



Making a positive difference
for energy consumers

Dear [RECIPIENT],

Ensuring confidence in RIIO-2 Business Plans

Ofgem is due to receive your company's Business Plan in December 2019, following your engagement with the Challenge Group. In setting cost allowances and output targets, we will consider the expenditure and performance projections that network companies provide in their Business Plans. Well-justified and stretching cost and output forecasts are important in ensuring the underlying basis of the RIIO-2 settlement is good value for money for consumers.

We want companies to provide us with high-quality information in their Business Plans. To this end, Business Plans should be accurate, unambiguous, complete and concise. We expect your company's full Board to take responsibility for ensuring the Business Plan is in the interests of consumers.

As part of this, I am writing to ask you to **confirm in writing**:

- that your Business Plan will be accurate, financeable, robust and represents good value for money for consumers;
- the accuracy and quality assurance processes in place to ensure your company provides high-quality information to enable us to make decisions which are in the interests of existing and future consumers;
- how you will ensure Board-level oversight and acceptance of the Plan, and that you understand that company boards are responsible for the plans submitted.

Yours sincerely,

Dermot Nolan,

CEO, Ofgem