



Making a positive difference  
for energy consumers

Network Operators and other  
interested parties

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Our Ref:  
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Date: 2 October 2018

Dear Colleagues,

### **Request for information – RIIO financial performance**

Following on from our August 2018 open letter setting out our alternative approach to RIIO Accounts<sup>1</sup>, we have now developed Regulatory Financial Performance Reporting (RFPR) guidance and templates together with the network operators (NWOs). This will allow NWOs to submit to us their RIIO financial performance for the regulatory year 2017-18.

We said in our open letter that for the remainder of RIIO-1, we consider it appropriate for NWOs to report more targeted and detailed financial information on their RIIO performance. This approach should see an improvement in financial reporting from what is currently available and make the NWOs' financial performance more accessible and comparable. Based on the submitted RFPRs, we will distil the key additional information into our RIIO annual reports and, where appropriate, publish parts of the NWOs' RFPR submissions.

From regulatory year 2018-19 and for the remainder of RIIO-1, we will incorporate the requirement to submit a RFPR as part of NWOs annual regulatory reporting<sup>2</sup>. We also will require the NWOs to publish their RFPR by 31 July each year on their websites.

The remainder of this letter provides further detail on the request for NWOs to submit their RFPR.

The RFPR template and guidance that must be used is in Appendix 1. The NWOs must complete and submit the RFPR template following the RFPR guidance. Completion of the template should include historical performance from the start of RIIO-1 and forecast performance (as required in the guidance) to the end of RIIO-1. The NWOs must also submit a supporting commentary, which includes enduring value adjustments and allocation methodologies. Where appropriate, clear cross-referencing to other submitted information is permitted.

Where a companies year end for statutory accounts is not 31 March they can reconcile to their regulatory accounts, they should state this in their commentary.

NWOs are only required to populate tables R7a and R8a with 2017-18 data, but must still forecast their future embedded debt/financing costs. For pre-2017-18 years, NWOs must

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<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/riio-accounts-way-forward-and-alternative-approach>

<sup>2</sup> Subject to the annual modification of the Regulatory Instructions and Guidance (RIGs) process for each sector

still summarise this in tables R7 and R8. We may subsequently ask for this granular historical RIIIO debt/financing information following their submission of the RFPRs if we consider it appropriate. We are currently not planning to publish the detailed tables R7a and R8a for 2017-18.

If a NWO identifies any errors or requires clarification on completing the RFPR, they should contact [mick.watson@ofgem.gov.uk](mailto:mick.watson@ofgem.gov.uk) and he will provide guidance to the all NWOs, as necessary. The cut-off date for any notification of errors or points of clarification is 26 October 2018.

The completed templates and commentary should have an appropriate level of data assurance.

The RFPR template should be submitted as a Microsoft Excel file and the commentary either as a Microsoft Word document or pdf (i.e. not a scanned copy).

The completed template(s) and commentary must be submitted to Ofgem via Huddle by **9 November 2018**. NWOs should notify [mick.watson@ofgem.gov.uk](mailto:mick.watson@ofgem.gov.uk) by email when this is done.

If you have any queries on this letter, please contact my colleague Mick Watson ([mick.watson@ofgem.gov.uk](mailto:mick.watson@ofgem.gov.uk)) in the first instance.

Yours faithfully,

A handwritten signature in blue ink that reads "G Randall".

Geoff Randall  
Deputy Director, Systems and Networks

## **Appendix 1: Regulatory Financial Performance Reporting guidance and template**

The RFPR guidance and template can be found at the link below:

<https://www.ofgem.gov.uk/publications-and-updates/request-information-riio-financial-performance>