

Key points and summary of Customer Engagement Group (CEG) questions/discussion sessions. NB: Not verbatim.

RIIO-ED2 Customer Engagement Group – Meeting 1		
30 th January 2020	9am to 4.15pm	Hilton Hotel, Glasgow
Meeting called by	John Howard	
Type of meeting	Customer Engagement Group – Meeting 1	
Facilitator	SP Energy Networks	
Note takers	Gillian Hurding and Suzanne Taylor	
Chair & Timekeeper	John Howard	
Attendees	John Howard Andy Billcliff Chris Clark Matt Cole Sam Ghibaldan Matt Hannon Teresa Perchard Benny Talbot Jan Webb Jen Pride Andrew Wright Kankana Dubey <u>SP Energy Networks</u> Ross Williams	Andrew Jardine Suzie Taylor Iain Divers Frank Mitchell Scott Mathieson Dave Fort Caroline Ainslie Craig Arthur Kirsty Torrecilla <u>Guest speakers</u> Steve McMahon (Ofgem)
Agenda Topic: Welcome and introductions		
0900 - 0915	John Howard	
	<p>Welcome from the Chair and an overview of the CEG's role and remit in relation to SPENs' RIIO-ED2 business plan.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> The role of the CEG is to challenge SPEN but to do so in a way that will lead to a better business plan The Chair said he was minded to assign CEG members to take responsibility for sections of the group's report that best aligns with their skills and knowledge 	
Agenda Point: Introduction to SP Energy Networks		
0915 - 1000	Craig Arthur	
Discussion	<p>Overview of SP Energy Networks – what it does and who its customers and stakeholders are, and how SPEN has performed against its RIIO-ED1 commitments, particularly in relation to customer service.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> If SPEN was proposing to submit one business plan per licence area or one overarching plan that included SPM and 	

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	<p>SPD. As per Ofgem guidance, SPEN will submit one business plan covering both licence areas</p> <ul style="list-style-type: none"> • Predicted increase in uptake of EVs and where on the network that demand is expected to be highest • The changing role of electricity distribution companies, from network operator to system operator
Agenda Topic: Welcome and strategic issues	
1000 - 1015	Frank Mitchell and Scott Mathieson
Discussion	<p>Discussed some of the macro regulatory and policy themes facing the industry and the importance of stakeholder engagement in helping SPEN to navigate challenges and capitalise on opportunities.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • How involved is SPENs' board in looking at strategic decisions and how these will manifest in the next business plan. SPEN said that the board and non-executives had an important assurance role in the RIIO-T2 business plan • The need to avoid a situation whereby worse off customers disproportionately subsidise services that only better off customers can afford to access
Agenda Topic: Enhanced stakeholder engagement in RIIO-ED2	
1015 - 1100	Steve McMahon
Discussion	<p>Summary of Ofgem's role in setting the new price control, setting out some of the differences between RIIO-1 and RIIO-2, and an overview of RIIO-ED2 timescales.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • If Ofgem would provide further information to aid the CEG in understanding what Ofgem constitutes as good stakeholder engagement. Steve McMahon pointed members in the direction of the Enhanced Stakeholder Engagement guidance • Why Ofgem is not taking a longer term vision for electricity networks. Why the next price control period is only lasting five years and whether the regulator had a longer term strategy in place. Steve McMahon stated the price control for RIIO-ED2 is shorter than for RIIO-ED1 because of increased uncertainty but that it would consider long-term strategic views, as long as they can be fully justified
Agenda Topic: RIIO2: a regulatory and policy perspective	
1115 - 1215	Caroline Ainslie
Discussion	<p>Introduction to RIIO-ED2 from a regulatory and policy perspective, including SPENs' 'regulatory contract' and an explanation of the RIIO model. Summary of the six output areas of RIIO-ED1 and SPENs' performance within each, as well as an explanation of the Business Plan Incentive.</p>

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Agenda Topic: Overview of RIIO-ED2 programme	
1315 - 1400	Dave Fort, Kirsty Torrecilla and Iain Divers
Discussion	<p>Overview of the price control programme and project team within SPEN, discussing key project milestones, work stream responsibilities, and the programme's assurance and governance frameworks.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • Differences between the RIIO-T2 and RIIO-ED2 business planning processes • SPENs' approach to building its business plan. Does it start with an end budget in mind or consider the needs and preferences of customers and stakeholders first, before considering the required finances to deliver. SPEN said that the investment plan follows objectives and that through the business plan annexes, every element of the plan needs to be fully costed, down to the cost of individual wood pole replacements • The possibility of significant policy announcements or events derailing SPENs' business plan development and/or implementation • The group expressed a desire to attend engagement events in order to gain a better understanding of how SPEN plans to engage on its plan • What assurance process the plan will go through before being submitted to Ofgem at the end of 2021. SPEN explained that it will adopt a Risk-based assurance framework to ensure strict adherence to Ofgem's Data Assurance Guidance (DAG). Risk scores will be used to drive additional assurance activities such as challenge and scrutiny from independent internal and / or external experts and the internal assurance team. Method Statements will also be developed, as well as Second Person and Senior Manager reviews for all elements of the submission
Agenda Topic: RIIO-ED2 customer engagement and consumer research strategies	
1400 - 1500	Suzie Taylor and Andrew Jardine
Discussion	<p>Overview of SPENs' stakeholder engagement and customer research strategies, including what is meant by stakeholder engagement, the importance of engagement to the business and setting out performance in RIIO-ED1. This session also covered the stakeholder engagement structure for the RIIO-ED2 programme, the phased strategy, and lessons learned from the RIIO-T2 price control review process.</p> <p>Comments and discussion from the CEG focused on the following areas:</p> <ul style="list-style-type: none"> • How SPEN deals with instances of disagreement, where no natural consensus can be reached between stakeholders' differing points of view, and how this would be reconciled and reflected in its proposals

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Agenda Topic: Closed agenda item	
1515 - 1545	John Howard
Discussion	This session was taken in private, without representation from SPEN.
Agenda Topic: How the CEG will operate, wrap-up and reflection	
1545 - 1615	John Howard
Discussion	This session was taken in private, without representation from SPEN.