

Mr Jonathan Brearley
Chief Executive Officer
Ofgem
10 South Colonnade
Canary Wharf
London E14 4PU

23 August 2022

Dear Mr Brearley

RIO-ED2 Draft Determinations

As a framework contractor to the UK's Distribution Network Operators (DNOs), Morrison Energy Services (MES) is constantly striving to deliver safe and effective network reinforcement projects and new connections for domestic, commercial and industrial customers in the most efficient manner.

MES is a part of M Group Services, the UK's leading essential infrastructure services provider within the energy, water, transport and telecommunications sectors. A trusted employer to more than 10,000 skilled specialists working from 240 locations, operating a divisional structure aligned with its end markets and clients.

It is essential that the supply chain and industry work hand-in-hand to efficiently plan and complete works, support highly skilled jobs, and boost our economy. As you are aware, we are currently operating in an increasingly turbulent economy in which businesses require clarity and certainty to be able to deliver the best and most efficient outcomes for consumers and businesses alike.

As the UK's leading energy networks service provider, our strategy is to self-deliver projects using our supply chain to cover peaks in workload and specialist activities. As a framework contractor we work with our clients to agree a long-term pipeline of projects so that we can recruit, train, develop and put to work people with the right skills to undertake the work we are asking them to do. As a national company with a local outlook, we see our role as a positive force for the benefit of the communities in which we operate. Our presence enables the regional supply chain to invest and grow, as well as providing career opportunities and training for local people.

As there is currently an acute skills shortage within the electricity supply industry, having visibility of work is essential to enable us to commit to recruitment and in particular apprenticeship and graduate programmes. Due to inflating costs and severe volatility in the market currently we are also aware that difficulties with engaging our supply chain partners without long-term visibility of work will also impact our ability to deliver projects in the most effective and efficient manner.


We are therefore concerned that Ofgem's proposed cuts to DNOs' baseline funding and the decision to push more expenditure into Uncertainty Mechanisms will have a significant negative effect on our ability to commit to our resourcing programmes and we would ask Ofgem to reconsider this proposal.

Transition to Net-Zero

We know that significant distribution network reinforcements are required to support the electrification of the economy and for this transition to be as smooth as possible, investment in new infrastructure must start now. We are therefore also concerned with respect to Ofgem's decision to revert to the relatively conservative Future Energy Scenario, System Transformation. Through our own 'Journey to Net-Zero' targets, MES is committed to operating in a way that supports a reduction in carbon emissions and we need an electricity network to support this. A failure to begin to build the network needed for Net-Zero now risks falling short of future requirements and we again ask Ofgem to reconsider their stance on this for the DNOs.

In summary, we know that significant investment is required in electricity networks now so that businesses like ours can support the transition to Net Zero. For us to support our client network operators with the rapid acceleration of renewable and distributed energy solutions, we believe that Ofgem's proposed cuts to DNO baseline funding should be reversed to enable the required investment to be made. We also feel that the final settlement should fully reflect DNO stakeholder needs and, importantly, enable the necessary investment in resilience, delivery of improvements in infrastructure, and the deployment of technologies needed to reach Net-Zero and therefore request that the decision to revert to the Future Energy Scenario, System Transformation should be reversed.

Yours sincerely,



Peter Carolan
Managing Director
Morrison Energy Services