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Dear Dora,

Consultation on the draft RIIO-ED1 Environment Report Guidance Document

SSEPD appreciates the opportunity to comment on the Environment Report Guidance Document. Responses to Ofgem's main questions plus other key points for us at this stage in the process follow.

- 1. Is the Guidance clear? Is the Guidance comprehensive, covering all relevant environment matters? If not, what specific information have we missed and should it be compulsory or discretionary?**

Yes, we believe the Guidance is clear and comprehensive and leaves scope for DNOs to adapt their reports to reflect stakeholder feedback (we have already collected views on this topic during our RIIO-ED1 consultations). However we consider some additional work is required on the guidance for completion of the RIGs tables associated with the report and comment further on this below.

- 2. Does the content of the Environment Report, as outlined in the Guidance, adhere to good practice for environmental reporting? If not, what would improve the content of the Environment Report?**

Yes, we believe the Guidance adheres to good practice. As a general comment the Guidance shows this report is likely to be a very substantial document in order to meet all the

requirements and could be considered to have gone beyond the scope originally envisaged. This in turn can lead to the report becoming an inaccessible document for some stakeholders. We believe further testing of the value to stakeholders for some of the datasets specified in the current guidance and associated RIGs tables is warranted and would be beneficial. Please see our comments on this point under Question 3.

3. We have allowed for cross-referencing to other published data in the Environment Report to minimise duplication of effort and ensure consistency. Much of the information to be included in the Environment Report will be collected in the RIGs. Do you agree with this approach?

We strongly support the principle of avoiding duplication in publishing data as far as possible. This should make reporting more efficient and reduce the risk of errors being introduced through additional data handling. We agree that information should be collected through the RIGs where possible but have some concerns about the current format and content of the relevant tables; we do not believe the current requirements (particularly for forecast data, smart meter benefits and losses) are all practical and will necessarily result in outputs of value to stakeholders.

Further dialogue through the RIIO-ED1 Environment Working Group is required to establish feasible requirements for forecast data and evaluate its ongoing value. While it is clearly necessary to finalise all reporting requirements for actual activity and incurred costs before 1 April 2015, we support the proposals made at the 19 February RIGs Steering Group for more joint working between the DNOs and Ofgem through the established groups during the first half of 2015/16 on further development of data requirements. This should result in better quality outputs of greater value to stakeholders. It could be facilitated by a change to the RIGs to create a separate reporting pack for the relevant tables (M5, M7, M10, M11, which are currently in the Costs and Volumes pack). If changes are agreed, this pack could be reissued separately.

We also consider some of the definitions for terms in the RIGs tables associated with the Environment Report should be reviewed; for example the 'Innovative Solutions' definition is very wide. Experience under the RIIO-ED1 business plan evaluation process showed there is has been inconsistency between DNOs in terminology for innovative solutions, which could create confusion.

Additional comments

- Section 2.33, p9: there is a requirement to give an “*Assessment of the progress in developing tools and a methodology for measurement and monitoring Distribution Losses*”. We recommend this is reworded. At present DNOs are actively working with Ofgem and other stakeholders through the Smart Grid Forum Work Stream 6 Smart Metering Subgroup to evaluate the best approach to using smart meter data to improve quantification of losses, to inform development of a potential losses incentive for RIIO-ED2. This work has not yet concluded. As it is possible that modelling rather than measurement and monitoring may be more cost efficient we think it is premature to include this requirement to report on progress towards development of a methodology for the latter.
- Section 3 (b) pp11-12: there is a range of requirements relating to smart meter roll out and its benefits. It should be noted that delays to the roll out as a result of slippage in the DCC work programme are likely to mean there are few if any benefits to report before 2018. This is on the assumption that quantifiable benefits will start to become evident from around a year after Initial Live Operation and there is no further delay beyond the current plan for this to be in late 2016.

Clarity around the definition of “smart meters” is important as we expect differences in the benefits to DNOs from SMETS1 and SMETS2 meters. DNOs will obtain limited benefits from SMETS1 meters to be installed in the first phase of roll out and there is ongoing uncertainty about the benefits from SMETS2 meters because the details of information flows from the DCC to DNOs have not yet been finalised

Until decisions have been taken on the information DNOs can receive there is uncertainty about the basis for DNO benefits and whether currently expected savings can be realised. This means the benefits categories listed in the current tables may not all be valid and it would be useful to plan now to review and revise the tables once decisions have been taken. For example outage alerts from smart meters are expected to reduce call volumes during power cuts, but we are awaiting a decision on how soon alerts will be transmitted to the DNO; it could be up to 14 minutes after the power cut and if this is the case call volumes may not fall as much as originally expected.

In summary we see the current Guidance as being generally fit for purpose, but recommend further work as above on the detail of the data requirements specified in the associated RIGs. Minor amendments to the Guidance could potentially be required as a result.

We would be happy to discuss any element of our response in more detail and would welcome this prior to the final consultation and publication.

Yours sincerely

Jenny Rogers
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