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(Operations) Limited



Registered in England and Wales No: 3870728

By email only to: [Michael.smith@ofgem.gov.uk](mailto:Michael.smith@ofgem.gov.uk)

14 May 2024

Dear Michael,

**Statutory consultation to modify the Price Control Financial Instruments and licence conditions for gas distribution, gas transmission, electricity transmission and electricity distribution.**

Thank you for the opportunity to respond to the above consultation. This response is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc.

UK Power Networks is supportive of the majority of the changes made to the RIIO-ED2 Price Control Financial Handbook (PCFH) and RIIO-ED2 Price Control Financial Model as part of this consultation. However, we believe that Ofgem should clarify that the costs associated with determining whether a company appeals a Final Determination should be included within totex, as the right to appeal is an integral part of the price control framework. We recognise that once a company has decided to appeal, then those costs associated with progressing the appeal could be excluded from totex expenditure. Aligned with this, we would expect that if a licensee were successful in an appeal, then any recovery of appeal costs would receive the equivalent regulatory treatment. Our only other comment is to note footnote 38 on Page 85 of the updated PCFH is incomplete. We believe this footnote should refer to table 8.7. We have no comment on the changes impacting other sectors.

Yours sincerely,

**James Hope**

Head of Regulation & Regulatory Finance

Copy: Colin Nicholl, Head of Business Planning, UK Power Networks

