

Dora Guzeleva  
Head of Networks Policy: Local Grids  
Ofgem  
9 Millbank  
LONDON  
SW1P 3GE

By email only to [riio.ed1@ofgem.gov.uk](mailto:riio.ed1@ofgem.gov.uk)

24 February 2015

Dear Dora

### **Consultation on the draft RIIO-ED1 Environment Report Guidance Document**

Thank you for the opportunity to respond to the above consultation. This letter should be treated as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. Our response is not confidential and can be published via the Ofgem website.

We believe that Ofgem should ensure that the Environment Report Guidance requirements are consistent with the principles underpinning the information provided under the main RIGs reporting. As drafted, the guidance requires additional forecast information on loss mitigation and innovative solutions on an annual basis and should be amended to remove this requirement.

Furthermore, the current draft is still unclear on the overlaps with other reporting requirements. Ofgem should set out in its guidance clear demarcation between the Environment Report, the Losses Strategy, the Innovation Strategy and annual performance reporting required under the licence and be clear in the degree of overlap. We have proposed, along with other DNOs, that Ofgem should develop a separate appendix within the RIGs to cover all environmental reporting requirements to remove the risk of inconsistent data definitions and requirements. This will aid stakeholders in finding the right documents from individual DNOs. We believe, and feedback from our stakeholders suggests, that Ofgem should continue to publish its own authoritative reporting that allow stakeholders to make comparative performance assessments as this cannot be replaced through DNOs own performance reports.

Our feedback on Ofgem's questions and specific feedback is contained in the Appendix to this letter. If any part of our response requires further explanation or clarification, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Hutton', written in a cursive style.

Keith Hutton  
Head of Regulation, UK Power Networks

Copy Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks  
Anna Rossington, Head of RIIO-ED1, Ofgem  
Joanna Campbell, Senior Manager, Smarter Grids & Governance, Ofgem

## Appendix

### UK Power Networks Response to Ofgem's specific questions on the Environment Report Guidance Document

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?

There are inconsistencies in the guidance as to what is required (i.e. mandatory) and what is discretionary. The report must be clear on the scope of innovation reporting and limit this to the use of smart grids to accommodate LCTs, low carbon generation and losses.

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?

We have no further comments on this other than the report must be focused on environmental matters and be clearly bounded with the losses strategy and innovation reporting requirements.

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 agree and propose that the relevant tables are gathered in their own workbook to make discovery easier and management of the RIGs Guidance associated with the tables.

### UK Power Networks detailed comments on Ofgem Environment Report Guidance Document

#### 1.8

If we are to be named this should be clear as "a UK Power Networks Environment Report, which would cover the EPN, LPN and SPN distribution service areas"

#### 1.12

This should also reference SLC 48 on Innovation Strategy

#### 2.1 Visual Amenity

Second bullet: There should not be a requirement to report on potential future schemes – DNOs should only be required to report on schemes that they have committed to undertake. A DNO cannot be expected to commit to future schemes that have not been authorised or agreed with stakeholders.

#### 2.2 Oil leakage

Carbon equivalent savings are not applicable to cable oil leakage and reference to this should be removed

#### 2.3.3 Distribution Losses

This requires a forecast of activity that is not consistent with the agreed levels of forecast information. Ofgem should only require DNOs to report on actions that have been taken.

The guidance must also be clear as to what is reported at a DSP level. The guidance is unclear implying a summary is optional at DSP level but also appears to require CBAs at a DSP level.

Ofgem should only require DNOs to provide summary information on losses and their environmental impact in the Environment Report. All other technical information and CBA supporting losses strategies should be reported in the losses strategies documentation.

### **3.1 Progress of the Innovation Strategy**

It is unclear how this can be a mandatory requirement whereas the overall section 3 is marked as being discretionary.

### **3.2 Roll out of smart grids and innovation**

This section is again marked as required whereas the overall section 3 is marked as being discretionary.

Elements such as monitoring of other DNO innovation should be included in the innovation strategy with appropriate cross referencing.

The report should focus on reporting of activities undertaken to date to roll out smart grids into BAU and should not require forecast information not provided in the full RIGs.

It is not clear how a DNO can report on solutions not yet used (final bullet section a)).

The report should be limited to innovation that supports LCTs, connection of low carbon generation or reducing environmental impact.

We do not consider section c) on connections innovation to be appropriate in the environment report unless it is relevant to low carbon technology or generation.

In section d), Ofgem are requiring forecasts that are not required under the RIGs and this should be clear that the forecast of any benefits only relates to those solutions already deployed.

We propose that under the RIGs framework a separate Annex of innovation tables is created including M5, M7, M10 and M11 so as to make the publishing of this information easier and align the RIGs data and guidance to the relevant reporting arrangements.