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16 March 2023

Sent by Email to: Dafydd.burton@ofgem.gov.uk

Dear Dafydd,

ENWL Consultation Response – Annual Environmental Report Guidance Document

We welcome the opportunity to review and respond to this consultation version of the Annual Environmental Report Guidance document ahead of it coming into force for ED2.

We recognise that the AER is an important public facing report, of real interest to our stakeholders, and therefore we support the decision to take the time to have extended working groups to ensure the guidance document has been carefully developed with DNO input.

We share our detailed comments on each of the elements of the guidance and the associated template in the issues log as requested, however there is one element of the guidance where the reason for our proposed changes are better worded in narrative form than in the structure of issues logs.

Our main concern on the guidance document as drafted currently sits with the reporting requirements for PCBs. It was discussed in working groups how PCB reporting is also undertaken within regulatory reporting packs to Ofgem and directly to the Environment Agency (EA), and the reporting to the EA has been carefully crafted over a period of time, is well understood by all licensees and is consistent. Ofgem recognised this in working groups and therefore reporting other than high level was not included in the guidance discussed in the working group. However, at the point of consultation publication, some fairly detailed reporting on PCBs has been added.

We agree with the principle of reporting on our progress with removal of relevant assets and we also recognise that this will be an area where stakeholders will want to see progress made. However, we consider that the reporting as drafted in the current guidance report is overly complex, could be difficult to convey to the reader, and differs to the established reporting to the EA, therefore risking potential confusion, and undermining the intent to provide stakeholders with clear narrative and metrics to demonstrate and hold licensees accountable for their progress towards compliance with a mandatory requirement.



We have therefore proposed changes to both chapter 3 and chapter 4 and the KPI template in relation to PCBs which we consider are critical to ensuring the report meets the needs of stakeholders, is clear and does not introduce overly burdensome reporting which adds no value.

We would also like to add that the content of the KPI template should be considered alongside the current review of the Regulatory Instructions and Guidance (RIGs), particularly the Environment and Innovation pack (E & I), as there is now much duplication, and this should allow the E & I pack to be more streamlined as a result.

As always, this response should also be read in light of our previous correspondence on RIIO-ED2. If you have any questions relating to our response, please don't hesitate to contact me or Alison Scott (alison.scott@enwl.co.uk).

Yours sincerely,

Paul Auckland
Head of Economic Regulation

Encs: Annex 1: Issues Log