

# REVIEW OF NERL CAPEX ENGAGEMENT INCENTIVE

■  
**Egis**

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# 1. INTRODUCTION



## BACKGROUND TO THE ASSESSMENT

The engagement incentive scoring process has been applied since January 2021

### Background

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The capex engagement incentive under condition 10a of NERL's licence uses scoring by the Independent Reviewer (Egis) to incentivise high quality stakeholder engagement by NERL on its capex plan during RP3. As part of the NR23 review, rather than a wholesale review of the incentive, the CAA requested that we provide advice in the light of our experience as Independent Reviewer of whether any refinements to the incentive might be appropriate for any continuation of the capex engagement incentive for the NR23 price control.

As part of our role as an Independent Reviewer (IR), we (Egis) have been scoring a subset of programmes and/or projects in NERL's total capital programme for 2021 and 2022. This subset represents 93% of NERL's RP3 capex programme. Indications from the initial rounds of scoring are that the incentive is having a positive impact on engagement with stakeholders in terms of improved quality, clarity and consistency/traceability of NERL's consultation materials. The final scoring for the RP3 period will be issued in early Autumn 2022, following the review of the iSIP22.

Thanks to our role as the Independent Reviewer, we have gained significant insight into applying the incentive, including the scoring criteria, and on areas where it might have the potential to be improved.

### Reviewing the engagement incentive for NR23

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Prior to setting the NR23 price control, the CAA recognized that it would be good regulatory practice to conduct a review of the engagement incentive despite the short period (less than one year) over which it has been operating to date. Given this short period, the intention was not to reopen the "big picture" questions around the role and broad design of the incentive within the regulatory framework for NERL. Rather the focus is on conducting a more limited review of the incentive to identify areas where it can be improved or clarified (for example by amending the CAA's guidance).

In this context, we have been asked to capture its perspective on the operation of the incentive, while seeking to ensure that this report has a scope that is proportionate to the nature of the review of the incentive proposed for NR23. To support this review, the CAA have defined a series of questions that they seek our views upon. These questions are presented on the subsequent page.

### Report structure

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The structure of the report is as follows:

- Chapter 1 provides a background to the assessment, the scope, and a recap of the regulatory requirements for the incentive scheme;
- Chapter 2 captures our view on the assessment criteria;
- Chapter 3 provides reflection on the scope of the assessment;
- Chapter 4 summarises our findings;
- Annex A provides our proposed guidance on criteria scoring and some clarifications on their scope.

## SCOPE OF THE ASSESSMENT

The CAA asked us to consider and advise it on the following questions in the light of our experience as Independent Reviewer.

### Questions on the assessment criteria

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1. What specific elements of current capex engagement incentive work well in practice?
2. Do particular elements of the procedure or assessment criteria give rise to difficulties?
3. Should any of the current assessment criteria be clarified in any reissue of the guidance for NR23?
4. Does the number of assessment criteria allow each of the criteria to have an appropriate impact on the overall score?
5. Depending on the answer to the previous question, should any of the assessment criteria be merged or replaced? If so, which ones?
6. Given the approach of refining the incentive rather than a wholesale review, would any other changes improve the effectiveness of the incentive?

### Context

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When reviewing the incentive, the context of its establishment should be borne in mind. The incentive was recommended as a result of the review by the Competition and Markets Authority (CMA) review<sup>1</sup> which stated:

*"We noted that the CAA had said that some of its most important concerns about NERL's capital programme related to the lack of information it considered NERL to have provided on strategy optioneering, and the lack of information to support and justify changes to its programme." (p113, 9.52)*

### Questions on the scope of the incentive

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1. Does the scope of the projects and programmes over which engagement is assessed ensure that important consumer outcomes are appropriately represented?
2. If not, what alternative approach might address this?
3. Would a different approach to weighting individual projects and programmes be useful to improve the effectiveness of the incentive?
4. If so, what approach might be suitable while still providing regulatory certainty/predictability and being robust to changes in the scope of NERL's capex plan over the course of NR23?

### Summary

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More generally, the CAA requested our views on whether there are any areas where there is reasonable evidence that part of the incentive is not working as intended in consumers' interests, for example because:

1. it is a "penalty only" incentive; or
  2. the benchmark score for avoiding a penalty is "average" rather than "good",
- albeit noting that, at this relatively early stage of the operation of the incentive, the hurdle for making very significant changes at this stage will be relatively high.

It is intended that the report should be clear, concise and capable of publication alongside Initial Proposals.

## ENGAGEMENT SCORING FRAMEWORK

The engagement scoring framework has been defined in the NERL licence, and is summarised below

### SIP REQUIREMENTS

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A capex incentive based on the quality of NERL's engagement and actions in response to engagement was added to NERL's licence<sup>1</sup> in December 2020.

To support this, the CAA has asked the Independent Reviewer to assess the engagement of NERL on its capex programme. It has published guidance on how this assessment (including scoring) should be conducted<sup>1</sup>.

A first scoring report was prepared in 2021 covering the period of activity from 1 January 2021 to 8 September 2021. Activity prior to 2021 does not influence the assigned scores.

A running score will be maintained and updated in January and July 2022. The final score will be determined after iSIP22, covering engagement over the whole period, and provided to the CAA as the engagement score for the regulatory period.

The CAA is responsible for making the final decision on NERL's performance and will take account of the findings of the IR and representations from stakeholders (including NERL) in forming their assessment.

<sup>1</sup> [Air Traffic Services Licence for NATS \(En Route\) plc, December 2020, CAA](#)

<sup>2</sup> [Guidance on NERL's capital expenditure engagement incentive, Dec 2020, CAA](#)

### Responsibilities of the Independent Reviewer

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For each capex project, the IR advises the CAA on a score for each of the performance criteria on a scale of 1 to 5, where:

1 = Weak, 2 = Poor, 3 = Average ('baseline expectations'), 4 = Good, 5 = Excellent.

The criteria of the assessment covers:

1. **Timeliness** in the provision of information to users, the IR and CAA. This should include providing early warning explanation of factors that may put planned delivery timelines at risk.
2. **User focus** in the way information is provided that reflect user priorities and resource constraints, such that it is clear and accessible.
3. **Proportionality** in the level of substantiation NERL provides that reflects the materiality of the change under consideration.
4. **Optioneering** of a range of different responses that might be adopted where practicable, and to provide opportunities for both user and Independent Review engagement and scrutiny of those options. This optioneering should include transparent and explicit identification of the opex effects that may be associated with different changes to the capex plane and different options as to how NERL might respond.
5. **Responsiveness** of NERL's response to user, IR and CAA submissions, including how clearly it explains how it has considered and taken account of those submissions.
6. **Mitigating and/or corrective actions** by NERL in light of user, IR and CAA submissions.

Following consultation with users, the CAA decided on a set of programmes and projects that should be included in the capex engagement incentive assessment in RP3:

- DP En-Route and Voice
- Airspace and Ops Enhancements
- Sustainment and Surveillance
- Facilities Management (FM)
- Information Solutions (IS)
- SAIP AD6 Essex radar airspace change



## **2. THE ASSESSMENT CRITERIA**



## OVERARCHING VIEW ON THE ELEMENTS OF THE CAPEX INCENTIVE CRITERIA

### What specific elements of current capex engagement incentive work well in practice?

The process of scoring the engagement has resulted in valuable discussions with NERL about expectations in engagement and we have found NERL keen to consider how it can do well under the incentive. Ensuring good-quality engagement has been a focus of NERL in RP3 and the incentive has therefore achieved its primary aim.

NERL has produced summaries of evidence to show what engagement it has been undertaking. This process has helped to focus on the requirements of the scoring process.

### Do particular elements of the procedure or assessment criteria give rise to difficulties?

The key elements which in our opinion give rise to difficulties are:

1. The guidance on the scores attached to the criteria makes it hard to draw clear distinction between the different grades. For example, the boundary between, e.g., 4 and 5 is hard to determine from the guidance (e.g. “good quality early warning” vs “excellent quality early warning”).
2. One area of challenge is the need to maintain balance between communicating with NERL on the requirements of the scoring and remaining arms-length on the scoring process. Some discussions with NERL are valuable for both sides to be clear on what is expected to achieve good scores. On the other hand, giving too much direction could result in a similar effect to “regulatory capture”. We have been careful to avoid this by carefully tracking NERL’s performance and providing factual evidence to all scores.
3. The separation of:
  1. engagement for a regulatory price determination (e.g. in preparation for RP3); and
  2. engagement during the regulatory period (RP) (e.g. during RP3),

can create challenges. It can be challenging to assess, e.g. optioneering, to major capex decisions without having appropriate insight into both engagements. For example, more optioneering will be likely be conducted in 1 compared to 2.

Having said this, this challenge has been more prominent in RP3 given the length of the period and the COVID-19 related revisions which were required resulting in a large number of consultations taking place in a short period of time.



## OVERARCHING VIEW ON THE ELEMENTS OF THE CAPEX INCENTIVE CRITERIA - CONTINUED

### Do particular elements of the procedure or assessment criteria give rise to difficulties? (continued)

4. There is not enough evidence to date to score some of the criteria, but this is due to the incentive only running for one year at this stage. In particular, in the first iteration of scoring, there have been no scores for optioneering which is a key focus for the incentive scheme.
5. In terms of the application of rolling scores, a challenge has been created by a change to the scope of two of the programmes. For example, in October 2021 NERL reshaped the Property and Facilities Management programme and the Sustainment and Surveillance programme (see figure opposite). When the scoring was initiated, the Property and Facilities Management programme accounted for 7% of the entire portfolio, which subsequently dropped to 1%. Similarly, the Sustainment and Surveillance programme accounted for 15% of the portfolio, but now accounts for 21%. This in turn has an impact on the weights applied to these programmes. Additionally, during scoring it will be crucial to ensure that the engagement is assessed based on the current division of the programmes. This challenge is likely to become more prominent when the 2+5 approach is fully adopted.
6. Going forward we would also welcome the CAA adding more guidance on the expected schedule of scoring. In collaboration with the CAA, we have established that the review take place after each SIP and interim SIP, and that the scoring is evolved on a rolling basis (rather than each review assessing a stand-alone period). We would welcome this clarification being added to the guidance material.

### Overview of change to the programmes introduced in 2021.

PROGRAMME (costs* based on outturn prices)	RP3 C10 Baseline £m	RP3 revised allocation £m
DP-ER & Voice	175	175
Airspace & Ops Enhancements	31	31
Sustainment & Surveillance	47	67
Property & FM	23	3
IS	18	18
Simulation Transformation & Sustainment	1	1
Oceanic	6	6
iTEC Collaboration / Common Platform	11	11
Other	3	3
Military	-	-
<b>TOTAL</b>	<b>315</b>	<b>315</b>
Low end:	305	305
High end	320	320

Extract from SIP22, page 33

## CLARIFICATION AND IMPACT OF CRITERIA

### Should any of the current assessment criteria be clarified in any reissue of the guidance for NR23?

In terms of required clarifications, we believe it could be valuable to include more information on the definition of each scores. To support this, Annex A sets out proposed clarifications that we recommend the CAA consider consulting users on. This includes:

1. Including the timeliness of the mitigating/corrective actions in timeliness;
2. Including traceability of information, particularly milestones and financial information, across the RP in User Focus;
3. Including the benefits impacts of options and the opex impacts of capex changes (this latter point is in the definition of the incentive but not in the guidance) in Optioneering.

Additionally, when defining the approach to the new 2+5 approach, we recommend that the CAA consider consulting users on how the consultation on capex investments should be structured, and subsequently what the impact on the engagement scoring would and should be. For example, the milestones during the +5 period are indicative rather than fixed. What level of optioneering is appropriate for changes, say, 7 years in the future? What process would be required and expected in regard to introducing changes to the +5 year period, and what customer input would be required for the move of an investment from +5 to +2.

Finally, it would be beneficial to clarify that other engagement activities are not in the scope of the capex engagement incentive.

### Does the number of assessment criteria allow each of the criteria to have an appropriate impact on the overall score?

The incentive framework was established in response to the CMA review<sup>1</sup> to assess “*the quality of NERL’s engagement, and actions in response to engagement*” (p113, 9.79). There are currently six equally-weighted criteria and four focus on the former aspect and only two focus on the latter, as shown in the table below. This means that actions in response to engagement will only influence the score half as much as the other criteria.

In our view, some of the criteria (e.g. user-focus) are “deep”, encompassing many aspects of engagement behaviours. Other criteria like “timeliness” are simpler with fewer dimensions. We recognise that timeliness is an important consideration, but potentially should have less weight than “user-focus”. Alternatively, “timeliness” could simply be seen as an aspect of the “user-focus” consideration.

We consider that there is a noticeable overlap between the “user-focus” and “proportionality” criteria. A document with good user-focus will also be proportionate.

Therefore, the CAA could consider combining several criteria (as discussed on the next slide), or introducing weighting of criteria to create a better balance between the measures of quality of engagement and of actions in response to engagement.

Criteria	Measures quality of engagement	Measures actions in response to engagement
Timeliness	✓	
User-focus	✓	
Proportionality	✓	
Optioneering	✓	
Responsiveness		✓
Mitigating/corrective actions		✓

<sup>1</sup> NATS (En Route) Plc /CAA Regulatory Appeal Final Report, July 2020, CMA

## MERGING CRITERIA AND REFINING THE INCENTIVE SCHEME

### **Depending on the answer to the previous question, should any of the assessment criteria be merged or replaced? Which ones?**

As described on the previous slide, we suggest that the CAA consider consulting on reducing the number of criteria to make each one more influential in the final score. Additionally, as explained on the previous slide we recommend that better balance between “quality of engagement” and “actions in response” is achieved. This could be done through one or more of the following approaches:

- An addition of weights into the criteria, to ensure that the overall relative weight of “quality of engagement” and “actions in response” is equal;
- Combining “user-focus” and “timeliness”, resulting there being five assessment criteria;
- Combining “user-focus” and “proportionality”, resulting there being five assessment criteria;
- Combining “timeliness”, “user-focus” and “proportionality”, resulting in there being four assessment criteria, two per each area.

Each option has merit to equalise the balance between the importance of the “quality of engagement” and “actions in response” assessment. While we consider that each of these options has merit, overall, we recommend that the CAA consult users on whether the last one is the most appropriate because of the benefits it brings in terms of simplifying the scoring and ensuring that NERL is equally judged on its response to its engagement as the initial engagement itself.

### **Given the approach of refining the incentive rather than a wholesale review, would any other changes improve the effectiveness of the incentive?**

We believe there could be value in engaging customers to obtain their feedback on NERL’s performance throughout the year, when scores are prepared and released. This would help ensure that the stakeholder perspectives on the engagement are part of the considerations. However, the involvement of customers should not move the assessment responsibility away from the Independent Reviewer, or create additional burden to the customers.

We believe there could be value in the Independent Reviewer engaging with NERL’s customers’ directly either through dedicated calls or meetings, or through a structured questionnaire. The information obtained from the customers could then be used to help the Independent Reviewer in understanding what focus should be placed. Information could be collected on the improvements that would be welcomed by the customers, and general feedback on the structure of the engagements.



### **3. SCOPE OF THE ASSESSMENT**



## ALTERNATIVE APPROACH TO SETTING THE SCOPE OF THE ASSESSMENT

### Does the scope of the projects and programmes over which engagement is assessed ensure that important consumer outcomes are appropriately represented?

In terms of important consumer outcomes, customers are both interested in:

- Projects which strongly contribute to the cost of the investment portfolio; and
- Projects which strongly contribute to the benefits or user priorities.

The two categories do not necessarily overlap, with the DP En-Route programme dominating the costs, and the airspace and ops programme dominating the airspace user priorities. Airspace change projects have low capex and therefore are currently not well represented in the scheme. For example, the SIAP AD6 project has an overall weight of 0.01, despite being very important to users. In the next few years, the FASI-S airspace change programme is expected to move through critical milestones, so stakeholder focus on airspace is expected to remain high. Whilst the weighting of capex programmes broadly reflects the stakeholder's priorities, this is not the case for airspace elements of it.

One element of engagement which is not in scope of the scoring framework, but that could be of interest to stakeholders, is the engagement on opex planning and costs. At present, opex is only included where it is influenced by changes in capex plans.

For example, stakeholders have a strong interest in the traffic forecasts which are used for planning. With current uncertainties, the forecasts might need to be revisited if there, for example, is another lockdown. The decision on what capacity to target should be subject to good engagement and would likely include optioneering and benefit analysis. However, it is primarily an opex decision and therefore could be excluded from the engagement incentive. It could therefore be sensible that the incentive is expanded to significant opex changes.

### If not, what alternative approach might address this?

#### Would a different approach to weighting individual projects and programmes be useful to improve the effectiveness of the incentive?

The following describes examples of alternative ways of weighting programmes:

- 1) Apply an "importance score" to each airspace project and each capex project separately (ideally in consultation with stakeholders). The scores could be related to the expected actual or perceived benefit. Use these scores as weights;
- 2) Allocating, eg, 50% of the total score to airspace capex and 50% to system projects. Within this, individual projects would be weighted by their investment size. This would increase the scoring importance of airspace projects which are of particular importance to airspace users.
  - We note that there may be some debate on how to best allocate the existing projects into the airspace capex and system project categories, due to the interrelations within all projects. Given that the objective of the proposed division is to increase in the relative weight of the "low value, high benefit" projects which predominantly sit within the airspace and ops programme, we would propose to classify "airspace and ops" as "airspace capex" and all other programmes (incl, "DP Enroute and voice", "sustainment and surveillance" "Property and facilities management" etc.) into the "system capex" category.

It should also be noted that for NERL's customers, the priority could change from say airspace to system upgrade during the regulatory period. As such, prior to each regulatory period it would be valuable to consult with stakeholders on how the priorities should be applied. Flexibility in the priorities say through a consultation in the RP if there are major changes in circumstances or just at the mid-point.

## WIDER CHANGES TO THE SCOPE OF THE ASSESSMENT

### **If so, what approach might be suitable while still providing regulatory certainty/predictability and being robust to changes in the scope of NERL's capex plan over the course of NR23?**

With the introduction of the 2+5 planning process, NERL can be expected to have a more dynamic capex programme in NR23. It will be essential therefore that engagement matches the new decision process and also that there is traceability to changes over time which could be difficult to maintain.

The engagement scoring has a suitable structure to assess the 2+5 process, but the scoring guidance may have to be updated. If significant changes become commonplace, then the IR role will become more important to track and score the incentive.

### **More generally, we would also welcome views on whether there are any areas where there is reasonable evidence that part of the incentive is not working as intended in consumers' interests**

The CAA requested that we provide feedback on the following points:

- it is a "penalty only" incentive; or
- the benchmark score for avoiding a penalty is "average" rather than "good".

In regard to the consideration on a penalty only incentive, we believe it to be appropriate as the addition of a 'bonus' element would potentially charge airspace users for high quality engagement.

The CAA also raised the question on the appropriateness of the baseline expectation being set at an "average" score, rather than a "good" score. It is our view that given that there now has been an opportunity to learn about the application of the scheme, and there could be merit in changing the baseline expectation to a "good" score for the NR23 period. However, there are diminishing returns to the improvements that can be made and hence the baseline expectation should not be raised in subsequent regulatory periods.





## **4. CONCLUSIONS AND RECOMMENDATIONS**



## CONCLUSIONS AND RECOMMENDATIONS

### Overview and assessment criteria

The introduction of the engagement scoring framework is having a positive impact on engagement with stakeholders in terms of improved quality, clarity and consistency/traceability of NERL's consultation materials. NERL is also actively engaged in seeking ways of improving their materials and ensuring that their consultation activities are fit for purpose.

Regarding the assessment criteria, we recommend that additional clarifications are added to the definitions of timeliness, user focus, and optioneering criteria. The guidance material should also be updated to provide an overview of the timing and process of applying the scores.

In terms of the challenges faced in scoring, the application of scoring is complicated in situations where the scope of programmes is amended mid-period, and also in cases where there is not sufficient evidence for a determination to be made.

We also note that the incentive framework was established by the CMA to assess "the quality of NERL's engagement, and actions in response to engagement" (p113, 9.79). However, four of the criteria focus on the former and only two focus on the latter, as shown in the table below. This means that actions in response to engagement will only influence the score half as much as the other criteria. The CAA should hence consider combining the criteria, or introducing weighting of criteria, fostering a better balance between the measures. We recommend the best approach would be to combine "timeliness", "user-focus" and "proportionality", resulting in there being four assessment criteria, two per each area.

### Conclusions on the scope of the assessment

In terms of the scope of the assessment, we note that airspace change projects have low capex and therefore are currently not well represented in the scheme.

As such, we propose to either apply an "importance score" to each airspace project and each capex project separately or equally weighting airspace and capex projects (for example 50% of total score on each, within this, individual projects would be weighted by their capex). Our recommendation is to apply the 50/50 division of scores between airspace and capex projects.

Additionally, the one element of engagement which is not in scope of the scoring framework, but that could be of interest to stakeholders, is the engagement on opex planning and costs. At present, opex is only included where it is influenced by changes in capex plans. It could therefore be sensible that the incentive is expanded to significant opex changes.

With the introduction of the 2+5 planning process, NERL can be expected to have a more dynamic capex programme in NR23. It will be essential therefore that engagement matches the new decision process and also that there is traceability to changes over time which could be difficult to maintain.

Finally, it is our view that given that there now has been an opportunity to learn about the application of the scheme, and there could be merit in raising the baseline to a "good" score (4) for the NR23 period.



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# ANNEX A



Proposed criteria scope and scoring guidance

## CRITERIA SCOPE AND SCORING – TIMELINESS AND USER-FOCUS

This annex proposes guidance for a score of “4” for each criteria. A score of “5” would exceed these requirements. A “3” would be a performance meeting most, but not all, of the elements listed. A “2” or “1” would meet fewer. The annex also contains some clarifications on criteria scope.

**Timeliness:** NERL should provide information (to users, the IR and us) in a timely manner. This should include providing early warning and explanation of factors that may put planned delivery timelines at risk.

This criteria encompasses both timeliness of programme changes (e.g., milestone delay) as well as the timeliness of the communications (e.g., delivery of SIP report by the planned date).

A score of 4 would be awarded if:

### Engagement materials

- engagement materials (e.g., SIPs) are timely;
- there are prompt responses and subsequent actions;

### Impact on delivery timelines

- changes to programme milestones are communicated as early as reasonable, and;
- the causes, attempted mitigations and impacts (including on benefits and other milestones) of these changes are explained.

**User-focus:** NERL should provide information in forms, and through mechanisms, that reflect user priorities and resource constraints, such that it is clear and accessible.

User-focus is one of the more subjective criteria. Good user-focus requires a balance between detail and accessibility. Short, clear, accessible documents are preferable for NERL’s customers to reduce the time necessary for them to stay abreast of the capex programmes. However, the programmes (particularly DP En-Route & Voice) are complex and highly technical, so a summary that is too short risks being meaningless.

A score of 4 would be awarded if:

- a clear description of each programme and its benefits is available (e.g. by reference back to the Business Plan);
- the programme descriptions and milestones reflect cost, scope and time (can be done through a reference back to the Business Plan);
- milestone due dates, their purpose and interdependencies are clear and understandable;
- traceability of information is ensured through the reference period, so that any changes in information (milestone names, costs, etc) are clearly explained; and
- there is good use of tables, Gantt charts, ‘tube maps’ or other non-textual presentations.

## CRITERIA SCOPE AND SCORING – PROPORTIONALITY AND OPTIONEERING

**Proportionality:** the level of substantiation NERL provides should reflect the materiality of the change under consideration.

Proportionality reflects the need to provide more detail on important changes but less on changes that are of less concern to customers. It is a balance.

A score of 4 would be awarded if:

- For less significant changes, a short explanation of what has happened and why is provided;
- For significant changes, more detail and/or specific discussions (e.g. a TCAB meeting) where users can ask questions.

'Significant' changes would be those with the largest capex implications or changes on the largest capex projects (eg DP En-Route) greater than those which have a higher contribution to benefit generation (e.g. airspace programmes).

In both cases, the engagement information would include that described in other criteria but at the appropriate level of detail.

**Optioneering:** NERL should seek to identify a range of different responses that might be adopted where practicable, and to provide opportunities for user and IR engagement and scrutiny of those options.

Optioneering reflects NERL's engagement with stakeholders when there are changes required to programmes.

Although the incentive relates to 'capex engagement', the CMA stated that "*NERL's engagement with users ... should include explicit attention ... to identifying the opex effects that may be associated with different changes to that plan*". This should therefore be reflected in this criteria.

For optioneering to be meaningful (and warrant a score of 4) the option must be practical and deliverable and the documentation would need to include:

- the reason for changes being made to the programme;
- a description of relevant options;
- capex impact of each option;
- the impact on opex;
- the impacts on benefits (both qualitative and quantitative); and
- how the options may be delivered.

Where NERL must make changes, but considers that there is only one reasonable course of action, then it should explain to users why options are not being presented.

## CRITERIA SCOPE AND SCORING – RESPONSIVENESS AND MITIGATING/CORRECTIVE ACTIONS

**Responsiveness:** NERL should respond constructively to user, IR and our submissions, and explain clearly how it has considered and taken account of those submissions.

Responsiveness can relate to written submissions (e.g., formal submissions via a SIP document) or verbal submissions (e.g., at a TCAB meeting).

Responding to submissions, a score of 4 would be awarded if the responses provided by NERL to the customer:

- address each point raised by the customer in a timely manner;
- explain NERL's view on that point; and
- describe what, if any, action will be taken.

**Mitigating/corrective actions:** NERL should take appropriate mitigating and/or corrective actions in the light of user, IR and our submissions.

The mitigating/corrective actions assessment follows directly from the responsiveness assessment. While the responsiveness the assessment is focused on the quality of the response, the mitigative/corrective actions focuses on the appropriateness of the actions in the response.

A score of 4 would be awarded if the mitigating/corrective actions undertaken by NERL:

- all reasonable mitigating actions are undertaken; and
- if no action is taken in response to a direct request, then an opportunity should be offered to the consultee for further discussions and explanation.

We note however, that the assessment on *reasonableness* is subjective, and dependent on the availability of wider contextual information, which is not always available to the external parties. The explanation and justification of the actions (or non-actions) is therefore essential.