

RIIO-ED2 Safety, Resilience, and Reliability Working Group (SRRWG) – 18th February 2020

From: Ofgem	Date: 18 th February	Location: 1.19 Ofgem London
People invited: Relevant stakeholders	Time: 10am to 4pm	Teleconference facilities will be made available

1. Present

- 1.1. Catherine Dow (CD), Matthew Jones (MJ) – SPEN
- 1.2. Caroline Farquhar (CF) – Citizens Advice
- 1.3. Andrzej Michalowski (AM) – WPD
- 1.4. Jonathan Booth (JB), David Darley (DD) – ENWL
- 1.5. John Campbell (JC) – SSEN
- 1.6. Paul Measday (PM), Bill D’Albertansen (BDA) – UKPN
- 1.7. Mark Hogan (MH), Thomas Roberts (TR), Jack Ambler (JA) – Ofgem
- 1.8. Chris Watts (CW) – S&C Electric Company

2. Exceptional Events (ENWL)

- 2.1. Two types of exceptional event: severe weather events (above a certain threshold) and one off events. Claims are assessed in a fair amount of detail and it takes some time before the DNOs know their performance without EEs.

- 2.2. SWEE threshold is based purely on the count of the number of HV and above weather related faults. This threshold (8x daily average) is simple, set in advance and consistent with historic data.
- 2.3. Existing arrangements suggest future thresholds would stay roughly the same, apart from EMID and SPMW (likely to have a slightly lower threshold) and SPN (potentially having a higher threshold value). If we are revisiting the threshold levels, we need to consider what impact that has on operational roles. The consensus was that the thresholds are in broadly the right place.
- 2.4. However, a binary exemption threshold does not drive DNOs to invest in network resilience that means an event becomes non-exempt (i.e. increased resilience leads to fewer weather related faults, and therefore the threshold is less likely to be passed). BDA noted that customer service metrics are also a factor in storm conditions, highlighting that there are other measures in place that may drive performance beyond just the IIS. It was also noted that investing in underlying reliability does drive down the overall threshold (though maybe not significantly).
- 2.5. The stipulation that the threshold has to be passed in a 24 hour period means that prolonged events that are less severe are not covered. So there is a question of whether we need to think about this in the context of climate change, the different types of events that may become more frequent in the future, and what this means for the impact on DNOs.
- 2.6. One option for future development could be to make all faults in the event exempt, and replace this performance with a daily average level of performance (this is how the scheme was originally set up). The trouble with this is that the performance that is put back in is a number rather than specific events; this leads to potential issues further down the line (benchmarking etc.). We would also need to consider how the process would be managed.
- 2.7. Another option would be to apply a two-tiered exemption. DNOs could get 50% relief on a lower tier of 'exceptionality' so that underlying resilience investment can still take place. This could also be based on timeframes rather than specific thresholds. Similarly, the approach to determining the end of the event could be made more distinct.

- 2.8. It is worth noting that changing the threshold may have impacts on target setting data that is used (i.e. we would need to adjust historic data to account for this different threshold). A different threshold level also has an effect on BAU performance, which may further complicate any adjustments to historic data.
- 2.9. The 'other' event mechanism is in place to protect companies from large events that are out of the DNO's control. The thresholds have different impacts on different DNOs given size of the networks; this is especially true for SPD and SSEH where there is no 132kV network.
- 2.10. Rather than having a threshold set on the basis of the number of customers/minutes lost caused by the incident, we could say that an OOE is one that is equivalent to X% of the DNO's target. We need to consider whether the definition of a one off event still captures what it needs to; should it be defined in terms of size of incident and qualification criteria (as it more or less the case now)?
- 2.10.1. It was questioned whether we need to consider the proportionality of the number of OOE's happening – i.e. are we still seeing small numbers? There's also a visibility question about the reports and findings of them; they should be more visible on Ofgem's website.
- 2.11. The consensus was that the exceptional events mechanisms are generally fit for purpose. There is tinkering that can be done around how they are defined, keeping an eye on what impact that would have on the historical performance.

Action: Ofgem to circulate the streamlined statement of facts template to the ED1 QoS working group for review.

3. Short Interruptions

- 3.1. LV auto reclose is the newest development and almost certainly wasn't in place for the beginning of ED1. However, the other types of automation/remote control equipment were established by the beginning of ED1.
- 3.2. For short interruptions to happen (rather than 'long' duration interruptions), there tends to be deployment of some form of network monitoring/protection, which then causes switchgear to operate.

- 3.3. In terms of the reporting of short interruptions, there has been a c.20% reduction in CIs between DPCR5 to ED1, and a 7% reduction when including short interruptions. But a question remains around the quality of the short interruptions data – there has not been consistent reporting/recording of this so far.
- 3.4. The customer's inconvenience level is different depending on the length and/or type of interruption. The timeframe for auto-reclose was originally set at 1 minute, but it was pushed out to 3 minutes to give the greatest opportunity to stop the fault becoming permanent.
- 3.5. The conversation maybe needs to be focused on the fact that there is an interruption in the first place. The value of that interruption (when taken on the same basis as CIs) could be very high, but at this stage there is no clarity on whether that is the case. What has not been explored is whether customers value a reduction in the number/duration of short interruptions.
- 3.5.1. It was noted that the last time research was conducted in this space was in 2008. It was reviewed in 2012 ahead of ED1, but there has not yet been any repeat of that study.
- 3.5.2. Without knowing what customers value and where they think DNOs should be improving reliability, it is very difficult to direct efforts to change the way the networks operate. Short interruptions are one aspect that needs to be weighed up in the context of other things, including 'normal' interruptions, prolonged outages, and/or resilience to the effects of climate change.
- 3.6. There is scope for action to be taken in this space. It would need to happen in line with reporting improvements, so that any measures are backed up by robust and comparable information. Understanding how performance has changed/is changing over time will be key when exploring the options for the future.
- 3.6.1. Developments in this space (i.e. a metric or incentive on short interruptions, or changing the boundary for a short interruption) will potentially have implications on target setting for the IIS (especially if we need to restate historical data).
- 3.7. Separately, it was also questioned whether we need to think about the IIS and if it should continue to drive each DNO's performance down, rather than seeking to

achieve parity across GB, so that customers in each part of the country are receiving the same level of service. This has implications in relation to the way incentive rates are set, potentially leading to the use of a varying VoLL based on each licensee's area.

Action: UKPN and SSEN to look at the options for reporting templates for Short Interruptions.

Action: Ofgem to consider if research into customer expectations can be done.

Action: S&C to circulate the Italian research on short duration interruptions.

4. Worst Served Customers

4.1. Agreed that this will be picked up in the 31st March session.

5. IIS Targets (WPD)

Action: All to provide comments/feedback on the ORE's slides on their IIS review.

- 5.1. There are inconsistent ways of calculating averages throughout the target setting methodology. We need to consider what is the most appropriate way to do averaging throughout.
- 5.2. When establishing benchmarks, different approaches are taken as to what values flow through into the benchmark, depending on the position of the company relative to the benchmark.
- 5.3. There is an improvement transition for CIs (there is a transition to the benchmark). For CMLs, it is expected that there will be an immediate move to the benchmark. Could we remove it for CI, or add it in to CML?
- 5.4. We could look at reviewing improvement factors. We may need to consider the role of diminishing returns (based on current incentive rate) in this space.
- 5.5. There is currently no concept of an industry benchmark for LV in the current methodology, but there may be opportunities to do this given the disaggregation provided in IIS reporting.

5.6. For EHV/132kV, should there be some consideration of industry performance factored in?