

Anthony Mungall  
Ofgem  
3<sup>rd</sup> Floor, Cornerstone,  
107 West Regent Street  
Glasgow  
G2 2BA

Sam Torrance  
200 Dunkeld Road,  
Perth,  
PH1 3AQ  
Sam.torrance@sse.com

05 April 2019

Dear Anthony,

**Re: Proposal to make modifications to the Regulatory Instructions and Guidance**

Scottish Hydro Electric Transmission plc (SHE Transmission) welcomes the opportunity to comment on Ofgem's proposed changes to the Regulatory Instructions and Guidance (RIGs) version 6.1. We are committed to working closely with Ofgem and the other Transmission Owners (TOs) to improve our annual Regulatory Reporting Pack (RRP).

We have provided a number of detailed comments on the proposed tables, relevant narrative, and the RIGs in the attached spreadsheet (2019-04-05\_SHE RIGs Formal Feedback to Ofgem March 2019.xlsx).

**Network Output Measures (NOMs)**

Following the implementation of the NOMs methodology in August 2018, we have been working with Ofgem and the other TOs to rebase the volume based targets into monetised risk targets and to develop the necessary reporting requirements in preparation for RIIO-T1 close out. This work will continue as we aim to finalise the rebasing exercise.

**Strategic Performance Overview (SPO)**

We support the inclusion of the SPO narrative within the formal supporting commentary that accompanies the annual RRP submission and agree with Ofgem's proposal to amend the narrative template to enable us to include details of our approach to delivering whole system outcomes.

**Financial Reporting**



**Scottish & Southern**  
Electricity Networks

We agree with the inclusion of the Regulatory Financial Performance Reporting (RFPR) as an additional annex in the RIGs but note in our detailed comments a number of points which should be discussed by Ofgem and the Network Companies prior to finalisation of the RIGs.

#### **RIIO-T2**

As outlined in Ofgem's letter, the timing of the 2018/19 RRP coincides with the submission of TOs draft RIIO-T2 business plans which are due in July 2019 as well. The resource involved in populating the annual RIGs submission is the same resource involved in completing the June RIIO-T2 business plans and therefore we have resource and administrative concerns to undertake the population and assurance of both RIIO-T2 business plan and the annual RIIO-T1 regulatory reporting pack (RRP) in parallel. As a result, Ofgem indicated that there would be a "light touch" RIGs submission for this year and we welcome the reporting tables which Ofgem has agreed to suspend for 2018/19 particularly around Opex, however we are disappointed that the light touch approach has not been extended to Capex.

Please do not hesitate to contact me if you would like further discussion on any of the points raised above or in the attached spreadsheet.

Yours sincerely

A handwritten signature in black ink that reads "Sam Torrance".

Sam Torrance  
Networks Regulation, Transmission