

Reference
096 Revised reliability targets

Date
08 January 2018

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Ofgem
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Dear Tessa

Cadent response to consultation on revised reliability (loss of supply targets for RIIO-GD1)

We have reviewed the proposed targets and welcome that Ofgem have given consideration to the revised forecast figures we submitted in July 2017 and that the revised targets will exclude large gas incidents. We have processes and procedures in place for such events to ensure that disruption and inconvenience to our customers is kept to an absolute minimum.

In general we are supportive of the revised targets for planned interruptions however, we note that the consultation does not articulate the rationale and methodology for the new targets across networks and it may be helpful to clarify this in the final Ofgem decision.

In relation to unplanned interruptions we have concerns regarding the targets that have been proposed particularly for London and East of England. In our 18 July 2017 submission to Ofgem we stated very clearly that interruptions associated with Multi-Occupancy Buildings (MOBs) should be reported separately due to the inherent complexity of restoring supply associated with, amongst other things, planning restrictions, managing agents, local authorities and property owners. This is particularly true of our North London and London districts of our East of England networks where MOBs density is an order of magnitude greater than any other gas network. Following the tragic Grenfell fire in June of this year, Cadent has experienced further significant increases in MOBs workload as local and housing authorities have focussed attention on their high and medium rise building stock. While Cadent has done all it can to minimise inconvenience for our customers through improving processes and executive level oversight, the additional volumes and associated durations for unplanned work are unprecedented.

At the point we submitted our July forecast the impact of Grenfell was still unfolding and consequently our view did not reflect this change of circumstance. Subsequently we informed Ofgem of the emerging picture during the RIIO cost visits and in further meetings and correspondence. Indeed the outlook remains highly uncertain, not least due to the ongoing Dame Judith Hackett review and police and policy inquiries and any decisions that may yet be taken by government in response. We have examined our workload for Q1&2 17/18 and this shows a significant upturn in Q2 for both number and durations post Grenfell compared to our original forecast.

	East of England			North London		
	Q1	Q2	17/18 Forecast	Q1	Q2	17/18 Forecast
Volume	90	123	134	667	841	1685
Duration (m mins)	1,758,663	3,995,125	2,300,000	15,943,052	37,571,230	48,500,000
Average Duration	326	541	290	398	745	480

There is no realistic prospect at the present time of being able to forecast or profile unplanned MOBs targets in the current circumstances as we have no idea of whether the increases seen



post Grenfell will persist or return to historic levels or indeed change again as public inquiries conclude or other issues emerge given heightened sensitivities.

Given the significant levels of uncertainty explained above, we feel there is an even more compelling case to be more transparent and more accurate by reporting MOBs separately from other interruptions. This would have no bearing on the effort Cadent makes to reduce inconvenience to those customers affected by loss of supply and indeed may make it easier for Ofgem and customers to assess network performance in this regard. Therefore we propose that Ofgem:

- adopt the principle to report MOBs separately
- suspend targets and forecasts associated with MOBs for a defined period, until there is more confidence in future workload profiles.

We welcome the opportunity to respond to this consultation and our response can be published, in the meantime if you have any further questions please do not hesitate to contact me.

Yours sincerely
By email

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