



Making a positive difference
for energy consumers

To:
Electricity Distribution
Network Operators and
interested Stakeholders

Date: 21 February 2025

Dear Company Secretaries and Stakeholders,

Proposal to modify the Regulatory Instructions and Guidance (“RIGs”) and Regulatory Reporting Pack (“RRP”) for RIIO-ED2¹

Based on the experience of the first year of the RIIO-ED2 price control, we² have reviewed the reporting requirements and engaged with the Electricity Distribution (ED) licensees to seek views on further improvements to the functionality of the RRP and to improve the supporting RIGs.

We are proposing to amend the following documents for the ED licensees:

- RIIO-ED2 Regulatory Instructions and Guidance v1.1
- RIIO-ED2 Reporting Pack Templates v1.1
- RIIO-ED2 Commentary v1.1

Please find enclosed the Notice setting out our proposed changes issued pursuant to the Electricity Distribution Licence Standard Condition 46-

We propose that if we implement these changes, they will take effect in April 2025³. For the avoidance of doubt, this means that the data to be submitted in July 2025 (in respect of the 2024-25 reporting year) should comply with the RIGs as modified in accordance with our published Decision Notice.

RIGs

The RIGs and RRP are the principal means by which we collect cost, volume, allowed expenditure, and output delivery information from licensees, to monitor performance against their RIIO-ED2 objectives and hold them to account.

As part of the enclosed Notice, we provide the following documents with proposed modifications:

- RIIO-ED2 Regulatory Instructions and Guidance v1.1
- RIIO-ED2 Reporting Pack Templates v1.1
- RIIO-ED2 Commentary v1.1

¹ This is the second electricity distribution price control using the Revenue = Incentives + Innovation + Outputs (RIIO) price control model.

² References to ‘the Authority’, ‘GEMA’, ‘Ofgem’, ‘we’, ‘us’ and ‘our’ are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets. Ofgem is the office of the Authority which supports GEMA.

³ We propose to modify the RIGs in a direction on or after 31 March 2025.

Proposed Modifications

We are proposing several modifications to the RIGS and RRP. These include:

- changes and corrections to the RRP pack, and
- making consequential updates to the RIGs to clarify the existing reporting requirements of the licensee.

For Issue 79a of Annex B (PCB volume driver), our intended position is to clarify in the RIGs that oil testing and oil changes are not included in the PCB volume driver. This is in line with the original intent to set a volume driver to fund the replacement of PCB-contaminated pole mounted transformers (PMTs) and associated poles and pole-mounted switchgear.

We set out the effect of and the reasons for these modifications below.

General updates

We have included a few updates and corrections to the RRP and RIGs. The updates were identified during discussions with the relevant network companies to clarify existing reporting requirements and align them with recent changes made to the special licence conditions.

For further details on changes to the RRP, please refer to the Change Log tab at the front of the packs. For changes to the RIGs, please see the tracked changes within the document.

We welcome representations on our proposed modifications on or before Friday 21 March 2025, and the details for responding are contained in the enclosed Notice.

Yours faithfully,

Nathan Macwhinnie
Deputy Director
Price Control Operations

**To: Electricity North West Ltd (ENWL)
Northern Powergrid (Northeast) Ltd (NPgN)
Northern Powergrid (Yorkshire) plc (NPgY)
London Power Networks plc (LPN)
South Eastern Power Networks plc (SPN)
Eastern Power Networks plc (EPN)
SP Distribution plc (SPD)
SP Manweb plc (SPMW)
Scottish Hydro Electric Power Distribution plc (SSEH)
Southern Electric Power Distribution plc (SSES)
Western Power Distribution (West Midlands) plc (WMID)
Western Power Distribution (East Midlands) plc (EMID)
Western Power Distribution (South Wales) plc (SWALES)
Western Power Distribution (South West) plc (SWEST)**

(each one a "Licensee", and together, "the Licensees")

Notice under Part C of Standard Licence Condition 46 (Regulatory Instructions and Guidance) ("SLC 46") of the Electricity Distribution Licence of proposed modifications to the Regulatory Instructions and Guidance for RIIO-ED2

The Gas and Electricity Markets Authority (the "Authority"⁴) hereby gives notice in accordance with Part C of SLC 46 as follows:

Proposal to modify the Regulatory Instructions and Guidance

1. The Authority proposes to modify the Regulatory Instructions and Guidance (the "RIGs") under SLC 46 of the Licence. The RIGs are the primary means by which the Authority directs the Licensees to collect and provide information to the Authority, to enable it to administer the Special Conditions of the Licence and, where not referenced to in the Licence, the RIIO-ED2 Final Determinations.
2. SLC 46 sets out the process for issuing and modifying the RIGs. In accordance with Part C of SLC 46, the Authority hereby gives notice to the Licensees that it proposes to modify the RIGs in the manner indicated in the documents that can be accessed on its website and published alongside this Notice.
3. The proposed modifications refer specifically to information required to be submitted to the Authority on or before 31 July 2025 in relation to:
 - RIIO-ED2 Regulatory Instructions and Guidance v1.1
 - RIIO-ED2 Reporting Pack Templates v1.1
 - RIIO-ED2 Commentary v1.1
4. The proposed modifications to the RIGs consist of general amendments to the templates and guidance to correct labelling, calculations and referencing errors.
5. The purpose of the proposed modifications is to clarify the existing reporting requirements on the Licensees and provide greater insight into their performance under RIIO-ED2. The effect of the proposed modifications would be to require the licensees to provide more accurate, consistent and complete information to the Authority to enhance the quality and the accuracy of the information available to the Authority.

⁴ The "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Office of Gas and Electricity Markets (Ofgem) supports the Authority in its day to day work.

6. The Authority proposes that these modifications should take effect in April 2025.
7. The licensees must complete and return the reporting pack referred to above as part of the 2024/25 RIGs process.

Further information

8. The RIIO-2 RRP templates and RIIO-2 RIGs documents published alongside this notice show the proposed modifications as incorporated.
9. Copies of this Notice and other documents referred to in it are available on the Ofgem website (www.ofgem.gov.uk).
10. Any representations on the proposed modifications must be made on or before 21 March 2025 by email to zoe.cornish@ofgem.gov.uk.
11. Our normal practice is to publish responses on our website. We would prefer to receive responses in an electronic form so that they can be easily published on our website. If you do not wish your response to be published, please clearly mark it as "not for publication".

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Nathan Macwhinnie
Deputy Director
Price Control Operations

Duly authorised on behalf of the Authority
21 February 2025