

Fair Returns and Value for Money – NGET ISG Expectations

Direct cost/benefit – to consumers

- Benefit – from reliability, security of supply etc.
- Additionality – system wide benefit from reduced wholesale/retail costs from investment in T.
- Future additionality/intergenerational benefit – reduced costs and increased benefit for future consumers from investment in T.
- Are there distributional aspects to this?
- What about non-dom, SME/industrial consumers?
- Governance arrangements around financial resilience.
- Reflecting the Business Plan Guidance – “sufficient cost information to enable the ISG to understand the overall package and its ambition in terms of cost efficiency.”

Financial reward/penalty and sharing Factors

- Reflects the Citizens Advice view that “sharing factors are set at a level which drives efficiencies but delivers maximum consumer value for money, particularly where investment is set to increase.”

Level of returns

- Rationale and governance around setting of returns - What NGET's view is on what is a 'fair return' for shareholders/investors from a monopoly of an essential service and any customer/consumer engagement undertaken on this.
- NGET should be able to provide an accessible and non-technical narrative that explains why levels of return are fair.
- Articulate the trade-off between different levels of investment in T2 and higher levels in T3 – why does this increase the return investors are looking for (as has been indicated) in the round – by how much, how is this calibrated? And how does that impact the direct costs and benefits above – are these reasonable? What does this look like across T3, T4 and T5?
- Approach to setting staff incentives and bonuses.
- Gap between highest paid and the lowest paid.