

Varun Venaik
Ofgem
4th Floor
10 South Colonnade
Canary Wharf
London
E14 4PU

27 May 2020

Dear Varun,

Re: Notice proposing modifications to the Regulatory Financial Performance Reporting (RFPR) and Pension Regulatory Instructions and Guidance (RIGs) for RIIO1

Scottish and Southern Electricity Networks (SSEN) welcomes the opportunity to respond to the above consultation.

Overall, SSEN is supportive of the majority of Ofgem's proposed modifications to the RFPR and Pension RIGs. However, we would welcome clarity on the submission date of the RFPR template as the Notice referenced above does not make reference to the Directions issued by Ofgem on 29th April, extending the deadline from 31st July to 31st August for submissions under SLC 46 and B15, for Distribution and Transmission respectively, which includes RFPR reporting.

We also have some comments and queries relating to the RFPR reporting which we have raised separately to this response, however have included in Appendix 1 for reference.

If you have any questions on our view or would like to discuss this further, please do not hesitate to contact me.

Yours Sincerely,

Louise Deighan
Network Regulation

Appendix 1

RPFPR reporting

- **Materiality level** - The materiality level for the RFPFR has been maintained at £0.1m. We previously raised this as an issue due to the difficulty to reconcile within £0.1 as figures are heavily rounded within the submission. Previously the RFPFR and C&V submission had a materiality level of £1m. We would appreciate clarification of the reason for it being lowered to £0.1m. If it is to remain at £0.1m, we would also appreciate confirmation of whether it is acceptable to have reconciling item balances in the relevant tabs where we are unable to reconcile to this level. Note that we included the materiality point in the RFPFR Issues Log which we returned to Ofgem on 12th February this year.
- There appear to be some changes to the template when we compare to last year's template which have not been captured on the change log and we would like to understand the rationale for these changes:
 - **R1 – RoRE:** The formula for both the debt performance at notional/actual gearing (row 59-60) and tax performance at notional/actual performance (row 61-62) has been updated to account for the tax impact of finance performance. The tax impact was not included last year. We would appreciate confirmation of this change and clarification of what has driven the change.
 - **R5 – Output Incentives:** The Impact of incentives on allowed revenue (rows 82-102) has been updated to include a forecast position for this information. Last year it was only the actual position that was required. We would like to understand why this has been added this year and how this will be used by Ofgem.
- **R10 Tax:** There is an error in cell G36. This should be blocked out as forecast information is not required as we will be providing actual performance for that year.