



Ofgem
RIIO-ED2 Team
via email (RIIOED2@ofgem.gov.uk)

23 August 2022

To Whom it May Concern

Re: Ofgem – RIIO-ED2 Draft Determination

Following on from the draft determinations published by Ofgem on 29 June, and your invitation for stakeholder responses, I am writing on behalf of [name redacted], in order to provide some background regarding our view of some of the potential impacts as a member of the Distribution Network Operator supply chain, as we develop our planning for the next price control period of 2023-28.

[name redacted] is one of the largest multi-discipline contracting businesses in the United Kingdom, offering a broad scope of services [content redacted].

[name redacted] has been an established part of SSEN's supply chain for over 30 years, operating in both the SEPD and SHEPD licence areas, and delivering services on their asset base from a network of depot locations across the United Kingdom. We employ in excess of 1500 people, including a significant number of apprentices and trainees.

In line with many of the organisations in our industry, we are currently experiencing significant levels of volatility in terms of material lead times, cost increases and retaining and attracting staff to support and deliver our workbook. The ability to have as much certainty as possible in order to plan for the next 3-5 years is critical to the continuing success of our operations. Moreover, in a fiercely competitive energy market, greater certainty allows us to commit our resources more readily to projects and secured programmes of work. Security in work flows also creates the environment necessary for innovation, where lessons can be learned, technology developed, and efficiencies delivered in a protected programme of committed work.

We are very supportive of any initiatives that enable [name redacted] and our Clients to work collaboratively to efficiently plan and complete works, and support highly-skilled jobs across the country.

Over a number of years, we have developed a positive working relationship with SSEN in this regard, and we would urge Ofgem to reconsider the proposed cuts to SSEN's baseline funding, and the proposal to push more expenditure into 'Uncertainty Mechanisms'. As noted above, ensuring that we can plan, attract and retain the optimal levels of resource is one of the key issues facing our business.



A more robust pipeline, as was set out in SSEN's Business Plan, gives us the best possible chance of attracting talent to deliver the most efficient outcomes. A greater degree of certainty of volumes not only enables us to attract resource, but also gives us the best possible chance of retaining high performing teams, with the ability to transition teams from one project to another facilitating a much smoother mobilisation process, and offers the potential for significant efficiency benefits.

Whilst we recognise that Uncertainty Mechanisms will remain an inevitable part of the landscape for continuing to develop and maintain a resilient electricity distribution network, they do by definition impact on the many benefits that can be derived from the maximum level of certainty. It is crucial, therefore, that as much visibility of delivery requirements as possible is passed through to the supply chain, in order to give organisations like ours the time to gear up and scale up, ensuring that we have the skilled workforce to deliver.

Should you have any queries or require further information on any matter relating to this submission, please do not hesitate to contact me.

Yours faithfully

[redacted]

