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To holders of an Electricity
Distribution Licence, an
Electricity Transmission
Licence, a Gas Transporter
Licence and other interested
parties

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Date: 29 January 2016

Decision on amendments to the Data Assurance Guidance submissions for network companies

Introduction

On 16 December 2015, we issued a consultation¹ seeking views on proposed amendments to the data assurance requirements for electricity distribution (DNOs), gas distribution (GDN) and electricity and gas transmission (TOs) licensees. The proposed requirements were set out in the Data Assurance Guidance (DAG) including associated reporting templates.

This letter sets out our decision to modify the DAG, following our consideration of the responses received to that consultation.

Consultation Responses

We received eight responses to the consultation, all of which were from or on behalf of companies to which these data assurance requirements will apply. All responses have been published on our website.

We have summarised respondents' substantive comments and issues raised, along with our responses to them, in Appendix 2. Where respondents correctly identified other typographical or minor errors, we have made the necessary corrections in the relevant documents.

Our Decision on amendments to the DAG

The background to our proposals and our decision is set out in the consultation documents that we published on 16 December 2015. We have carefully considered the consultation responses in reaching our final decision, and have concluded that only minor modifications are required to the DAG.

This letter serves as a direction to modify the DAG under Standard Condition B23.14 of the Electricity Transmission Licence, Standard Special Condition A55.14

¹ <https://www.ofgem.gov.uk/publications-and-updates/consultation-proposed-amendments-data-assurance-guidance-submissions-electricity-distribution-electricity-transmission-gas-distribution-and-gas-transmission-licensees>

of the Gas Transporter Licence and Standard Condition 45.10 of the Electricity Distribution Licence. This Decision will take effect on and from 31 January 2016.

The current version of the DAG consists of the documents listed below, each of which has legal effect as if it were a condition of the licence:

1. DAG Guidance Document (version 1.3)
 - Changes from version 1.1 are shown underlined in red. Additional changes from the proposals on which we consulted (version 1.2) are shown underlined in red and highlighted in the document.
2. Risk Assessment (RA) Template (version 1.3)
 - Minor changes listed in the spreadsheet tab titled 'Changes Log'.
3. Network Data Assurance Report (NetDAR) Template (version 1.1)²
4. Irregular Submission Assurance Template (version 1.1)³

We publish documents 1 and 2 alongside this Decision and direct for them to be amended as shown. Documents 3 and 4 have not changed.

Yours faithfully,



Paul Branston

Associate Partner, RIIO Networks

**Authorised on behalf of the
Gas and Electricity Markets Authority**

29 January 2016

² https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/netdar_template_v1.1_0.docx

³ https://www.ofgem.gov.uk/sites/default/files/docs/2015/02/irregular_submission_assurance_template_v1.1_0.docx

Appendix 1: Licensees to which DAG requirements will apply

Electricity Distribution

Company Group	Licensee	Company number	Licence Type
Electricity North West Limited	Electricity North West Limited	2366949	Electricity Distribution
Northern Powergrid	Northern Powergrid (Northeast) Limited	2906593	Electricity Distribution
	Northern Powergrid (Yorkshire) Plc	4112320	Electricity Distribution
SSE plc	Scottish Hydro Electric Power Distribution Plc	SC213460	Electricity Distribution
	Southern Electric Power Distribution Plc	4094290	Electricity Distribution
Scottish Power Ltd	SP Distribution Plc	SC189125	Electricity Distribution
	SP Manweb Plc	2366937	Electricity Distribution
UK Power Networks	Eastern Power Networks Plc	2366906	Electricity Distribution
	London Power Networks Plc	3929195	Electricity Distribution
	South Eastern Power Networks Plc	3043097	Electricity Distribution
Western Power Distribution	Western Power Distribution (East Midlands) Plc	2366923	Electricity Distribution
	Western Power Distribution (South Wales) Plc	2366985	Electricity Distribution
	Western Power Distribution (South West) Plc	2366894	Electricity Distribution
	Western Power Distribution (West Midlands) Plc	3600574	Electricity Distribution

Electricity Transmission

Company Group	Licensee	Company number	Licence Type
National Grid plc	National Grid Electricity Transmission Plc	2366977	Electricity Transmission
SSE plc	Scottish Hydro Electric Transmission Plc	SC213461	Electricity Transmission
Scottish Power Ltd	SP Transmission Plc	SC189126	Electricity Transmission

Gas Transporter

Distribution Network operators (DNs)

Company Group	Licensee	Company number	Licence Type
National Grid plc	National Grid Gas Plc	2006000	Gas Transporter
Cheung Kong Group ⁴	Northern Gas Networks Limited	5167070	Gas Transporter
	Wales & West Utilities Limited	5046791	Gas Transporter
Scotia Gas Networks Limited	Scotland Gas Networks Plc	SC264065	Gas Transporter
	Southern Gas Networks Plc	5167021	Gas Transporter

National Transmission System (NTS) operator

Company Group	Licensee	Company number	Licence Type
National Grid plc	National Grid Gas Plc	2006000	Gas Transporter

⁴ Although both part of the Cheung Kong Group, Northern Gas Networks Limited and Wales and West Utilities Limited are required to submit separate reports.

Appendix 2 - Summary of consultation responses

1. Risk Assessment and submission tables

1.1 A number of companies stated that some tables had been either incorrectly included or excluded from the 'Submissions' tabs in the Risk Assessment Template v1.2.

Ofgem response: We accepted a number of the proposed changes to tables where they referred to individual licence conditions. Requests to remove or grey-out tables relating to licence conditions were not implemented as the 'Submissions' tabs of the Risk Assessment Template prompts companies to select whether they are required to report against these tables or simply make an appropriate comment themselves. All of the changes that have been made to the Risk Assessment Template have been recorded in the changes log.

1.2 One of the companies asked us to take a consistent approach to the roll-up of the RIGs reporting packs, either splitting them into individual submissions or maintain them as a single risk table.

Ofgem response: this was discussed during the working group meeting in November 2015 and we found a number of tables were auto populated or forecast values. To avoid duplication, we decided to omit these tables from the Risk Assessment Template. We believe that the tables the company has referred to were correctly omitted in our consultation.

1.3 Another of the companies highlighted that a number of the licence conditions contain multiple submission requirements, some of which are regular, irregular or ad hoc submissions. They proposed listing the relevant paragraph numbers within the licence conditions.

Ofgem response: This approach was considered at initial development. However, it was considered that this increased the risk of mis-specifying a submission. There is sufficient detail with the current specification of submissions to provide companies with clarity on reporting requirements. The list of irregular submissions in the Risk Assessment Template is provided for the purpose of example only. Companies may specify irregular submissions by paragraph in their NetDAR and/or Irregular Submission Reports if it improves clarity.

1.4 Two of the companies outlined that we changed our approach to the restatement of the DPCR5 data and did not include some suggested wording that the company provided. One of these companies went on to state that they were comfortable with the approach we have adopted while the other stated that they did not agree, although did not provide any further reasoning. In addition, one of the companies pointed out that the restatement of DPCR5 data as a single table would result in disproportionately high risk rating. They also believe that treating the restatement as an Irregular Submission is not appropriate.

Ofgem response: We are conscious that restating the DPCR5 data as a single table might result in a high risk rating. As we have explained in our consultation letter, the DPCR5 restatement includes data that will be critical for monitoring networks companies' performance during the RIIO-ED1 period, by comparing against historic performance. We have excluded the restatement from the regular submission, as we believe the regular submission assessment of the RIGs should focus on the new RIIO-ED1 data and not on historical information that has already been submitted and assessed as part of a previous DAG submission. We believe it is appropriate to include it as a single irregular submission as we want

to highlight the importance of this submission for Ofgem while also reducing the work for the companies.

1.5 Some of the companies highlighted errors in the Risk Assessment Template v1.2 relating to licence references.

Ofgem response: We have incorporated all of the changes suggested by the companies in the Risk Assessment Template v1.3 and documented these on the changes log.

2. DAG guidance document

2.1 A number of companies were unclear of the intention of sections 4.3 and 4.8 of the DAG guidance document.

Ofgem response: We have revised the wording of sections 4.3 and 4.8 to clarify our intention to receive only data that is relevant to our assessment. Specifically, this refers to tables where the risk rating has changed or, in the case of high/critical ratings, where the reasons for the rating have changed.

2.3 One company suggested that the Irregular Submission Template is removed and the section is instead added to the Past Year section of the NetDAR.

Ofgem response: This would not be a suitable approach, as we require the relevant assurance at the time where we carry out our assessment of the data submitted. It would not be acceptable to receive the data assurance after this was completed.

2.4. We were asked by one of the companies to confirm whether the enforcement letter referred to in section 1.10 of the DAG guidance document v1.2 has been superseded since the initial publication.

Ofgem response: Footnote 8 that accompanies section 1.10 of the DAG guidance document v1.2 states that "Ofgem may revise its enforcement guidelines from time to time. Licensees are responsible for ensuring they are familiar with the latest guidelines and annual enforcement priorities". We therefore do not feel that it is necessary to update the reference document each time an update is released.

2.5 It was highlighted by one of the companies that any new submissions would have a higher risk rating due to the wording of the control frameworks in table 2.2 of the DAG guidance document. They suggested either amending the wording in table 2.2 or adding commentary as part of the submission where it feels the resulting risk score is not an accurate reflection of risk and does not warrant additional assurance.

Ofgem response: We accept that new submissions will have a higher risk rating and do not feel that the wording in table 2.2 needs to be changed. We invite companies to make additional comments where appropriate but would expect the appropriate level of assurance to be carried out as per the risk rating.

3. General Comments:

3.1 One of the companies felt that the meeting in November 2015 to discuss our proposals for expanding the ED appendix to contain SLC 46 was a useful forum that should have also been done for the TOs.

Ofgem response: Due to time constraints we organised a meeting only with the electricity distribution companies to discuss the significant changes in their reporting requirements, since the changes for the other network companies were smaller. We agree that this would have been useful and will consider this during future engagement.

3.2 One of the companies expressed their view that the criteria used to assess impact metric in the DAG was fundamentally flawed as it does not provide an effective mechanism to assess the risk of reporting errors relating to RIIO output targets, except for where these outputs are linked to a revenue incentive and consequently have a direct financial impact.

Ofgem response: We believe that Section 2.4 of the guidance makes clear that the Impact Metric captures not only the financial impact but also the impact on customers, competition and comparative efficiency. We would be open to future discussions on this subject; however, we have not considered any changes at this late stage in the review process.

3.3 One of the companies stated that they have already made a lot of progress in collating risk assessments, action and scores on v1.1 of the Risk Assessment Template and changes at this late stage are not welcomed. It is suggested that future consultation timescales are brought forward by several months.

Ofgem response: We have communicated our intention to update the submission list for electricity distribution companies during bilateral meetings and a specific workshop held in November 2015. For the other network companies, the changes were focused on updating the submission list to the current requirements. In addition, the licence condition states the notice period we are required to give companies when issuing a direction to modify the DAG, to which we have adhered. We will endeavour to ensure that future changes are communicated to the companies at the earliest possible time.