

## RIIO-ED2 Overarching Working Group – Meeting 9

From: Ofgem RIIO-ED2 team

Date: 9 September  
2020

Time: 10:30

Location: Teleconference

### 1. Present

James Veaney, Tom Wood, Mark Hogan – Ofgem  
Caroline Ainslie, Dave Fort – SPEN  
Paul Auckland, Christos Kaloudas, Rebecca Hassall-Lees, Helen Boyle – ENWL  
Paul Branston, Ben Godfrey, Mark Shaw – WPD  
David Lee – Energy Systems Catapult  
Chris Harris, Trung Tran – SSE  
Judith Ward, Maxine Frerk – Sustainability First  
Matt Cullen – EON  
David Wilkins – Northern Powergrid  
Simon Gill – Scottish Government  
Rick Curtis – GLA  
Gregory Edwards – Centrica  
David Healey – Keele University  
Paul Jarman – University of Manchester  
Jennifer Pride – Welsh Government  
Charles Wood – Energy UK  
Dan Saker – UKPN

### 1. Minutes of previous meeting

- 1.1. Ofgem invited attendees to provide any comments on the draft minutes of Meeting 8, either at the meeting or later in writing.

### 2. Strategic investment

- 2.1. Ofgem introduced the agenda item on strategic investment, commenting that although regional stakeholders may have aspirations that could affect DNOs' ED2 business plans, Ofgem may not be in a position to assess the credibility of all proposals and therefore the best practice guidelines that had been circulated to the group may be a useful starting point in helping to come to a view on this.

- 2.2. ENWL presented to the group on its work on the Greater Manchester Decarbonisation Pathway, which had been carried out in conjunction with Cadent as the local GDN and Navigant. ENWL explained that it had taken a bottom-up approach to the work, including an assessment of the local housing stock. In the course of the project it became clear that the approach could potentially provide useful insights for Lancashire and Cumbria. However, Greater Manchester is on an accelerated pathway. A more detailed version of the report is available.
- 2.3. ENWL explained that the impact of new LCTs connections can be mapped onto the network to provide evidence for Local Authorities' plans. The largest impact was expected to be around heating with this having the biggest effect some time after the RIIO-ED2 period.
- 2.4. WPD commented that Manchester had set out an ambition to be a zero-carbon city by 2038 and queried how accelerated dates for cities like Manchester might affect the proposed decarbonisation solutions. For example, Bristol's 2030 'net zero' aim, may preclude consideration of hydrogen-based solutions – therefore, is there a place for an electric only 'mix' to show that it is credible.
- 2.5. ENWL commented that in order to meet the national target of 2050, this will mean that some areas will need to have achieved 'net zero' sooner than that.
- 2.6. The Scottish Government presented its views on the local area energy plan (LAEP) checklist, highlighting four key questions –Do we agree that LAEPs are a good idea? – How should they be done well? –Which parts are most important for ED2? and –How specific should the checklist be?
- 2.7. The Scottish Government set out a view that local pathways may not need to represent the lowest cost - for example because they may instead be better for the

local economy or better for vulnerable customers. Equally, local plans may not meet all of the items on the checklist as drafted but may come with a legitimate democratic mandate that should be sufficient for Ofgem to consider them credible. Therefore, a consideration of whether the local plans will actually be taken forward is arguably more important than whether those plans represent the economically optimal solution for the local energy system. Some of the items on the checklist were considered potentially too prescriptive.

2.8. The Scottish Government said, in relation to which aspects of LAEPs are most relevant for ED2 planning, the stakeholder engagement and the ability to take actions away to deliver plans (eg of governments and businesses) and that's what Ofgem should focus on to help it with decision making, rather than specifying all aspects of the LAEP framework should be applied by DNOs. The Scottish Government took an action to supplement and do further work on his previous evidence-based presentation from an OAWG meeting and cross refer to some section of the LAEP checklist. Ofgem said that it could see the merit in a checklist of good evidence.

2.9. SEN commented that LAEPs take a long time to develop and queried whether this was an appropriate expectation for ED2.

2.10. Northern Powergrid and ENWL commented that the items on the checklist appeared generally reasonable. ENWL commented that some of the relevant data was currently sourced from third parties and may therefore be difficult to verify.

2.11. The GLA commented that LAEPs could be costly and in some cases the expected benefits may not be sufficient to justify the resource requirement.

- 2.12. WPD commented that the checklist should take into account tangible actions to commit funding and develop supply chains. WPD also commented that assurance around LAEPs (or equivalent local arrangements) may arrive after the commencement of ED2 and queried how the price control arrangements might be set up to account for this.

### **3. Areas of overlap between OAWG and Cost Assessment WG**

- 3.1. In response to comments at the previous meeting, Ofgem set out its proposed workplan for the Cost Assessment Working Group in areas that overlapped with the work of the OAWG.