

Non-operational Information Technology Capex Re-opener Application

Document Control	
Document Reference	WWU-ES
Document Title	Non-operational Information Technology Capex Re-opener Application – Executive Summary
Version	1.0
Owner	Julian Hickson
Document Classification	Confidential

Document Reviewers	
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Version Control			
Version	Date	Author	Summary of changes
0.1	18 /07/2023	Christopher John	Preliminary draft
0.2	18/08/2023	Christopher John	Issued for Internal Review
0.3	08/09/2023	Christopher John	Issued for Exec Sign-off
1.0	12/09/2023	Christopher John	Approved
1.1	15/09/2023	Christopher	Redacted

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4. Needs Case

4.1.1 Alignment with overall business strategy and commitments

The projects included in this re-opener application for additional allowances are works requiring funding to further enhance our compliance with Data Best Practice (DBP) Guidance and licence obligations and to resolve genuine business impacts that were not fully foreseeable at the time of the RIIO-GD2 business plan submission.

4.1.2 Category 1: Data & Digitalisation Best Practice

The funding detailed in WWU-Cat.1 is needed to support our growing maturity against the Data Best Practice (DBP) Guidance and ensure compliance with licence obligations related to the DBP Guidance as required by Ofgem.

When our GD2 business plan was submitted DBP Guidance had not been formally agreed. DBP Guidance developed during the period between business plan submission and the start of GD2. Ofgem published the final version of DBP Guidance during GD2, November 2021.

Since the DBP Guidance was published we have worked to understand how we can put DBP principles into practice. We have developed a digital strategy in response to the recommendations of the Energy Digitalisation Task Force (EDiT), Data Best Practice (DBP) Guidance, and the requirements of SpC 9.5. The work detailed in WWU.Cat.1 is needed to deliver this strategy and therefore further enhance our delivery of Data Best Practice.

Category 2:

[Redacted]

[Redacted]

[Redacted]

4.1.4 Category 3: Implications of National Communications Industry Changes

The additional allowance detailed in WWU-Cat.3 has been identified following detailed analysis and announcements during GD2 that have reduced uncertainty since preparing the GD2 Business Plan. The additional allowances detailed in WWU-Cat.3 are needed to ensure we are able to continue to meet stakeholder expectations, meet the aims set out in our business plan, and continue to operate the gas network safely for both the general

public and our staff in compliance with Standard Special Condition A9 (Pipeline system security standards) and our Safety Case.

In Section D Chapter 14 of our GD2 business plan submission we shared the aims of our Environmental Action Plan (EAP) to reduce shrinkage by 10% by 2026.

In Section E Chapter 16 of our GD2 business plan submission we shared our ongoing aims to manage and maintain network pressures within target ranges to deliver environmental and safety benefits as lower pressure means fewer leaks.

Delivering these commitments is fully dependent on us maintaining our pressure control systems, for which data network connectivity is essential.

The projects detailed in WWU-Cat.3 are needed to change and upgrade our data communication network in areas impacted by National Communications Industry Changes. The key deliverable from these projects is the continued safe operational capability of our Gas Pressure Management systems and essential services.

Our current communications network uses technologies that are connected to the Public Switched Telephone Network (PSTN) operated by Openreach. Funding for changes needed to address the national PSTN Switch-Off was sought in our GD2 Business plan, the Final Determination for which set the allowance for PSTN funding below the request. The Ofgem determination for PSTN project work in GD2 was £4.45m. Our GD2 Business Plan submitted for GD2 allowances requested £5.94m for PSTN project work in 2018/19 prices. Now that detailed analysis has been conducted, project uncertainty has been reduced and additional impacts identified. This re-opener application seeks additional funding to address the impacts of the national PSTN Switch-Off that are in addition to the allowance awarded in the OFGEM GD2 Final Determination for funding PSTN replacement costs.

In addition to the impact of the national PSTN Switch-Off, our network provider for gas system controls and monitoring announced the intention to move away from existing communication technology by [REDACTED]. This announcement was made after the setting of allowances for GD2, and with no sufficient advanced notice to enable this additional cost to be included in our GD2 Business Plan. The existing WWU-[REDACTED] and would therefore be unable to manage the gas network effectively and would have to set network pressures permanently high and thereby unable to meet the aims set out in Section D Chapter 14 and Section E Chapter 16 of our business plan referenced above.

5. Projects to address the impacts

Each of the three detailed documents WWU-Cat.1, WWU-Cat.2 and WWU-Cat.3 provide the Needs Case, Optioneering, Projects and Costs for the projects in each of the categories.

While the each of three category documents provide detailed information, in summary the projects aligned to each category are:

5.1 Category 1 - Data & Digitalisation Best Practice

Data Best Practice	Project to address	Strategic Area	Re-opener Ref
Data Lake to support Data Best Practice	Data Integration & Aggregation Platform	Data Best Practice	REQ001

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

5.3 Category 3 – Projects to address National Communications Industry Changes

National Telecoms Change	Project to address	Strategic Area	Re-opener Ref
PSTN Switch-Off	PRJ0770 - PSTN [REDACTED] Upgrade	[REDACTED]	TEL01
PSTN Switch-Off	PRJ846 – PSTN Non-[REDACTED] Sites	[REDACTED]	TEL02
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

6. Project delivery and monitoring

The projects listed in section 6 and detailed in the documents WWU-Cat.1, WWU-Cat.2 and WWU-Cat.3 are being tracked and governed through our Business Performance Development Committee. Members include our CEO, Executive Team and the relevant asset, IT, Finance, and delivery senior managers.

Our technology project delivery follows the PRINCE2 methodology, with key project products issued for sign-off at each agreed stage gate. These project products include key project information, such as agreed Project Sponsors, and project metrics, such as milestone dates.

The agreed project products for each of the projects outlined in this re-opener include Project Brief, Business Case, Project Plan, and Risk, Issues, Assumptions and Dependencies (RAID).

The summary level profile of planned upgrades and the key milestones for each are detailed in section 6 of the documents WWU-Cat.1, WWU-Cat.2 and WWU-Cat.3.

Price Control Deliverables (PCDs) to be used for monitoring the projects detailed in this re-opener application are proposed in section 9 of the documents WWU-Cat.1, WWU-Cat.2 and WWU-Cat.3.

Important notes about rates used for deflation to 18/19 prices.



The conversion factors used are set out in the table below:

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]