

RIIO-ED2 Overarching Working Group – Meeting 8

From: Ofgem RIIO-ED2 team

Date: 4 September
2020

Time: 10:30-14:00

Location: Teleconference

1. Present

James Veaney, Tom Wood – Ofgem
 Caroline Ainslie, Dave Fort, Malcolm Bebington, Russell Bryans – SPEN
 Paul Auckland, Christos Kaloudas, Rebecca Hassall-Lees – ENWL
 Paul Branston, Ben Godfrey, Mark Shaw – WPD
 George Day – Energy Systems Catapult
 Chris Harris, Trung Tran – SSE
 Judith Ward, Maxine Frerk – Sustainability First
 Matt Cullen – EON
 David Wilkins – Northern Powergrid
 Simon Gill, Anastasia Charalampidou – Scottish Government
 Rick Curtis – GLA
 Richard Sidley – Transmission Investment
 Gregory Edwards – Centrica
 David Healey – Keele University
 Paul Jarman – University of Manchester
 Ron Loveland – Welsh Government
 Amrit Hothi – UKPN

1. Group Update

- 1.1. Ofgem provided an update on the plan for the group between September and the publication of the sector methodology decision in December. Ofgem said that it would circulate a proposed schedule of meetings and topics shortly. Ofgem invited member to identify any additional topics for consideration by the group
- 1.2. SSE queried whether options for forecasting for benchmarking and valuation of flexibility would be discussed in this group or the cost assessment working group. Ofgem agreed to confirm this after discussion with colleagues in its cost assessment team.

- 1.3. Sustainability First suggested that it would be useful at a later stage to consider the ED2 package in the round and how this matched up to Ofgem's goals for the price control.
- 1.4. SSE asked when Ofgem would be making a decision on the use of scenario for ED2 business plans. Ofgem said that it did not expect to issue any such decision before the publication of the sector methodology decision. SSEN flagged the difference in terminology in the SSMC around scenarios to be used in forecasts for investment planning and the information Ofgem may request for benchmarking purpose. Ofgem said that the detail on ED2 scenarios for was a matter it expected to be considered by the Cost Assessment Working Group.
- 1.5. The Welsh Government queried whether Ofgem would be making any statements on the approach to whole system planning in ED2. Ofgem said that ability to accommodate whole systems approaches may be the 'acid test' of the ED2 package of ex ante funding and uncertainty mechanisms.

2. Strategic investment

- 2.1. Ofgem introduced the potential approaches to strategic investment that were being consulted on as part of the sector methodology consultation, explaining the that it aimed to establish an approach that best mitigated the risk that DNOs are not provided with sufficient and timely allowances, leading to delays in the uptake of LCTs and the risk that get higher allowances than is required and investment is made in infrastructure that does not fulfil its intended purpose.
- 2.2. SPEN presented its view to the group that DNOs need to be able to properly reflect the requirements of regional stakeholders in their business plans. SPEN said that using GB FES as starting point but explaining regional variations will be key. This approach is currently being worked on by DNOs.

- 2.3. The Scottish Government set out the process been though with SPEN to work up evidence on how the Scottish DNOs' plans may need to vary from the national picture. (e.g. many heat pumps are going to be needed and when). As the Scottish Government evidence base improves, it would share this with SPEN and SSE. The Scottish Government said that it was important that DNOs are not constrained in their ability to set out ED2 scenarios out.
- 2.4. WPD presented to the group on the production and standardization of DNOs FES documents. WPD said that by applying regional adjustments to a single national scenario was likely to lead to an overall picture that was inaccurate, with aspects of DNO activity under or overestimated.

3. Next meeting

- 3.1. The DNO members of the group noted the Ofgem request for a consolidated DNO view on the applicability of the best practice checklist on local area energy plans but commented that this had not yet been discussed. The group agreed to discuss the best practice guidance at the following meeting.