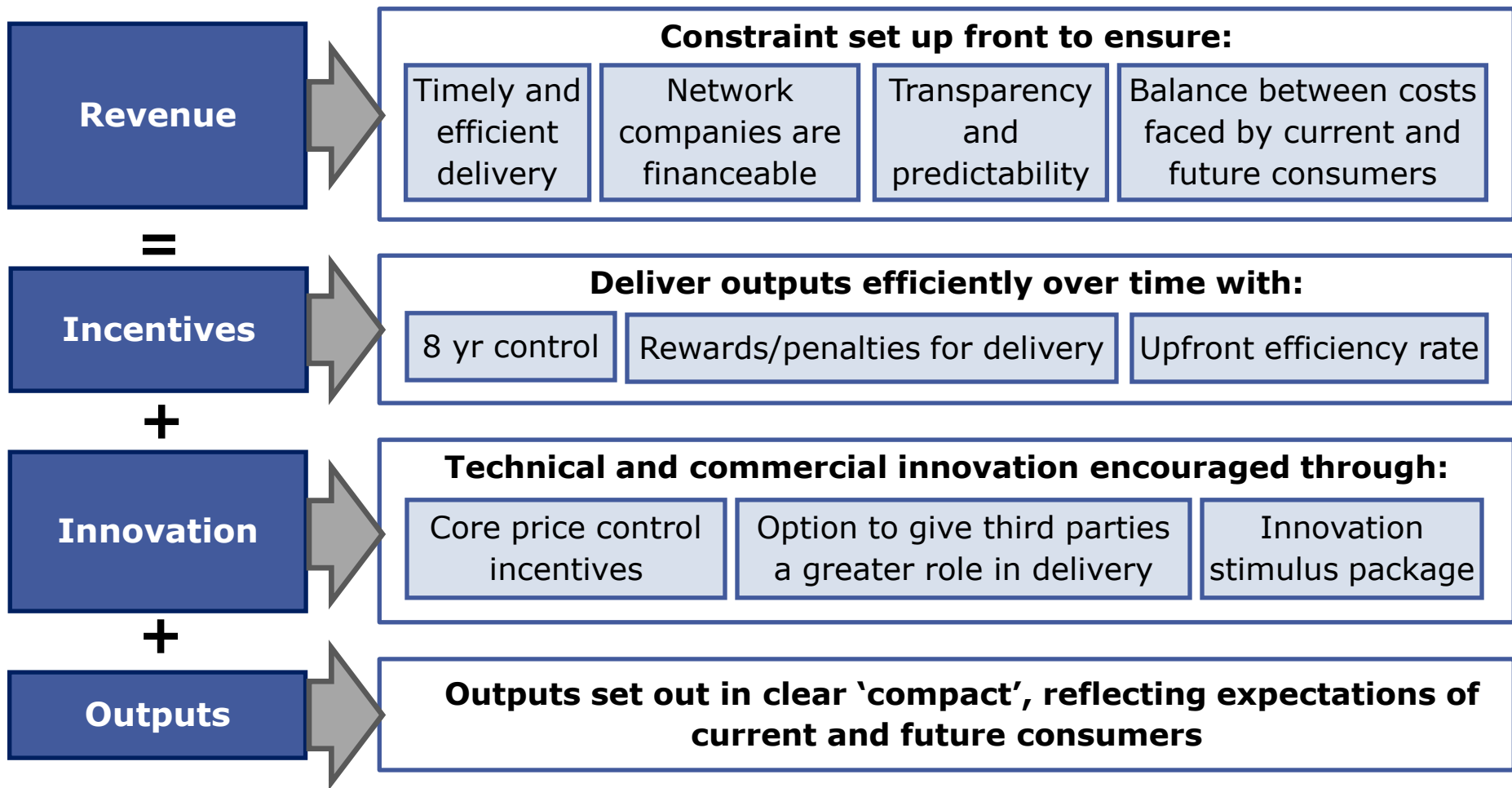


RIIO-T1

- Setting regulatory framework for electricity and gas transmission networks from April 2013 – March 2021
- Along with RIIO-GD1 (gas distribution) these are the first reviews to implement RIIO recommendations

RIIO: A new approach to regulation



Outputs-led framework

Desired outcomes

Play a full role in the delivery of a sustainable energy sector

Deliver long-term value for money network services for existing and future consumers

Translated into clear comprehensive outputs that matter to consumers

Safe network services

Reliability and availability

Customer satisfaction

Environmental impact

Connection terms

Social obligations

Progress on outputs

Safety proposed outputs (electricity and gas)

Output	Description	Proposed incentives
Primary output	Comply with legal requirements efficiently including those required by Health and Safety Executive (for example gas transmission safety case)	We propose not to attach additional financial incentives to outputs.
Secondary deliverable	Asset risk including asset health, criticality and replacement priorities (risk)	Monitor and assess performance at the end of the period to determine whether the TO has delivered appropriate levels of risk and value for money to customers. Financial penalty/rewards may apply in cases of material over under/over delivery.
Secondary deliverable	TOs able to propose further safety measures for delivering obligations more efficiently or considered to be in public interest in their business plans. If necessary, secondary deliverables developed in these areas	TOs may provide evidence in the narrative to demonstrate where they have applied further efficient safety measures.

Reliability proposed outputs (electricity)

Output	Description	Proposed incentives
Primary output	Energy not Supplied (ENS)	Marginal financial incentive penalty/reward for under/over-performance against a baseline level of ENS.
Secondary deliverables (network risk)	<ul style="list-style-type: none"> Asset risk including asset health, criticality and replacement priorities Faults and failure rates Average circuit unreliability/system unavailability 	<p>Monitor and assess performance at the end of the period to determine whether the TO has delivered value for money to customers.</p> <p>Financial penalty/rewards may apply in cases of material risk over under/over delivery</p>
Secondary deliverables (wider works)	Funding for wider reinforcement works tied to agreed increases in boundary capabilities (preferable to asset-based deliverables?)	Financial incentives around timeliness of delivery

Reliability proposed outputs (gas)

Output	Description	Proposed incentives
Primary output	Comply with obligations under Gas Act, Uniform Network Code (UNC) and Licence to transport volumes of gas as required at system entry and exit.	<ul style="list-style-type: none"> • Current commercial and operational arrangements provide incentives to deliver output. • Consult on where changes to existing incentive arrangements might provide better outcomes for customers (e.g. some force majeure?)
Secondary deliverables	Asset risk including asset health, criticality and replacement priorities (risk)	<ul style="list-style-type: none"> • Monitor and assess performance at the end of the period to determine whether the TO has delivered value for money to customers. • Financial penalty/rewards may apply in cases of material risk over under/over delivery.
Secondary deliverables	Future network development (including flexibility)	<ul style="list-style-type: none"> • Consult on obligating NGG to develop a monitoring regime to provide information about potential changes in future NTS use, such as changes in users system flexibility – potential future link to outputs.

Environmental proposed outputs (electricity/gas)

Output	Description	Proposed incentives
Primary output	<p>SF6 (electricity) Business carbon footprint (proportion not otherwise incentivised and with consideration of controllability) Losses (% controllable)</p>	<ul style="list-style-type: none"> Financial incentive on SF6 Potential financial incentive on BCF and losses subject to materiality assessment and modification to reflect controllability
Secondary deliverables	Asset risk including asset health, criticality and replacement priorities (risk)	<ul style="list-style-type: none"> Monitor and assess performance at the end of the period to determine whether the TO has delivered value for money to customers.
Secondary deliverables	% renewables/low carbon actual connected as a proportion of % renewables/low carbon sought over a set time period (combination of no. and MW)	<ul style="list-style-type: none"> Monitor and assess performance at the end of the period to determine whether the TO has delivered value for money to customers.

Customer Satisfaction (electricity/gas)

Output Category	Description	incentive
Primary output	<ul style="list-style-type: none"> •Broad measure 	Survey evidence (financial +/-) Complaints handling (- only) Stakeholder engagement (+ only)
Secondary deliverables	<ul style="list-style-type: none"> •n/a 	

Connections proposed outputs (electricity/gas)

Subject to TransmiT (possibly further evidence needed)

Output	Description	Proposed incentives
Primary output	Time to deliver pre-connection phase (electricity) Overall time of connection (gas)	Legal obligations but possible additional financial incentive
Secondary deliverables	n/a	