

Chapter 1

Executive summary

**Electricity
Transmission**

nationalgrid

1. Executive summary

Purpose of the consultation

We have been engaging with our stakeholders on our plans for the RIIO-T2 five-year regulatory period (2021/22 to 2025/26) for the past 18 months.

In this consultation, we want to:

1. check that we have understood your feedback correctly; and
2. invite your views on our proposed next steps and check they reflect your feedback.

Structure of the consultation

We've used your feedback to develop three consumer priority statements and eight stakeholder priorities for our business plan. This consultation is built around the eight stakeholder priorities and reflects what matters most to our stakeholders and consumers.

Figure 1.1 Our consumers' and stakeholders' priorities



The consultation begins with two scene-setting chapters. They discuss the external context for the RIIO-T2 period and how we are creating a stakeholder-led plan.

These are followed by eight stakeholder priority chapters. Here, we playback what we have heard from you so far to check we have understood your feedback correctly. Based on what you've told us, we make suggestions for what we could include in our draft business plan in July 2019. We welcome your views on these.

External context

During the T2 period, the energy sector faces two overarching challenges:

1. To help decarbonise Great Britain at the lowest cost possible for consumers.
2. To build greater trust with our stakeholders and consumers by being transparent and acting responsibly.

These challenges reflect our stakeholders' feedback and public debate around the role of network companies. We are creating our stakeholder-led plan to address these challenges.

We're also paying close attention to the needs of our customers: the transition to a low-carbon future; the decentralisation of energy generation; and new business models based on increased digitisation of the electricity sector.

This means our T2 plan will need to take account of issues such as managing greater flows of low-carbon energy on the network, more locally generated electricity, and increased volatility of demand.

Creating a stakeholder-led plan

We want to create a business plan for the period of T2 that meets the needs of our customers and consumers. That's why we have been carrying out an extensive programme of stakeholder engagement to listen to what you want, so we can build our plan collectively.

So far, we have interacted with our stakeholders more than 100 times, engaged with over 800 individuals from our stakeholder organisations and surveyed more than 2,000 household bill payers. This consultation is an important part of our engagement. It allows us to check that what we've heard is correct. We can gather your views, too, on our next steps for the plan's development.

In the next phase of our engagement we are planning to focus on reliability, a whole energy system approach and consumer engagement.

A safe and reliable network

You have told us that a safe and reliable transmission network is a key priority. You want us to maintain our current level of reliability, but we have a question for you.

We expect society to become more dependent on electricity in the future, particularly with the growth of electric vehicles. We'd like to know whether you think this should affect the level of reliability we aim for in the long term.

For the T2 period, we intend to maintain our world-class level of safety. We also plan to maintain our network reliability close to the level we currently provide.

We are developing a new asset management methodology, in consultation with stakeholders and Ofgem. This will allow us to manage maintenance and replacement in a more sophisticated way – and provide value for money for customers and consumers.

Easy to connect to and use the network

We understand that you want us to improve our customer service around connections and network outages. You also want us to predict our charges more accurately.

For the T2 period, we suggest several ways to make further improvements. These include more tailored services and improved customer experiences, and we welcome your views on these. We would also like to hear whether you feel our regulatory framework should change, so we're incentivised to reduce connection costs to customers.

Transparency

Feedback shows you want us to provide more transparency around our financial and operational performance. You want it to be published in an easy to understand and easily accessible format. You also want to be involved, more frequently, in the development of our business plan updates.

In this consultation, we suggest ways to increase stakeholder involvement in both our reporting and the development of our business plan updates. We also recommend keeping our independent Stakeholder Group running after the T2 price review is complete. This will help us provide more transparency around our performance.

Enabling the energy system of the future

You have told us that you want our business to take a leading role in the ongoing transition of the energy system. That means facilitating the decentralisation of electricity supply, helping decarbonise the economy, and ensuring security of supply, while also keeping consumers' bills low.

Our proposed pathway for T2 includes: investigating new ways to make the best use of our network's existing capacity; analysing how to maintain security and quality of supply as the energy system evolves; and working with stakeholders to embed a whole system approach in the UK's power system. This is where traditional barriers between energy businesses are broken down in order to create new opportunities across the whole energy system.

We would welcome your views on how proactively we should invest in network capacity for electric vehicles. The benefits of this could include lower costs for consumers overall and improved air quality in our towns and cities.

Protection from external threats

We understand that you want us to be resilient to incidents such as cyber-attacks, physical attacks and extreme weather. Events like these can threaten our systems, network and our service to consumers.

For the T2 period, we will invest in the appropriate levels of protection against external threats. We will also ensure we have robust arrangements in place for a Black Start recovery from any full or partial shutdown of our network.

The environment and communities

Feedback shows you want us to reduce our greenhouse gas emissions and look after the communities and environment around our assets. Some of you also want us to reduce the visual impact of our assets.

For the T2 period, we have a range of projects in mind to address these priorities. They include making our construction activities carbon neutral, improving the natural environment on non-operational land around our sites, and providing more support to local communities affected by our work.

We intend to continue our policy of identifying new visual impact projects for the T2 period. However, we will only take them forward if there is stakeholder support.

Innovation

You want us to be clearer about the opportunities and barriers surrounding innovation. You also told us you want us to be a leader and enabler in this area.

There are lots of opportunities to respond to this feedback. Not least by pursuing innovations in areas such as further digitalising our network, reducing our environmental impact, and accelerating our implementation of new technologies.

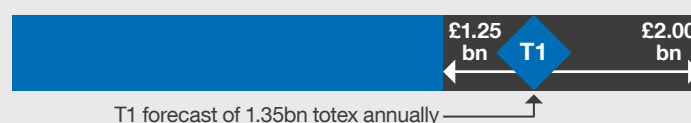
Delivering an overall package that is value for money

We know that you expect us to provide excellent value for money. We will ensure we do this, across all your priority areas, through the extensive use of cost benefit analysis and benchmarking on our T2 projects.

We are providing an early indication of the size of our totex in the T2 period. Our annual indicative totex for the T2 period ranges from a low of £1.25bn to a high of £2.00bn (based on 2017/18 prices). These numbers could change before we submit our draft business plan in July, for example due to changes in the Ofgem regulatory framework or stakeholder feedback.

For context our forecast for annual average totex in T1 (2013/14 to 2020/21) is £1.35bn.

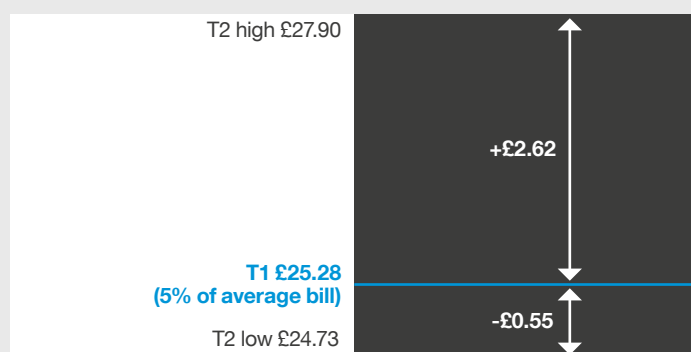
Figure 1.2 Indicative annual totex range for the T2 period



The single biggest driver of this range is different future energy scenarios that affect how many and what type of generators and directly-connected customers we will need to connect to our network – and how much network reinforcement we will need to carry out.

Based on our provisional totex range, the impact on an average household bill for the T2 period would be between a reduction of 55p and an increase of £2.62. This is compared with our forecast average for the T1 period.

Figure 1.3 Indicative consumer bill impact



Our calculations here only look at the impact of our T2 totex ranges compared to totex in T1. We have not taken account of other factors than can affect consumer bills, such as the cost of capital for the T2 period or future inflation.

We feel this is the best way to give our stakeholders a clear picture of what our totex ranges for the T2 period could mean for consumer bills.

In Chapter 12, we explain how to respond to this consultation. These are the questions we'll be asking.

Table 1.1 Our questions for you

Question	Chapter
1. Have we understood your feedback and priorities correctly? (Yes / No / Don't know). If no, what would you like us to change?	General
2. Have we reflected your feedback correctly in our direction of travel? (Yes / No / Don't know). If no, what would you like us to change?	General
3. What else would you like to tell us? What have we missed? What should we change?	General
4. What impact do you think our society's dependence on electricity should have on our level of reliability in the future?	Safe and reliable
5. What are your views on our direction of travel in relation to making it easy to connect and use our network?	Connect to and use the system
6. What form of performance reporting and development of our annual business plan do you want to see in the T2 period?	Transparency
7. What is your view on whether we are considering the right drivers and right level of investment to facilitate the ongoing transition to the energy system of the future?	Future transition
8. What are your views on our direction of travel and investment drivers in relation to resilience?	Protected
9. What are your views on the level of ambition we should have in relation to the environment and communities in the T2 period?	Communities and the environment
10. What are your views on the level of ambition we should have in relation to innovation in the T2 period?	Innovation
11. What are your views on our indicative ranges for our totex expenditure in the T2 period?	Value for money

How to use this document

We want your feedback

Who is this consultation aimed at?

We are interested in the views of all stakeholders who are impacted by what we do or interested in shaping the future of electricity transmission. This includes the views of all users of our network, government, regulatory bodies and energy industry professionals.

Tell us what you think

This consultation is open until 31 March 2019. You may give us feedback in the ways outlined below. We particularly seek your views in response to the specific questions we have posed. These are summarised on page 9. You may respond to all questions or just those relevant to your specific views.

Ways to feedback:

Make notes

Throughout the document, we have provided space for you to read and make notes at the start of each chapter (opposite). Use the section numbering as a way to reference accurately. You can then type up your notes and send them in an email or submit them online.



Interactive pdf notes

Alternatively, we will be sending out editable pdf versions of this document with note fields for you to type directly into.

Email

We have a dedicated email address specifically for your feedback to this document. We welcome your thoughts at: **gary.stokes@nationalgrid.com**

Alternatively, you can put your thoughts in writing and send to: **Gary Stokes, National Grid House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA.**



Online

You can go directly to the website and submit your comments [here](#).



You can learn more about how we are working with stakeholders by visiting our [website](#). This site makes it easy to follow our progress and shows you how to get involved.



**Please share
your thoughts:**