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### **Ensuring confidence in RIIO-2 Business Plans – our response**

Thank you for your letter of 4 June 2019 regarding Ensuring confidence in RIIO-2 Business Plans in relation to National Grid Electricity Transmission (NGET) and National Grid Gas (NGG). I respond in my role as Chair of the two organisations to confirm that we are consulting extensively with stakeholders about the plans we will put forward, and that the consultation will continue through drafts in July and October before we finalise our plans in December. Our plans will give explicit consideration to the various requirements of our stakeholders and the needs of current and future consumers. We are seeking to be transparent about these different requirements and how we have responded to each of them in the plans.

### **Ensuring Board-level oversight and acceptance of the Plan**

The Boards of the two businesses, including the Sufficiently Independent Directors, will sign off the plans before they are submitted to Ofgem

The interaction between the NGET and NGG Board and the independent stakeholder group has been structured and detailed and will continue throughout the process. We are grateful for the extensive work that the stakeholder group has done to understand our business, our consultation with our wider stakeholders and to review the plans as they are drafted. Their challenges are helping us to improve our planning.

Given the specific nature of the National Grid Group, the Chair of the Independent Stakeholder Group has also met the National Grid plc Board and discussed the stakeholder groups impressions with them in order for them to ensure effective plc Board oversight.

### **Accurate, financeable, robust Business Plan which represents good value for money for consumers**

We have put processes in place to ensure plans presented are accurate, financeable and robust and represent value to consumers. Based on our interpretation of the RIIO-2 Business Plan Guidance published by Ofgem on 3 June 2019, it is our intention to make assurance statements over the accuracy, ambition, efficiency and financeability of our plan as part of the December submission.

**Accuracy and quality assurance processes**

In order for the two Boards to sign off the plans for submission to Ofgem we have also reviewed the detailed assurance arrangements that will be required. This assurance process will come on top of the already detailed assurance systems that we have in place, deriving in part from the structures of our licences, in part from the company culture of National Grid plc which places strong emphasis on compliance and assurance, and in part from the good governance requirements of the various listing rules with which we must comply as a FTSE listed, Sarbanes-Oxley compliant business.

We have performed a risk assessment of our draft RIIO-2 business plan and are focusing more assurance work in higher risk areas. We have engaged an external expert consultancy to do an depend review and advise on our risk assessment and planned assurance approach.

A key element of our assurance plan for December is the implementation Ofgem's Data Assurance Guidance (DAG) to the Business Plan Data Tables which details a comprehensive process for assuring data quality, accuracy and completeness. This will be the first time we have applied DAG to a business plan and some interpretation of the guidance to this new application will be required. We have discussed this with your team at Ofgem in Cost and Output Working Groups. We will share our DAG risk assessment with your team so that you can fully understand our interpretation and application of the Guidance.

Regards,

Nicola

Nicola Shaw CBE  
Executive Director, UK and Chair of NGET and NGG Boards