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Anna Kulhavy
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26 October 2021

Dear Anna,

Proposed direction on adding Enhancing Pre-existing Infrastructure Projects to National Grid Electricity Transmission's RIIO ET2 price control

I am writing to confirm that we have reviewed the proposed direction for the Peak East mitigation project and agree with the drafting.

We appreciate your time in making the necessary adjustment to the allowance, which was increased due to the London Metal Exchange (LME) rate changing due to market demand. This had the effect of increasing the price of the electricity cables, which are anchored to the copper and aluminium rates. Unfortunately, neither we nor the contractors have control over these price fluctuations, until the point at which an order has been placed.

Having this mechanism in place has meant that we have avoided holding an uncertain risk allowance, which both parties have appreciated.

We look forward to working with you on the future VIP projects.

Yours sincerely

[by email]

Steven Lam
Regulatory Submissions Manager