

# THE RIIO-2 FRAMEWORK: THROWING DOWN THE GAUNTLET

## WHAT IS THE RIIO-2 FRAMEWORK?

RIIO-2 is the second iteration of Ofgem's RIIO (Revenue = Incentives + Innovation + Outputs) price control for network companies. On the 7th of March 2018, Ofgem released their RIIO-2 Framework Review. From the document, it is clear that Ofgem intends to challenge network companies across all aspects of the price control, in an attempt to ensure returns are justifiable under the current political pressure on energy prices.



REVENUE

=



INCENTIVES

+



INNOVATION

+



OUTPUTS



## WHO WILL BE AFFECTED?

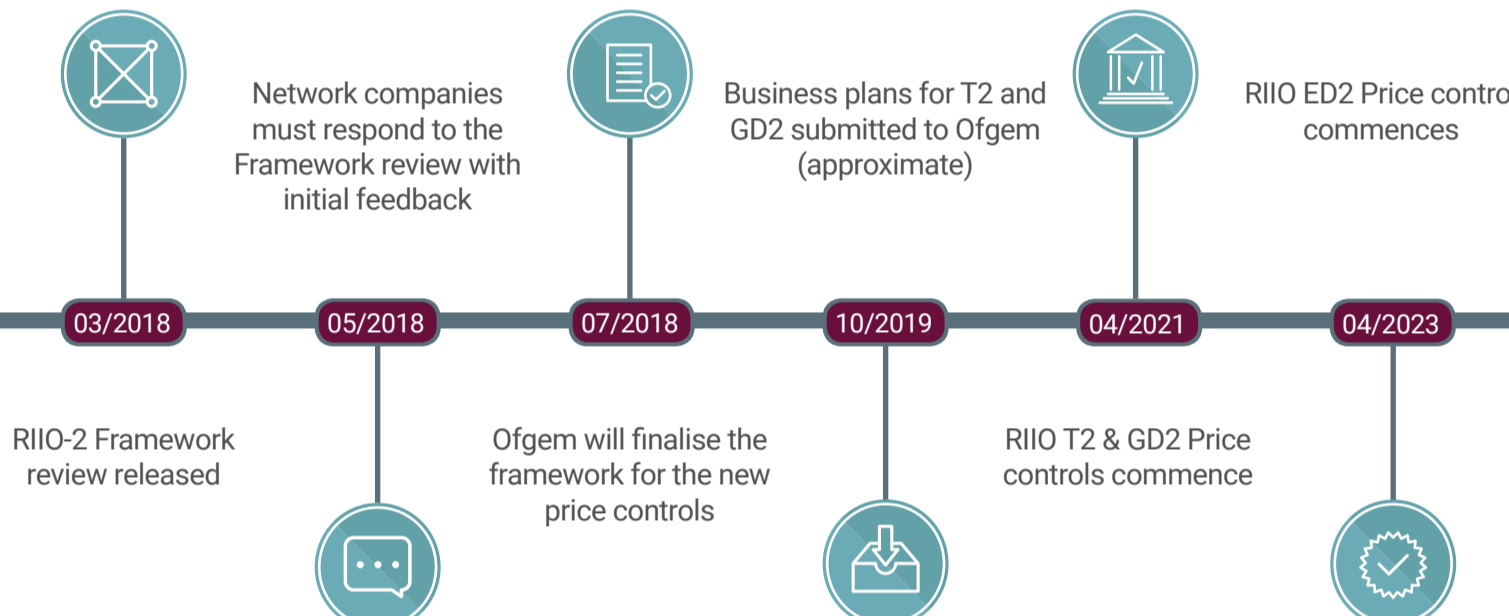
RIIO-2 will include price controls for:

**GAS & ELECTRICITY TRANSMISSION COMPANIES (RIIO T2)**

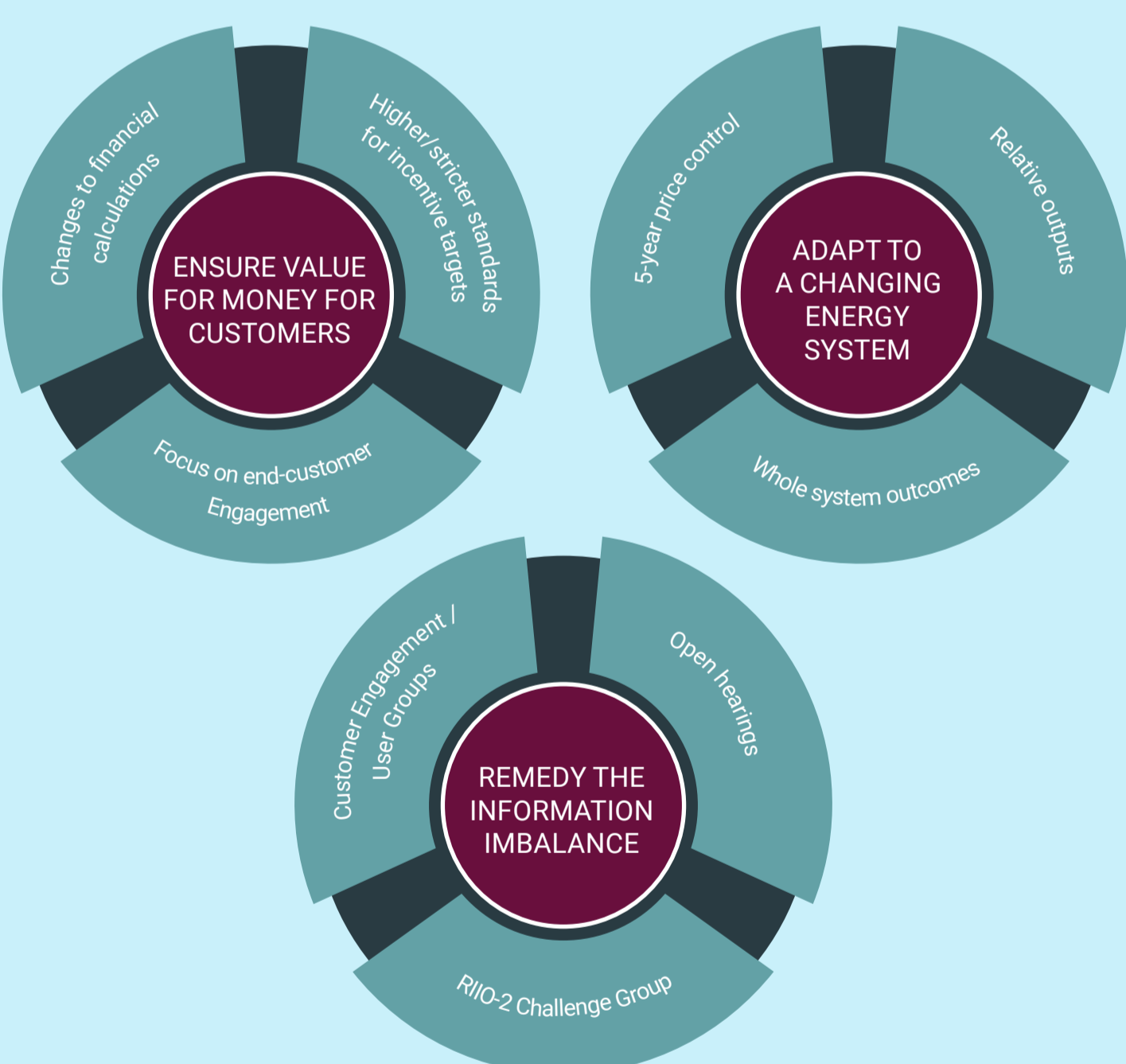
**GAS DISTRIBUTION COMPANIES - GDNS (RIIO GD2)**

**ELECTRICITY DISTRIBUTION NETWORK OPERATORS - DNOS (RIIO ED2)**

## WHAT WILL HAPPEN WHEN?

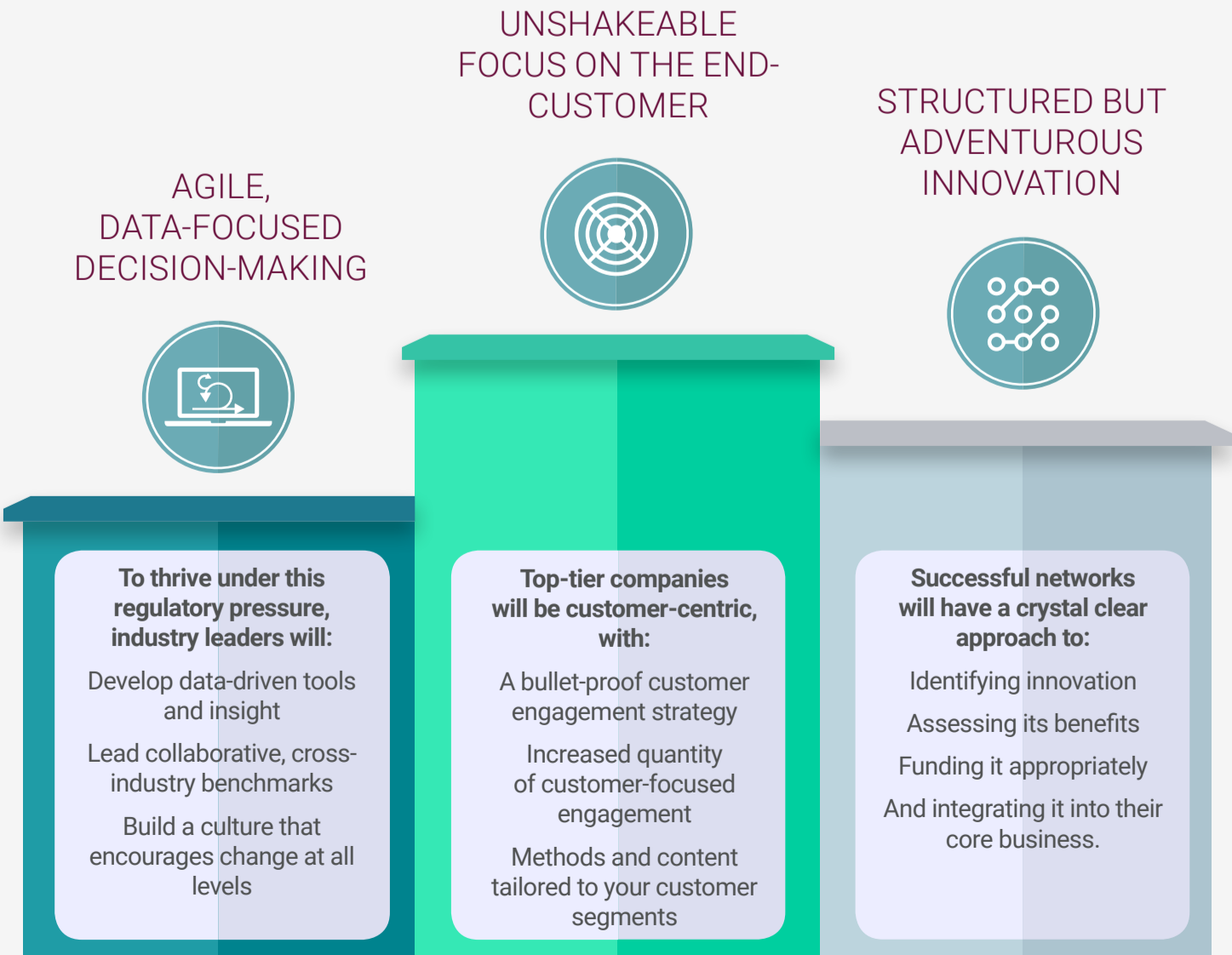


## WHAT IS OFGEM TRYING TO ACHIEVE WITH RIIO-2?



## WHAT DO YOU NEED TO DO TO SUCCEED?

Sia Partners has identified **3 key differentiators** that will determine how successful Network Companies are in navigating the RIIO-2 price control:



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