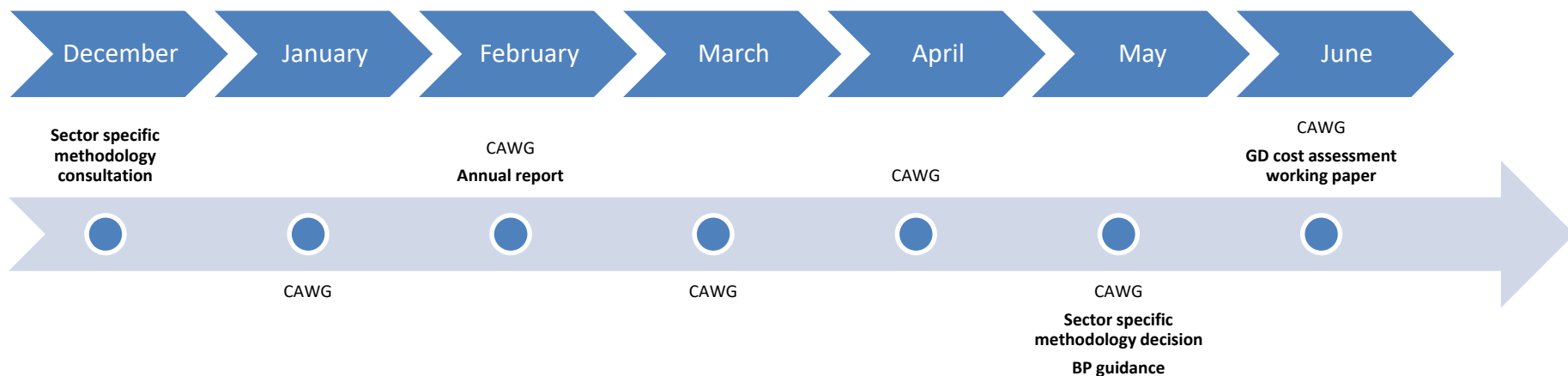


RIIO-GD2 Cost Assessment Working Group – Meeting 5



Summary

Ofgem



The sector specific methodology consultation will include a chapter on GD cost assessment approach to:

- flag some potential changes to GD1 approach and some of our initial views
- set out some of our expectations for GD specific business plan data templates (BPDT)
- outline a timeline from this consultation to BP submission

Working groups to continue Jan – May 2019

- Jan - possibly BPDT focussed
- Use February – May for us to share models and for GDNs to propose models. Suggest we organise working groups by expenditure area
- Propose to alternate location between Glasgow and London
- Intend to pencil dates in diaries and publish these indicative dates soon
- **ACTION:** to share availabilities?

Annual report

- Expected to be published around January/February 2019
- Hoping to include results from re-running RIIO-GD1 regressions with actual data (subject to data agreement and appropriate caveats on assumptions)

The sector specific methodology decision and BP guidance, including BPDts

- Expected to be published around May 2019

Summer GD cost assessment consultation working paper to:

- Set out a number of alternative regression models for consultation and our thinking for how we might assess efficient costs in RIIO-GD2
- Get views on proposed and alternative cost drivers, cost categories, techniques adopted, assumptions on functional form, diagnostic testing, etc

Other

- **Regional factors:** We plan to set out next steps for this in December
- **Academic advisor:** we will be appointing an academic advisor in the coming weeks to support in developing and testing our benchmarking approach. Their views will feed into next year's CAWGs.

Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.

We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.