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Dear Grendon

Consultation on the evaluation process for the 2019-20 ESO regulatory and incentives framework

SSE welcomes the opportunity to respond to the above consultation.

In summary, SSE is supportive of the proposed incremental changes to the ESO evaluation process for the next financial year. We also feel that the proposed split of the £30m incentive pot per area is fair.

In addition, we are fully supportive of Ofgem's comments¹ made in relation to the ESO's 2019/20 Forward Plan which encourage the ESO to be more ambitious in setting its targets for the next delivery year, to present a clear picture on how and why specific priority work areas have been chosen by the ESO and to develop a more comprehensive and relevant set of the performance metrics that could meaningfully track ESO's performance.

Separately, we are looking forward to the outcome of the ESO evaluation process for 2018/19, the first year since the new approach to ESO evaluation has been introduced. We note Ofgem's comments, made as part of Ofgem's formal opinion on the ESO's Forward Plan

¹https://www.ofgem.gov.uk/system/files/docs/2019/03/ofgem_response_to_eso_forward_plan_2019-21_consultation.pdf



2018/19², that Ofgem expects a high level of service from the ESO based on its existing commitments under RIIO and expectations set out in NGET's licence. We share Ofgem's expectations and are fully supportive of Ofgem's position that incentive payments should only be awarded where ESO has provided clear evidence and is able to show tangible outcomes that it has gone above and beyond the baseline requirements set out within the existing regulatory commitments.

Kind regards,

Polina Kharchenko

Regulation Manager

²https://www.ofgem.gov.uk/system/files/docs/2018/05/ofgem_formal_opinion_on_eso_forward_plan_2018-19.pdf