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Our ref

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Date

-

1<sup>st</sup> April 2020

Dear Christopher,

## **Proposal to modify the Regulatory Instructions and Guidance (RIGs)**

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc in relation to Ofgem's notice for modifications to the Regulatory Instructions and Guidance (RIGs) dated 9 March 2020.

We note that the consultation for RIGs changes does not close until 6 April 2020 and therefore the final versions of the RIGs will not be issued until later in April 2020. Given that the regulatory year closes on 31 March, we will not have certainty of the reporting rules and expectations until sometime later. We will also not have final templates for populating historic and current data. This makes the production of the RIGs returns more challenging by reducing the time available for data compilation and review.

As per previous years, we would actively encourage Ofgem to commence the RIGs review process earlier, or reach final proposals earlier, to ensure that final RIGs are issued ahead of the end of the regulatory year so that reporting can start in earnest. Sufficient time needs to be provided for all DNOs and Ofgem to review the suggested changes and ensure any issues are addressed before the RIGs are issued for statutory consultation. This year's review started on 13 December 2019 and many of the suggested changes were raised at that point in time. Delays to converting the suggestions into final proposals has meant that some changes have not had adequate review ahead of statutory consultation. In particular this relates to licence changes on Supplier of Last Resort (SoLR)<sup>1</sup> and changes proposed for the SSEH subsea cables reopener, which in the latter case has caused wider reporting issues (as documented below).

### Subsea cables

We have significant concerns about the proposed introduction of table CV25b into the RIGs and the associated changes to asset replacement and fault reporting. The objective

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<sup>1</sup> The decision was issued on this licence change in May 2019 but the associated RIGs changes were left to late in this process and based only on input from WPD and UKPN, which other DNOs will not have been able to review until consultation.

of this table appears to be to collate activity and expenditure information relating to submarine cables in a single table, in order to assist assessment of the subsea cables re-opener, a re-opener which is only applicable to SSEH. However, the proposed changes now make table CV25b the only place where all DNOs report activity and expenditure for Asset Replacement of HV Sub Cable, EHV Sub Cable and 132kV Sub Cable assets and Fault expenditure on HV Sub Cable, EHV Sub Cable and 132kV Sub Cable assets, where replacement of the cable asset is undertaken. This has a significant impact on DNO reporting.

We have already raised these issues to Ofgem in an email sent to Mark Hogan on 27 March 2020. These issues are also documented in Appendix 1 to this letter, which also details our alternative proposal.

### Street works

Changes to the street works reporting in the RIGs has been one of the major changes this year and we welcome these developments to help improve the reporting and provide a basis for data that will be invaluable in the logging up mechanism. These tables will continue to require further review, firstly to assess the new data collection following the submission of this year's RIGs, and secondly to develop more granular reporting on lane rental schemes.

However we draw attention to the following. The changes in this year's modifications do not include any amendments to table M9a (traditional street works). WPD had proposed some clarifications on reporting for this table which have not been taken forward as RIGs changes. We therefore would advise caution on any use of data from table M9a. There are also other emerging cost areas such as the development of Clean Air policies in major cities, which could introduce new costs to many DNOs, including the introduction of fees for vehicles to enter city centre zones. The reporting of these costs ideally needs to be clarified ahead of the costs being incurred.

There are some minor further amendments that we consider appropriate to make to the table, guidance and glossary for the M9 tables. These proposals have been included in the separately provided Appendix 2 issues log.

Street works matters will continue to be discussed in the ongoing SSWC Logging Up working group and will also need to be considered by the proposed BPDT working group. These groups will need to continue to consider issues around regional variations in street works policy, lane rental schemes and clean air zone impacts ahead of RIIO-ED2.

### Prior year restatement

When any changes are introduced into the RIGs, Ofgem should clarify whether any prior year restatement is required, i.e. is the requirement for 2019/20 onwards only, ED1 years only, or all years on the table (DPCR5 and ED1)?

In 2020, this is particularly relevant for the changes in street works reporting. The current revised tables included in the consultation version are currently set up for all years including DPCR5. For these tables, WPD recommends that DPCR5 is greyed out, especially because the purpose of the revisions is to help collate data to support the ED1 logging up mechanism which is relevant to ED1 only.

We expect that across all reporting packs any restatement is limited to ED1 only, and it must be accepted that restatement can only be completed on a best endeavours basis. As such, Ofgem will need to exercise caution when using restated data for any future analysis.

### Issues Log

Appendix 2 to this letter is an attachment of a copy of the Issues Log where WPD has identified issues or concerns with the proposed revisions to the RIGs. We have proposed alternative suggestions where appropriate.

### Outstanding issue on Annex F

There is an outstanding issue on Annex F (issue 3). DNOs are currently in discussion with Ofgem (Jack Ambler). The Issues Log (Appendix 2) sets out WPD's proposed wording.

### Future requirements

There are new activity areas being undertaken by DNOs, which warrant further development of the RIGs. We are highlighting these now so that sufficient time can be dedicated to them ahead of next year's RIGs changes. These include:

- IT & DSO reporting in RIGs Annex B. This year, there has been some development of IT definitions (including reference to cyber resilience) and new table requirements to report costs associated with flexibility services and DSO. These will need to be reviewed as these activities evolve within DNOs. These are important areas of development, which need consideration for both RIGs and BPDT development.
- FTE reporting in Annex B. This table was introduced in the 2018/19 RRP and review of the table shows disparity in reporting between DNOs. The format and requirements of this table need to be aligned with what is required for cost assessment.
- Smart meter rollout and implication for RIIO-ED1 mechanisms. A letter was sent from the ENA to Ofgem (Akshay Kaul) on 25 November 2019 setting out licence modifications and RIGs changes that are required following the confirmation from Ofgem and BEIS that the smart meter rollout will continue beyond its originally envisaged timescales. More detailed proposals were also put forward by ENWL and WPD through the RIGs working group. DNOs require Ofgem to formally respond to this letter and start the licence modification process; the RIGs changes will then need to be reflected in next year's process. These changes should be considered early to provide enough time for meaningful review.
- Annex J review. Some useful analysis was produced through the RIGs working group in 2020 which has identified disparity in reporting in tables in this Annex. We are pleased that Ofgem has recognised the need to schedule a new working group to ensure this takes place and that any issues can be addressed for both future RIGs and the BPDT.
- Annex G and H outstanding issues. Through the RIGs working group, ongoing issues have been identified but left unresolved. These would best be dealt with by reconvening the Connections working group and Customer Service working group to properly address and resolve these issues. We recommend these groups are reconvened well ahead of next year's iteration of the RIGs.

### ED2 Data Formats

We note that Ofgem is reviewing data formats for ED2 data collection. As stated in our email to Chris Howarth on 25<sup>th</sup> March 2020, we do not consider this is appropriate. There are well-established practices within DNO businesses to complete the Excel

templates in line with data assurance requirements; any change from the existing approach would have a significant impact, detracting resources from developing forecasts. Any such proposals would warrant wider consideration and consultation through the Regulation Managers group.

### ED2 Forecast

One area that was raised by Ofgem at an early stage of this year's discussions was the provision of an initial high level RIIO-ED2 forecast. This request has not been developed in any way and has not been formalised into any information request. We are therefore assuming that this will not now be a requirement.

While in this response we have raised concerns about the timing of changes and how some of the changes have been implemented, we continue to support making improvements to the RIGS. The work performed on this year's RIGs and in previous years will be invaluable in assisting the development of the BPDT for RIIO-ED2. We note that the first set of working group meetings is scheduled for April 2020 onwards and we look forward to playing an active part in these.

Should you wish to discuss any aspects of this response please contact either [rcrascall@westernpower.co.uk](mailto:rcrascall@westernpower.co.uk) or [dbroderick@westernpower.co.uk](mailto:dbroderick@westernpower.co.uk).

Yours sincerely

ANDRZEJ MICHALOWSKI  
Planning & Regulation Special Projects Manager

Supplementary attachments:

Appendix 1: Comments\_on\_proposed\_CV25b (separate attachment)

Appendix 2: Issues\_log\_publication\_2019-20\_-\_final\_0\_WPD review (separate attachment)

Appendix 3: Annex A, issue 9 - Contaminated Land (separate attachment)

Appendix 4: Annex B, issue 9 - Table M3 correction (separate attachment)