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Your ref

Our Ref

Date

9<sup>th</sup> October 2015

Contact / Extension

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Dear Clothilde

### **Electricity distribution company performance Annual Report**

SP Energy Networks (SPEN) welcomes the opportunity to comment on the above consultation which seeks feedback on how Ofgem and Distribution Network Operators report on company performance during the current electricity distribution price control.

#### **SP Transmission Annual Report “*probably the best report in the industry*”<sup>1</sup> - Citizens Advice.**

SPEN is in agreement with Ofgem; DNOs should provide the stakeholder community with access to good quality information on company performance, however, must stress that this should be simplified to be meaningful. SP Transmission plc (SPT) is a wholly owned subsidiary of SPEN which on the 30<sup>th</sup> September 2015 published its latest annual performance report. SPT has now completed 2 annual performance reports. SPT is awaiting feedback on its recently published report and last year’s 2013/14 report was described by Citizens Advice as “probably the best report in the industry”. SPEN therefore believes that its Transmission annual report should be used as a basis for the equivalent report in Distribution<sup>2</sup>.

#### **Consistency amongst DNOs**

It is imperative that Ofgem prescribe the data that DNOs are required to report to ensure consistency; however, DNOs should have the flexibility to determine formatting and narrative. SPEN suggests that information tables are produced by Ofgem which link to cells within the RRP tables as this would avoid any interpretation issues.

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<https://www.citizensadvice.org.uk/Global/CitizensAdvice/Energy/Beginning%20to%20see%20the%20li ght%20-%20reporting%20paper.pdf>

2

[http://www.spenergynetworks.co.uk/pages/2014\\_2015\\_transmission\\_annual\\_performance\\_report.asp](http://www.spenergynetworks.co.uk/pages/2014_2015_transmission_annual_performance_report.asp)

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DNOs recently completed a datashare for the Energy Networks Association and it became apparent from this exercise that there are multiple ways of measuring information which one would expect to be a straight forward request. DNOs were only able to come to an agreement once it was decided to reference cell numbers within various Regulatory Reporting packs. As each Regulatory Reporting pack has a formal guidance document, this ensured that DNOs were measuring a dataset consistently. We would support the use of established metrics going forward.

### **Timing**

SPEN suggests an annual reporting requirement of the 31st October 2016 as we believe this is the best fit into the reporting timetable for Transmission and Distribution companies. Please note that whilst the overview of DNO reporting requirement provided in the consultation is helpful, this does not take Transmission reporting into consideration, which is submitted at end September. With our and Ofgem's focus on manageable regulatory burdens and efficiency it would make most sense to table the DNO reporting at a time that would not compromise the quality of our established reporting.

### **Formatting/ Structure**

As previously mentioned, DNOs should have the flexibility to determine their own style as long as data and information is consistent.

The illustrative examples provided in Annex 4 of the consultation document are confusing due to the significant element of subjectivity in interpretation. Whilst we appreciate the logic behind such traffic lighting this is unnecessarily complicated and could lead to misinterpretation.

Any additional reporting requirements should be structured, not simply a long list, and should facilitate relevant analysis and performance assessment. Various professional services companies have published guidance on integrated reporting which was recommended by the International Integrated Reporting Council.<sup>3 4</sup> One of the key messages delivered in such guidance is that an integrated report should be structured. In particular, PWC believe that an integrated report should include an integrated dashboard which requires companies to determine the correlations between reporting elements. Such principles would complement the ED1 Annual performance report.<sup>5</sup>

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<sup>3</sup> [http://www.ey.com/Publication/vwLUAssets/EY-Integrated-reporting-summary/\\$FILE/EY-Integrated-reporting-summary.pdf](http://www.ey.com/Publication/vwLUAssets/EY-Integrated-reporting-summary/$FILE/EY-Integrated-reporting-summary.pdf)

<sup>4</sup> <http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/road-to-integrated-reporting.pdf>

<sup>5</sup> <http://www.pwc.com/gx/en/services/audit-assurance/publications/implementing-integrated-reporting.html> Page 26

**SLC 50 Business plan reporting commitments**

As we are obliged by licence condition SLC 50 to report against our superseded March 2014 business plans, we believe this will lead to confusion for stakeholders. Therefore we would not support the consolidation of the SLC 50 and the ED1 annual performance reports.<sup>6</sup>

We hope that our comments are useful and would be happy to assist should any of our points require further clarification.

Yours sincerely,



Stephanie Rogan  
**Licence Development Consultant**  
SP Energy Networks

Attached:

1. SP Transmission Annual Reports 2013/14 & 2014/15  
(*'SPT\_2014\_15\_Annual\_Performance\_Report'*)  
(*'SPT\_2013\_14\_Annual\_Performance\_Report'*)
2. ENA Datashare Request Template (*'Data set example'*)
3. Consultation Response Template (*'Annex 6- response template final'*)

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<sup>6</sup> [https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/ena\\_response\\_1.pdf](https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/ena_response_1.pdf) Paragraph 11