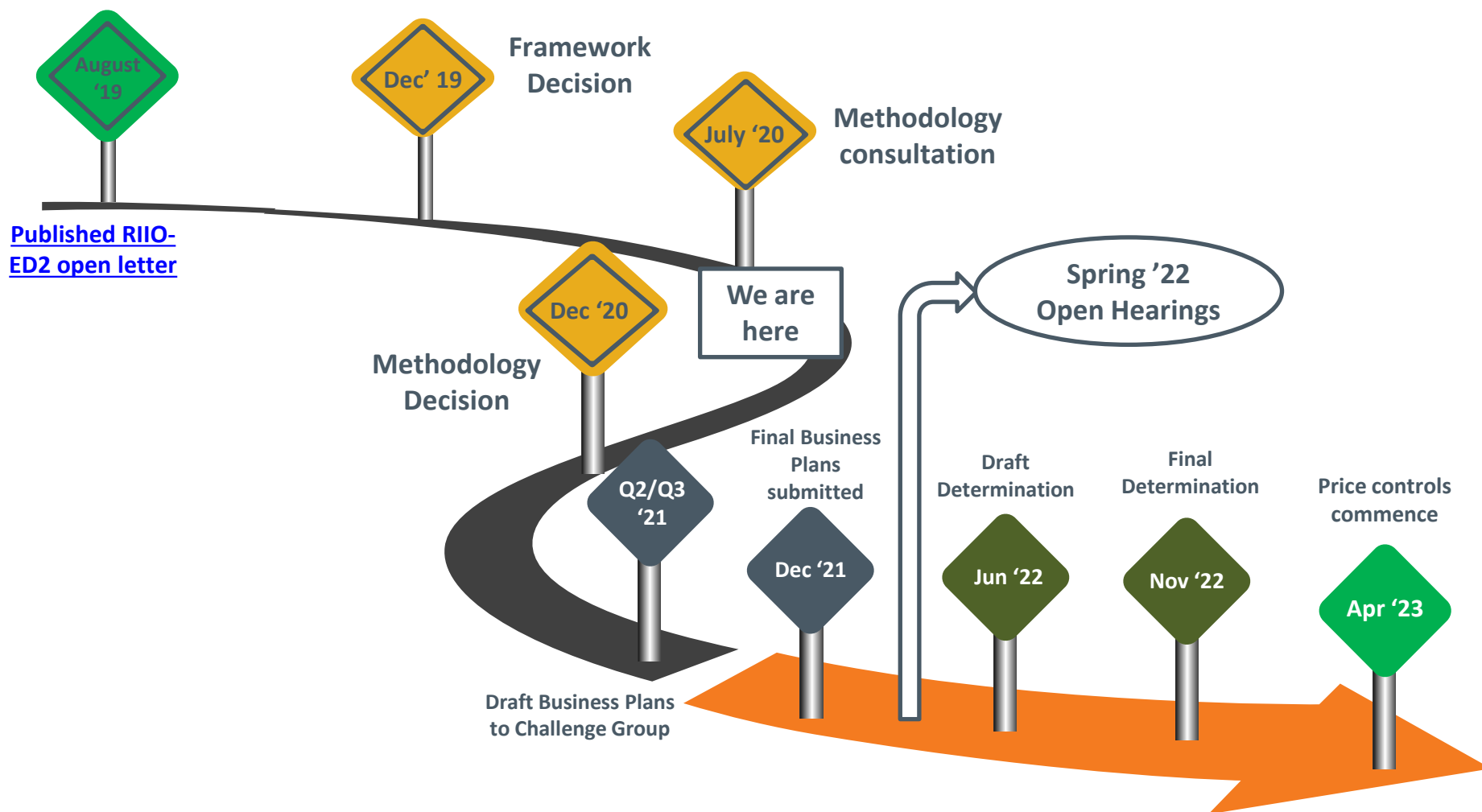


Safety, Resilience and Reliability Working Group Interruptions



- Introductions
- Unplanned interruptions – methodology
- Unplanned interruptions – convergence of targets
- Planned interruptions targets
- Short interruptions minimum standard
- 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, EJPs etc.)

Annex 1: Chapter 7 – Unplanned interruptions target setting

- We propose to use the RIIO-ED1 methodology for setting targets in RIIO-ED2
 - We will correct minor errors in the methodology.
- We will use DNOs' historical performance to set benchmarks that feed into targets that are unique to each DNO.
- Targets will be published at either Draft or Final Determinations – still tbc which.
 - Whenever we publish the targets, these will be produced using the latest available performance data.
- Targets will be set at the lower of the values produced by the methodology or the DNOs' current (latest year available) performance.
 - Want to reduce the risk of DNOs starting ahead of the targets, therefore being funded twice for the same performance improvement.

Annex 1: Chapter 7 – Unplanned interruptions target setting

- We propose not to introduce a (further) element of convergence for unplanned interruptions targets.
- The existing methodology already drives targets towards a common position – the benchmarked value.
 - Adding in convergence could be overly complex
- Adding in an element of convergence would result in different costs for each DNO to achieve the same level of performance.
 - This could mean disproportionately higher costs for some customers.

Annex 1: Chapter 7 – Planned interruptions target setting

- We propose to continue with the RIIO-ED1 methodology for setting planned interruptions targets in ED2.
 - We believe it is the right way to set targets, without adding unnecessary complexity to the process
- Has driven performance improvements to date.
- We considered options (changes to incentive rates and/or how the targets are set) but believe the existing methodology will deliver good performance improvements.

Annex 1: Chapter 7 – Short interruptions

- We propose not to incentivise short interruptions in ED2
 - Data quality and consistency is poor and needs to be improved so we know where we are starting from and what the target should be
 - Customer expectations not known at this stage.
- Instead, seeking views on introducing a minimum standard, to ensure DNOs do not let performance slip.
 - Could take the form similar to the multiple interruptions guaranteed standard.
- If supported, would likely form part of the guaranteed standards
 - We would need to establish what the minimum level should be (interruptions/time period).

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