

2nd February 2024

Ofgem
10 South Colonnade
Canary Wharf
London E14 4PU

FWP@Ofgem.gov.uk

Dear Enterprise Portfolio Management Office,

Re: Ofgem's Forward Work Programme – 2024/25

Last Mile Asset Management (LMAM) welcomes the opportunity to respond to the above open letter regarding Ofgem's Forward Work Programme for 2024/25. This response is provided by LMAM on behalf of Last Mile Electricity (LME), an Independent Distribution Network Operator (IDNO) and Last Mile Gas (LMG) an Independent Gas Transporter (IGT) operating 480,000 connections across mainland Great Britain.

We are at a time where networks are evolving and adapting to deliver the Government's net zero ambitions, the pace of which is increasing. It is encouraging to see a wide range of initiatives included within Ofgem's workplan to facilitate this whilst also recognising the need to ensure the market continues to work for all, especially customers. We would however comment that as ambitious as the forward work plan is in terms of scope, it is incredibly difficult without a supporting timeline to understand when these activities will take place during 2024/25. Having a clear and early sight of these will allow licensees to prepare and manage their resources accordingly and avoid the stacking of initiatives which can impact the ability of licensees to fully engage and contribute. We would encourage Ofgem to publish a timeline, even if only in draft form to fully support the industry with this. In addition, we would also raise the importance that Ofgem has the resources available to deliver against this plan. We cannot comment on further on this point but trust that Ofgem is sufficiently resourced to do so.

We refer to our response dated 1st December 2023 regarding a review of the regulatory arrangements for IDNOs and echo the points raised that the open letter referred to both a review of IDNO arrangements more broadly but also separately referred to a review of IDNO charging arrangements at an EHV and Transmission level. We suggested that these are two distinct areas of work and should be treated as such by Ofgem. We believe this will give sufficient focus to both areas and would therefore expect to see these as separate activities on Ofgem's work plan.

Last Mile Asset Management Limited

Registered Office: Fenick House, Lister Way, Hamilton International Technology Park, Glasgow, Scotland, G72 0FT
Registered in Scotland No. SC546822

We note the continued work to evaluate the role of gas through the work stream 'Enable the Future of the Gas Grid' and are supportive of this continued focus. We would however highlight that the focus is predominantly on the GDNs and RIIO-3 and would stress that consideration is given to IGTs as part of this process and how any financial impacts are managed under the IGT relative price control.

Within the Last Mile Group, we are also active in the heat network sector, installing and operating ambient heat networks through our Last Mile Heat business. There is a significant amount of work ongoing in the heat sector with Ofgem developing the heat regulatory framework which will continue through 2024/25. We note there are a small number of references to developing heat network regulation in the forward work plan but this lacks the detail when compared to other areas of focus within the workplan and potentially under sells the magnitude of the work required and change to deliver. We would encourage Ofgem to expand on the detail on this and going forwards include heat networks alongside gas and electricity when outlining Ofgem's strategic vision across the various utilities.

Should you wish to discuss any of the points raised in this response please do not hesitate to contact me on the details below.

Yours Sincerely

Gethyn Howard
Head of Risk and Assurance

Gethyn.howard@lastmile-group.com