

To: Electricity Distribution
Network Operators; interested
stakeholders

Email: RIIO.ED1@ofgem.gov.uk

Date: 8 March 2019

Dear Company Secretaries and stakeholders,

Proposal to make modifications to the Regulatory Instructions and Guidance

We propose to make changes to the Electricity Distribution Regulatory Instructions and Guidance (RIGs). These proposed modifications are largely made for the purpose of clarifying the existing reporting requirements. They also introduce new elements into the Strategic Commentary for this year.

In addition to these proposed changes, we set out in our 'RIIO Accounts way forward and alternative approach' letter¹ in August 2018, that we would propose modifications to the RIGs to include the Regulatory Financial Performance Reporting (RFPR) requirement, which we consider would provide more targeted detailed financial information on licensees' RIIO performance. The RFPR is proposed as an additional annex in the RIGs.

Please find enclosed a Notice, issued pursuant to Part C of Standard Condition 46 of the Electricity Distribution Licence, regarding our proposed changes.

Unless otherwise stated in the RIGs, we propose that if we implement these changes, they will take effect in April 2019. For the avoidance of doubt, this means that the data submitted in July 2019 (in respect of the 2018/19 reporting year) would use the RIGs as modified.

We welcome comments on our proposed modifications, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

Steven McMahon
Deputy Director, Electricity Distribution and Cross Sector Policy

¹ https://www.ofgem.gov.uk/system/files/docs/2018/08/open_letter_riio_accounts_way_forward.pdf

**To: Electricity North West Ltd (ENWL)
Northern Powergrid (Northeast) Ltd (NPgN)
Northern Powergrid (Yorkshire) plc (NPgY)
London Power Networks plc (LPN)
South Eastern Power Networks plc (SPN)
Eastern Power Networks plc (EPN)
SP Distribution plc (SPD)
SP Manweb plc (SPMW)
Scottish Hydro Electric Power Distribution plc (SSEH)
Southern Electric Power Distribution plc (SSES)
Western Power Distribution (West Midlands) plc (WMID)
Western Power Distribution (East Midlands) plc (EMID)
Western Power Distribution (South Wales) plc (SWALES)
Western Power Distribution (South West) plc (SWESt)**

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

1. Each of the companies to whom this Notice is addressed (together the "licensees") 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.
2. The Gas and Electricity Markets Authority (the "Authority"²) proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under Standard Condition 46 of the licence ("SLC 46"). The RIGs are the primary means by which the Authority directs the licensees to collect and provide information to the Authority, to enable it to administer the Charge Restriction Conditions ("CRCs") of the licence and, where not referenced in the CRCs of the licence, the RIIO-ED1 Final Determination³.
3. Part C of SLC 46 sets out the process for issuing and modifying the RIGs. In accordance with SLC 46.10, the Authority hereby gives notice to the licensees that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed via the hyperlinks in Appendix 1 and Appendix 2 to this Notice.
4. Unless otherwise stated in the RIGs⁴, the Authority proposes that these modifications should take effect in April 2019.
5. The proposed modifications to the RIGs consist of: revisions to existing guidance; new tables; revisions to existing tables; new commentary; removal of commentary; revisions to existing commentary; and the introduction of the Regulatory Financial Performance Reporting (RFPR) requirement. These modifications are made for the purpose of clarifying the existing reporting requirements on the licensees and providing greater insight into the performance under RIIO-ED1. The effect of the proposed modifications will be to require the licensees to provide more accurate, consistent and complete information to the Authority to enhance the quality and the accuracy of the information available to the Authority.
6. Appendix 1 to this Notice provides a link to documents, which show the proposed modifications as incorporated:

² The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

³ <https://www.ofgem.gov.uk/network-regulation-riio-model/riio-ed1-price-control>

⁴ Annex F has the additional reporting requirement of deemed Restorations under the quality of service reporting worksheets. As set out in paragraph 2.60, DNOs are required to report on these on or after 00:00 on 1 April 2020.

- (a) RIIO-ED1 Electricity Distribution Price Control – Regulatory Instructions and Guidance, including the the new RFPR guidance.
 - (b) RIIO-ED1 Electricity Distribution Reporting Pack Templates, including the new RFPR template.
 - (c) RIIO-ED1 Electricity Distribution Commentary
7. Appendix 2 to this Notice provides a link to an Issues Log, which details the various proposed modifications.
 8. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
 9. Any representations on the proposed modifications must be made on or before 5 April 2019 to Victoria Low at Ofgem, 10 South Colonnade, Canary Wharf, London, E14 4PU, or by email to victoria.low@ofgem.gov.uk.
 10. All responses will normally be published on our website. However, if you do not wish your response to be made public then you should clearly mark your response as not for publication. We prefer to receive responses in an electronic form so that they can be published easily on our website.

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Steven McMahon
Deputy Director, Electricity Distribution and Cross Sector Policy
Duly authorised on behalf of the Authority

8 March 2019

Appendix 1: Regulatory Instructions and Guidance incorporating proposed modifications

A copy of the proposed RIIO-ED1 Electricity Distribution Price Control – Regulatory Instructions and Guidance, proposed RIIO-ED1 Electricity Distribution Reporting Pack Templates and proposed RIIO-ED1 Electricity Distribution Commentary can be found on our website at:

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-ed1-version-50>

Appendix 2 : Proposed modifications to the Regulatory Instructions and Guidance

A log of all proposed modifications can be found on our website at:

<https://www.ofgem.gov.uk/publications-and-updates/notice-proposing-modifications-regulatory-instructions-and-guidance-rigs-riio-ed1-version-50>