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Date 15th July 2022

GD1 NOMs closeout assessment

Dear Neill,

Please find our response to the NOMs RIIO-GD1 close-out consultation. In summary, we are happy with the process that the Networks and Ofgem have applied and we offer no challenge to the assessments.

Question 1: Do you agree with our proposed valuation of the dead-band for the electricity transmission, gas transmission, and gas distribution sectors? [Chapter 2]

We appreciate that there are challenges in setting a deadband and we accepted a 10% deadband early in the process following Ofgem's stance that any revision to 10% would require a high level of quantitative analysis to justify. We remain comfortable with a 10% deadband for this reason but it would be useful if Ofgem could clarify in their response to this consultation, why they accepted a largely qualitative assessment for the other sectors and not gas distribution.

Question 2: Do you agree with our proposed assessment of the licensees' performance against their RIIO-1 NOMs targets? [Chapter 2]

We only comment on the WWU performance assessment and are supportive of Ofgem's approach and conclusion.

Question 3: Do you agree with our proposed assessment of associated costs for NGET, SPT, and SHET? [Chapter 3]

The approach seems logical and sensible, and we offer no additional comment.

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Question 4: Do you agree with our proposed decision to determine SPT's over-delivery fully justified? [Chapter 4]

Subject to our earlier comment on consistency in calculating dead-band, we have nothing further to add.

Question 5: Do you agree with our proposed determination in respect of the value of the reward/penalty due to SPT in respect of its over-delivery? [Chapter 4]

The assessment appears logical and robust.

Question 6: Do you agree with our proposed Price Control Financial Model (PCFM) treatment of the proposed funding adjustment and reward/penalty elements of the NOMs Incentive Mechanism, and for the proposed process for directing the PCFM values? [Chapter 5]

We are comfortable with the proposal and have no further comments.

Yours sincerely

Ian Dunstan

Asset Strategy Manager Wales & West Utilities

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