

RIIO-ED2 Overarching Working Group – Meeting 12

From: Ofgem RIIO-ED2 team

Date: 22 October 2020

Time: 13:00-15:00

Location: Teleconference

1. Present

Tom Wood, Vicky Low, Fiona Campbell, Edwin Tammas-Williams, Jamie Tang – Ofgem
 Anastasia Charalampidou – Scottish Government
 Matt Cullen - E. ON
 Brian Hoy - ENWL
 Judith Ward, Maxine Frerk - Sustainability First
 Michelle Chalmers, Clothilde Cantegreil - SSE
 Ross Thompson - UKPN
 Paul Branston, Richard Allcock - WPD
 Caroline Sejer Damgaard - ADE
 Andrew Wainwright - NG ESO
 Paul Auckland, Rebecca Hassall-Lees - ENWL
 Caroline Ainslie, Kendal Morris, George Young - SPEN
 Paul Jarman – University of Manchester
 David Wilkins - Northern Powergrid
 Sam Hughes - Citizens Advice
 Ron Loveland - Welsh Government
 Catalina Guilen Rozo - Zenobe
 Charles Wood – Energy UK

1. Minutes of previous meeting

- 1.1. Ofgem invited attendees to provide any comments on the draft minutes of Meeting 11, either at the meeting or later in writing.

2. Developing a framework to enable robust ex post assessment (in relation to DSO, connections and vulnerable customers)

- 2.1. Ofgem provided a recap of proposals in the SSMC in relation to the framework for DSO, large connection customers and vulnerable customers. Ofgem presented high level principles for establishing an ex post assessment, explaining that the contents of the presentation represented potential options.

- 2.2. In relation to metrics that would form part of the assessment, UKPN asked whether there was an option for these to be set metrics before business plans are submitted.
- 2.3. Ofgem said that it would welcome views on this - ideally Ofgem would have a view before the SSMD but did not want to stifle work that could happen after SSMD, if not fully developed in time for inclusion in the document. Ofgem clarified that we encourage DNOs to work collaboratively to develop these and that working groups are currently looking at related aspects of this.
- 2.4. SPEN noted that while work is being done in relation to metrics for vulnerable customers and connections this was not yet happening in relation to DSO. SPEN said that having gone through an exercise of identifying possible metrics in relation to vulnerability, members may need to reflect on the ones discussed date and how they match up with Ofgem's suggested principles for "what makes good metrics".
- 2.5. ENWL noted that Ofgem may want to retain an element of flexibility in how they assess DNO performance as, even if metrics are agreed, business plans would need to show how they have reflected stakeholder engagement.
- 2.6. NPg commented that metrics that are comparable across DNOs will be difficult to agree, in particular for the DSO area. NPg said that metrics should not necessarily need to be comparable across DNOs in order to be considered appropriate for inclusion in the framework.
- 2.7. WPD said that Ofgem should clarify whether metrics would be used to help Ofgem compare across companies or, alternatively, to assess DNO performance against its own strategy.
- 2.8. UKPN asked for clarification on, where metrics can be defined, whether the expectation is that there will be an ex ante framework around how they will be treated (e.g. financial exposure).

- 2.9. ENWL said that DNOs could be rewarded/penalised for performance only outside of a “deadband”.
- 2.10. ENWL sought examples of what “regularly reported evidence” might be, noting that assumed it would not be numeric. SPEN asked whether this would be a substitute for metrics within the framework. Ofgem, said that regularly reported evidence may be supplementary to, rather than a substitute for, metrics.
- 2.11. NPg asked what 'commitments' [ref slide 11] means within the framework and said that this should be made clear in the SSMD document.
- 2.12. Citizens Advice suggested that, on delivery schedules and regularly reported evidence, it has suggested that an assessment would be carried out annually.
- 2.13. WPD said that scale and comparability between DNOs could be an issue for consideration, noting that clarity from Ofgem on how this will be taken into account would be welcomed. For example, more ambitious plans shouldn't be penalised when less ambitious plans are not delivered.
- 2.14. Sustainability First said that it can be difficult for stakeholders to get involved with price controls and that Ofgem should consider what the regulator could do to involve other parties in this ex post assessment eg bilaterally. Sustainability First said that the overall approach may be a helpful and holistic way to incentivise core areas of DNO activity and that it was reasonable for Ofgem to expect DNOs to deliver the baseline standards, while providing an incentive for top performers to trailblaze. Sustainability First said that commonality and consistency is important as people want to understand what everyone is doing across the board - school league tables are imperfect, but parents still find them useful.
- 2.15. Members of the group sought clarity from Ofgem on how work in the DSO space related to this item could most usefully be taken forward ahead of the SSMD. Ofgem said that it would consider this and revert to members as soon as possible.

3. AOB

3.1. ENWL asked what topics Ofgem was planning to cover at future OAWG sessions in the run-up to the SSMD. Ofgem said that it was expecting to cover interactions between the review of network access and forward-looking charges and how this interacts with ED2, modernizing energy data and potentially, nearer the time of publication, an in-the-round look at the overall ED2 package.