

SSEN Distribution Response to RIIO ED2 - Draft Determination

Core Methodology, 2. Embedding the consumer voice in RIIO-ED2

Question ID	Core-Q1
Question	Do you agree with our proposals for the enduring role of the CEG?
Response	
<p>Our independent RIIO-ED2 Customer Engagement Group (CEG) was established in 2019. The CEG has played a crucial role in the development of a high-quality business plan for RIIO-ED2. They provided independent challenge and scrutiny of our business plan and ensured that, in the process, we undertook, and acted upon, robust engagement that addressed the needs of our customers.</p> <p>We believe there is value in retaining an enduring CEG that will provide challenge, input, and assurance that we are delivering the goals and aims set out in our business plan. We have therefore made a commitment in our ED2 business plan to explore the creation of an enduring “Powering Customers to Net Zero Group”. This has received Board approval and will be established later this year to allow appropriate on-boarding of members ahead of the new price control period.</p> <p>We note Ofgem’s view that the CEGs could provide independent scrutiny and challenge of company performance, external reporting, and ensuring that the consumer voice is shaping company decision-making at board level. We have no concerns with these suggestions, and these broadly align with the scope we are developing for our Powering Customers to Net Zero Group.</p> <p>We note however that Ofgem is not mandating enduring CEGs, and that therefore not all companies will necessarily be considering maintaining an independent CEG. Care must be taken to ensure that those companies taking steps to improve transparency around their performance by inviting independent challenge are not inadvertently penalised for doing so.</p> <p>It is important to note that in the past several mechanisms have been used to account for stakeholder engagement and going forward it is crucial these mechanisms are used in an efficient way that effectively feeds into decision making. As we go into ED2 it would be beneficial to ensure lessons learnt are captured and reflected in any processes planned for ED3.</p>	

Question ID	Core-Q2
Question	Do you see value in the CEGs working together to deliver more coordinated and comparative reporting on some of the DNOs' Business Plan commitments?
Response	
<p>We do not think there is value in CEGs working together to deliver more coordinated and comparative reporting on some of the DNOs' business plan commitments. There are several reasons for this:</p> <ul style="list-style-type: none"> • Ofgem is not mandating the introduction of CEGs and not all DNOs will necessarily introduce CEGs or maintain them for the entire period. Therefore, any comparison of performance will be incomplete, and companies with CEGs risk being penalised unfairly, at least reputationally, compared to companies who have chosen not to introduce CEGs. • One of the main reasons our own CEG was able to provide such valuable independent challenge was due to the development of a strong understanding of our business and detailed view of our customers' and stakeholders' priorities. We think it would therefore be difficult for one company's CEG to provide appropriate and meaningful challenge to other companies. The Challenge Group had limited opportunities to engage with companies, and no direct understanding of the stakeholder landscape, challenges, and opportunities in each licence area, resulting in a flawed report which was of limited value. • Different CEGs will take different approaches, as evidenced by the differences in CEG reports on company business plans. • Finally, the input from enduring CEGs and their analysis will be valuable throughout ED2, but it is important to note this is not a substitute for robust, evidenced based decision making in line with GEMA duties. 	