

RIIO-ET2 Policy Working Group

Terms of Reference v.2

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These are the Terms of Reference (ToRs) for the RIIO-ET2 Policy Working Group. These ToRs will be updated from time to time.

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Contents

1. Purpose and scope	4
Purpose	4
Scope	4
2. Membership	5
Membership	5
3. Meetings	6
4. Forward work programme	6

1. Purpose and scope

Purpose

- 1.1 The RIIO-ET2 price control will run from 1 April 2021 to 31 March 2026.
- 1.2 The purpose of the RIIO-ET2 Policy Working Group (“the Working Group”) is to help inform policy development in the run-up to Ofgem’s RIIO-ET2 methodology sector consultation in December 2018 and sector methodology decision in 2019. We will revisit the need for and purpose of this Working Group in December 2018.
- 1.3 The Working Group will interact closely with and complement the enhanced engagement process. It is not a substitute for wider stakeholder engagement and consultation.
- 1.4 For the avoidance of doubt, this group is a separate working level forum to the Ofgem RIIO2 Challenge Group.

Scope

- 1.5 The Working Group will focus on the design and development of some of the outputs and incentives for RIIO-ET2 relating to all output categories. Output categories may evolve during the course of the development of RIIO2 and this will be reflected in the work of the group.
- 1.6 The focus will largely be on output measures where we currently think there could be benefits from having a common approach across the Electricity Transmission sector. This could cover (i) Output Deliver Incentives (ODIs), (ii) Price Control Deliverables, and (iii) licence obligations. We would largely expect company-specific outputs to be developed by the licensees as part of their own business planning process.
- 1.7 The Working Group will develop appropriate arrangements for RIIO2 outputs and incentives. In doing so, it will:
- 1.8 evaluate current arrangements output categories in the electricity transmission price control to date;
 - appropriate measures for each output category (which might be a single measure, or combination of measures). This could involve retaining, modifying, discarding or replacing existing output measures;
 - potential new measures, for example to capture changes in how electricity systems are used;
 - approaches to setting targets for the outputs measures; and
 - Assess the relative importance of the preferred output measures and make recommendations on application and incentive type (financial/reputational) where possible.
- 1.9 The Working Group will focus primarily on the development on outputs and incentives intended to be common across all three electricity transmission licensees.
- 1.10 *For the avoidance of doubt, the Working Group is advisory in nature and not a decision-making body. As such, Ofgem will consider views raised by the Working Group but is under no obligation to accept them.*

1.11 The Working Group will focus on issues specific to the RIIO Electricity Transmission price control. In doing so, the Working Group will work closely with:

- other working groups, for example the RIIO Electricity Transmission Cost Assessment Working Group and working groups in other sectors; and
- any cross-sector working groups and/ or workshops we establish in the future to discuss issues relevant across all sectors (e.g.: output categories, innovation etc.).

1.12 For further information, please visit our website.

2. Membership

Membership

2.1 Members of the Working Group will comprise:

- Ofgem chair (Clothilde Cantegreil – Head of RIIO Electricity Transmission Policy)
- Ofgem policy leads on individual policy areas
- Representatives of National Grid Electricity Transmission (NGET) (maximum two per meeting)
- Representatives of Scottish Power Transmission (SPT) (maximum two per meeting)
- Representatives of Scottish Hydro Electricity Transmission (SHET) (maximum two per meeting)
- Representatives from other interested parties, including but not limited to consumer bodies, environmental bodies and suppliers.

2.2 Membership as of 7th of September 2018 is currently as follows:

First Name	Last Name	Organisation	Attendance
James	Kerr	Citizens Advice	In Person
Jamie	Stewart	Citizens Advice Scotland	In Person
Jonathan	Ashley	National Grid	In Person
Ivo	Spreeuwenburg	National Grid	In Person
Alan	Kelly	SP Transmission	In Person
Jillian	Price	SP Transmission	In Person
Shirley	Robertson	SHE Transmission	In Person
Christianna	Logan	SHE Transmission	In Person
Fraser	Nicolson	SHE Transmission	In Person
Eddie	Proffitt	Major Energy Users Council	In Person
Andy	Manning	Centrica	In Person
Yona	Vitanova	Renewable UK	Dial in
Kalpna	Balakrishnam	Natural Resources Wales	Dial in
John	Spurgeon	Energy Networks Association	Apologies
Mike	Hemsley	The Climate Change Committee	Dial in
Judith	Ward	Sustainability First	Dial in
Leigh	Rafferty	Scottish Government	In Person
Ron	Loveland	Welsh Government	Dial in

- 2.3 Where appropriate, the Working Group may invite internal or external experts to specific meetings and seek advice from these parties outside of the meetings. Potential topics will be identified during Working Group meetings.
- 2.4 We welcome expressions of interests from stakeholders interested in joining the group. Given the nature of the group and in order to facilitate detailed discussions on the design of outputs and incentives, Ofgem may restrict membership to the group.
- 2.5 Stakeholder engagement is central to the RIIO framework and we encourage stakeholders to get involved in RIIO-ET2 through:
 - Ofgem consultation processes; and
 - Network operator stakeholder engagement.
- 2.6 For further information, please visit our website.

3. Meetings

- 3.1 Meetings will be organised by Ofgem and will be held at Ofgem offices in London and/ or Glasgow unless otherwise specified. Teleconferencing facilities are available upon request.
- 3.2 Materials presented at the meetings are for the purpose of stimulating discussion only. As such, materials presented do not the views of Ofgem/ the Gas and Electricity Markets Authority (GEMA). Where possible, materials will be made available on our website. We will endeavor to circulate all meeting materials at least two full days before any meeting, and ideally a week before.
- 3.3 Members will be expected to have sufficient time to be able to devote to any pre-meeting reading and post-meeting actions. Members are also actively encouraged to bring forward ideas and/or research to assist the group.
- 3.4 In order to facilitate open and constructive debate, meetings will be held under Chatham House Rule. A non-attributable summary of discussions will be made available on our website.
- 3.5 While consensus may be welcome in some areas, it is not the aim of the RIIO-ET2 Policy Working Group. In fact, different views, with improved understanding of the reasons for the difference and the evidence base that might help guide final decisions, may be equally as useful.

4. Forward work programme

- 4.1 The group's draft forward work programme is as follows: