

# Have your say: Evolving the Regulatory Framework - our thoughts and inviting your feedback

We will start at 11.02

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# Welcome and Opening

Thank you for joining us today

Slido.com will be used for feedback and for Q&A.

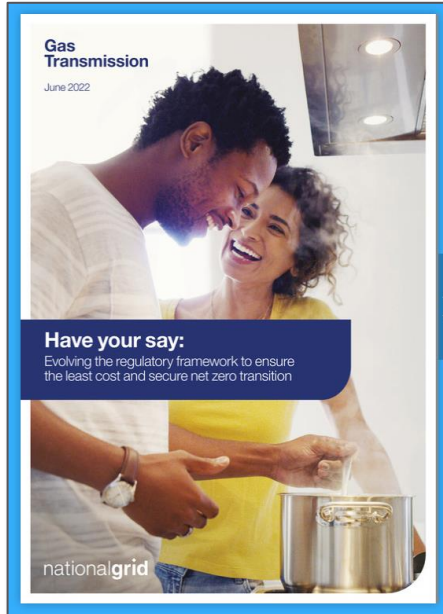
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**Tony Nixon**  
Regulation Director



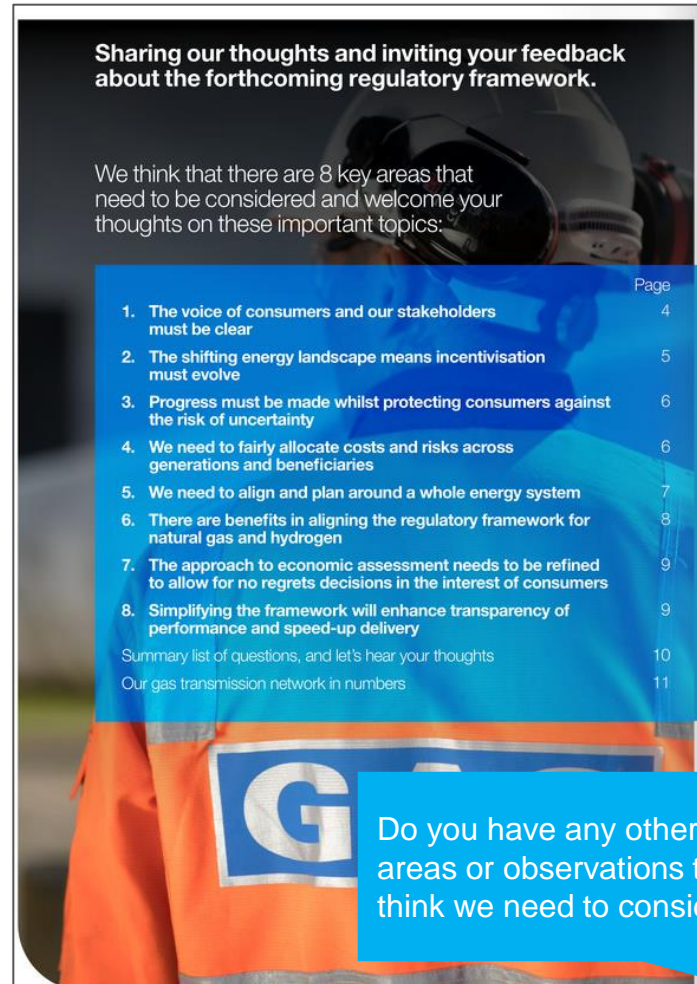
# Have Your Say...

## Evolving the regulatory framework to ensure the least cost and secure net zero transitions



[LINK](#)

Gas Transmission



Sharing our thoughts and inviting your feedback about the forthcoming regulatory framework.

We think that there are 8 key areas that need to be considered and welcome your thoughts on these important topics:

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Do you have any other key areas or observations that you think we need to consider?

Inside front cover

# Who will be speaking?

**Carole Hook**  
Future Networks  
Manager



**Jennifer Pemberton**  
Stakeholder  
Engagement Manager



# Agenda

1. The voice of consumers and our stakeholders must be clear

2. The shifting energy landscape means incentivisation must evolve

3. Progress must be made whilst protecting consumers against the risk of uncertainty

4. We need to fairly allocate costs and risks across generations and beneficiaries

5. We need to align and plan around a whole energy system

6. There are benefits in aligning the regulatory framework for natural gas and hydrogen

7. The approach to economic assessment needs to be refined to allow for no regrets decisions in the interest of consumers

8. Simplifying the framework will enhance transparency of performance and speed-up delivery

# 1. The voice of consumers and our stakeholders must be clear



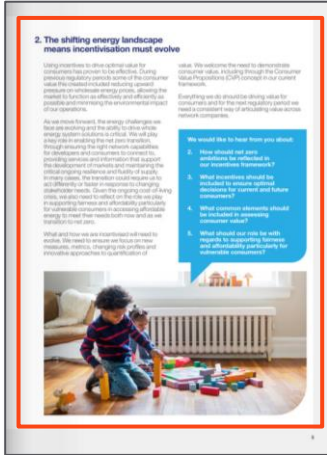
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- Critical to ensure we understand and respond to **consumers' needs**
- **Engagement** is driving change
- **Independent User Group** continues to hold us to account
- The remit of the **Consumer Challenge Group** must be clear

We would like to hear from you about:

1. How do we ensure clarity of the voice of consumers and stakeholders in the next regulatory period?

# 2. The shifting energy landscape means incentivisation must evolve



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- Using **incentives** to drive optimal **value for consumers** has proven to be effective
- Today's energy challenges could require us to **act differently or faster**
- We need to reflect on the role we play in supporting **fairness and affordability**

## We would like to hear from you about:

2. How should net zero ambition be reflected in our incentives framework?
3. What incentives should be included to ensure optimal decisions for current and future consumers?
4. What common elements should be included in assessing consumer value?
5. What should our role be with regards to supporting fairness and affordability particularly for vulnerable consumers?

# 3. Progress must be made whilst protecting consumers against the risk of uncertainty



- Energy landscape has highlighted the need to be **resilient to uncertainty**
- Role for natural gas during the transition provides **optionality**
- **Mechanisms** must be deployed carefully and in a targeted way
- **Economic and investment option tools** can help identify optimal timing of investment decisions when faced with uncertainty

We would like to hear from you about:

6. What other tools could be used to support decision making against uncertainty?



# 4. We need to fairly allocate costs and risks across generations and beneficiaries



- Support ongoing investments across time horizons
- Frameworks can provide solutions to how costs can be **fairly balanced** between current and future consumers

- We would like to hear from you about:**
- 7. How should charging reflect short-term economic uncertainty (for instance general inflation, interest rates, wholesale energy prices)?
    - a. Is short-term stability in bills preferred?
    - b. Is it better to track to the actual position as far as possible to reduce future uncertainty?
  - 8. How should historic and future investment costs in the natural gas network be managed in the transition to net zero?

# 5. We need to align and plan around a whole energy system



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- Early identification of **common planning assumptions** which capture plausible futures
- Develop consistent approaches to deal with **uncertainties**
- Identify the right level of investment across the **whole energy system** that offers value for money, security and delivers net zero

## We would like to hear from you about:

9. Do common planning assumptions help improve certainty for security, net zero and affordability for consumers?
10. What role does low carbon gas play in the future energy transition?

# 6. There are benefits in aligning the regulatory framework for natural gas and hydrogen

**6. There are benefits in aligning the regulatory framework for natural gas and hydrogen**

To meet the UK's 2050 ambition of 100% net-zero hydrogen emissions capacity, we need to align the regulatory framework for natural gas and hydrogen to support the development of a hydrogen transmission network, and the UK is supported by a clear long-term regulatory framework that will address Government policy and consumer needs.

The current regulatory framework provides the right tools to start regulating hydrogen networks alongside the pipeline to be developed for gas, and to ensure a consistent, integrated and coordinated control regime from Day One. There are benefits from aligning the natural gas and hydrogen framework including supporting the ability to regulate the natural gas network for hydrogen, benefit from decisions on the regulatory framework are needed to keep things moving when an enabling model is introduced. What we welcome the Government's commitment to align the new business model for hydrogen.

**Project Orion**

Hydrogen is a low-carbon energy gas. Project Orion is a hydrogen energy gas project which is a natural gas pipeline for hydrogen transmission to create a 2,000km by 2030 hydrogen transmission network. The network will be built by 2030, connecting the UK's main gas hubs and production centres. The network will also be able to deliver hydrogen to other parts of the country. The network will be built by 2030, connecting the UK's main gas hubs and production centres. The network will also be able to deliver hydrogen to other parts of the country. The network will be built by 2030, connecting the UK's main gas hubs and production centres. The network will also be able to deliver hydrogen to other parts of the country.

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- Need to start developing the **hydrogen transmission network** today
- **Long-term regulatory framework** that will deliver Government policy and consumer needs
- Simple and **early decisions** are needed while an enduring model is introduced

We would like to hear from you about:

11. What role should regulation play in the development of a hydrogen transmission network?
12. What parts of the existing regulatory framework could be applied to hydrogen network development?

# 7. The approach to economic assessment needs to be refined to allow for no regrets decisions in the interest of consumers



- Regulatory framework has **driven down costs to consumers**
- Evolution of economic needs case is required to take account of full range of **societal risk and benefits**
- **Holistic approach** will ensure a secure transition and the lowest cost to consumers

We would like to hear from you about:

13. How should societal risks be included in the economic assessment?

# 8. Simplifying the framework will enhance transparency of performance and speed-up delivery



- Trust in performance comes from **transparency** of process, mechanisms and deliverables
- Move towards **greater simplicity** in both our business plan and in our performance

## We would like to hear from you about:

- 14. What aspects of the framework would you like to see simplified?
- 15. What enhancements would you like to see to aid your understanding of our performance?

# What next?



Consultation closes 22<sup>nd</sup> July



You will receive the recording and material from today's session



If you have any further questions or would like to discuss anything specific please get in touch with [carole.hook@nationalgrid.com](mailto:carole.hook@nationalgrid.com)



Feedback is important to us, therefore if you have not already taken part, we would like to put you forward for a survey

**Keynote speech**

[Watch again](#)

**Operating the network**

[Watch again](#)

**Digital strategy and  
information provision**

[Watch again](#)

**Future of energy**

Thursday 14<sup>th</sup> July

[Register here](#)

Thank you for joining us





**Gas**

**Transmission**