

Statement from ISG Chair

SP Energy Networks
RIIO-T3 Business Plan



Chair's Statement

As Chair of SP Energy Networks' Independent Net Zero Advisory Council (INZAC), it has been my pleasure to lead the group, as we fulfilled the role of the Independent Stakeholder Group (ISG) throughout the RIIO-T3 Business Plan development process.

Having been part of the SP Energy Networks (SPEN) RIIO-T2 User Group on the development of their RIIO-T2 Transmission Business Plan, it was a logical step for that group to evolve and continue to work with the company to challenge them around their plans for RIIO-T3.

Whilst there was no formal requirement for network companies to retain their independent stakeholder groups from the RIIO-T2 process, SPEN decided to retain their group, reshaping it, and forming the INZAC, to continue to constructively challenge them on their business risks and issues, whilst providing stakeholder perspectives.

Earlier this year Ofgem required that companies put in place arrangements to challenge and scrutinise the development and ongoing delivery of the transmission business plans. The role of the INZAC, which was put in place ahead of the formal Ofgem guidance, was to work with SPEN and provide independent challenge to both their Transmission and Distribution businesses. This approach, of combining Transmission and Distribution, has proven beneficial in taking a more holistic whole-system view of the challenges and plans of the company and allowing the INZAC to consider whether SPEN's plans are in the interest of customers and stakeholders across Great Britain.

When originally looking to establish the INZAC in 2022, the company and I considered the main aspects of the price control business plan and what expertise was required within the group to constructively challenge and influence the company to develop the most ambitious plan possible to support the Governments Net Zero objectives. The group also keenly focused on ensuring the key areas of concern to consumers and stakeholders were appropriately considered and their voices heard in development of proposals and solutions. Key to the work of the group was that it remained independent from all other bodies involved in the price control process.

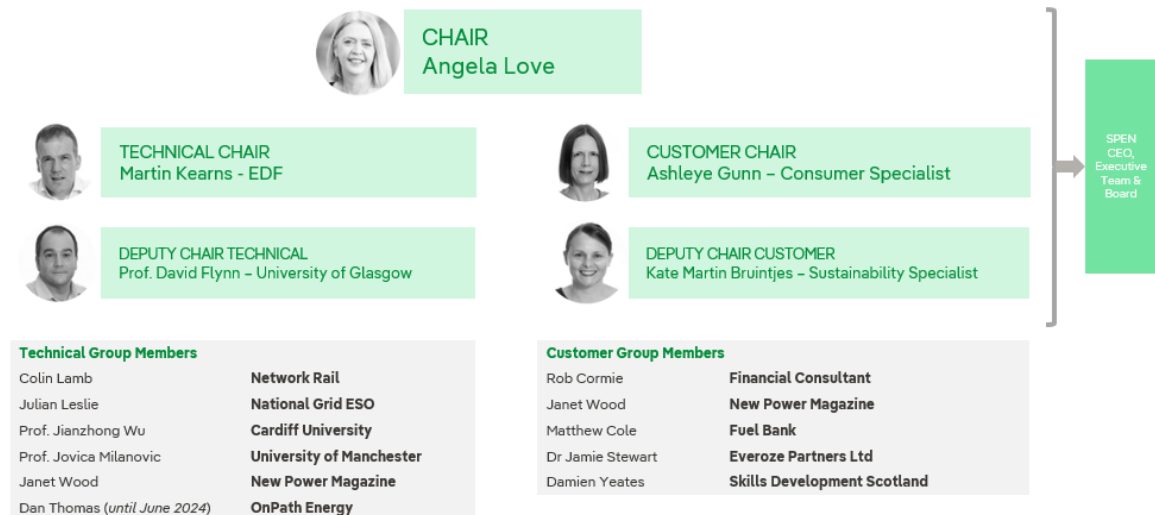
Each member of the INZAC brings a wealth of knowledge and expertise, covering all areas of the business plan, including data and digitalisation, sustainability, engineering, and consumer issues. Some of the members have been with us since the RIIO-T2 User group business planning process, whereas some have joined over the last 18 months.

INZAC structure and governance

Since the group was formed, we've taken our time to ensure we get the right structure in place to meet our objectives. This has seen us adopt a structure for the main INZAC Group meeting on a quarterly basis, with two sub-committees operating below it. These sub-committees are the Technical and Customer Groups, which are Chaired by Martin Kearns (EDF) and Ashley Gunn (Expert Customer Advocate) respectively, with Deputy Chairs David Flynn (University of Glasgow) and Kate Martin Brintjes (Environmental Specialist). Each

group is represented by members with specific expertise and cover topics linked to their areas of expertise.

Members



Along with the sub-committee structure the INZAC also has a “buddy system”. This sees experts from the INZAC work more closely and in-depth with SPEN teams to challenge their ideas early in the planning process and bring their experience and expertise from different sectors to bear in development of the plan, focused on ensuring consideration of stakeholders and end consumers in their business plan and operations.

I can confirm I have a direct link to the SPEN Executive team and CEO and met with the SPEN Board as they considered the plan proposals.

The INZAC is governed by Terms of Reference (ToR), drafted jointly by myself and SPEN and ratified by the INZAC (ISG). There is a review cycle for the ToRs and all members are required to sign up to them and sign a Confidentiality Agreement before joining the group.

Stakeholder engagement

The INZAC has a role of ensuring that the company engages widely and openly with its stakeholders, but Ofgem is clear that the ISGs are not a substitute for the company’s engagement with its consumers, end users and other stakeholders. The INZAC provides challenge across the price control, seeking to improve transparency of SPEN’s decision-making and seeking to bring external perspective and new thinking to SPEN’s planning.

The group also provides independent challenge and expert external insight on an enduring basis to aid SPEN with its strategic approach to stakeholder engagement, its delivery of their stakeholder engagement programme and on how SPEN is acting on insights that they receive. SPEN have told me they believe the level of engagement that they have had



from the INZAC is imperative to delivering the best outcomes for the energy transition and will maximise impact in terms of decarbonisation and innovation, helping SPEN play its part in delivering the UK's Net Zero ambition.

The way I have led the group has been to “bring the outside in”, with our expert members working to broaden SPEN's thinking and challenge them to think of new ways of working and consider different perspectives, approaches, and technology developments. This has all been with a focus on SPEN aiding in the immense challenge of meeting the Governments' Net Zero targets.

SPEN have been fully co-operative and transparent, throughout the process, sharing all information requested by the members. They have taken on board our feedback and responded to the challenges put forward.

The INZAC believe SPEN have produced an ambitious and robust business plan that has been developed in response to not only the INZAC challenges but their broader stakeholder engagement.

The members of the INZAC and I would like to thank SPEN for initially inviting me to set up the challenge group and then transforming the group into the ISG. In addition, the positive way that SPEN's team have approached our role.

Angela Love
Chair of the Independent Net Zero Advisory Council (INZAC)