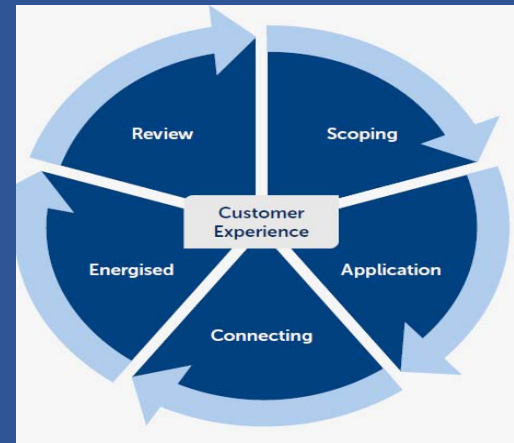




## RIIO-T2 User Group Independent Review



**SHE Transmission's Business Plan is centred around achieving 5 clear goals drawn from stakeholder engagement.**

**Stakeholders were clear that they expected;**

- **A safe and reliable network**
- **An affordable price representing value for money**
- **SHE Transmission to be a leader in enabling the transition to Net Zero**
- **More services tailored to their need**



**2500+** engagements



**14** events



**18** consultations



**50+** organisations involved



**1700** consumers participated in willingness to pay



**8** User Group members

# Providing a safe and resilient network

The work programmes within the 'Certain View' were developed with extensive stakeholder engagement and only includes work where the need has already been established.

COVID-19 experience has heightened the importance of resilience, network flexibility and a degree of network redundancy to stakeholders.

The proposal to replace the existing Control Centre facility was scrutinised at length by the User Group. Existing facilities are not fit for purpose.

Whilst cost is not within the remit of the User Group, we wish to make some observations;

The scale of SHE Transmission's business has changed radically over RIIO-T1 and will continue to do so. We ask for assurance that this has been considered in the way that Ofgem has benchmarked costs.

We ask for assurance that the RIIO-T2 efficiency targets being proposed recognise the proportion of RIIO-T1/RIIO-T2 cross over work where delivery is well underway with priced materials, engineering and construction contracts already in place.

# Pathway to Net Zero

Stakeholders made it clear that they expect the industry, meaning; government, regulatory regime and companies to lead the way to Net Zero.

We welcome Ofgem's recognition that new requirements will emerge during RIIO-2 to support the pathway to Net Zero and the UK Government's recent announcements of their infrastructure investment ambitions, but we have a number of concerns about the proposed mechanism.

A number of Net Zero enabling project requirements are already established and should be recognised in base allowances now, not be subject to another protracted assessment process.

Efficiency is driven, to a large extent by programme planning, coordination and visibility. The ad-hoc nature of Re-Openers risks losing the smooth work-flow needed to optimise supply chain efficiency.

If this mechanism leads to back-end loading, there may be an insurmountable peak of activity resulting in failure to achieve Net Zero by the deadlines set by the UK and Scottish Governments.

Pre-construction funding has been removed from baseline allowance. Ofgem should consider allocating pre-construction funding in a way that supports efficient and transparent use of monies but does not impede companies from timely project scoping and optioneering activity.

# Services to Consumers, Customers and Stakeholders

The User Group feel strongly that three stakeholder-led service proposals Ofgem have rejected for financial incentivisation should be reconsidered.

- **Stakeholder Group** - Energy policy makers and Local Authorities
  - **Business Plan Proposal** - To offer expertise in support of national, regional and local energy planning to enable Energy Plans to deliver real benefits to consumers.
- **Stakeholder Group** - Regional stakeholders; Engagement Commitment
  - **Business Plan Proposal** - Early and Regional specific engagement and Enhanced Stakeholder Engagement; to measure the performance of the business in its commitment to continued engagement across all stakeholder groups throughout the delivery of RIIO-2.
- **Stakeholder Group** - Customers (Generators)
  - **Business Plan Proposal** - A revamped service proposition that provides a bespoke customer portal to manage connections requests, including up to date information on planned load and non-load projects. Also, a continuing customer relationship post-connection to support information sharing and network information updates.

**Thank you.**

**Tracey Matthews and Geoff Aitkenhead  
RIIO-T2 User Group**