

## **RIIO-ED2 Safety, Resilience, and Reliability Working Group (SRRWG) – 27<sup>th</sup> November 2019**

From: Ofgem

Date: 27<sup>th</sup> November

People invited: Relevant stakeholders

Time: 11am to 3pm

Location: 1.10 10 South Colonnade

### **1. Present**

1.1. Paul Measday (PM), Bill D’Albertanson (BDA) - UKPN

1.2. Natasha Richardson (NR) - WPD

1.3. David Wilkins (DW), Greg Farrell (GF) - NPG

1.4. Russel Bryans (RB), Malcolm Bebbington (MB) - SPEN

1.5. Jonathan Booth (JB) - ENWL

1.6. E Lian Dion (ED), Landel Johnston (LJ) – SSEN

1.7. Caroline Farquhar (CF) – Citizens Advice

1.8. Chris Watts (CW) – S and C

1.9. Gregory Edwards (GE) – Centrica

1.10. Chenghong Gu (CG) – Bath University

1.11. Myriam Neaimeh (MN) – Newcastle University

1.12. Mark Hogan (MH), Jack Ambler (JA), Fraser Glen (FG), Tom Roberts (TR), Nayar Hussain (NH) - Ofgem

## 2. Timelines

- 2.1. The high-level timelines for publishing key ED2 decisions were discussed. MH acknowledged that there is considerable work to be done in a short period leading up to next summer when the consultation on the sector methodology is expected to be published. Through Working Groups (WGs), key themes/policy directions will be drawn out to put forward for consultation next year.
- 2.2. Comments were made regarding the challenges with ED2 pathway timelines and where DSO fits into the WG structure. Ofgem stated that this would be addressed in the Overarching WG but expected that interaction would be across all WGs. MH confirmed that the expectation would be that WGs will continue to meet following the summer methodology consultation.
- 2.3. Charging and access will be aligned to consult alongside the sector methodology consultation next summer. This will give stakeholders the ability to understand the key policy areas and inform responses. Both teams will work together and will be closely aligned.
- 2.4. JB asked whether seeking to have DNOs that are amongst the safest and most reliable in the world implied that Ofgem are doing some kind of international review. MH said that is was just a broad aspiration.

## 3. Safety

- 3.1. Safety was discussed. DW stated that the idea of benchmarking safety was interesting, and perhaps alarming.
- 3.2. Given that stakeholders have different views on how safety should be measured, MH stated that we would welcome thoughts on how it sits as a metric in future WGs
- 3.3. PM noted that if Safety would be discussed as part of the Resilience sub-group, it would be worth renaming this Resilience and Safety, so that the right people can attend.

## 4. Load Indices/Flexibility

- 4.1. Ofgem outlined the ground that would be covered by the WGs. Ofgem expects to keep WGs fluid/ flexible and adaptable. Stakeholders should consider which WG will be most appropriate and beneficial for them. We stressed importance of WGs having the right mix of participants at the right time to process these work themes.
- 4.2. Some attendees suggested that clarity is required regarding what the overarching WG will cover; is it all policies or ED2 principles? Others suggested it would be useful to outline how the various WGs interlink or feed into each other on various issues.

### **Action: Ofgem to produce an organogram of different WGs and contacts**

- 4.3. The discussion turned to where Load Indices (LIs) would sit. MB argued that it should sit separate from flexibility as it is a key measure of network risk, while JB agreed with Ofgem's initial thoughts that it would sit under the overarching WG.
- 4.4. MH confirmed that Ofgem were open to suggestions on where load should sit. We are initially looking at flexible capacity as a whole, but recognise that there are some key themes under the load package.
- 4.5. Ofgem agreed that the LI needs to be developed if we want it to be used as a tool to understand load on the network. ED pointed out that reporting is currently quite disjointed – parts of it are included in a variety of different RIGs.
- 4.6. There was discussion around where flexibility should sit and whether a separate WG would be too focused. ED2 definitely has a role in flexibility arena, but we need to discuss the reporting output elements of it. We highlighted risk measure as a key priority to make this fit for purpose.
- 4.7. The development of RIGs and reporting is key – we need solid numbers feeding into business plans. What is reported in the RIGs doesn't capture the information – we need to consider why the information is required and what it should be used for. PM suggested that information should be captured by considering what information DNOs have, what they can do relatively quickly and what needs system change.
- 4.8. Ofgem advised that the prioritisation exercise will identify items to cover under each WG session. We are flexible and can adapt the structure to include separate session on

prioritisation. Stakeholders are invited to contribute thoughts on the best approach to manage WGs e.g. agile working/ sprints etc.

## 5. Resilience

- 5.1. MH made the point that resilience is a very important piece in the price control. We are keen to have thoughts on improving or developing our metrics and view of managing risks.
- 5.2. DW suggested that we might not be able to publish all discussions due to sensitivity concerns e.g. cyber security, so the WG cannot be opened up to everyone but we also need to strike the right balance with a wide group of stakeholders.
- 5.3. JB argued that the QoS and Resilience work-streams were lagging behind NARMs. The DNOs are reporting back with detailed thoughts on NARMs on 5th December.
- 5.4. JB also suggested that where various issues/ workstreams are not sitting well for RIIO 2, these should be considered for RIIO 3 instead.

## 6. QoS

- 6.1. JA went through some slides on current DNO QoS performance. CW asked if short interruption data could be made available to the group. The DNOs agreed that the data as currently reported to Ofgem could be made available, but it is difficult to report it in much greater detail without changing systems/processes. JB noted that DNOs won't necessarily know what caused a short interruption, as systems often restore the supply automatically. Discussions should centre around how we get to a common standard of reporting.
- 6.2. CF asked if we could look at the definition of Worst Served Customers (WSC). Some customers may endure interruptions as they think this is inevitable in remote locations, which is something to think about. JB asked what the balance between chasing the average and making sure the tail is brought in is.
- 6.3. CW asked if there was the potential to do something more granular on Value of Lost Load (VoLL), to which JA responded that while it is not set in stone at this stage, it is possible that there would be one VoLL value per region.

6.4. It was questioned whether the methodology for setting the targets was still appropriate. JB commented that DNOs can only easily pull out capital expenditure incurred to improve IIS performance, costs that are buried in operational costs are much more difficult to pull out.

6.5. Thinking ahead of the first QoS sub-group/work-stream, JA suggested that a prioritisation exercise should be carried out to gather views on what the future would look like.

**Action: members to list out the 8 IIS pillars in order of priority by 12<sup>th</sup> December**

6.6. CW asked if there were any metrics that the group could have on the impact of reliability on generation. LJ stated that HV would be identifiable, but LV would be harder.

## **7. ToRs/Next Steps**

7.1. JA went through the ToRs for the group. MB asked that sub groups be referenced in the ToRs. PM suggested that psychologically we call them work-streams.

7.2. Ofgem indicated that flexibility will be covered in the overarching WG but also in this sub group, given that the load side of things sit here. We will discuss at 3rd Dec WG and then decide. Ofgem will ensure all the relevant issues identified are placed in an appropriate WG.

7.3. MH made the point that prior to ED1, data was not as robust and we have strongly improved on this in ED1. Now we can start building on the progress for ED2. We can start understanding how reporting can be improved, and capture societal benefits in CBA so they are robust for ED2.

**Action: members to provide comments on the ToRs by 12th December**

**Action: members to provide starter views on resilience by 12th December**

**Action: Ofgem to send round a similar priority exercise from the summer**

7.4. MH flagged that it would be useful to think about these things in the context of reporting.