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Dear Rachel

### **Electricity Distribution Price Control Review Methodology and Initial Results Paper**

Please find enclosed our response to your methodology and initial results paper. This week we have completed a series of four working level bi-lateral meetings with your teams as well as meeting with Steve Smith and yourself. These discussions demonstrate to us that your analysis has moved on a significant way from that represented in the paper to which we are responding. Nevertheless, this response addresses the key issues as raised in your paper to ensure that our views are put on the public record. We are encouraged by the commitments from your team to continue to correct material data errors that influence the results published in your paper, to develop the approach to comparative efficiency modelling and to revise the Ofgem baseline for ENW significantly.

A lot more work remains to be done before the Initial Proposals are published at the end of July and my team have committed to continue to work constructively with the Ofgem team to ensure that all the necessary data and evidence is made available. In particular we will work hard to complete your revised Forecast Business Plan Questionnaire by the 26 June as your teams have explained that they will be able to incorporate the data we submit into the Initial Proposals. Given that so many more decisions need to be made to generate Initial Proposals by the end of July it is essential that Ofgem are able to check the results of further analysis with DNOs before publishing to ensure that the next publication avoids the inaccuracies of the May document.

Yours sincerely,

**Paul Bircham**  
**Regulation Director**  
**Electricity North West Limited**