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Dear James

Thank you for the opportunity to review and comment on Ofgem's Consultation on the changes to the **RIIO-ED1 Stakeholder Engagement and Consumer Vulnerability (SECV) incentive consultation** as published on 16th December 2014.

This letter is National Grid Transmission's response to this consultation.

Having reviewed these proposals, we understand the benefits this could bring at a distribution level to the RIIO-ED1 stakeholder engagement incentive, in particular the focus on vulnerable customers, outcome measures and independent assessment.

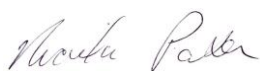
We would like to raise two points of note:

1. We would express caution if the same changes that focus the RIIO-ED1 incentive on vulnerable customers became part of Transmission's stakeholder engagement incentive. Due to the nature of our business our stakeholder groups differ to those companies that deal directly with end-consumers.
2. If, as now, we are continued to be assessed by the same Panel as the distribution network operators, and that this will now include a consumer vulnerability expert, then differences in businesses would clearly need to be understood and fairly assessed.

Of note, in response to Ofgem's consultation on changes to the Stakeholder Engagement Incentive Guidance (6th February 2014), we supported your approach to reducing the number of changes to the scheme and to bring consistency across the schemes. In our response (20th March 2014), we emphasised the need to take account of the differing nature of the businesses, and that the relationship and impacts that Transmission and Distribution companies will have on vulnerable consumers are significantly different. This was recognised during the pilot scheme.

If you would like to discuss this response further, please feel free to contact me.

Yours sincerely



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