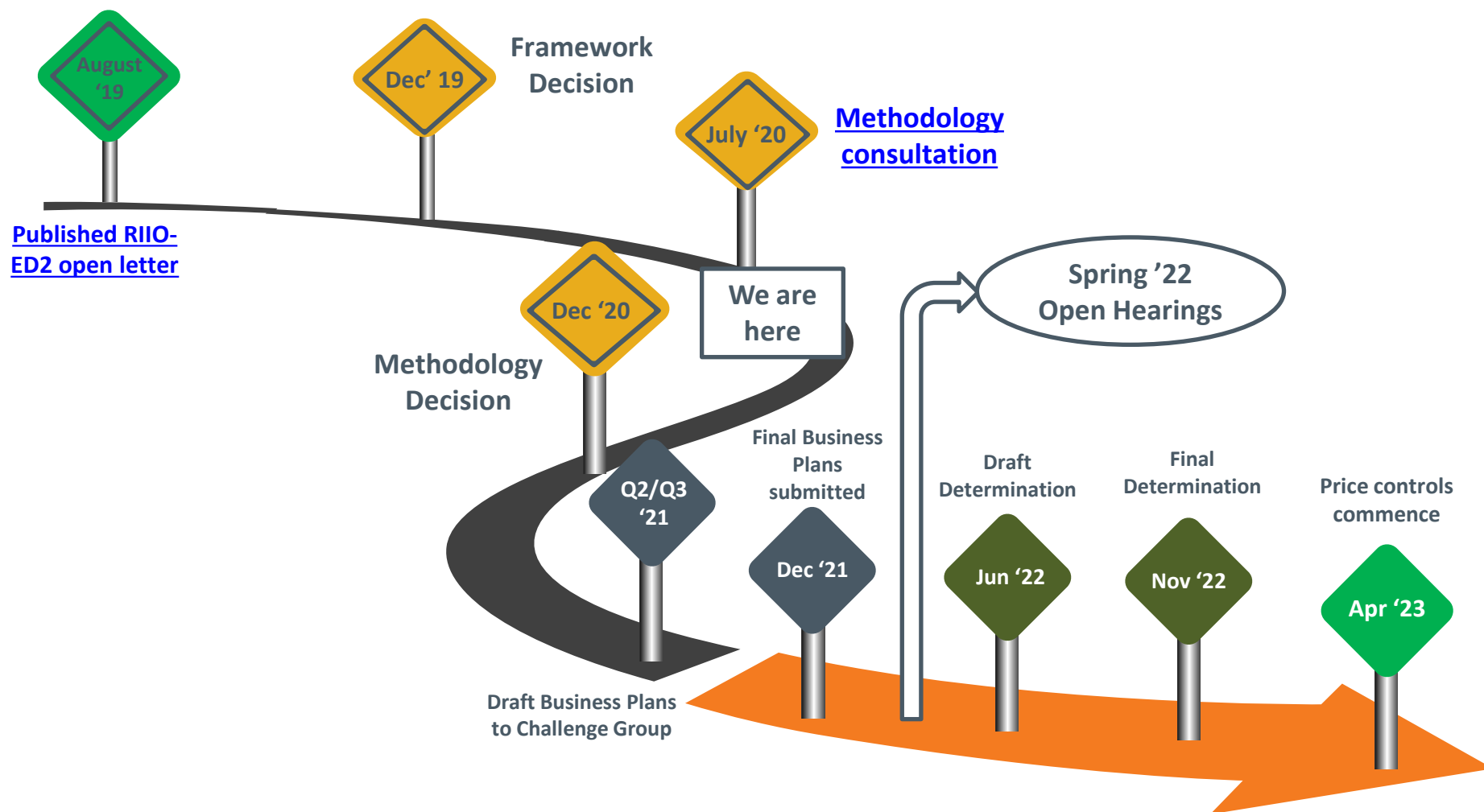


# Safety, Resilience and Reliability Working Group Resilience



- Introductions
- Pathway to ED2 and SRRWG meetings
- Background to climate resilience
- What we said in the SSMC regarding our expectations and proposals
- Individual proposals
- Ongoing resilience reporting
- Black Start resilience
- Discussion and AOB



- RIIO-ED2 Sector Specific Methodology Consultation:  
<https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-sector-specific-methodology-consultation>
- Safety, Resilience, and Reliability Working Group minutes and slides: <https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-working-groups>

Date	Workstream	Items to cover (indicative)
02-Sep-20	Resilience	Climate change resilience, ongoing reporting, black start
08-Sep-20	Interruptions	Unplanned targets (convergence and methodology), Planned targets, short interruptions minimum standard
10-Sept-20	NARM	NARM/CNAIM, Incentives associated with NARM, Review of CNAIM v2.0
23-Sep-20	Incentive rates	VoLL (methodology to set it), revenue caps, exceptional events
30-Sep-20	Other	Guaranteed Standards, WSC, AOB (e.g. Cyber resilience)
07-Oct-20	Load	Load indices in ED2
14-Oct-20	NARM	NARM/CNAIM, Interaction with cost assessment (BPDTs, CBAs, EJP's etc.)

These slides and our discussion will cover resilience broadly, with climate resilience being a key aspect

We recognise there are many ways to define resilience and think about it in the specific context of something like climate change

*'Adaptation is adjustments in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderate harm or exploit beneficial opportunities' - IPCC definition*

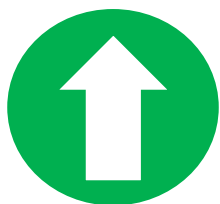
*'Adaptation are actions to reduce vulnerability or exposure to hazards, or take advantage of opportunities' - Adaptation Committee's indicator framework (CCC report)*



Ofgem decarbonisation programme action plan

In our decarbonisation action plan we committed to work together with industry and other stakeholders to ensure that the network companies undertake comprehensive assessments and put in place appropriate plans and measures to deliver resilience to climate change

In line with our duty to protect current and future consumers and ensure efficient investment, we have previously cited these reasons why climate change resilience is needed in networks:



### Increasing amount of new and existing environmental threats

- New wildfire or moorland fires
- Continued risk of flooding and vegetation



### Disruption or failure of one infrastructure system can have serious impacts on others

- The power outage in August 2019 led to 1.1 million customers being disconnected from the grid

We detailed our initial thinking and proposals to support steps to be resilient to climate change in our sector specific methodology consultation (SSMC Annex 1: Chapter 8 – Environmental Resilience)

## **What we expect of DNOs**

Make sure they and their networks are resilient against a range of threats that they face, both now and in the future

- Continue planning for and managing the risks the impacts of longer-term climate change may bring on their networks (over the lifetime of their assets)
- Develop strategies and best practice by drawing on wider climate change adaptation expertise and progress to date to inform their investment proposals for RIIO-3



## **Key elements of our provisional proposals**

1. Building on existing steps
2. Making the work of DNOs in this space clearer to stakeholders
3. Establishing a Working Group (with input from experts if appropriate)
4. Develop strategies and best practice
5. Continue the existing approach from RIIO-ED1 for flood resilience, tree cutting and other forms of resilience (black start, physical site security and telecommunications)
6. Consideration of a wider 'resilience' measure

## **Proposal: Establish a 'climate resilience' taskforce/working group**

It should:

1. Build on the steps already taken and plan for future actions/opportunities to work with other parties
2. Look longer term than the price control
3. Consider strategies/actions taken across all resilience activities over the lifetime of their assets while also planning for nearer-term threats, and the solutions that may be required to manage them (including implications of networks and their operations)
4. Outline plans for future actions and opportunities to collaborate with other parties (producing an annual report or similar)

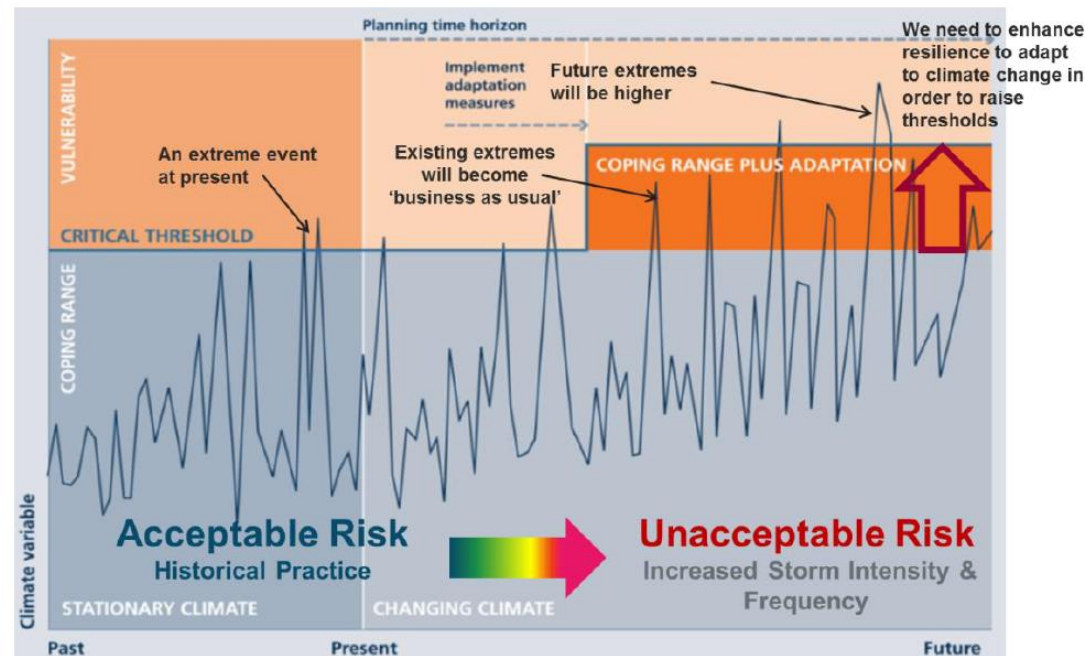
We expect it will be important to draw on wider climate change adaptation expertise, outside of the industry if necessary to develop strategies and best practice for future investment proposals.



## Rationale behind the climate resilience taskforce proposal

- See this as a key opportunity to outline the longer-term steps DNOs are taking, either individually or as an industry
- It is a chance to build on the progress made to date
- Important to have a central forum for collaboration and learning to be shared
- Also acts as a good focal point for wider expertise to feed into the industry
  - Doesn't have to be limited to electricity, or utilities
- Can help develop reporting or publications that outline the progress that is being made
- Opportunity to take this kind of reporting beyond the known/current risks, and look at how stakeholders could be affected by them

Figure 8 Coping thresholds and the need to manage unacceptable risk



Source: Adapted from Figure 3.1 in the [UK Climate Impacts Programme 2003 Technical Report](#)

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**Suggestion: the taskforce/working group could also be a good forum through which to develop climate resilience strategies**

These could:

- Be either as an industry, or as individual DNOs/DNO groups
- At a minimum, we see this as an opportunity to establish best practice and share progress/findings across companies
- Needs to be a degree of alignment across companies

## **Proposal we are considering: Devise a wider 'resilience' measure to track DNO's activities in ensuring their networks remain resilient to a range of existing and emerging threats**

It could be:

- Informed by the plans and strategies from the working group/taskforce
- Built on the current reporting, but with a focus on tracking progress across different resilience elements
- Developed during RIIO-ED2 and ready for RIIO-ED3
- Be accessible for external stakeholders

### **Rationale**

Inform wider stakeholders on progress

- Rather than helping DNOs determine investment/interventions they may need to make
- Not indented to be something that we use to hold companies to account for their delivery

## **Proposals: Re-opener mechanisms**

Those most relevant for the purposes of this group is that for Black Start - covering the costs of workload changes.

### **Rationale behind black start re-opener**

Intended to be an opportunity to respond to changes in mandatory resilience periods/additional activities that might arise from the new Black Start standard

If guidance is issued at a time that allows DNOs to include the costs of any changes in obligations in their business plans, the reopener would be removed

- Discuss today with you
- SSMC closes on the 1<sup>st</sup> October 2020



If you have any questions after this meeting, please contact [Jack.Ambler@ofgem.gov.uk](mailto:Jack.Ambler@ofgem.gov.uk) in the RIIO-ED team or [Sam.Rea@ofgem.gov.uk](mailto:Sam.Rea@ofgem.gov.uk) in the Strategy and Decarbonisation directorate

- <https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-sector-specific-methodology-consultation>
- <https://www.ofgem.gov.uk/publications-and-updates/ofgem-s-decarbonisation-action-plan>
- <https://safety.networkrail.co.uk/wp-content/uploads/2017/02/NR-WRCCA-Strategy-2017-2019.pdf>
- <https://www.theccc.org.uk/wp-content/uploads/2019/07/CCC-2019-Progress-in-preparing-for-climate-change.pdf>
- <https://www.nic.org.uk/wp-content/uploads/Anticipate-React-Recover-28-May-2020.pdf>

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