

# The ESO's RIIO-2 framework should enable us to be financially resilient and drive ambitious benefits for consumers and stakeholders across the energy system



## 1. Flexible funding to accelerate the delivery of transformational changes

Delivering big changes will require greater flexibility than in the past. Our funding model should incorporate a mechanism that enables us to be agile and meet changing industry needs in rapid timescales.

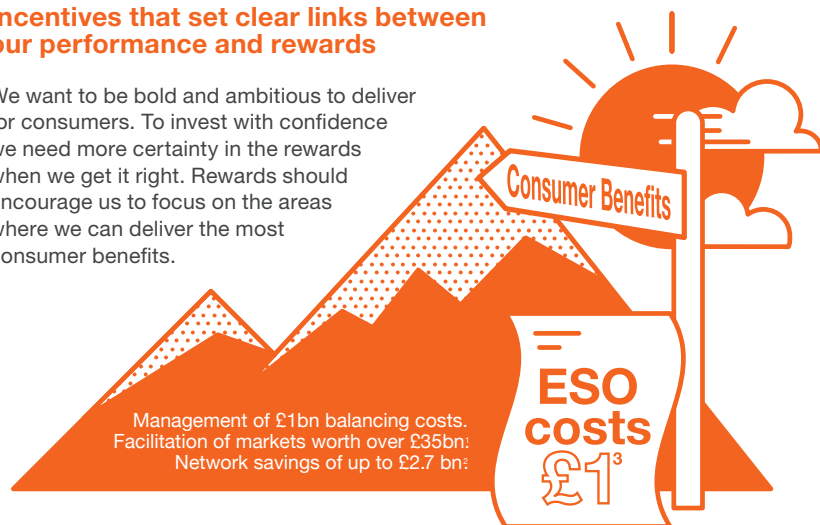
## 2. Mechanisms and a process that keeps us focused on long-term efficiency and improvement

We want to be able to invest for the long term to better deliver our activities. We should share with consumers the money we save – a transparent way to deliver improvements for their benefit.



## 3. Incentives that set clear links between our performance and rewards

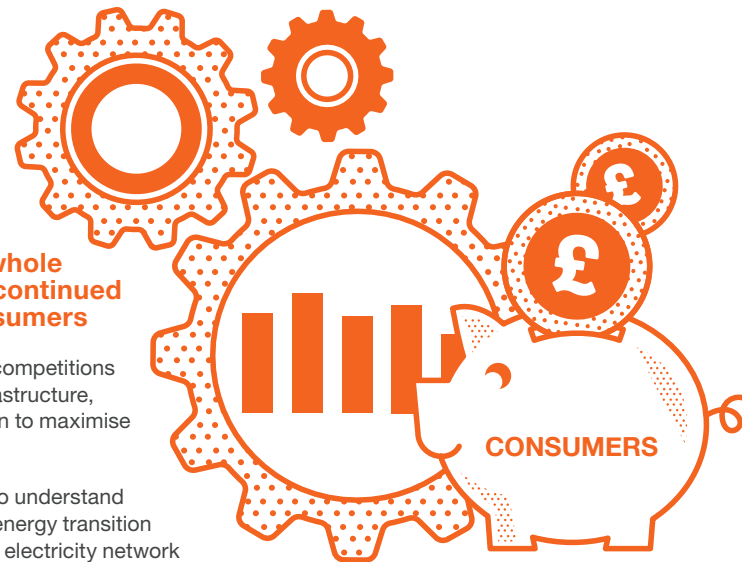
We want to be bold and ambitious to deliver for consumers. To invest with confidence we need more certainty in the rewards when we get it right. Rewards should encourage us to focus on the areas where we can deliver the most consumer benefits.



## 4. A focus on early competition, innovation and whole system to drive continued benefits for consumers

We will support early competitions for new electricity infrastructure, encouraging innovation to maximise consumer benefit.

We are uniquely able to understand some of the complex energy transition issues across gas and electricity network boundaries. We want innovation funding that allows us to play that leading role, and mechanisms that encourage us to think beyond the gas and electricity systems to drive the decarbonisation agenda.



[1] Market value of traded electricity for inland consumption, page 33 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/736148/DUKES\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/736148/DUKES_2018.pdf)

[2] This is the suggested saving against a counterfactual where the Transmission Owners do not build according to our recommendations <https://www.nationalgrideso.com/insights/network-options-assessment-noa>

[3] <https://www.nationalgrideso.com/about-us/breaking-down-your-bill>