

Akshay Kaul
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31st October 2022

Dear Akshay,

Open Letter on the next network price control review process

Thanks for the opportunity to input at this early stage to the development of the RII0-3 price controls. Energy Saving Trust is an independent organisation dedicated to promoting energy efficiency, low carbon transport and sustainable energy use to address the climate emergency. Our work focuses on reaching net zero targets by taking action to reduce energy consumption, installing new infrastructure and accelerating a move to sustainable, low carbon lifestyles. A trusted, independent voice, we have over 25 years' sector experience. We provide leadership and expertise to deliver the benefits of achieving carbon reduction targets: warmer homes, cleaner air, healthier populations, a resilient economy and a stable climate. We empower householders to make better choices, deliver transformative programmes for governments and support businesses and community groups with strategy, research and assurance – enabling everyone to play their part in building a sustainable future. In this response to your open letter we have focussed on the key strategic issues.

Views on the strategic issues we will face in the development of the next price control review process

One of the key changes from RII0-2 will be an increased focus on delivery of net zero related outcomes. It was welcome that there was a whole energy system approach taken in RII0-2. This now needs to evolve to take into account the impacts on the whole economy, looking at the impact of energy infrastructure on wider areas such as heat networks, transport and water. This reflects the crucially central role of energy, and particularly electricity, in facilitating the net zero transition.

Increased electrification is a feature of all the Committee on Climate Change's scenarios, and we agree with your letter that increased electrification of transport and heat will be important features of the next price control period. The government has ambitious plans in place to roll out 600,000 heat pumps per year by 2028. And in transport we are seeing increased signs of light and heavy delivery vehicles electrifying – a significant change from assumptions made for the RII0-T2 period. Electrification of



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transport and increasing electrification of heat will play a crucial role in improving energy security, lowering bills and lowering emissions in the RII0-3 period and beyond in the subsequent price controls. To support rapid electrification of these areas, transmission and distribution networks will need to be able to use anticipatory investment to ensure that the infrastructure can support this expected increased demand. Ofgem needs to consider and guard against the risk, including risks to areas outside of the energy system in the wider economy, that demand could outstrip capacity of the grid against the risk of stranded assets particularly where the electricity grid needs to be reinforced.

We would be very happy to discuss this further and look forward to engaging in subsequent RII03 consultations

in the future.

Yours sincerely

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