

RIIO-ED2 Safety, Resilience and Reliability Working Group (SRRWG) – 2nd September 2020

From: Ofgem

Date: 2nd September
2020

Location: Remote

People invited: Relevant
stakeholders

Time: 1pm to 3pm

1. Present

1.1. Ofgem

1.2. Electricity North West (ENWL)

1.3. Northern Powergrid (NPG)

1.4. Western Power Distribution (WPD)

1.5. UK Power Networks (UKPN)

1.6. Scottish Power Energy Networks (SPEN)

1.7. Scottish and Southern Electricity Networks (SSEN)

1.8. Citizens Advice (CA)

1.9. Energy and Utility Skills (E&U Skills)

2. Introductions, Pathway to ED2, and agendas

2.1. Ofgem provided an update on the timeline for the remainder of the RIIO-ED2 programme, including the programme for future working groups. The topics outlined are indicative at this stage.

- 2.2. A question was raised about invites for other meetings – Ofgem confirmed that if these have not already been sent, they will be distributed shortly.

3. Climate resilience

- 3.1. Ofgem's Strategy and Decarbonisation (S&D) team gave an overview of how organisations have defined adaptation/resilience and applied that to climate change. They also outlined how Ofgem's Decarbonisation Action Plan committed to working with industry and other stakeholders on climate change and associated resilience.
- 3.2. The definitions highlighted have a common theme in that they focus on actions that can reduce the harm/hazards associated with climate change, or take advantage of opportunities climate change presents.
- 3.3. ENWL asked whether the focus in this meeting was just on climate resilience, or resilience measures more widely (with climate being a key aspect of that). Ofgem confirmed that it is mainly about climate resilience, but the discussions will cover other aspects of resilience.
- 3.4. ENWL also raised the reporting required by the Department for Food and Rural Affairs (DEFRA), and whether the intention is that these discussions will be complementary to that requirement. Ofgem confirmed that this will be complementary to any other reporting, and that DEFRA's requirements will still have a key role to play.
- 3.5. WPD and SPEN noted that Figure 11 in Annex 1 of the Sector Specific Methodology Consultation (SSMC) contains reference to 'Environmental resilience' rather than climate resilience specifically, and asked whether Ofgem see climate resilience as separate from wider resilience.
- 3.6. Ofgem noted that climate resilience is part of the overall 'environmental resilience' chapter identified within the SSMC. We see there being two parallel elements in this area: a resilience metric/measure that captures the activities DNOs undertake within the price controls, and a longer-term climate resilience element looking at how the DNOs are thinking beyond the bounds of the price control.
- 3.6.1. ENWL suggested one way to frame the problem is how climate change may affect the 'threat vectors' of extreme events, which may lead to changes in how DNOs respond to those altered vectors. Both the activities/responses to the

immediate threats, and the longer-term adaptation measures will need to be captured and considered. How those pieces fit together will be key.

- 3.7. ENWL also pointed to existing Energy Networks Association (ENA) reporting, noting that it currently identifies risks. These are broadly split into the immediate dangers that networks already know of and face (such as flooding), and longer term issues such as changes to asset ratings, as a result of changes in environmental conditions. It was also noted that there is ongoing work by the ENA with the Met Office to consider the climatic changes that may occur, and that the world of climate science moves relatively slowly, compared to energy network activities. These considerations were reiterated in relation to the SSMC proposal that there be some kind of external facing publication to help wider stakeholders understand DNOs climate resilience plans.
- 3.8. Ofgem reiterated that part of the discussion on climate resilience is about understanding what can be done to help the DNOs build their capabilities in this space. The work done by the ENA is a good starting point, and goes some way to addressing the proposals identified in the SSMC.
- 3.9. In relation to longer term strategies, ENWL noted that the current reporting under DEFRA's requirements looks at the impacts of climate change out to around 2060 or 2080, but is limited in its consideration of the strategies required to mitigate against those impacts. The work by the National Infrastructure Commission (NIC) on interdependencies of resilience helps DNOs to consider this in their work, and it reminds the sector that, while there has been successful implementation of resilience in the previous price controls, there is still room for consideration of wider resilience implications.
- 3.10. Ofgem agreed with ENWL's suggestion that the proposed working group (which may involve an extension of the role of the ENA's existing working group) should cover these two points (longer-term strategies, and interdependencies of resilience). There may be opportunities to consider the systemic risks and cascade events, which would impact the energy sector and to which it needs to respond – some external expertise and perspectives may assist DNOs with this. It was noted that there needs to be a clear identification of the role of this working group and its accountability (i.e. feeding into ongoing working groups or the E3C run by BEIS).

- 3.11. It was also noted that there will need to be a consideration of work carried out by DNOs from a climate resilience perspective (i.e. installation of taller wood poles to counter increased conductor sag in warmer temperatures) when it comes to the cost assessment process.

Action: Ofgem to explore how the climate resilience working group could feed into the E3C.

Action: DNOs to communicate any thinking on how Ofgem can support them where appropriate in building their capabilities in terms of climate resilience.

4. Ongoing resilience reporting

- 4.1. SSEN asked whether Ofgem had any examples of ongoing reporting of resilience from other sectors that could be used as a comparator. ENWL noted that there are some examples, such as the City Resilience Index¹ that could be used as a starting point. In that process, it will be important to consider whether it will be possible to meaningfully capture the range of threats and/or measures DNOs face across a range of different geographical areas.
- 4.2. WPD agreed with this point, and sought to understand whether we are trying to achieve a view of a single 'score' of resilience for each DNO, or a dashboard of the measures that would be covered under this reporting. Ofgem's current thinking is that a dashboard-type approach would be preferable, since a single score seems less appropriate. Ofgem noted that while it could include the more traditional components of resilience, new aspects related to climate resilience could also be included, but would need further scoping. However, we are interested to understand what aspects are likely to most enable an enhanced development of a consistent capability across the network companies, and to bring forward actions by the network companies (and potentially funded through the price controls in a transparent way).
- 4.2.1. NPG noted that, whatever outcome is sought, it will be important to consider those aspects that we are including in this reporting as well as those aspects that we are excluding, and the reasons for both.

¹ <https://www.arup.com/perspectives/city-resilience-index>

4.3. SSEN raised a further point about who this information would be useful for, and how this information would be used. It is something that still needs to be explored.

5. Black start and AOB

5.1. In relation to telecoms resilience, WPD asked whether Ofgem would consider the introduction of a reopener for telecoms, in a similar way to the Black Start reopener that was outlined in the SSMC. Ofgem acknowledged that this is something that might be considered, given the similar uncertainty at this stage.

5.1.1. SSEN also noted that there are interactions and implications associated with the links between telecoms and black start resilience, as well as telecoms resilience and physical site security. These issues might also need to be picked up as part of Business Plan Data Template discussions.

5.2. SPEN raised the further issue of ash dieback and the associated increased costs that might arise as DNOs discover the extent of its impact across their areas, as well as any potential guidance/requirements from government. A question was raised on whether an uncertainty mechanism might be introduced to cover this. Ofgem noted this could be something that is considered under the environmental reopener that has been discussed as part of the Decarbonisation and Environment Working Group.

6. Date of next meeting

6.1. The next SRRWG meeting will take place on Tuesday 8th September.

Action: Ofgem to think about whether climate resilience should be explicitly further discussed in other meetings of this working group.