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16 March 2023

Dear Dafydd,

Scottish and Southern Electricity Networks (SSEN) welcomes the opportunity to respond to the above consultation on the Annual Environment Report (AER) and the associated guidance documents, as published on 14 February 2023.

We note that this work has been supported by DNOs in recent months through the relevant working groups. We have been a supporter of the AER and of ensuring the report(s) are fit for purpose. It is important that they deliver the level of detail required to enable transparent and clear comparison across DNOs as part of the planned mid-period review. This is particularly critical as the AER is a reputational tool.

Our view was that improvements were indeed needed to the first drafts of the AER guidance. The updates Ofgem has now published are a positive step: they remove some of the ambiguity, attempt to streamline reporting requirements and seek to where possible guide DNOs to provide information in as common a format as possible.

We are however concerned to see that progress which was made in the working groups now appears to have been rolled back. We urge Ofgem to reconsider its position. Our main concerns are as follows:

- Embodied Carbon reporting: We believed that positive progress was made to put forward a workable solution moving forward during the AER Plenary sessions, but this appears to have since been changed. We again are proposing a workable solution to ensure clarity on activity is reported.
- Biodiversity reporting: Positive progress was made during the AER Plenary sessions; however, the guidance has since changed. We believe the guidance and requirements are unclear and need significant work to resolve, therefore, we have suggested some amendments that could help to rectify the requirements.

- Duplication of reporting between AER and RRP tables: There are significant reporting requirements in RIIO-ED2 and Ofgem should ensure that unnecessary duplication is avoided to reduce reporting fatigue and ensure reporting is valuable for stakeholders.

We provide a more detailed response in the Issues Log (Appendix 1 – SSEN AER Issues Log).

Whilst we welcome the clarifications provided in terms of information required as part of the AER, we believe that Ofgem will need to take an evolutionary approach to this report. We have maintained that this will help to ensure that stakeholders are able to see how all DNOs are progressing against their Environmental Action Plans during RIIO-ED2.

We emphasise the importance of ensuring continuity in the environmental space, in particularly given the complexity of environmental policy and likely upcoming developments. This is necessary to avoid misconceptions and ensure the right information is reported and can be correctly interpreted by stakeholders.

If you have any questions around the issues we raise in this response, please do not hesitate to contact me. We make these comments in general support of the direction of travel, however, are mindful of the impact that these reporting requirements, which could inadvertently reduce the reputational incentive associated with the AER and not deliver the required comparability that stakeholders have pressed so strongly for.

Yours sincerely

**Shirley Robertson**  
Head of Strategic Planning and Sustainability

Appendix 1 – SSEN AER Issues Log (attached)

