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Dear Kelvin

Price Control Deliverable Reporting Requirements and Methodology Document: Version 1 Draft

Thank you for the opportunity to respond to the above consultation. This response is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc; London Power Networks plc; and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.3 million homes and businesses.

We have set out our feedback in the appendix to this letter. I hope that you will find this information helpful. If I can assist further, please do not hesitate to contact me.

Yours sincerely,



James Hope
Head of Regulation & Regulatory Finance
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks

Appendix

1. Further to a concern raised by ENWL to Mark Hogan in the Ofgem ED team on 14 October 2020 we seek clarity on the status of guidance documents. In particular we seek clarity on:
 - a. Whether these documents are to be applied to DNOs at the start of ED2 in the form they are in at the end of the current consultation period; or
 - b. Whether DNOs will have the opportunity to respond to a consultation on these documents at the licence drafting stage of ED2 once their interaction with the ED2 licence and ED2 price control is known.

With these points in mind we believe it is key that these documents should not be locked down for the start of the ET2/GT2/GD2 price controls such that DNOs cannot get them amended in a meaningful way for the start of the ED2 price control.

2. Para 1.2 refers to the governance of the document (i.e. in line with a TO licence condition). We are unclear if a similar reference should be made to GDN licence conditions but note that in due course we would expect DNO licence conditions will also be referred to here or whether, as per our comment 1, there will be a completely separate, specific ED2 Price Control Deliverable Reporting Requirements and Methodology Document.
3. Para 2.1 bullets 5 and 6 should be sub bullets of 4.
4. Para 4.2 definitions of *Fully Delivered*, *Fully Delivered With Alternative Specification* and *Partially Delivered With Alternative Specification* all spell licence incorrectly (i.e. with an “s”).
5. The footnote for para 5.3 appears to contain the wrong word i.e. “the” should be replaced by “this”.
6. Para 5.6 bullet 2 refers to a material reduction in the cost to consumers but it is not clear how material is defined.
7. Para 5.6 bullet 4 is unclear as to whether an increased allowance is actually possible as it refers to expectations rather than decisions from Ofgem. The same applies to para 5.3.
8. In para 5.10 Ofgem say they may draw on more than one approach to determine the amount of output delivered. We believe that Ofgem must provide a clear and transparent model showing in each instance how they have done such an assessment.
9. Para 6.1’s opening use of “PCD” requires a space before it.
10. Para 6.1 refers to “duly” completed returns – “duly” is not a term which is in common use in regulatory reporting and if Ofgem wish to use it to draw out a different meaning to how licensees complete other regulatory returns, a more explicit explanation is required.
11. Para 6.2 uses the phrase “expected to be relatively light” – as this document is now setting out the actual (formal) guidance then expectations are not appropriate and it should be more precise in its use of terminology.
12. Para 6.3 can have “aim” removed as the template will have been designed to achieve this.
13. Para 6.5 guides the licensee to use the delivery statuses in chapter 4 – a more precise reference to the paragraph would be better here to avoid misinterpretation by the licensee.
14. Para 6.5 also allows the licensee to use a status not in chapter 4 and we seek clarity on why Ofgem would want this if it needs those statuses to undertake its evaluation.
15. Para 6.6 uses the term “expect” in a sentence where Ofgem state that will not undertake a Full PCD Review where the PCD is Fully Delivered. The use of “expect” provides ambiguity and should be removed or the sentence be split in two such that it clearly distinguishes instances where the PCD is not Fully Delivered and where the PCD is Fully Delivered i.e. *“We expect to undertake a Full PCD Review in all cases where the PCD is not Fully Delivered. We will not undertake a Full PCD Review in cases where the PCD is Fully Delivered”*.
16. Para 6.9c should also include an explanation of what was done to prevent the initial delays (not just what steps are being taken to prevent future delays).
17. Para 6.13 provides uncertainty for licensees in terms of the ability to combine reporting – the “may” should be replaced with “will” to avoid this.
18. Para 7.3 has two full stops.

19. Para 7.4 places an explicit reporting obligation on licensees for the Basic PCD Report. Care should be taken to ensure this does not duplicate any reporting requirements in the PCD licence conditions so as to avoid double jeopardy. If the relevant licence condition sets out the reporting requirements then this para can be amended to refer to the requirements in the licence condition to avoid double jeopardy.
20. Para 7.6 uses the phrase “within a period of 9 months or less” – the “or less” is superfluous due to “within” being used.
21. In the last bullet on item one of Table 7.2 under para 7.6 the term “network company” is used instead of “licensee”. This also occurs in item 2 in the table and paras 7.9 and 7.10.
22. In item four of Table 7.2 under para 7.6 it is unclear on what basis Ofgem will make a decision as to whether they will issue a minded to decision prior to a draft decision, or proceed straight to a draft decision. Clarity is sought on this point.
23. Para 7.10 introduces requirements surrounding SQs. We believe that the turnaround time should be mindful of the materiality and scope of the SQ i.e. five working days may not be appropriate for more significant questions. Furthermore we believe there should be a window for SQs commencing two weeks after the submission to provide Ofgem time to fully digest the submission.
24. The table of contents for the appendices includes entries which can be deleted, e.g. rows with “Enter Text Here” in them.
25. The definitions of Mechanistic PCD and Evaluative PCD refer to “Part 3” of the document – there is no “Part 3” of this document.
26. For the “Basic PCD Report” and “Full PCD Report” there is a reference which is unclear – is this to a licence condition? If so it should be set out in full.
27. In the definition of “efficiency” the use of “etc.” is superfluous as the definition already includes “such as”.