

To interested parties

Email: RIIO2@ofgem.gov.uk

Date: 13 December 2019

Call for Evidence on the Electricity Transmission, Gas Transmission, Gas Distribution and Electricity System Operator Business Plans for RIIO-2

Context

1. On 9 December 2019 the Electricity Transmission, Gas Transmission and Gas Distribution companies and the Electricity System Operator submitted and subsequently published their Business Plans as part of the RIIO-2 price control process. Through this Call for Evidence, we are seeking views and evidence from stakeholders on any aspect of the Business Plans for potential consideration at the RIIO-2 Open Hearings in March/April 2020. Stakeholders may also wish to consider the reports produced by Customer Engagement Groups, User Groups and RIIO-2 Challenge Groups referred to in paragraph 4 and 14 of this document, when they are providing their views on the business plans in response to our all Call for Evidence. Draft Determinations will be informed by relevant considerations including this Call for Evidence.
2. This Call for Evidence sets out the background to RIIO-2 and the enhanced stakeholder engagement process. It also provides information on how stakeholders can respond, and information on how they can participate in the Open Hearings RIIO-2 process.

Background

3. Ofgem sets the price controls to ensure that monopoly network companies, who run Great Britain's gas and electricity networks, continue to act in the best interests of energy consumers. Since 2013 we have used the RIIO (Revenue=Incentives + Innovation+ Outputs) framework to set price controls. In order to do this, we need

information from the network companies on the activities that they intend to undertake in the price control period and their associated forecast costs and outputs. Network companies provide this information to us in the form of a Business Plan which covers their proposed activities between 1 April 2021 and 31 March 2026. We expect Business Plans to reflect stakeholder views and concerns and consider that stakeholder needs' must be at the heart of these plans. We assess these plans, taking into account the needs of existing and future consumers, and other relevant factors such as the transition to a low carbon economy. Following an open consultation, the network companies are then set an allowed revenue by us, which is recovered through network charges that make up over 20%¹ of consumers' energy bills.

4. For the RIIO-2 price control, Ofgem has adopted an enhanced stakeholder engagement process (this is set out in our enhanced stakeholder engagement guidance document)². As part of this process, network companies and Ofgem have established independent expert Groups to scrutinise the Business Plans developed by the network companies, including:
 - Within the distribution sector, each network company has a 'Customer Engagement Group' to review individual company Business Plans.
 - Within the transmission sector, including for the Electricity System Operator, each company has a 'User Group' to review individual company Business Plans.
 - Ofgem has established a RIIO-2 Challenge Group to scrutinise all company Business Plans and provide a report setting out their views of the plans and company engagement in developing them.

5. Enhanced stakeholder engagement for RIIO-2 also includes a series of regional Open Hearings which will take place from mid-March until early April. The Open Hearings will provide an opportunity for Ofgem to hear submissions and evidence on various aspects of the Business Plans. This includes, but is not limited to, particular areas of contention raised by the Groups in their reports and areas of support or disagreement from other stakeholders which they can raise through this Call for Evidence.

6. Responses to the Call for Evidence will be considered and may inform the topics raised in the Open Hearings. Having reviewed these responses we may also decide

¹ [Network Price Control Fact Sheet](#)

² <https://www.ofgem.gov.uk/publications-and-updates/riio-2-enhanced-stakeholder-engagement-guidance>

to invite stakeholders to make submissions or ask questions at the Open Hearings. Stakeholders can also register to attend the Open Hearings.

Timetable

7. Ofgem intend to publish RIIO-2 Draft Determinations for the Gas Distribution, Gas Transmission and Electricity Transmission sectors; and the Electricity System Operator in the Summer of 2020.
8. There will be an 8-week consultation period that will follow the publication of Draft Determinations.
9. Draft Determinations are intended to be published in early July 2020. We currently anticipate publication to be the week commencing 6 July 2020.
10. Final Determinations are intended to be published in November 2020. We currently anticipate publication to be the week commencing 16 November 2020.
11. We will consider all representations made in advance of and during the Draft Determinations consultation period, which in turn may impact this timetable.
12. The Price Controls for the Gas Distribution, Gas Transmission and Electricity Transmission sectors; and the Electricity System Operator will commence on 1 April 2021.

Call for Evidence

13. We welcome feedback from stakeholders on any aspect of the Business Plans. To assist stakeholders in submitting a response to the Call for Evidence we have published an [online pro-forma](#). In responding to the Call for Evidence, responses should be supported by evidence or justification of the stakeholder's view, where appropriate. In terms of completing the pro-forma stakeholders should provide a concise summary of the issue (this section has a word limit), setting out which network company and which section of the Business Plan the issue refers to. There is a link to attach evidence and additional pages for stakeholders to raise multiple issues, should they wish to do so.
14. Please note, to facilitate the Open Hearings, we are requiring the network companies to publish the independent reports of their Customer Engagement Group/ User Group on their Business Plans on 23 December 2019. On the 17 January 2020

Ofgem will also publish the independent report prepared by the RIIO-2 Challenge Group on all the Business Plans.

15. The Electricity Transmission, Gas Transmission, Gas Distribution companies and the Electricity System Operator have now submitted and published their RIIO-2 Business Plans. These are available at the following links.

- [National Grid Electricity Transmission \(NGET\)](#)
- [National Grid Gas Transmission \(NGGT\)](#)
- [Scottish Hydro-Electric Transmission \(SHE-T\)](#)
- [Scottish Power Transmission \(SPT\)](#)
- [Cadent](#)
- [Northern Gas Networks \(NGN\)](#)
- [Scotia Gas Networks \(SGN\)](#)
- [Wales and West Utilities \(WWU\)](#)
- [National Grid Electricity System Operator \(ESO\)](#)

16. The RIIO-2 Business Plan Guidance³, sets out, amongst other things, guidance for network companies on the publication of the Business Plan. The Guidance states that where information is withheld on grounds of commercial confidentiality, the reasons for the exclusions need to be explained by the network company.

Registering to attend the Open Hearings

17. Stakeholders can register to attend the Open Hearings using our [Eventbrite site](#).

Views welcome and way forward

18. We welcome views on any aspect of the Business Plans by Monday 10 February 2020 using the online pro-forma via this [link](#). Unless clearly marked as confidential, responses will be published on our website.

19. We will publish the agendas for the Open Hearings at the end of February 2020.

Yours faithfully



Julie Black
Programme Director
Network Price Controls

³ [RIIO-2 business plan guidance document from Ofgem](#)