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Date
29 January 2021
Contact / Extension
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Dear Anna,

RIIO-T2 Environmental Reporting Guidance Consultation (ERG Consultation)

This response is from SP Transmission (SPT) which holds the transmission licence for south and central Scotland. SPT is part of SP Energy Networks (SPEN) and the wider Iberdrola group. We welcome the opportunity to respond to the ERG Consultation, following: the Licence Drafting Working Groups (LDWGs); the Informal Licence Consultation in September; and the RIIO-2 Statutory Consultation on the RIIO-T2 Licence published on 17 December 2020 (the Licence Consultation), which our RIIO-T2 team has actively participated in.

The issues raised in this response should be considered in conjunction with SPT's response to the Licence Consultation, which we submitted to Ofgem on the 19th January 2021 (SPT's Licence Statutory Consultation Response). References to licence drafting and licence conditions in this letter and the enclosed Issues Log (at Appendix 1) are references to the conditions consulted on as part of the Licence Consultation.

We thank you for your continued engagement on the ER Guidance, however, SPT has concerns and comments on the draft Environmental Reporting Guidance, included by Ofgem in the ERG Consultation (the draft ER Guidance), from both a policy and a drafting perspective. These are detailed in the Issues Log at Appendix 1 of this response, and the key issues are as follows:

- There are a significant number of new or accelerated requirements on licensees within the draft ER Guidance which did not feature in the SSMD, Business Plan Guidance, SPT's commitments or the Final Determination. Examples of this include the requirement to report embodied carbon in 2021/22, which runs counter to SPT's T2 Business Plan commitment to introduce an embodied carbon tool for reporting by 2023, and the requirement at 3.58 of the draft ER Guidance to report on the life cycle impact of categories, information for which will be very limited, and may not currently exist. We believe these requirements must be removed, or they should be clearly marked as optional if Ofgem can evidence an explicit stakeholder need for

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the requirement. It is not appropriate for – and it is not the role of – the ER Guidance to extend the commitments already made by SPT in its T2 Business Plan, which were developed through extensive stakeholder engagement and which meet the requirements set out in the SSMD and Final Determination. SPT is committed to continuing this engagement throughout the RIIO-T2 period to develop these new reporting concepts.

- At 2.120 (page 39) of the RIIO-2 Final Determinations ET Annex published on the 8th December 2020, Ofgem states regarding the Environmental Action Plan: “...we have decided that it would not be appropriate to unilaterally set the level of ambition. While it was relatively straightforward to establish the minimum EAP requirements, we are less confident that we could set a common appropriate level of ambition beyond the minimum requirement for each company.” We agree with this sentiment, yet the ER Guidance extends SPT’s sustainability commitments, as outlined above and further detailed in Appendix 1.
- Greater flexibility in reporting requirements is required in the draft ER Guidance to reflect, as per the previous point, that certain reporting areas will need to evolve as SPT delivers its commitments and the most appropriate metrics are agreed with stakeholders and other TOs. This is especially true for less mature areas, such as Scope 3 and Embodied Carbon and Sustainable Resource Use.
- The identification and development of metrics for reporting is an evolving process, informed by stakeholder engagement. The ER Guidance includes requirements for TOs to report on specific metrics where the development of an area is immature, for example at 3.53 of the draft ER Guidance where it identifies tCO₂e/£m as the default embodied carbon reporting unit. In the case of the default embodied carbon reporting unit, this metric has been included before the requisite stakeholder engagement to determine and agree the most appropriate metrics has been allowed to take place.
- The proposed page limits in the draft ER Guidance are very challenging in certain areas of the Annual Environmental Report and may limit how readable the report is for stakeholders. For example, the specified format for the EAP Commitments Table will require significantly more space than the proposed allowed limit. For this to be valuable to stakeholders, we believe that licensees should be allowed greater flexibility in multiple sections of the report, as further detailed in Appendix 1.
- Paragraph 1.4 of the draft ER Guidance implies that a breach of the guidance would constitute a licence breach. Whilst we accept the sentiment of adhering to Guidance at all times, we must highlight that, from a legal perspective, licensees have an obligation in Special Licence Condition 9.1.4 to prepare the Annual Environmental Report in accordance with the Environmental Reporting Guidance, they do not have an overarching licence obligation to comply with the Environmental Reporting Guidance. Therefore, it would be incorrect to include this statement within the ERG.
- Oil top ups to transformers are not always as a result of oil losses, as further detailed in Appendix 1. Further engagement is required to determine the most useful metrics for tracking pollution prevention, especially in the case of oil loss. The reporting requirements at 3.69 of the ER Guidance are not included in the SSMD, Business Plan Guidance or Final Determination and are therefore not included in our RIIO-T2 commitments. We believe we must be allowed to report on our pollution prevention commitments using metrics appropriate to the specifics of each commitment.



**SP ENERGY
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We provide comments in this response on the draft ER Guidance with a view to working with Ofgem to ensure that this document, including its appendices, operates fairly, consistently, transparently, proportionately and cohesively. We would be more than happy to discuss any of the above issues if this would be helpful.

However, our comments and this letter are submitted to Ofgem entirely without prejudice to SPT's Licence Statutory Consultation Response and SPT's rights, including those under the Electricity Act 1989. All of SPT's rights are reserved.

Yours sincerely,

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