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Dermot Nolan  
Chief Executive  
Ofgem  
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1 August 2019

Dear Dermot

### **Ensuring Confidence in RIIO – 2 Business Plans**

Thank you for your letter of 4 June 2019.

We welcome the additional clarity provided regarding the Board assurance process and your expectations in this regard. Before responding to you we wanted to ensure that we had updated our Board on these requirements and fully validated that these were deliverable.

Since the outset of the RIIO -2 process we have put in place a plan for assurance to ensure that the SGN Board will be in a position to provide full board approval for the final Business Plan submission in December 2019. A dedicated assurance programme manager is leading this project to ensure that the various limbs of our assurance processes are coordinated and rigorously tested to produce a Business Plan that is accurate, unambiguous, complete and concise.

Our assurance framework ensures reviews are undertaken at multiple levels by internal and external parties to challenge the robustness of the plan. The whole Board are a critical part of this process, and in our view this level of involvement not only enables the Board to gain an oversight of the Business Plan, but it will ultimately ensure that they are in the best position to provide assurance for the Business Plan.

We are committed to engaging with the CCG, CEG and other UGs to ensure that the interests of the existing and future consumers are central to the ultimate delivery of our Business Plan and this is factored into the assurance process.

We will be submitting our assurance from the whole Board as requested by Ofgem with the December 2019 submission. Within this assurance we will also set out the measures undertaken by the independent directors as requested in the Business Plan Guidance dated June 2019 to satisfy themselves that the plan and associated costs have been tested for accuracy, ambition and efficiency.

We would be delighted to discuss any of the points arising in this letter and welcome the opportunity to do so.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'J. Morea', written over a diagonal line.

**John Morea**  
**Chief Executive Officer**

CC: Zak Rich