



# IGov Primer

## RIIO

### Context

We have produced a range of research and thinking on the RIIO price controls which cover gas and electricity transmission and distribution. As such it only relates to networks, which is only one of the dimensions of the GB governance process. Overall, we feel that RIIO is an improvement on RPI-X, but it is still a Business-as-Usual approach which is not well linked into the wider regulatory, policy or institutional landscape. Moreover, the signs from the current consultations are that ED2 will not be sufficiently stringent in order to ensure electricity distribution systems which complement a net zero electricity system in 2030 – as required more or less by the CCC budgets.

For an introduction to RIIO and a comparison with alternative regulation in the US, see the [RIIO – New York REV](#) comparison. For a detailed analysis of RIIO's performance we recommend our reading [The RIIO EDI Review: Just how successful is RIIO?](#) This considers the monetary incentives with RIIO; evaluates the ED1 price control; and considers how it has and hasn't driven innovation in electricity distribution. We [updated](#) that overview in 2018, in light of increasing scrutiny on DNO's and concluded that RIIO was failing to stop gaming and unfair profits.

For a summary of how we think RIIO performed and how this should shape RIIO 2, which will start from 2023, see our submission to Ofgem in 2017: [Comments on the Open Letter on the RIIO-2 Framework](#). This was the start of a range of analysis on how we think RIIO 2 should be improved, detailed in 2018 Ofgem consultation submission and summarised in the blog [More ambition needed for RIIO2 outputs](#). The 2019 submission [Ofgem RIIO2 Methodology](#) pulls together much of our thinking.

### 2019

- Mar (submission) [Ofgem RIIO2 Methodology](#) Sets out our views on regulatory changes need for a zero carbon energy system and how RIIO 2 should be improved. Highlighting the need to do more under current duties and the need for wider institutional reform

### 2018

- Jun (blog) [More ambition needed for RIIO2 outputs](#) Call for great changes within RIIO 2 to ensure that it removes barriers and positively drivers the delivery of a smart and flexible energy system which is affordable, secure and decarbonised
- May (blog) [Low carbon incentives for network? Yes! But will they work in the current wider governance context?](#) Reflects on a discussion paper on introducing a low carbon incentive into network regulation

- May (submission) [RIIO2 Framework Consultation](#) sets out why we think the RIIO2 regulatory mechanism is fundamentally flawed and ill-suited to delivering a cost-effective, flexible, sustainable energy system
- Jan (blog) [The RIIO-ED1 Price review – Just how successful is RIIO – update](#) an update on the first annual review of the RIIO price control. Setting out why we RIIO has failed to stop gaming and fair profits

## 2017

- Oct (presentation) [RIIO ED-1 Tables](#), based on Ofgem Review figures a summary of the Ofgem ED1 review figures for the annual RMI E-lab conference
- Sept (submission) [Comments on the Open Letter on the RIIO-2 Framework](#) a detailed look at RIIO and its future. We conclude that as it stands there is not enough incentive for driving low carbon system change, but there is an opportunity with RIIO-2 to reshape regulation so that it enables a swift and efficient energy system transformation.
- Jun (blog) [The RIIO EDI Review: Just how successful is RIIO?](#) A deep dive into RIIO and its first price review. It highlights positive and negative aspects of RIIO, but concludes that it still far from successful even on its own terms.

## 2016

- Aug (blog) [Transformational Regulation- comparing the NY REV & RIIO](#) a comparison between these two types of regulation that suggests the NY REV has far greater coherence than GB energy policy, in terms of policies, institutions, the regulatory environment and meeting its targets

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