

4. Our draft proposals and costs for RIIO-2 at a glance

This plan has been shaped by what we have heard against the priorities of our stakeholders and consumers; it is ambitious, innovative and will be challenging to deliver. We will work towards its goals with you, so that our actions are transparent, and we can deliver effectively on our commitments.

Our draft proposals forecast an average annual total cost in RIIO-2 at £599m (excluding pass through costs, potential customer triggered network reinforcement and real price effects). Below, we have presented what we plan to do against each stakeholder priority, organised into Ofgem's three output categories:

Maintain a safe and resilient network

I want the gas system to be safe
Forecast cost £14m per year

- Maintain our world-class level of safety whilst continuing to pursue our goal of zero harm to protect the public, our assets and people
- We will comply with legislation through routine and preventive safety activities

I want to take gas on and off the transmission system where and when I want
Forecast cost £288m per year

- Deliver the network capability that meets our stakeholders' needs
- Invest £888m in our asset health programme to maintain our current level of reliability and availability
- Invest in systems and capabilities to optimise operation of our network to ensure customers' requirements are met

I want you to protect the transmission system from cyber and external threats
Forecast cost £123m per year

- Invest £617m to improve resilience to cyber and physical attacks on the transmission system

Deliver an environmentally sustainable network

I want you to facilitate the whole energy system of the future – innovating to meet the challenges ahead.
Forecast cost £21m per year

- Play a leading role in the whole energy and decarbonisation debate
- Invest in capabilities and systems to understand the most efficient options for the future whole energy system
- Drive innovation to enable solutions for decarbonising the industry

I want you to care for the environment and communities
Forecast cost £72m per year

- Deliver two new commissioned compressors in RIIO-2 and complete five more by 2030 to improve air quality and reduce NOx emissions
- Reduce the carbon footprint of our business
- Take action at 77 redundant sites and assets, seeking to enhance the natural environment where possible
- Continue our support for the communities we work in and commit 0.3% of what we spend on major projects to supporting community initiatives

Meet the needs of consumers and network users

I want to connect to the transmission system
Forecast cost £2m per year

- Be more responsive to the needs of connection customers, improving our customer satisfaction scores
- Embed the improvements resulting from our Customer Low Cost Connections (CLoCC) project into business as usual, enabling standard connections for less than £1m in under 12 months

I want you to be efficient and affordable*

- Commit to 4% efficiency on our total capex across RIIO-2
- Build in 7.4% operational cost efficiency from our RIIO-1 UK efficiency programme
- Commit to a further 5.6% operational cost efficiency across RIIO-2
- Continue to benchmark, market test and use native competition throughout RIIO-2

I want all the information I need
Forecast cost £13m per year

- Enable competition and foster innovation by sharing our data openly wherever possible
- Collaborate and share data with network companies to build a whole system view
- Invest in our people and systems, to develop new capabilities allowing us to support more information sharing
- Provide more transparency around our financial and operational performance

***Business support costs to deliver against our key priorities – forecast cost £65m per year**

Pass through costs such as licence fees and tax – forecast cost of £170m per year