a longer time horizon.
2. There will be increased effort from the companies and the regulator with questionable value addition.

Hence, Enzen agrees with the Ofgem proposal to set the price control to 5-year period.

We believe that maintaining the flexibility to set specific allowances to a longer period based on any compelling justification will not be beneficial to regulator, end customers and the network providers. Our thinking is based on the following factors.

1. A varied regulatory cycle for different investment types (e.g. Asset Health) for a longer/shorter duration will mean that there will be an ongoing regulatory review throughout the course of regulatory cycle and will likely result in extended engagement between the regulator and the network companies.
2. This will also result in confusion over the exact determination for a given period and will confuse the investors and public and will likely encourage companies to game the output across various cost types.

3. The whole system thinking that Ofgem is trying to encourage will be disrupted by various regulatory tracks for different investments and will likely disrupt longer term planning.

Q3. In what ways can the price control framework be an effective enabler or barrier to the delivery of whole system outcomes?

- If there are barriers, how do you think these can be removed?
- What elements of the price control should we prioritise to enable whole system outcomes?

A3. The current regulatory regime and the approach is not geared to promote whole system outcomes. Clear separation of responsibilities across gas and electricity, transmission and distribution have encouraged and entrenched siloed thinking and, in this scenario, networks on their own will not be able to consider whole system outcomes.

We believe the regulatory framework will need to evolve to encourage whole system thinking through encouraging active collaboration across electricity, gas, heat, transportation and storage operators and local authorities. This can be achieved through one of the following approaches:

1. Development of newer incentives to measure and report systemic approach taken by networks
2. Inclusion of localised whole system thinking to be made part of DSO/TSO responsibilities.
3. An independent energy body that will consider whole system impact across the different providers (electricity, gas, heat, storage, transportation etc.) over the emerging scenarios and force network companies to include these in their annual/regulatory cycle planning.

We see an increased role for local authorities with the emergence of smart cities across the world. This has increased the scope for local authorities to develop sustainable energy solutions within their council areas which will likely impact the networks. Local authorities with their focus on the overall solution for their area will likely promote systemic thinking and outcomes in a localised manner. This will need to be scaled up with the development of a regulatory body that can consolidate the local initiatives and then determine the likely impact on gas and electricity networks.

This in turn can act as a feeder for regulatory plan development by networks. However, any changes to the regulatory determination due to the whole system approach will need to be tempered with the analysis of impact on the networks operating plan and investor commitment. With the focus on reducing the cost of capital, the investor confidence is likely to be shaken and efforts will need to be made to increase investor confidence in the viability and certainty of return on investment in utilities.

We believe price control overall should focus on whole system outcomes and distinction cannot be made to specific elements/categories within price control to promote the whole system outcomes. Definition of specific incentives geared towards whole system outcomes will go a long way. However, whilst considering the whole system approach, it will likely impact both asset health and load related expenditure.

Q4. Do you agree with our minded-to decision to retain the current start dates for the electricity transmission and electricity distribution price controls, and not align them?

A4. Enzen supports retaining the current start dates for transmission and distribution price controls and do not see much value in aligning them. Our thinking is influenced by the following factors:

1. Aligning the different price control will create a peak for the regulator to assess multiple investment plans at once and arrive at a decision. This will lead to logistical challenges and create an artificial scarcity for resources.
2. Lessons learnt from an earlier cycle cannot be applied to a later price control regime.
3. The stated benefits of whole system thinking can only be enabled by consolidated investment plan development and not just by aligning regulatory dates. Whilst ideal, creating a consolidated investment plan is not practically achievable.
4. We believe our recommendation of creating an independent body that consolidates the whole system initiative across the region as outlined in our response to Question 3 will deliver more benefits than aligning dates.

Q5. In defining the term 'whole system', what should we focus on for the RIIO-2 period, and what other areas should we consider in the longer-term?

→ Are there any implementation limits to this definition?

A5. We at Enzen believe the whole system approach should consider an end-to-end view of energy generation, transmission, storage, distribution, transport, local area development and more importantly the energy usage.

Increasingly we see developments of Microgrids and Off-grid energy solutions in different parts of the world. Hotter countries like Australia are facing severe reduction of demand, due to customers fully or partially disconnecting from the grid. Such developments are few and far in the UK at present. However, with the ever-changing technologies, there is a high likelihood of future disruptive technologies increasing the need for such off-grid and flexible connections to the grid. These will have disruptive impact on the energy networks, if not managed in the right way. Whole system thinking should consider these aspects before such developments proliferates in the UK.

In addition, as stated in response to Question 3, the emergence of Smart Cities and local community-based Energy solutions necessitates engagement of such stakeholders in the whole system considerations.

In the emerging scenarios, end consumers (including prosumers as they generate and consume electricity as solar and other means of energy generation increasingly become more efficient and cost effective) must and should dictate any regulatory policy and determination.

Q6. Do you agree with our view that National Grid's electricity SO price control should be separated from its TO price control?

Q7. Do you agree that we should be considering alternative remuneration models for the electricity SO?

→ If so, do you have any proposals for the types of models we should be considering?

A6 & A7. We believe that the separation of SO price control from TO price control is beneficial in that it eliminates the conflict of interest between a TO & SO.

We also believe that a clear set of separate incentives should be developed for the system operator with a view to encourage whole system thinking. The incentives must encourage transfer of long term benefits to the customers as a percentage of their profit. Typical examples of this approach include long-term auction of capacity and sharing the benefits. A system operator has few fundamental differences with the transmission operator and a similar revenue model will not help in a sustainable development of system operator model.

This would mean that an alternative remuneration model would need to be developed for the electricity SO.

Q8. Should we consider alternative remuneration models for the gas SO?

→ If so, why and what models?

A8. We believe the emerging energy scenarios do not necessitate the need for a separate gas SO at this stage. However as outlined in our response to question 3, a case can be made to combine specific responsibilities of gas and electricity system operator to promote whole system thinking. This will mean a new entity will look at all energy sources (gas, electricity, local generation, etc) as compared to being tethered to a network of their preferred source. Our opinion on the revenue model for gas system operator, should the need materialise, will be same as that of an electricity SO as outlined in our response to question 6 and 7.

Q9. What options, within the price control, should be considered further to help protect consumers against having to pay for costly assets that may not be needed in the future due to changing demand or technology, while ensuring companies meet the reasonable demands for network capacity in a changing energy system?

A9. The scenario for price control is complicated by rapid evolution of the technology and emergence of disruptive solutions in the market. A traditional price control mechanism to manage networks may not yield best results in this scenario.

The approach adopted in gas networks to have a shorter depreciation cycle has also yielded better results to manage uncertainty. This will protect future customers from incurring higher investment costs.

A possible approach will be to separate major network reinforcement /improvement projects from the 5-year price control mechanism and decisions being made on these projects on a case-to-case basis considering whole system solution options. The price control aspects may need to be limited to keeping the lights on and like-for-like replacement of assets that have reached end of their life cycle. Separation of system operators from the network operators will help this to be taken forward and the decision can be vested with system operators. However, this approach has the potential to deteriorate the quality of supply and create load bottlenecks. In instances where bottlenecks do emerge, it will require agility on the part of the regulator and network companies to respond to these with alacrity. It will help to critically assess the current standards on reliability and resilience. Also, to reassess whether some of these can be diluted to drive more cost efficiency. This provides flexibility for the regulator and the network companies to make future investment decisions. However, this may require wider engagement with government, local authorities and other key stakeholders to arrive at optimal standards of performance.

Ofgem should also consider relaxation of reliability norms to offer non-firm connections. This will help avoid trapping of committed capacity and manage demand in a more agile manner. This will also increase the responsibilities on system operator to actively consider requested capacity/actual requirements and balance the system. In addition, this will help avoid investment in expensive capacity improvement projects which may prove unnecessary in emerging future scenarios.

Q10. In light of future challenges such as the decarbonisation of heat, what should be the role of network companies, including SOs, in encouraging a reduction in energy use by consumers in order to reduce future investment in energy networks?

→ What could the potential scale of this impact be?

A10. The existing price control structure do not incentivise companies to improve end user energy efficiency.

Clear separation of system operator both at transmission and distribution levels will help in creating an entity that is purely focussed on demand management and a system operator untethered from the network operators should be able to focus on managing demand independent of the considerations of the network operator.

The regulator should also investigate defining an obligation on the companies to promote energy efficiency by consumers. With the roll-out of smart meters there will be better information on the energy usage patterns. Ofgem can define obligations on suppliers and networks to analyse energy usage patterns and demonstrate improvement of efficiencies through active engagement with the consumers and development of new innovative models to improve energy efficiencies. This can be done both through appropriate incentives as well as statutory obligations.

Parallels can be drawn from the UK Water Industry, where there are obligations on Water companies to reduce water usage per person per day.

Innovation and Efficiency

Q11. Do you agree with our proposal to retain dedicated innovation funding, limited to innovation projects which might not otherwise be delivered under the core RIIO-2 framework?

A11. The innovation stimulus has had a very positive impact towards creating a positive culture for innovation in the industry. However, we have not seen enough innovations coming to the fore and being adopted by the industry. Ofgem should consider measures or approaches to encourage networks to be more collaborative with their innovation projects. Ofgem will need to ensure that measures are taken to ensure strong governance and accountability. Other innovation projects should be left to the organisations and should result in gains through improvement in efficiencies.

Q12. Do you agree with our three broad areas of reform:

- i. Increased alignment of funds to support critical issues associated with the energy transition challenges
- ii. Greater coordination with wider public sector innovation funding and support and
- iii. Increased third party engagement and (including potentially exploring direct access to RIIO innovation funding)?

A12. As stated before, we believe that innovation stimulus has had a very positive impact towards creating a culture for innovation in the industry. But, the innovation that we have witnessed so far in the industry has primarily been incremental in nature and insufficient progress has been made in driving breakthroughs in disruptive change. This could be well connected with higher risk associated with the nature of such projects. Enzen believes that for breakthrough innovation and disruptive change to happen, there needs to be an increased level of risk taking among networks. Hence, we agree with Ofgem's thinking that projects have to be encouraged that address the critical issues at an industry level and that there should be an increase in the funding to support critical issues such as those associated with the energy transition.

However, to bring this level of change, the platform has to be opened to more people and organisations outside the networks. Many staff members in networks have worked in the same organisation for their entire career and hence are unable to think outside their existing parameters. Ofgem should encourage/facilitate greater engagement with the network operator's supply chain to participate in innovation. Widening this engagement to the supply chain would enable a greater cross section of the knowledge pool to be leveraged.

Such stakeholders are likely to have concerns on IP sharing and returns. We recommend that Innovation funding should address these concerns to widen the involvement of stakeholders currently engaged in innovation.

Q13. What are the key issues we will need to consider in exploring these options for reform at the sector-specific methodology stage, including:

- i. What the critical issues may be in each sector and how we can mitigate the bias towards certain types of innovation through focusing on these issues?
- ii. How we can better coordinate any dedicated RIIO innovation funding with wider public-sector funding and support (including Ofgem initiatives such as the Innovation Link and the Regulatory Sandbox)?
- iii. How we can enable increased third-party engagement and what could be the potential additional benefits and challenges of providing direct access to third parties in light of the future sources of transformative and disruptive innovation?

A13. The energy sector is undergoing a major reform. With increase in local and renewable generation, several new players have emerged in the market. Although some innovation has surfaced, and project trials have gained some limelight, the current market structure, technology and business models do not provide an environment for these changes to become mainstream. There is a need to provide a platform for the new players to co-exist. Ofgem should consider following measures or approaches to encourage networks to be more collaborative with their innovation projects.

Involving wider stakeholder group: So far, the innovation mechanisms have been open to networks and are heavily governed by the views of the networks. By involving a wider stakeholder group inclusive of new and emerging players in the market such as suppliers, local generators, technologists and prosumers, issues that impact the entire energy industry can be identified. The role of Energy Networks Association and Smart Networks Portal can be enhanced to reflect the views of an industry. Ofgem should encourage creation of a body reflecting the industry composition that can establish, approve, govern the critical issues and development of the innovation projects and take steps to make these projects streamlined. Ofgem should consider measures or approaches to encourage networks to be more collaborative within their innovation projects.

Consumer-value based innovation business case: The innovation stimulus has had a very positive impact towards creating a culture for innovation in the industry. There needs to be a continued focus on quantifying the consumer value that is expected from each innovation, built into a business case. Such an evaluation should be demonstrated and governed in the Network Innovation Allowance (NIA) and provided to all energy networks. Ofgem should also consider linking consumer-value delivered by innovation to overall network output measures.

Converting industry standards as an enabler not a blocker of innovation: Ofgem should consider minimising or avoiding non-safety-critical standards/codes which have the potential of slowing down the pace of innovations and/or discouraging them. It should explore engaging industry bodies that set the standards for innovation projects to provide a streamlined process by removing blockers of easy adoption of innovations.

Increased supply chain engagement in innovation: This might involve incentivising the supply chain with a gain-share of the benefits delivered to energy customers. In addition, the

current requirements on sharing Intellectual Property (IP), where companies cannot sell successful innovations both in GB and globally, is a barrier to the supply chain taking up the opportunity to collaborate with network companies in developing submissions for the network innovation. Allowing both the networks and the supply chain protection on IP and providing the right incentives would encourage the supply chain to bring innovations from industries outside the energy sector for adoption by the networks.

Q14. What form could the innovation funding take.

→ What would be the advantages and disadvantages of various approaches?

A14. Enzen believes Ofgem should consider continuing the same funding mechanism, as it provides stability to long-term innovation projects.

However, too many siloed innovations undertaken by the organisations in energy system are funded by public money. There is a need for better co-ordination and robust measurements of effectiveness, so funding can be channelled to the most effective solutions.

Q15. How can we further encourage the transition of innovation to BAU in the RIIO-2 period? How can we develop our approach to the monitoring and reporting of benefits arising from innovation?

A15. We believe that, so far, the industry has primarily been successful in incremental innovations, with insufficient progress being made in driving breakthroughs in disruptive change. If Ofgem were to measure success rates of innovation projects, it would get a clearer picture of the investment in innovation. Typically, low failure rates imply that companies are probably not attempting to be sufficiently innovative (for example, they have a lower risk appetite), and are not considering disruptive innovations which have higher failure rates (for example, graphite power lines, super capacitors).

To increase the spread and adoption of innovations, Ofgem should consider measures or approaches to encourage networks to be more open about their inhouse innovation projects. Utility companies should be incentivised to spread/sell successful innovation projects (which allow networks to keep a portion of the consumer value generated, by the adoption of an innovation). Such a return on innovation would encourage projects that have a better chance of industry wide adoption.

For other projects that involve the wider industry, Ofgem should consider measures or approaches to encourage networks to be more collaborative within their innovation projects. An innovation review system needs to be put in place to help gauge the sustainability of the innovation under different future energy scenarios. Helping it transitions to BAU more seamlessly. Ofgem further needs a stringent structure to vet the success of innovations at a BAU level. To ensure the innovation can provide benefits to customers for years to come, eliminating the possibility of customers paying for obsolete technology.

There needs to be a continued focus on establishing the consumer value that is expected from each innovation, built into a business case. Such an evaluation should be demonstrated

and governed through a rigorous process that should allow clear governance and accountability, measure benefits for innovation and conduct post investment reviews.

Q16. Do you agree with our proposal to extend the role of competition across the sectors (electricity and gas, transmission and distribution)?

→ What are the trade-offs that will need to be considered in designing the most efficient competitions?

A16. In our view competition has played a good role in driving prices and use of competition should certainly be encouraged. We agree with Ofgem that the role needs to be expanded to other areas in electricity and gas distribution as well. Considering the success of the competition criteria in electricity transmission, we think this is a good starting point. However, the high value threshold can be potentially lowered from (£ 100 million) to give better value to the consumers as long as fine balance between cost, quality and safety is maintained within the network.

Q17. Do you consider there are any reasons why our new, separable and high value criteria might not be applicable across all four sectors?

→ If so, what alternative criteria might be suitable?

A17. We believe that the proposed criteria are appropriate for it to be used across all four sectors.

Simplifying Price Controls

Q19. What views do you have on our proposed approach to specifying outputs and setting incentives?

- When might relative or absolute targets for output delivery incentives be appropriate?
- What impact would automatically resetting targets for output delivery incentives during a price control have? Which outputs might best suit this approach?

A19. We believe the current output categories (Customer Satisfaction, Reliability and Availability, Safety, Conditions for Connection, Environmental Impact, and Social Obligations) cover all the primary activities of a regulated utility provider. The use of Network Output Measures should remain; these incentivise utilities to reduce risk within the network, and to not focus on short-term outputs.

However, there should be a simplified outcomes-based framework, in so far as there should not be a 'double-rewarding' for outputs achieved e.g. a reward for gas leak reduction without consideration of a possible reward for network shrinkage – network shrinkage would lead to a gas leak reduction, regardless of any intervention.

Regarding absolute and relative targets, we believe each output category should carry an absolute minimum performance requirement, and a relative performance incentive.

To safeguard the RIIO regulatory regime, cost allowances should not be reset during price control periods; this would be a migration towards 'rate of return' regulation.

Q20. What views do you have on our general approach to setting cost allowances?

A20. We believe in encouraging efficiency through setting appropriate incentives; cost allowances should be set to allow a regulated utility provider to achieve efficiency targets.

Q21. What views do you have on our intention to index RPEs?

A21. We agree to the indexation of RPEs.

Q22. What impact would resetting cost allowances based on actual cost performance (e.g. benchmarked to the average, upper quartile or best performer) during a price control have? Which cost categories might best suit this approach?

A22. Any resetting of cost allowances, during the price control period, would undermine the RIIO framework.

Q23. Do you agree with our assessment of IQI?

A23. We believe in a single business plan incentive; including elements of fast-tracking and IQI. Judging a business plan on its efficiency, future thinking, quality and ambition.

Q27. Do you have any views on the factors we should take into account when deciding how to differentiate efficiency incentives for companies if we do not use the IQI?

A27. We believe in considering 'whole system' thinking, long-term planning, and scenario modelling, during the business plan evaluation stage. Our response to questions 2, 3, 4, 5, 6, 7 and 8 indicate our thinking on these aspects. Such thinking by networks should be incentivised.

Q28. Is an explicit upfront financial reward required to incentivise companies to submit high quality business plans, in addition to differential incentive rates or sharing factors?

A28. A single upfront financial reward, and not on-going incentives would be a simpler and clearer incentive to submit high-quality business plans.

Q30. Do you have any views on how we propose to incentivise better business plans from transmission companies, including removing the prospect of an upfront financial or procedural reward and placing greater reliance on user and consumer engagement and scrutiny?

A30. We believe evidence of consumer engagement within the business plans should be incentivised; a single upfront financial reward would be appropriate.

Q31. How can we best improve the suite of annual reporting requirements to be as efficient and useful as possible?

A31. The implementation of standardised and templated annual reports would be more useful across the industry; especially for use in benchmarking activities. Business plan submission and regulatory reporting is currently an onerous exercise, and every year, hundreds of man-hours worth of effort is spent extracting and refining the data, and then publishing it for annual submissions. Enzen suggests that to simplify the business plan submission process, Ofgem should establish a common methodology for submission across all energy networks. By conforming to a common methodology, Ofgem should be able to easily evaluate business plans and release the annual reports earlier in the year.

The current format of annual RIIO performance reports is comprehensive and has the right level of information and comparisons between companies. We support Ofgem in maintaining the current level of detail in the annual RIIO performance reports.

Enzen suggests that Ofgem explore technology solutions for creating business plans, regulatory report submission and evaluation of the results/reports. Such technological advancements should guarantee transparency of data, reduced effort for reporting and enable near real-time reporting of the annual performance of networks. Sharing such data with the wider industry allows for much easier customer and stakeholder engagement.



Q32. How can we make the annual reports easier for stakeholders to understand and more meaningful to use?

A32. An industry wide common performance dashboard should be made available for public use. This has the advantage of extending the engagement to a wider audience. It can also bring in more transparency and improve data quality.

Parallels can be drawn from the UK water industry where a website (discoverwater.co.uk) has been developed by the regulator, water companies and other stakeholders. This website provides performance of water companies in a friendly dashboard format. The format is easy for common people to understand and is very visual in nature.

A similar dashboard website with industry performance data for the Energy sector in UK would be a welcomed by customers and other stakeholders. This will also demonstrate the willingness of the industry to be open and transparent.

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