

By email:
Anthony.Mungall@ofgem.gov.uk

Your ref

Our Ref

Date

8th April 2021

Contact / Extension

Gordon MacDonald
0141 614 1791

Dear Anthony

Notice proposing modifications to the Regulatory Instructions and Guidance (RIGs) for RIIO-ET1

This response is not confidential.

We welcome the opportunity to provide comment on the proposed RIGs modifications which will take effect in April 2021.

We broadly support Ofgem's proposals. Below we set out our views in relation to Network Asset Risk Metric (NARM) Reporting and have provided further comments within Appendix 1.

Network Asset Risk Metric (NARM) Reporting

Ofgem have acknowledged that the NOMS development work produced a modified methodology that is not directly comparable to the original NOMS methodology in place at the start of RIIO-T1. The current version of the NOMS methodology applies a monetised risk calculation which is fundamentally different from the Replacement Priority approach in the original methodology. As Ofgem have stated and implemented by a licence modification, the monetised risk output will be used as the output to hold the companies accountable for their investment decisions in RIIO-T1.

We welcome Ofgem's acknowledgement that current RRP templates are based on NOMS Methodologies that have been superseded. We agree with Ofgem's proposal to remove tables T6.15.1 and T6.15.2 and deal with Network Risk Outputs as a separate submission as part of the RIIO-T1 Close-Out Process.

The presentation of assets by health and criticality in T4.3 and T5.6, as set out in the consultation, will not provide a data set that is comparable with previous years' submissions. This is because the criteria to determine health and criticality, defined by Ofgem in the rebasing exercise, are fundamentally different from those used to generate the original targets. Retaining this presentation in the RRP

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templates has real potential to cause confusion when comparing submissions across different years. It is our view that references to Replacement Priority (RP) or Asset Health (AH) are withdrawn from these tables. The existing tables can be modified to record asset changes (additions/ disposals) by project (T4.3) or lead asset category (T5.6). The proposed changes would still enable the relation of non-load expenditure to NOMS outputs delivered in RIIO-T1, as it is the purpose of table 4.3. Furthermore, the proposed changes are also accompanied by the withdrawal of table T6.16.3 for the foregoing reasons.

Notwithstanding the above, please be assured of SP Transmission's best endeavours to meet its obligations under this notice.

Please don't hesitate to get in touch with me, should you have any questions in relation to this response.

Yours sincerely



Stephanie Anderson
Policy and Economics Manager
SP Energy Networks

Appendix 1

RIIO-ET2

We welcome Ofgem’s pragmatic approach to reporting requirements for the final year of the RIIO-ET1 data submission. This recognises where Ofgem do not expect to use the data presentation directly in its short-term analysis, and these are areas where we can reduce the joint administrative burden.

The further suspension of reporting requirements for certain tables, as noted below, is welcome. We have provided our comments and added our proposals to the bottom of the table.

RRP Reference	Ofgem Comment	SPT Response
3.4 “Business support group”	We are minded to remove the suspension applied last year. Population is required for each worksheet for the 2020-21 reporting year.	Agreed
3.5 “Bus_support_allocation”	Remains deliberately blank; as per prior years.	Noted
3.6 “Business support supplement”	We are minded to continue suspension of the requirement to populate the granular cost breakdown within each worksheet for the 2020-21 reporting year. The cost categorisation currently captured in worksheet 3.1 “Opex summary” and 3.2 “Indirect summary” (where applicable) would remain and the requirement to populate data at the aggregated level would be unchanged. For the avoidance of doubt, the requirement to identify and explain areas within the supporting commentary where there has been significant year-on-year change would remain unchanged (at an aggregated level).	We welcome suspension for 2020/21 RRP
3.7 “Operational training”		
3.8 “Salary & FTE numbers”		
3.9 “Exec & Demin”	We are minded to remove the suspension applied last year. Population is required for each worksheet for the 2020-21 reporting year.	Agreed
5.10 “average circuit unreliability”	We are minded to suspend population of this worksheet for the 2020-21 reporting year. As this looks at average position, we do not expect to use it directly in our short-term analysis. We may request TOs submit the data at a later date and expect them to notify us if 2020/21 Average Circuit Unreliability (ACU) drops significantly below historical levels.	We welcome suspension for 2020/21 RRP
T6.15.1/2	Removal of all tables within 6.15.1 and 6.15.2. Specific NOMs reporting is not required in 2020/21 through the RRP. NOMs reporting for 2020/21 will be through the RIIO-1 NOMs Closeout Data Template (currently being developed).	Agreed

6.01 asset identification	<p>The purpose of this table is currently to provide detail on the delivered/forecast to be delivered interventions due to a load driver for any categories listed on the worksheet included in the expected RIIO-ET1 delivery program.</p> <p>We are proposing to extend the reporting requirement to also include interventions due to a non-load driver for any categories listed on the worksheet included in the current RIIO-ET1 delivery program. The requirement to provide detail on new asset additions is also expanded to include non-load drivers.</p>	Noted. SPT previously populated this table with both load and non-load schemes in 2019/20 RRP.
6.02 asset identification	<p>The purpose of this table is to provide detail on the forecast interventions for any asset categories included in the expected RIIO-ET2 delivery program. The information provided will align with the Business Plan submission that forms the basis of the final settlement decision.</p> <p>Further work is necessary to refresh and align the information provided through the Business Plan submission that formed the basis of the final settlement decision. We are minded to suspend population of this worksheet for the 2020-21 reporting year, and to continue engagement with each TO to further develop the reporting template for inclusion within the RIIO-ET2 Regulatory Reporting Pack.</p>	We welcome suspension for 2020/21 RRP. It would be more beneficial to further develop the requirements of the RIIO-T2 RRP.
T4.3	Minor revisions made to the RIGs to clarify the approach to reporting asset health categorization.	As criteria to determine health and criticality are fundamentally different under NARM approach propose withdrawal of T6.16.3 and simplify T4.3 and T5.6 to record volume changes only.
T5.6		
T6.16.3		
RRP Template (Excel) – tab, “Index”		To be clearly marked to state tables not to be submitted for 2021 RRP.

Table 1: Proposed data reporting amendments within the ET RRP pack