

# Sustainable Development News

*Bitesize*

FEBRUARY  
2012

## OUT TO CONSULTATION - ACT NOW!

RMR

RIIO-T1 fast tracking

RIIO-ED1

Environmental  
Discretionary Reward

SD Focus

Suppliers' social  
programmes

Offshore co-ordination

Green Deal consultation  
response

Adaptation

### RMR

We are carrying out a Retail Market Review to make the GB energy retail markets work better for consumers, who are currently at risk from a number of features in the market which reduce the effectiveness of competition. Our preferred model for reform means consumers will be able to compare prices easily, and those choosing innovative tariffs will be protected against price increases for the duration of their deal. We are consulting on our domestic proposals, including consideration of vulnerable customers, and the consultation closes on **23 February**.

### RIIO-T1 fast tracking

We are consulting on proposals which include £2.9bn of investment with up to a further £4.7bn available over the course of the RIIO-T1 price control period. The investment is part of our decision for SP Transmission Ltd and Scottish Hydro Electric Transmission Ltd to be the first companies fast-tracked under the new RIIO price control framework. The consultation on our decision to fast track these two companies closes on **19 March**.

### RIIO-ED1

We have published a consultation on our approach to the next electricity distribution price control review (RIIO-ED1) which will use the new RIIO model (Revenue = Incentives + Innovation + Outputs). The consultation outlines what we think are the key issues and our proposed timetable, and sets out how stakeholders can get involved. Key issues include low carbon technologies (facilitating demand and generation), smart grids and the length of the price control. The consultation is open until **2 April**, and we are engaging with SD stakeholders to feed into this process.

### Environmental Discretionary Reward

Alongside the RIIO-T1 proposals we are also consulting on the Environmental Discretionary Reward (EDR). The aim of the EDR is to encourage transmission operators to play their full role in delivering a low carbon gas and electricity system. Companies which apply for the reward (£32m over the course of the price control) will be assessed against a number of measures including innovation, demand side response and stakeholder involvement. The EDR consultation closes on **3 April**.



## HEADLINES

### SD Focus

In November we published our annual report on Ofgem's contribution to sustainable development in 2010/11. We awarded £63m under the Low Carbon Networks Fund, published our Energy Demand Research Project findings and granted Offshore Transmission Owner licences with the potential to deliver 442MW of wind power. We have also had particular success in reducing our own carbon emissions by 16% since last year.

### Green Deal consultation response

The government has been consulting on its proposals for the Green Deal and the Energy Company Obligation, which are intended to encourage significant take up of energy efficiency measures in homes and businesses and help the UK to reduce its energy consumption and carbon emissions. We published our response to this consultation, informed by our experience of administering CERT and CESP, in January, and will be continuing discussions with DECC and other stakeholders.

### Suppliers' social programmes

In November we reported on the range of measures suppliers undertook to assist their vulnerable and fuel poor customers from April 2010 - March 2011. Their collective expenditure was £178.7 million, 83% of which was through social and discounted tariffs and rebates.

### Adaptation

We submitted our report on our plans for adaptation to climate change to Defra in September 2011. It outlined that our main contribution to adaptation is through our price controls; we also indirectly promote adaptation by monitoring security of supply. We expect to publish this report on our website later this month.

### Offshore co-ordination

Over the course of 2011 Ofgem and DECC ran the Offshore Coordination Project assessing whether there is a need for changes to the existing regulatory framework. The Project has been supported by two consultants, who published their [reports](#) in December. We will publish a joint Project Conclusions Report with DECC early this year, which will be accompanied by a consultation setting out proposed changes to the offshore regime.