

CROSS SECTOR	
<b>REFERENCE NUMBER: CS8</b>	<b>CATEGORY:</b> Addition
<b>LICENCE CONDITION NUMBER:</b> <i>(if relevant):</i>	SpC 3.4
<b>TITLE:</b>	<b>Physical Security Re-opener and Price Control Deliverable</b>
<b>RELEVANT LICENCE CONSULTATION QUESTIONS</b> <i>(if any):</i>	<b>Q19. What are your views on the proposed changes to the SLCs, SSCs and SpCs outlined in this cross sector chapter?</b>
<b>RELEVANT ISSUES LOG:</b>	<b>X sector physical security PCD ISSUES LOG.xls</b>
<b>POLICY ISSUES</b>	
<ul style="list-style-type: none"> <li>• Spc 3.4.7</li> <li>• SpC 3.4.8(e)</li> <li>• SpC 3.4.9</li> <li>• Appendix 1</li> </ul>	<ul style="list-style-type: none"> <li>• We note that whereas the Ofgem DD policy position proposed two reopener windows at regulatory year 2023 (mid-period) and 2026 (close out), the licence drafting is upon the basis of three re-opener windows (2023, 2024, and 2025). No rationale for Ofgem’s change in position is given in either the September consultation document or the associated physical security issues log. Nevertheless, we are supportive of the added flexibility afforded by the inclusion of three re-opener opportunities.</li> <li>• It is unclear why this clause refers to provision of “such detailed supporting evidence, including cost benefit analysis...” whereas other similar clauses refer to “provision of supporting evidence as set out in the Re-opener Guidance and Application Requirements Document”. In any event we propose the reference to "cost benefit analysis" should be removed. Since the requirements are government mandated, there is no place for a CBA test in relation to the PSUP topic.</li> <li>• We support that there is no materiality threshold applied to the Physical Security Re-opener. The removal of this threshold is a change we advocated in our DD response.</li> <li>• There is redundancy in the current drafting where the outputs in Appendix 1 are described as “Install PSUP Solution at site to required Government specification” and PSUP Solution is already defined as “means completing the site physical security upgrade to the Government mandated specification”. Therefore, it would be cleaner to either do away with the defined term PSUP Solution or shorten the wording in Appendix 1 to say “Install PSUP solution.”</li> </ul>
<b>DRAFTING ISSUES</b>	

<ul style="list-style-type: none"> <li>Headings</li> <li>Headings</li> <li>3.4.8</li> <li>3.4.10</li> </ul>	<ul style="list-style-type: none"> <li>Headings should be framed as statements not questions. Part B heading should read “what the licensee is funded to deliver” and Part E heading should read “Authority Process in making a direction”.</li> <li>The Part B heading in the ET licence does not align with the GT licence and should read “what the licensee is funded to deliver”. The Part C heading in the ET licence is incorrect and should read “Physical security re-opener”.</li> <li>For consistency with other PCDs insert “to the Authority” after “in writing”.</li> <li>For consistency with other Authority re-opener drafting we would suggest the words “without an application being made under paragraph 3.4.6” are added after “Appendix 1” in line 2.</li> </ul>
<b>FINANCE ISSUES</b>	
<b>SUPPORTING INFORMATION</b>	
<b>OFGEM ENGAGEMENT:</b>	We request that Ofgem engages with network companies further, especially to explain its rationale with regard to reopener windows. This might be via additional Licence Drafting Working Group meetings.