

Lloyds Court
78 Grey Street
Newcastle Upon Tyne
NE1 6AF

Maxine Frerk
Partner
Ofgem
9 Millbank
London
SW1P 3GE

1 September 2014

Dear Maxine

Smart Savings

We may have misunderstood what Dora said at our costs bilateral on Friday but, if we understood her correctly, Ofgem's assessment of the smart savings used in the draft determination proceeds from an assessment in a document (possibly a spreadsheet) that is owned by DECC. Again, if we understood Dora correctly, Ofgem cannot release this to us because DECC will not consent to this disclosure. However, Ofgem is content to rely on the assessment despite this lack of transparency.

If such a document or spreadsheet exists, and Ofgem has relied upon it in its assessment of the benefits of smart initiatives, you must find a way to release it to us as it is clearly not satisfactory for Ofgem to assert that a material cost disallowance is based on something that is secret.

The position that I have outlined above is so manifestly unreasonable that I feel fairly confident that we are under a serious misapprehension. I hope you will be able to confirm this quickly and then make the source of Ofgem's assumptions available to us.

Yours sincerely

A handwritten signature in black ink that reads 'John France'.

John France
Regulation Director

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