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Dear / Stuart Okin / Richard Reid / Luciano Manfredi

RIIO-2 Draft Determinations - Wales and West Utilities Cyber OT GD2 Funding

Thank you for your response to our letter dated 19th August regarding the submission of Cyber OT plans and for the subsequent bilateral meeting held on 27th August.

As you are aware, we discussed the case for WWU to be included in the proposed mechanism along with other GDNs in the draft determinations which provides an allowance of 0.05% of RAV. Our rationale is summarised as follows:-

- Ofgem states in the draft determination that Cyber OT as a policy area is relatively new and uncertain in scope and costs. WWU agree with the statement and acknowledge this was a contributory factor in our decision to not submit our Cyber OT plan in December 2019.
- The policy for the % of RAV mechanism was not in place prior to the BP submission in December and so by not submitting a Cyber OT plan, we were unaware that we would be excluded from this mechanism
- We welcome the mechanism of a % of RAV base allowance as a pragmatic and fair way to facilitate investment early in GD2 in addition to the reopeners; which should also apply to WWU

In summary, as a result of the uncertainty that both WWU and Ofgem recognise and acknowledge in this area of policy WWU should not be excluded from the mechanism introduced after the submission process had concluded.

We look forward to working with the Ofgem Cyber OT team and welcome the sessions which have been diarised to support this in October, December and February to work towards the first re-opener window.

Yours sincerely,

B Murphy

Bernard Murphy
Head of Strategy & Architecture (NIS Responsible Officer)