
Fintan Slye, Executive Director, ESO
fintan.slye@nationalgrideso.com
www.nationalgrideso.com

4 September 2020

ESO response to RIIO-2 draft determinations

Dear Jonathan,

We welcome the opportunity to respond to your RIIO-2 draft determinations consultation.

Our ambitious, stakeholder-led Business Plan set out how we will facilitate the transition to a zero-carbon power system and help achieve the UK's commitment to net zero emissions. Climate change is the challenge of a generation, so we welcome Ofgem's recognition of the ambition in our plan and the criticality of the projects we have proposed, as well as the strong degree of stakeholder support.

The response and executive summary appended to this letter set out our concerns that Ofgem's proposals risk undermining the ability of the ESO to deliver our Business Plan and the significant consumer benefits associated with it. Rather than encouraging the ESO to be the ambitious, proactive organisation that stakeholders want, the current proposals encourage risk aversion, caution and reactivity. As such, this new price control framework represents a missed opportunity and could have serious consequences both for consumers and our net zero ambition.

I have valued the constructive way in which our teams have worked together to develop a new regulatory framework for the ESO in RIIO-2. The activities in our Business Plan will deliver £2 billion net consumer benefits, which translates to a saving of £3 on every consumer's annual bill. I look forward to further joint work to improve and finalise Ofgem's RIIO-2 proposals so that they support our shared ambition for an ESO as we transition to the zero carbon energy system of the future.

Yours sincerely

Fintan Slye

Executive Director, Electricity System Operator