

The background features a composite image. On the left, there is a large, stylized white arrow pointing right, overlaid on a blue-tinted image of solar panels. On the right, there is a close-up, warm-toned image of a white ceramic flower-shaped object, possibly a light fixture or a decorative piece, with a soft glow. The overall aesthetic is clean and modern, with a focus on energy and environmental themes.

# **RIIO ED1 Outputs Working Group**

**Environmental Impact**

## Purpose of today

Is to outline:

- The price control process, why we do this
- What is different about RIIO
- Why stakeholder engagement is important
- The “stakeholder-Ofgem contract”

## Agenda

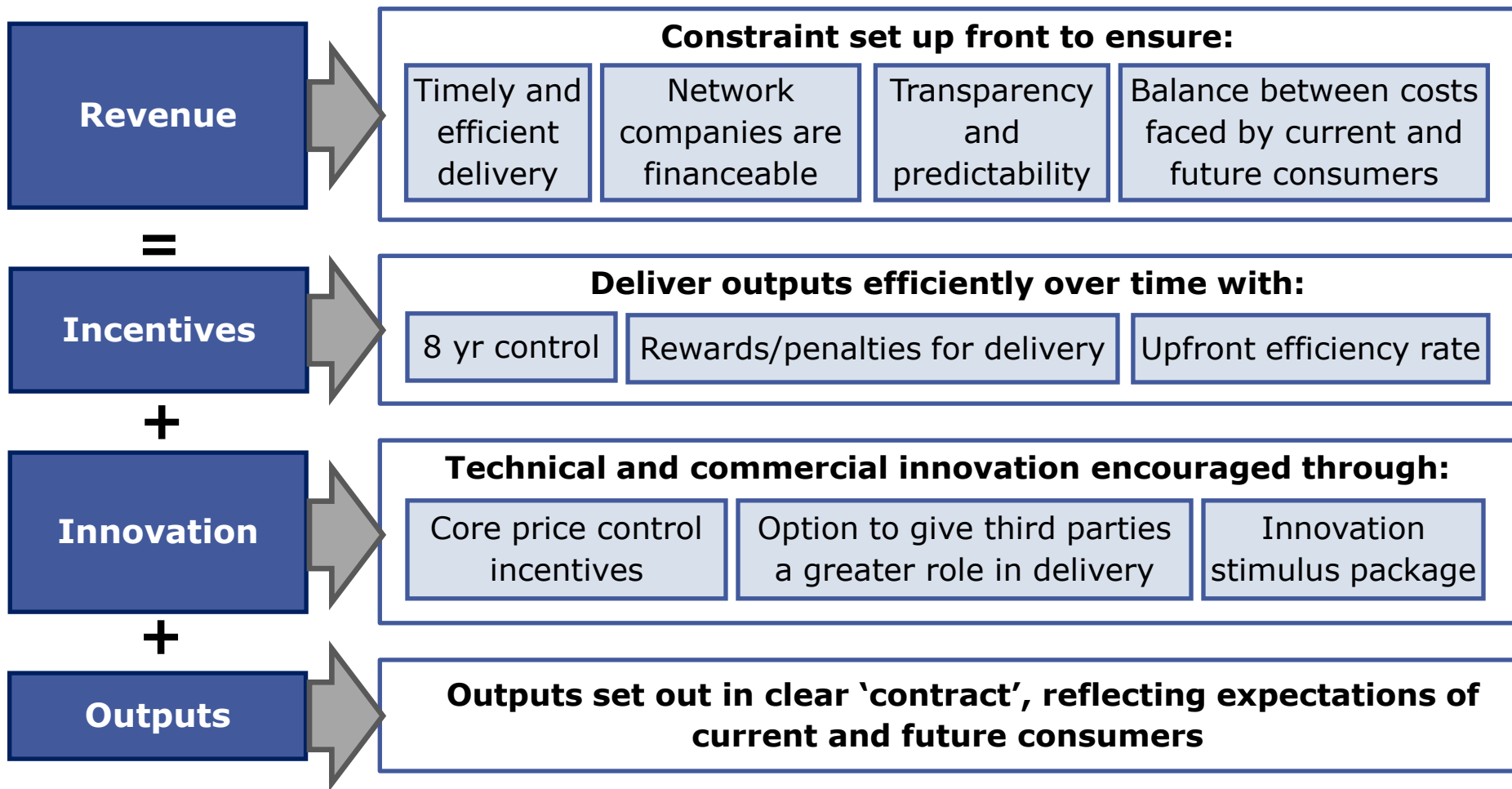
- 13:00-13:20 arrival
- 13:20-13:50 Ofgem presentation on the RIIO process and 4 environmental issues topics
- 13:50-14:00 roundtable introductions
- 13:50-14:00 comfort break
- 14:00-15:30 discussions on each of the 4 topics
- 15:30-16:00 closing

We have an additional half hour in case we run over on any of these items.

## Stakeholder engagement/“Ofgem-stakeholder contract”

- The open letter consultation was the launch of the RIIO ED1 review process. Working groups are the next step.
- This workshop is intended to provide a forum for comments, suggestions, discussion on the specific issues in the output area of **environmental impact**
- Ofgem are here to facilitate, chair, record, listen, absorb and question
- We ask stakeholders to consider, suggest, share, engage, interact, discuss and get involved (*in the day and where necessary at other points throughout this price control review process*)

# RIIO: A new approach to regulation



# What is RIIO seeking to achieve?

## Desired outcomes from the future regulatory framework

**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**

## Issues that the network companies should be considering

Long-term focus on value for money

Innovation

Optionality and flexibility

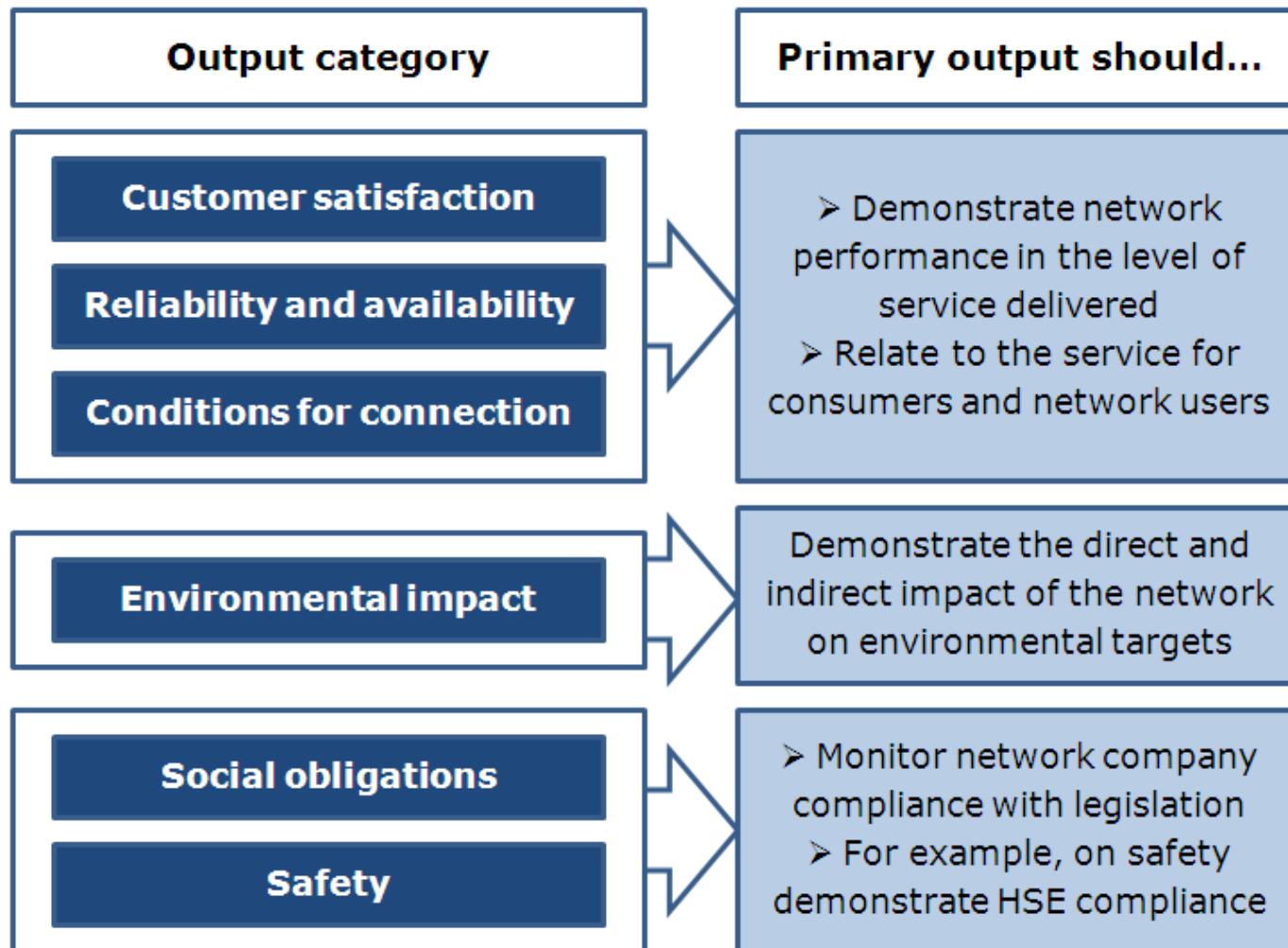
Working with others to identify best delivery solutions

Understanding and responding to needs of existing and future consumers

## How is RIIO different?

- The RIIO model has taken the best bits of RPI-X that work well and adapted other elements to ensure that they are focused on delivery of a sustainable energy sector (and network services) and long-term value for money (and cost)
- RIIO recognises our responsibilities in terms the environment and of supporting the transition to a low carbon future
- RIIO adds a great emphasis on innovation and timely delivery
- The cornerstone of RIIO lies in the focus on outputs
- RIIO has also increased the emphasis on consumers and stakeholders
- RIIO proposes a longer price control period of 8 years

## Outputs led framework





## Principles for setting primary outputs

**Material**

**Controllable**

**Measurable**

**Comparable**

**Applicable**

**Compatible with the promotion of competition**

**Legally compliant**

**Revenue=Incentives+Innovation+Outputs**

## The 4 environmental topics

- Business Carbon Footprint
- Sulphur Hexafluoride (SF6)
- Fluid Filled Cables
- Undergrounding

# Open discussion

Business Carbon Footprint  
SF6  
Fluid Filled Cables  
Undergrounding

## Business Carbon Footprint

DNOs report on a periodic basis their carbon emissions associated with the operation of their network business. DNOs report under Scope 1, Scope 2 and part of Scope 3 carbon emissions categories under GHG Protocol. This is a reputational scheme at present. Under this scheme, it acknowledges external contractors working within the network business

### What this seeks to achieve:

- Meeting of environmental obligations associated with carbon reduction and environmental impact
- Encourage a move to low carbon economy
- Management of older assets
- Accurate reporting (including data sources, processes and conversion factors)
- Responsible and sustainable operation of the network
- Continuous improvement in emissions year on year and mitigation

## Sulphur Hexafluoride (SF6)

This is a hazardous greenhouse gas which is used as an insulator in network switchgear. There is a potential environmental impact where switchgear fails/wear over time and leaks this gas. SF6 is reported as a 'fugitive emission' under the BCF framework. The scheme seeks to ensure monitoring of leaks, repair and replacement of damaged gear.

### **What this seeks to achieve:**

- Encourage reporting and monitoring of leaks with regard to this specific gas
- Encourage greater responsibility on the maintenance/replacement and repair of this specific equipment
- Appropriate reporting arrangements to monitor and mitigate meeting obligations associated with emissions

## Fluid Filled Cables

Oil filled cables are used as insulators for power voltages at specific voltages. There is a potential environmental impact to groundwater and other sensitive areas where these cables fail/are damaged/wear over time and leak this fluid. Currently, this is reported through an agreed Operating Code between the ENA/EA and the DNOs.

### What this seeks to achieve:

- Ensure environmental impact is mitigated
- Reduced leaks
- Responsible maintenance of assets
- Appropriate reporting arrangements to monitor and manage these assets
- Liaison with ENA on repair, mitigation and maintenance
- Meeting of environmental impact obligations
- Network performance

## Undergrounding in AoNB and National Parks

This scheme seeks to facilitate DNOs achieving their duties with regard to visual amenity and ensuring that effective stakeholder engagement process is maintained. The current scheme applies to existing overhead lines in 'designated areas' including those areas that become designated within the price control period.

### **What this seeks to achieve:**

- Protection of areas of visual amenity
- Reduction of environmental impact of overhead lines on specific designated areas within a reasonable cost
- To encourage liaison between DNOs and local environmental and planning authorities.
- Definition of designated sites/boundaries
- Promotion of the scheme nationally as a positive reputational activity for DNOs

## Closing

- The open letter consultation signalled the launch of the ED1 review process. This workshop is the next step.
- Are there any specific issues that you would like to discuss further?
- We propose to conduct further workshops/teleconference/email discussions on any of the more complex issues coming out of today
- Our initial strategy consultation is due to be published in Sept 2012



The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

*ofgem*

Promoting choice and value  
for all gas and electricity customers