

MAYOR OF LONDON

Jonathan Brearley

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(By e-mail only to: Jonathan.Brearley@ofgem.gov.uk)

Dear Jonathan,

RIIO-ED2 METHODOLOGY CONSULTATION

Thank you for our recent meeting. We are keen to continue to work with Ofgem for the benefit of Londoners as Ofgem is a key partner in Sadiq's aim to improve London's environment and infrastructure.

As you are aware, London is central to decarbonising the energy system. The capital was one of the first global cities to set a net zero carbon target, with policies and programmes in train, and has proven itself as a global city leader in tackling the climate emergency. The urgency for change has never been greater amongst Londoners and stakeholders, including business and London's boroughs. That is why earlier this year, Sadiq announced that he is accelerating his net zero ambition for London to 2030. We are also working to ensure that our recovery from COVID-19 is a green one that has tackling climate change at its heart. It is essential that Ofgem and its role as regulator helps enable this.

Please therefore find attached the GLA response to the RIIO-ED2 Methodology Consultation and the key questions that are relevant to London. I welcome net zero being at the heart of RIIO-ED2. However, flexibility needs to be built in to allow an acceleration on the current 2050 national target and more detail provided on how Ofgem's national framework will work alongside local and regional decarbonisation initiatives to deliver this in practice. Recent years have seen successive UK Governments and Parliament tighten the 2050 target and London, alongside other regional administrations, is already more ambitious than 2050. It is essential that the price control is designed to support such regional and democratically accountable ambitions to go faster. This means ensuring the framework is designed to incentivise Distribution Network Operators (DNOs) to develop business plans that reflect local stakeholders' needs.

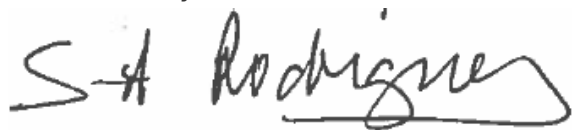
Our 2030 ambition will require a significant step up in the scale of activity over and above our 2050 target. The Mayor does not hold all the levers to achieve these objectives and we will need closer collaboration from others in the energy system, particularly the

energy networks and Ofgem, as they hold the key to modernising and upgrading the networks to allow this change in locally determined demand.

As the UK energy system becomes increasingly locally driven, we will all need to facilitate more active engagement with consumers at a local level, particularly across the built environment and the transport system. Changes in network regulation should reflect this, encouraging the more active role that Distribution System Operators will play, and recognising the importance of locally driven decarbonisation plans and initiatives. I therefore strongly encourage you to use the RIIO ED2 methodology to drive a step-change by DNOs, particularly in relation to decarbonisation, moving towards more active network management, greater deployment of smart and flexible systems and engagement with regional and local representatives. This will require local government to have a seat at the table and your help in ensuring that we can have a meaningful input, as we will need support to build the capacity to engage in technical and unfamiliar issues.

I hope you will find my response helpful in developing Ofgem's position and that we continue our active partnership to help deliver our common goal of a transition to net zero.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'S-A Rodrigues', with a stylized flourish at the end.

Shirley Rodrigues

Deputy Mayor for Environment & Energy