

RIIO-ED1 Reliability Working Group

This meeting of the RIIO-ED1 Reliability Working Group focused on Network Asset Secondary Deliverables (NASDs).	From Date and time of Meeting Location	Grant McEachran 10:30 to 16:00 11 November 2016 9 Millbank, London (L) Cornerstone, Glasgow (G)	28 November 2016
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1. Present

Jonathan Booth(G), Bob Wells (By Phone)	Electricity North West
Mark Nicholson (L), Gavin Howarth (L)	Northern Power Grid
Andrzej Michalowski (L)	Western Power Distribution
Lee Speakman (L), Malcolm Bebbington (L)	SPEN
Landel Johnston (G), Melanie Bryce (G)	SSE
Robert Friel(L), Sophie Motte (L)	UKPN
Kiran Turner (L), Paul O'Donovan (L), Min Zhu (L), Grant McEachran (G)	Ofgem

2. Areas discussed

Outcome of previous actions

- 2.1. Each of the actions from the last meeting were discussed and the discussion points are presented below.
- 2.2. Ofgem confirmed that they will work towards the 31 March 2016 target date for making a decision on the Network Asset Secondary Deliverable targets but also said that this deadline is dependent on the quality of the submissions received, any complications that arise during the assessment process and the responses received during the consultation.
- 2.3. Ofgem confirmed that the decision to approve or direct the rebased targets does not need to be the same for all licensees but will depend on on the outcome of the assessment and consultation responses.
- 2.4. Ofgem confirmed on 20/10/16 via email that the Network Asset Workbook (NAW) would remain unchanged but that DNOs were only required to complete the tabs that are relevant to the determination of the Secondary Deliverable monetised risk target. Specifically the DNOs are required to complete 'NAW2 – Total', 'NAW3 – Asset Repl', 'NAW4 – Refurbishment', 'NAW7 – HVP', 'NAW8 – Average CoF' and 'Probs. Of Failure' in the NAW (noting that there is no requirement to populate the Network Asset Indices profiles for 'End of DPCR5 (31 March 2015) without investment' on 'NAW2'). This information will also be presented in the rebasing methodology.
- 2.5. Ofgem confirmed on 20/10/16 via email that a licence modification is not required for the rebasing of the NAW.
- 2.6. Ofgem confirmed on 20/10/16 via email that the DNOs must submit the Secondary Deliverables Monetised Risk file as part of the rebasing submission in December 2016 as this file contains the risk target that the DNOs are committing to deliver. The data should link to the NAW, with the exception of the Average Probability of

Failure which should be populated.

- 2.7. Ofgem confirmed on 14/10/16 via email that only SDI refurbishment activity should be included as part of the submission to ensure consistency with Annex A. DNOs should also unpack Fittings and Conductors where these are bundled together to ensure consistency across all licensees.
- 2.8. At the meeting Ofgem reiterated its intention to publish a methodology for the rebasing by 2 December 2016. There was a discussion about whether this was necessary given the principles have been agreed, however, it was Ofgem's view that publishing a methodology ensures a transparent and robust process. The DNOs expressed a concern that the methodology could raise additional aspects that they had not considered and therefore would impact on their ability to meet the 30 December 2016 deadline. Ofgem provided some comfort that the methodology would formalise the principles that have been agreed and that DNOs would be given the opportunity to comment on the document before publication.
- 2.9. The DNOs all provided feedback on the 'equally challenging' tests, the feedback was positive but did highlight some issues that need to be addressed. Ofgem will incorporate the feedback and include the tests as part of the rebasing methodology. Further detail on the specific discussions follows in points 2.14 to 2.18.
- 2.10. It was agreed that the term 'equally challenging' will be defined by the tests that Ofgem will finalise and use to assess the DNO submissions. Ofgem will include wording of this term in the rebasing methodology.
- 2.11. The DNOs confirmed that EA have provided a guidance document on how to identify the 1 April 2015 start position given different data sets. EA's view is that the most appropriate way to reverse the age of the assets back to the start position is to set the creation date of the model to 1 April 2015 so that it calculates the age of the asset this date.
- 2.12. The DNOs had been unable to reach an agreement on the handling of the unit of measure change for the refurbishment of fluid filled cables in advance of the meeting. The DNOs will continue to discuss how to approach this and the discussion was around defining a set of rules for handling the refurbishment of fluid filled cables. The DNOs agreed to continue to discuss this and provide Ofgem with an update at the next RWG meeting (2/2/2016).
- 2.13. The DNOs have produced a reference set of average Probability of Failure (PoF) rates for each asset category. Not all of the values can be used by all DNOs due to each DNO having a different mix of assets within some asset categories. The PoF values do provide a useful reference tool and the DNOs agreed to provide this to Ofgem.

Methodologies for rebasing and equally challenging tests

- 2.14. The DNOs raised a point that the Criticality of Failure (CoF) values must match those in Annex D of the RIGs. Therefore, the values reported in the restated NAW will need to be fixed for the duration of ED1. Ofgem confirmed that the CoF must be based on the latest available data in both submissions.
- 2.15. There was a discussion on how to determine the CoF for assets that were removed after 1 April 2015. Ofgem agreed that if an asset is replaced with the same asset in the same location then the most appropriate course of action was to use the CoF of the newly installed asset. Ofgem also agreed that the DNO should use their discretion, with accompanied justification, where applying assumptions to determine the CoF. For example by identifying similar assets in their asset population and

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using the data from these assets.

- 2.16. In the context of maintaining consistency with the RIGs, the DNOs questioned how Ofgem would assess assets that were previously not included in the monetised risk target and those that are no longer included. Ofgem confirmed that where assets were previously not included they would be assessed against the intervention profile in the original NAW and if there is PoF of zero then the PoF from the restated NAW would be applied. For assets that are no longer included in the monetised risk target the tests are not required as there is a zero contribution.
- 2.17. The DNOs raised a concern that the NAW reports the net value of both the addition and disposal of assets and therefore interventions (refurbishment in particular) can be potentially lost across different health indices. Ofgem agreed that this issue would result in Test 2 being failed even though the actual number of interventions had not changed. The discussion concluded that the DNOs should submit additional information presenting additions and disposals of assets in a separate spreadsheet where this is an issue. Ofgem will confirm the approach that should be taken and, if appropriate, will provide a template to the DNOs.
- 2.18. For the equally challenging tests, the DNOs asked for confirmation on how to interpret Test 3. Ofgem clarified that Test 3 will be applied across all the health indices together and not for each one separately. That is HI1, HI2 and HI3 for the original NAW and HI1 and HI2 for the restated NAW. Additionally Ofgem confirmed that the test is carried out against the percentage of total interventions that fall in these bands rather than the percentage of the total asset population.

Discussion on methodologies that will be used to achieve 1 April 2015 start position

- 2.19. No items were discussed for this section.

Discussion on proposed commentary template

- 2.20. SSE presented the draft commentary template and it was agreed that it covered all relevant areas and that all parties would provide their specific feedback by 18/11/16. The final template will be circulated to the group on 10/12/16.

Discussion on proposed amendments to SLC 51 and CRC 5D

- 2.21. WPD presented their initial views on the parts of SLC 51 and CRC 5D that the group should consider reviewing. The DNOs agreed with the suggestions and Ofgem will add this to the agenda of a RWG meeting next year to discuss this further.

AOB

- 2.22. Ofgem noted that they planned to review the treatment of Load Indices in ED1 through the RWG, however it was noted that this work should be taken forward after completion of the DPCR5 close out work.

3. Actions arising

- 3.1. The following table summarises the actions arising from the meeting.

Rebasing Network Asset Secondary Deliverable targets	
<ul style="list-style-type: none"> Confirm whether the NAW should be submitted per group or licensee. Confirm whether the cost information on each tab of the NAW needs to be completed. 	Ofgem

<ul style="list-style-type: none"> Confirm the approach that will be used to overcome the issue of the NAW only showing the net of additions and disposals. This will likely be a separate worksheet with the matrices showing disposals only. The format of this will be confirmed and a template provided. 	Ofgem
<ul style="list-style-type: none"> Draft and publish the rebasing methodology by 02/12/16. 	Ofgem
<ul style="list-style-type: none"> Incorporate feedback and provide revised 'equally challenging' test methodology. 	Ofgem
<ul style="list-style-type: none"> Finalise template for the commentary that is expected as part of the 30/12/16 submission. Provide feedback on template by COP 18/11/16. 	DNOs
<ul style="list-style-type: none"> Collectively agree proposal for handling the change in unit of measure for refurbishment of fluid filled cables. 	DNOs
<ul style="list-style-type: none"> Collectively agree the common Probability of Failure values to be used as a reference and submit to Ofgem. 	DNOs

4. Date of next meeting

4.1. The next meeting will be held on 02 December 2016 and Ofgem will confirm whether the meeting will be a Conference call rather than in London and Glasgow offices depending on the next agenda.