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Direct Dial: 020 7901 7209
Email: dpcr5.reply@ofgem.gov.uk
Date: 23 October 2009

Dear Colleagues,

Further update to the cost assessment

1.1. Since the publication of our Initial Proposals (IP) consultation we have been working to review and refine our cost assessment work taking into account DNO comments, further work we signalled was necessary to update our analysis and our quality assurance reviews. The purpose of this letter is to provide a further update to our costs assessment reflecting these refinements.

1.2. On 5 October we sent out letters containing the main changes that we had made to the network investment and operational cost assessment to-date from IP, the impact this had on our results and on the cost baselines and the updated allowed revenue in each company group. We also provided an update to the financial model.

1.3. At the meetings with the Authority on 7 and 8 October, a number of companies set out concerns and questions about our operational cost assessment. We have reviewed each of these comments thoroughly. As set out in my letter to you last week, our conclusion is that our overall methodology is robust. The breadth of regressions we have carried out illustrates that we have listened to DNOs' views and concerns throughout the development of this work and, where appropriate we have incorporated them into our analysis. A key focus of our cost analysis is to use appropriate costs drivers for each of the different areas of costs and we have considered a range of sensitivities within our analysis. We are satisfied we have not taken a cherry-picking approach and that our analysis is fit and robust taking into account the statistical tests.

1.4. We have also reviewed the criticisms that we are applying "regulatory judgement" in a way that favours certain DNOs over others. We note that applying judgement is a critical part of our work and agree that it is important we do this in an objective and unbiased manner irrespective of our prior view of efficiency. We are satisfied we have not t that this is the case with a large number of decisions working in favour of those companies who feel most aggrieved by the results of our analysis.

1.5. In last week's letter I also highlighted that there were a smaller number of issues with our analysis which were distorting our efficiency scores significantly for a number of DNOs including EDFE LPN and SPN. This meant that there were some anomalies in how the efficiency scores had changed relative to Initial Proposals.

1.6. We had treated EDFE Integrated Delivery Team indirect costs incorrectly and were effectively understating their the insourcing/outsourcing adjustments.

1.7. We explained that there were two spreadsheet errors relating to how our regression results excluding tree cutting and our regression excluding insourcing/outsourcing adjustments were feeding into the final efficiency scores. We have also identified an issue with the calculation of the weightings for each of the individual regressions to generate the final efficiency scores. This was overstating the impact of the sensitivities relative to the core regressions.

1.8. We have since identified an error in the regressions excluding non-load replacement costs. We had not removed the volume of cable replacement from the driver in these regressions in line with the removal of costs, and this has now been corrected.

1.9. We have now updated our benchmarking work to correct for these errors and calculated revised baselines for each of the DNOs. It is important to note that we have not made any changes to our overall approach to benchmarking, we have simply ensured that they are correctly applied.

1.10. Our revised results provide a picture of relative efficiency that is much more consistent with Initial Proposals, although there are clearly movements reflecting the development of our work since the publication of that document. The net effect of these adjustments in aggregate is to make a small reduction in the overall difference between the Ofgem baseline and the DNO forecast of DPCR costs from 10 per cent on 5 October to 9 per cent. But there are larger movements (in both directions) between Ofgem's baseline and individual DNO forecasts.

1.11. This letter provides:

- further details of the changes we have made to our analysis to correct for errors that had been identified,
- an overview of the impact of our updated analysis on the cost baselines for each of the DNOs in your group, and
- an explanation of the key movements in the results.

Overall allowed revenue

1.12. Our updated proposals for allowed revenue and Average X for the DNOs in total are summarised in Table 1. Overall, our updated work moves the average X from 4.75 per cent in the 5 October letter to 4.85 per cent. Details for each DNO are set out in Appendix 4.

Table 1 – Allowed Revenue and Average X (£m 2007-08 prices)

Total	2010-11	2011-12	2012-13	2013-14	2014-15	
Initial proposals	£4,135.55	£4,164.30	£4,302.79	£4,408.55	£4,503.63	5.30%
5 October Letter	£4,412.61	£4,573.97	£4,677.39	£4,785.42	£4,915.74	4.75%
23 October Letter	£4,429.74	£4,588.04	£4,693.56	£4,801.00	£4,938.24	4.85%
Change	£17.12	£14.07	£16.17	£15.58	£22.50	0.10%

Overall cost allowances

1.13. Our updated proposals for our total cost allowances are summarised in Tables 2 and 3 below. Table 2 shows our results on a like-for-like basis with Initial Proposals. We have excluded areas of costs recovered through a reopener or logging up mechanism from the Initial Proposals forecast and baseline, as well as the October update forecast and baseline to ensure comparability in this version of the table.

Table 3 shows the total cost allowances including the impact of costs recovered through reopeners and logging up mechanisms.

1.14. On a like-for-like basis we are making a reduction of £1.1 billion or 7.6 per cent to the DNOs' latest FBPQ forecasts for DPCR5. Taking into account the impact of costs to be recovered through reopeners or logging up mechanisms we are making a £1.3 billion or 8.8 per cent reduction to the DNOs' forecasts.

Table 2 – Total cost allowances excluding the impact of costs recovered through reopeners and logging up mechanisms

£m (2007-08)		Initial Proposals			Latest numbers (Oct 22)			Change (October 22 - IP)		
DNO	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
CN West	1040	1324	1093	17%	1314	1179	10%	-10	86	-7%
CN East	987	1281	1121	12%	1284	1192	7%	3	71	-5%
ENW	922	1265	1030	19%	1243	1131	9%	-22	101	-10%
CE NEDL	608	826	706	14%	846	793	6%	20	87	-8%
CE YEDL	775	1077	925	14%	1136	1022	10%	59	97	-4%
WPD S Wales	440	565	515	9%	576	545	5%	11	30	-4%
WPD S West	642	843	731	13%	821	783	5%	-22	51	-9%
EDFE LPN	868	1115	965	13%	1083	1004	7%	-32	39	-6%
EDFE SPN	869	1204	1017	16%	1167	1036	11%	-37	19	-4%
EDFE EPN	1410	1755	1428	19%	1706	1473	14%	-49	46	-5%
SPD	770	916	799	13%	931	844	9%	15	46	-4%
SP Manweb	810	1130	995	12%	1127	1043	8%	-3	47	-4%
SSE Hydro	469	560	516	8%	571	574	0%	12	58	-8%
SSE Southern	1093	1366	1298	5%	1366	1406	-3%	0	108	-8%
Total	11703	15229	13139	14%	15172	14025	8%	-56	886	-6%

Table 3 – Total cost allowances including the impact of costs recovered through reopeners and logging up mechanisms

£m (2007-08)		Initial Proposals			Latest numbers (Oct 22)			Change (October 22 - IP)		
DNO	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reductio n
CN West	1040	1332	1101	17%	1322	1179	11%	-10	78	-7%
CN East	987	1284	1124	12%	1287	1192	7%	3	68	-5%
ENW	922	1268	1033	19%	1246	1131	9%	-22	98	-9%
CE NEDL	608	828	709	14%	848	793	7%	20	84	-8%
CE YEDL	775	1080	928	14%	1139	1022	10%	59	94	-4%
WPD S Wales	440	567	517	9%	578	545	6%	11	28	-3%
WPD S West	642	845	733	13%	823	783	5%	-22	50	-8%
EDFE LPN	868	1173	1023	13%	1141	1004	12%	-32	-19	-1%
EDFE SPN	869	1214	1027	15%	1177	1036	12%	-37	9	-3%
EDFE EPN	1410	1777	1449	18%	1728	1473	15%	-49	24	-4%
SPD	770	949	832	12%	964	844	12%	15	13	0%
SP Manweb	810	1153	1018	12%	1150	1043	9%	-3	25	-2%
SSE Hydro	469	567	523	8%	578	574	1%	12	51	-7%
SSE Southern	1093	1377	1309	5%	1377	1406	-2%	0	97	-7%
Total	11703	15415	13326	14%	15359	14025	9%	-56	699	-5%

Way forward

1.15. Following this letter we have intend to address two further issues before bringing our cost assessment work to a close.

1.16. First, we have identified an inconsistency in the completion of the workforce renewal allowances which is impacting on the cost baselines. Most DNOs (WPD, SSE, CN, ENW) have included no contractor workforce renewal costs in their FBPQ workforce renewal tables because they consider that such costs are already factored into the schedules of contractor rates. However, SP, EDFE and CE have all included such costs in the workforce renewal tables. We are currently awaiting some outstanding information on this issue. But on the basis that contractors should be managing their own workforce renewal costs and factoring this into their charges, we are currently minded to deduct these costs from our baselines unless those DNOs are able to provide convincing arguments that they should be included.

1.17. Second, we need to make any adjustments to cost allowances required following the close of our September update consultation. In that document we set out our latest analysis for demand connections, a number of areas of non-core network investment and traffic management costs. We have recently received the responses to this document and are now reviewing them. As such our approach and results in these areas may change slightly to accommodate comments made to the September update.

1.18. As noted in the October 5 letter, once we have reflected comments on our September update, we do not intend to carry out any further work on the cost allowances other than to update our work on RPE forecasts or as a result of further quality assurance work, if appropriate. However, the Authority may decide, having heard the representation of the DNOs, the team and others, that further changes should be made in our Final Proposals.

1.19. There have been a large number of movements in the DNOs' cost submissions since we published Initial Proposals on 3 August. The absolute changes (whether positive or negative) to the historical costs across all of the activities amount to £320m. The changes to the forecast submissions amount to £900m. Both of these movements have had an impact on our cost assessment. There have also been further changes to the data DNOs have submitted in the financial tables of the business plan questionnaire (FBPQ). We consider that we have given DNOs ample opportunity to refresh their business plan figures. We therefore cannot accept more changes to the cost or financial FBPQ from this point forwards.

1.20. We are aware that a number of DNOs have criticised the process we have followed in reaching our current view. At all times we have sought to be transparent, open and to keep the DNOs fully informed of what we are doing and when we expect to be able to provide them with further information. We have carried out our most recent round of analysis and checking in direct response to feedback on the October letter from DNOs. This has taken some time to complete. We have offered all DNOs the opportunity to meet with the Ofgem team when they had a reasonable amount of time to consider the contents of this letter.

1.21. This letter and other documents we have already published, show that we are running a fair process. We are listening to the views of the DNOs and correcting any mistakes in our analysis, including those mistakes we have identified ourselves. We are committed to making sure that DNOs and other stakeholders have sufficient time to consider and understand our latest position and that we provide reasonable access to the Ofgem team.

1.22. I trust that this letter and its appendices provide you with a clear account of the updates we have made to our cost analysis.

Yours sincerely,

Rachel Fletcher
Partner, Distribution

Appendix 1 - Operational cost analysis

1.23. This Appendix sets out the update of our assessment for Operational Costs. Over the last few weeks we have been carrying out further quality assurance work on our analysis and considering the concerns the DNOs have raised regarding our analysis.

Issues identified

Insourcing/outsourcing

1.24. There are a number of different approaches that could be used to normalise DNOs' indirect costs for different levels of insourcing/outsourcing prior to running our benchmarking analysis. We could:

- normalise costs to an average level of outsourcing,
- transfer all indirect costs embedded within the contractor element of direct costs into the DNO's indirect activities (i.e. effectively shift all DNO costs to a fully insourced basis), or
- transfer all DNO indirect costs into the contactor element of direct costs (i.e. effectively shift all DNO costs to a fully outsourced "closed-book" basis.)

1.25. Some DNOs have misunderstood the approach we are adopting. We are adjusting DNOs' indirect costs to normalise them to an average level of outsourcing rather than to a closed-book basis. We achieve this through a number of steps:

1. Estimating the level of indirect costs embedded within DNO contractor costs (after adjusting for differences in levels of material costs and applying an average proportion of indirects embedded within contractor costs).
2. Estimating the revised level of indirects embedded within contractor costs if each DNO carried out an average level of outsourcing.
3. The difference between 1 and 2 above is the amount of costs that needs to be added to indirect costs to normalise for differences in outsourcing.

1.26. This calculation works correctly. However, there is an issue with our treatment of the EDFE IDT adjustment. In our current analysis these costs are added back before estimating the insourcing/outsourcing adjustments. This effectively shifted EDFE back towards a more outsourced approach in terms of the recognition of indirect costs. It therefore underestimated the adjustment for insourcing/outsourcing. This was also inconsistent with the other adjustments we have made prior to the regression analysis, where we have only removed some costs associated with IDT start-up and large projects from EDFE costs rather than the full IDT adjustments.

1.27. We should have left all type 4 (IDT related) indirect costs within the indirect activities and effectively treated the IDT contracts as insourced work as the indirects associated with these contractors have been fully recognised. This has now been corrected.

Re-running regressions

1.28. We have re-run all of the regression analysis taking account of the corrections to our analysis identified above.

Error in bringing in the scores for some of the regressions

1.29. As set out in my letter last week there were spreadsheet errors in how we had brought in the results of our regression results excluding tree cutting and our results excluding insourcing and outsourcing. These were biasing the results for the DNOs, most notably EDFE EPN and LPN.

1.30. We have also amended an error in the driver used for the regressions excluding Non-Load cable replacement.

Application of the weighting of the regression results

1.31. We identified an issue with the way we had been applying the weightings of the sensitivity regressions relative to the core regressions that meant that the effect of the core regressions was being understated. We have now corrected this and are applying:

- a 45.5% weighting to results encompassing a single regression for indirects and separate regressions for each of the main network operating cost activities,
- a 45.5% weighting to results encompassing 3 regressions for indirect activities and separate regressions for each of the main network operating cost activities, and
- a 9.1% weighting for top-down regression using a single regression and modern equivalent asset value (MEAV) and load and non-load related costs as the cost driver.

1.32. Having determined the overall weighting for each of the forms of analysis respectively we then consider the appropriate weightings between the core and sensitivity regressions for each so that the total weightings sum to 1.

Revised efficiency scores

1.33. The following table sets out our overall efficiency scores and our scores for network operating costs and indirect costs for both Initial Proposals and our latest results.

Table 4 – Revised efficiency scores

	Initial Proposals			Latest view				Difference	
	Total	NOCs	Indirects	Total	NOCs	Indirects	Total	NOCs	Indirects
CN West	111%	135%	103%	112%	101%	116%	1%	-35%	13%
CN East	87%	101%	85%	90%	84%	92%	4%	-17%	7%
ENW	105%	86%	117%	101%	88%	104%	-4%	2%	-13%
CE NEDL	97%	108%	91%	93%	98%	91%	-4%	-10%	1%
CE YEDL	92%	111%	79%	93%	117%	83%	1%	6%	4%
WPD S Wales	95%	91%	97%	99%	87%	106%	4%	-4%	9%
WPD S West	94%	98%	88%	96%	97%	96%	2%	-2%	8%
EDFE LPN	108%	91%	120%	100%	102%	109%	-8%	12%	-10%
EDFE SPN	110%	114%	105%	109%	118%	103%	-1%	4%	-1%
EDFE EPN	116%	107%	126%	121%	120%	118%	5%	13%	-9%
SP Distribution	102%	112%	98%	105%	119%	100%	3%	8%	2%
SP Manweb	112%	115%	106%	105%	116%	100%	-8%	1%	-7%
SSE Hydro	87%	59%	104%	91%	65%	102%	4%	5%	-2%
SSE Southern	81%	77%	79%	85%	87%	81%	4%	10%	2%
RANGE	35%	76%	47%	36%	55%	36%	1%	-21%	-11%
Quartile	92%	91%	89%	93%	87%	93%	1%	-3%	4%
Upper third	94%	94%	93%	94%	91%	97%	0%	-3%	4%

1.34. The changes identified for any DNO are dependent on movements across all the DNOs. We have therefore concentrated on changes in 2008-09 while being aware that changes in other years can also influence the regressions.

1.35. A key cost change since the October letter has been a £19m reduction in the costs reported in 2008-09 by the CN DNOs in our core regressions. This relates to undergrounding costs formerly reported as cable replacement. CN have also increased indirect costs by a total of £6.4m.

1.36. CE have reduced input costs in our core regressions by £5.3m in total but representing movements of £5.8m. The key areas where costs reduced are for Group 1 and Group 3 indirects. EDFE EPN have reduced costs in the FBPQ for Group 2 and Group 3 indirects by £3.4m. SP have increased costs by £3.9m in Indirects.

1.37. The changes we have made to the insourcing-outsourcing adjustment, to remove the double counting of the IDT indirect costs incurred by EDFE, has had a significant impact on the Group 1 and Group 3 indirects comparative scores for some of the DNOs.

1.38. Our revised results provide a more consistent picture with Initial Proposals than the results at 5 October. However, there are movements from Initial Proposals reflecting the development of our work since the publication of that document. The spread of efficiency scores on NOCs has now reduced from 76 per cent to 55 per cent and the spread on indirects has reduced from 47 per cent to 36 per cent.

Outperformance rewards

1.39. We consider that it is appropriate for DNOs that outperform our cost benchmarking in 2008-09 to receive a reward for that outperformance. We are able to use their actual costs to benchmark the industry and therefore provide a general benefit to customers. This enhances the efficiency incentives over and above those that apply through the normal cost sharing factors. However, we do not consider that it is appropriate for DNOs who are inefficient in 2008-09 but who are forecasting future outperformance during DPCR5 to receive such rewards, as we are unable to capture benefits for customers through the benchmarking. We consider that DNOs still have a strong incentive to put realistic forecasts in through the IQI and that those forecasting future efficiency improvements are rewarded through this mechanism. Further, to the extent that the DNO does outperform in practice during DPCR5 it will receive a higher allowance than its actual costs for DPCR6 and have an opportunity to receive further reward in that price control period.

1.40. For these reasons, for those DNOs that are underperforming our view of efficient costs in 2008-09, we are capping our baselines at the companies DPCR5 forecasts, even when these exceed our benchmark level. This cap binds for CE YEDL, EDFE LPN and EDFE SPN.

Revised baselines for operational costs

1.41. Table 4 sets out our overall cost baseline for operational costs across all of the DNOs together with a comparison with Initial Proposals. Annex 1 sets out further detail for each of the DNOs.

Table 5: Summary Comparison of Current View to Initial Proposals

	DPCR4 Updated	Initial Proposals (IP)			Latest view			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	2,268	2,362	2,410	48	2,403	2,492	89	2%	3%
Closely associated Indirects	2,094	2,143	1,759	-384	2,182	1,851	-331	2%	5%
Business Support Costs	1,500	1,507	1,383	-123	1,488	1,456	-31	-1%	5%
Non-Operational Capex	423	477	452	-25	484	720	236	1%	59%
Workforce renewal	39	245	150	-95	289	206	-83	18%	38%
Traffic management costs	32	177	88	-90	44	42	-2	-75%	-52%
Total	**6,357**	**6,912**	**6,242**	**-670**	**6,890**	**6,768**	**-122**	**-0%**	**8%**

1.42. Table 5 sets out the changes in Ofgem baselines for operational costs. The Table lists those areas with the most material changes and shows the overall change resulting from the other analysis undertaken, including the benchmarking. Annex 1 sets out further detail for each of the DNOs.

Table 6: Specific baseline changes since Initial Proposals

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	221	4%
PLUS: Unmetered Electricity	66	1%
CHANGE: Tree Cutting	5	0%
CHANGE: IT Costs	60	1%
CHANGE: Wayleaves	17	0%
CHANGE: TMA	-45	-1%
CHANGE: Workforce Renewal	57	1%
MOVEMENT FROM OTHER ISSUES	**381**	**6%**
Movement from other analysis	145	2%
TOTAL MOVEMENT	**526**	**8%**

Traffic management costs

1.43. We have received updated traffic management cost submissions from the DNOs since the September update. These revised submissions present traffic management costs on a much more comparable basis between DNOs. The biggest change in these submissions is the consistent treatment of traffic management costs associated with connections that are outside the price control.

1.44. In setting our revised allowances for these costs we have adopted the following process:

- We have used the volumes forecast by the DNOs for the number of notifications and inspections. We have assumed that the inspection fee of £50 in 2009/10 will increase by RPI thereafter.
- For notification and inspection penalties we have conducted the following analysis.
  - Examined the forecast penalty rates of the DNOs (i.e. the proportion of notifications and inspections expected to result in a penalty) and set a benchmark equal to the 33rd percentile. This gives a benchmark of 4 per cent for notifications and 6.8 per cent for inspections.
  - We have assumed that 90 per cent of notification penalties (FPNs) will be paid within 28 days. This gives a weighted average FPN fee of £84 in 2009/10. We have assumed that this fee will increase with RPI for DPCR5. We have assumed that the 2009-10 inspection penalty of £142 will also increase in line with RPI.
  - We are also only allowing costs that are not expected to be recharged to contractors, e.g. a DNO that recharges all inspection penalties to contractors does not receive an allowance for these costs. This is to ensure that costs are not double counted within our assessment – the contractors costs will already include any expected penalties that will be recharged.
- For other costs (one-off set up costs, lane rentals, overstay fines, and congestion charge payments) we have allowed the DNOs' forecasts.

1.45. Our revised TMA allowances reflecting the analysis above are included in Table 9. These figures exclude admin costs associated with traffic management - these costs are included within indirects.

Other issues raised by the DNOs

1.46. The DNOs have raised a range of other concerns regarding our cost analysis including their views on alternative weighting that should be given to the regressions, alternative analysis they consider we should be running and adjustments for regional factors.

1.47. We have maintained our position of running our analysis both with the Labour/Contractor Regional Adjustment across all the DNOs and for only the LPN region. Our overall view takes account of both.

1.48. We have maintained our position of running our analysis both with Non-Load Cable Replacement and without. Our overall view takes account of both.

1.49. We do not agree with the approach of applying the results of analysis for one category of costs to a different category of costs. We have therefore not applied the results of the benchmarking of faults to any of the fault categories excluded from the benchmarking.

1.50. The DNOs have put forward the costs of additional obligations under DPCR5. We asked the DNOs to provide us with estimates of the additional costs they forecast they will incur in meeting new obligations. We have now reviewed these and we consider that most of these areas of obligations reflect work the DNOs should have been doing already. Further, we consider we have already made sufficient allowance for growth in indirects by linking this to network investment.

1.51. One of the DNOs identified that we had not made any adjustment to exclude pensions from Island Generation costs. We have not amended our analysis due to the low materiality of this issue.

1.52. Some DNOs expressed views that the analysis should not be split between NOCs and Indirects because of boundary issues and the impact of insourcing vs. outsourcing. We have improved our analysis by the inclusion of an insourcing/outsourcing adjustment. Our view is that we apply different analysis on a pragmatic basis and where we identify good reasons for a different approach we do so.

1.53. We do not agree with the approach of using the 'efficient' costs obtained from NOC regressions as a driver of indirect costs. This approach as commended by one of the DNOs would have practical difficulties as well as fundamental flaws. Our analysis provides output costs for only 2008-09 and would require significant additional work to determine efficient costs for each of the historic years in the analysis. The results would only represent a small proportion of the total direct costs used in the analysis and would require assumptions to be made about the 'cost type' make-up of those output costs. We consider the approach fundamentally flawed because is assumes to double count efficiencies: a DNO that would have its costs cut in the NOC regressions would also have its indirects cut further by the application of those costs as a driver rather than the actual costs incurred.

1.54. We have maintained our position in relation to IT and Property costs. We have run regressions including and excluding both and consider them both in our analysis.

1.55. One of the DNOs wanted us to exclude the Single Group regressions. We are of the view that the single group analysis is useful to illuminate the impact of any different assumptions made by the DNOs in relation to cost boundaries between the three indirect groupings we have developed. The Single Group analysis also allows us to recognise the most relevant drivers of costs that are not practical at the Top-Down level. We therefore value the results from the Single Group regressions and are including them in our analysis.

1.56. One of the DNOs recommened that we use multivariate analysis to determine the weightings of multiple drivers in all cases rather than restricting those weightings. We are of the view that our approach to 'free weighting' of drivers achieves the same effect as multivariate analysis.

Appendix 2 - Network investment

1.57. We have made a small number of updates to our network investment analysis since the October letter taking account of further information and analysis provided by the DNOs and reviewing our own work. This has resulted in a net increase in the total baseline of £32.3m. This Appendix provides details of the changes that we have made.

Table 7 – Movements from October letter

All DNOs		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	406.2	400.3	329.8	17.6%	400.3	345.7	13.6%	0.0	16.0	-4.0%
Diversions	258.3	356.3	309.0	13.3%	356.3	320.8	10.0%	0.0	11.7	-3.3%
Reinforcement	1102.5	1465.2	1369.1	6.6%	1465.2	1384.3	5.5%	0.0	15.2	-1.0%
Fault Levels	41.3	135.2	132.0	2.4%	135.2	131.7	2.6%	0.0	-0.3	0.2%
Asset Replacement	2915.3	3890.6	3519.9	9.5%	3890.6	3519.5	9.5%	0.0	-0.5	0.0%
Operational IT&T	84.7	119.8	109.4	8.6%	119.8	109.4	8.6%	0.0	0.0	0.0%
Legal and Safety	170.3	414.1	351.1	15.2%	414.1	341.2	17.6%	0.0	-9.9	2.4%
Total	4978.5	6781.5	6120.3	9.8%	6781.5	6152.6	9.3%	0.0	32.3	-0.5%
Non Core (Ex-ante)										
BT21CN	9.3	138.4	106.7	23.0%	138.4	106.7	23.0%	0.0	0.0	0.0%
Flooding	10.4	112.3	98.1	100.0%	112.3	98.1	12.6%	0.0	0.0	-87.4%
QoS (IIS)	233.6	95.5	0.0	100.0%	95.5	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	55.2	21.4	0.0	100.0%	21.4	0.0	100.0%	0.0	0.0	0.0%
Environmental	34.5	47.0	47.0	0.0%	47.0	47.0	0.0%	0.0	0.0	0.0%
Losses	0.2	3.7	15.6	-317.9%	3.7	15.6	-317.9%	0.0	0.0	0.0%
Total	343.0	418.5	267.5	36.1%	418.5	267.5	36.1%	0.0	0.0	0.0%
Total (Ex-ante)	5321.6	7200.0	6387.8	11.3%	7200.0	6420.1	12.1%	0.0	32.3	-0.5%
Non Core (Reopener/logging up)										
HILP	0.2	67.9	6.1	0.0%	67.9	6.1	91.1%	0.0	0.0	91.1%
CNI security	4.8	15.8	0.0	100.0%	15.8	0.0	100.0%	0.0	0.0	0.0%
Black Start Capability	0.0	70.0	0.0	0.0%	70.0	0.0	100.0%	0.0	0.0	100.0%
Rising mains	10.7	78.3	26.0	66.7%	78.3	26.0	66.7%	0.0	0.0	0.0%
Total	15.7	232.0	32.1	86.2%	232.0	32.1	86.2%	0.0	0.0	0.0%
Total	**5337.3**	**7432.1**	**6419.9**	**13.6%**	**7432.1**	**6452.1**	**13.2%**	**0.0**	**32.3**	**-0.4%**

Demand Connections

1.58. Ofgem's demand connection baselines have been adjusted to reflect further information received from the DNOs. This information included analysis which splits out connections made by a third party and LV end connections involving EHV work from other categories. The new information has led to an increase in the median unit costs for LV end connections involving only LV work and consequently to an increase in the ex-ante allowance for a number of DNOs. The increase reflects movement of expenditure by the DNO associated with third party connections and LV end connections involving EHV work moving into the ex-ante allowance.

DNO	**Summary of changes October 5th to October 23rd**
WPD	No change to Ofgem's baseline.
CN	There has been no change to Ofgem's baseline for CN West. CN East has had a minor revision to their forecast which has led to a slight increase in their baseline (increase of £0.4m).
ENW	Ofgem's baseline for ENW has increased significantly. A re-categorisation of LV end connections involving EHV work and connections carried out by a third party has resulted in an increase in the ex-ante allowance. The shift has also resulted in a fall in ENW's gross unit costs, resulting in a smaller proportionate reduction for the volume driver allowance. (Increase of £12.1m).
CE	The increase in Ofgem's baseline for CE YEDL and NEDL results from a slight increase in the median unit cost for other LV end connections involving only LV work. (Increase of £0.3m).
EDFE	Ofgem's ex-ante baseline for EPN was increased by £3.3m based on further information from EDFE on their DPCR5 forecast.
SP	SP reduced their Manweb ex-ante forecast by £0.1m, this was reflected by a decrease in Ofgem's baseline of £0.1m.
SSE	There has been no change to Ofgem's baseline for SSE Hydro and Southern. However, there have been shifts between the driver allowances to the ex-ante allowances.

Diversions

1.59. Our proposed allowances for diversions continue to be calculated in the way described in the 5 October letter. We have made two additional adjustments to allow expenditure where DNOs have demonstrated very low spend relative to others given the size of their networks.

DNO	Summary of changes October 5th to October 23rd
CN, CE, WPD, EDFE, SP	No change to Ofgem's baseline.
ENW	We consider that across the building block in total ENW are showing a low spend relative to the size of their network and accordingly have made an adjustment of £5.6m.
SSE	We consider that across the building block in total SSE are showing a low spend relative to the size of their network and accordingly have made an adjustment of £6.1m.

Reinforcement

1.60. Volume and unit cost adjustments have been made to a number of Ofgem's general reinforcement baselines. The volume adjustments reflect our updated view taking account of the detailed reconciliation between the DNOs' forecast expenditure and their load indices. Where differences were identified further information was requested from the DNOs, and this information was used to update Ofgem's view.

1.61. The unit cost adjustments to Ofgem's view reflect the DNOs' final forecast costs for high value projects.

DNO	Summary of changes October 5th to October 23rd
CE, WPD, SP and SSE	No change to Ofgem's baseline.
CN	Ofgem's baseline for CN West has increased by £0.4m based on a volume adjustment for CN West
ENW	The increase in Ofgem's baseline was a result of a unit cost adjustment. The unit cost adjustments reflected the DNOs' final forecast costs for high value projects. (Increase of £0.5m).
EDFE	The volume adjustment in Ofgem's baseline for SPN is a result of the reconciliation between the load index and SPN's forecast schemes, and further information provided by SPN on the reconciliation. (Increase of £8.6m). The increase in Ofgem's baseline was a result of a unit cost adjustment The unit cost adjustments reflected the DNOs' final forecast costs for high value

	projects (Increase of £5.7m).

Fault Levels

1.62. Proposed allowances for fault level expenditure remain as updated in the 5 October letter except where customer contributions have been factored in towards the cost of works.

DNO	**Summary of changes October 5th to October 23rd**
ENW, CE, EDFE, WPD, SP and SSE	No change to Ofgem's baseline.
CN	Ofgem's baseline has been reduced to take account of customer contributions (Decrease of -£0.3m)

Asset replacement

DNO	**Summary of changes October 5th to October 23rd**
CE, WPD, SP and SSE	None or very minor change to Ofgem's baseline.
CN	Impact of updated model and analysis (West increase of £1.7m, East decrease of £2.1m)
ENW	Transfer of costs into non-modelled (Increase of £3.7m)
EDFE	Updated OHL unit cost for 66 kV pole line (Decrease of £2.6m)

Operational IT

1.63. There have been no changes to Ofgem's baseline for Operational IT.

Legal and safety

1.64. The updated ESQCR proposed allowances are based on the same methodology as presented in Initial Proposals and updated in the 5 October letters. The changes include:

- some corrections to spreadsheet errors have been made to the analysis,

- normalisation for the number of services per pole is no longer applied to single services,

- an error in the model has been corrected to ensure the correct input information is picked up, and

- where DNOs are forecasting a large volume of LV rebuild of four or more spans due to horizontal clearance issues (and have a separate D-pole replacement programme), we have used the unit cost for non-load related rebuild. This was incorrectly applied in the October update for one DNO.

DNO	**Summary of changes October 5th to October 23rd**
CN, ENW,WPD,SSE	No change to Ofgem's baseline.
CE	Correction of spreadsheet error (Increase of £2.2m)
EDFE	Correction of spreadsheet error (EPN): (Decrease of £11.7m)
SP	Correction of spreadsheet error (Manweb): (Decrease of £0.5m)

1.65. There have been no other changes to Ofgem's baseline for Legal and safety.

Non Core

1.66. There has been no changes to Ofgem's baseline for non core network investment

Appendix 3 - Pulling costs together

1.67. This section reproduces the information presented within Section 7 of the "Allowed revenue – Cost Assessment" document published at initial proposals. The figures presented reflect the proposals made in the September update and the changes made in this letter to our earlier analysis. We have used the same IQI matrix presented at Initial Proposals.

1.68. We have included a table at the end of this section setting out the relevant items that are included within each expenditure category by detailing the relevant lines from the T0 model input sheet from the FBPQs.

Revised IQI tables

1.69. Tables 8 and 9 below present the inputs and outputs from the IQI. Since initial proposals, the following expenditures have been added to the IQI: flooding, BT21st Century, and traffic management admin costs. The reasons for these changes are set out below:

- Flooding was only excluded from the IQI at Initial Proposals due to an error. Table 19.1 of the "Incentives and obligations" document set out that we intended to include these costs within the IQI.
- We have now undertaken a cost assessment of BT21st Century costs and believe there is sufficient certainty surrounding these costs for them to be included within the IQI.
- Traffic management admin costs have been added to the regressions of Group II indirects. This was done for two reasons: some DNOs had not removed these costs from their historical EMCS figures and thus were already included, and for the DNOs that did extract these costs there was a significant variation between them suggesting that the same activities were not being reported.

Table 7 – Inputs to the IQI mechanism (£m 2007-08 prices)

	DNOs' FBPQ forecasts				Ofgem's baselines				
	Network investment	Network operating costs (including workforce renewal)	Closely associated indirects	Total	Network investment	Network operating costs (including workforce renewal)	Closely associated indirects	Total	Ofgem's baselines as a percentage of the DNOs' forecasts
CN West	649.2	213.1	196.9	1059.2	576.7	219.2	171.5	967.3	91%
CN East	660.6	224.1	170.0	1054.7	583.7	243.0	172.2	998.9	95%
ENW	589.2	188.8	176.0	954.0	534.8	184.7	130.2	849.8	89%
CE NEDL	401.3	142.1	101.7	645.0	371.4	150.3	97.9	619.6	96%
CE YEDL	548.6	223.5	116.8	888.9	492.0	218.5	104.8	815.4	92%
WPD S Wales	210.8	119.1	90.4	420.3	200.2	126.4	72.1	398.6	95%
WPD S West	324.7	186.3	117.5	628.6	302.4	187.4	94.6	584.4	93%
EDFE LPN	520.3	160.6	162.9	843.8	480.7	159.2	156.7	796.6	94%
EDFE SPN	587.8	183.6	145.6	917.0	485.6	182.3	135.9	803.8	88%
EDFE EPN	741.7	310.2	275.6	1327.5	613.8	311.7	209.1	1134.6	85%
SP Distribution	396.9	193.7	148.5	739.1	355.3	152.9	113.1	621.4	84%
SP Manweb	573.8	196.7	148.5	919.0	521.7	163.6	123.3	808.5	88%
SSE Hydro	214.1	101.8	112.9	428.9	203.4	113.4	82.6	399.3	93%
SSE Southern	676.5	248.5	218.3	1143.2	613.2	286.0	186.4	1085.6	95%
Total	**7095.5**	**2692.0**	**2181.6**	**11969.1**	**6335.0**	**2698.6**	**1850.3**	**10883.8**	**91%**

Table 8 – Outputs from the IQI (£m 2007-08) prices

	DNOs' forecasts	Allowed expenditure	Additional income	Incentive rate
CN West	1059.2	990.3	14.5	46%
CN East	1054.7	1012.8	14.8	46%
ENW	954.0	875.8	6.6	44%
CE NEDL	645.0	626.0	9.7	47%
CE YEDL	888.9	833.8	12.9	47%
WPD S Wales	420.3	404.0	6.4	47%
WPD S West	628.6	595.4	9.4	47%
EDFE LPN	843.8	808.4	5.3	44%
EDFE SPN	917.0	832.1	5.5	44%
EDFE EPN	1327.5	1182.8	7.8	44%
SP Distribution	739.1	650.8	1.2	42%
SP Manweb	919.0	836.1	1.5	42%
SSE Hydro	428.9	406.7	6.9	47%
SSE Southern	1143.2	1100.0	18.7	47%

Costs outside the IQI

1.70. Table 10 below presents our revised cost assessments for expenditure outside the IQI. Flooding, BT 21st Century, and traffic management admin costs have been removed from this category since Initial Proposals for the reasons stated above.

Table 9 – Cost allowances for expenditure outside the IQI (£m 2007-08 prices)

	Business support costs	Non-operational capex	Network investment (not in the IQI)	TMA costs	RPEs	Total	Allowances as a percentage of the DNOs' forecasts
CN West	99.9	31.8	0.0	4.2	38.2	174.1	66%
CN East	87.8	35.0	0.0	3.0	39.0	164.8	71%
ENW	147.5	57.0	0.0	5.3	38.9	248.7	85%
CE NEDL	87.7	40.6	1.6	0.8	26.7	157.5	77%
CE YEDL	96.3	41.6	2.4	1.6	33.5	175.4	70%
WPD S Wales	71.0	39.4	0.0	1.4	22.6	134.3	85%
WPD S West	82.1	62.5	0.0	1.9	31.2	177.7	92%
EDFE LPN	106.3	42.2	0.0	4.4	37.4	190.3	64%
EDFE SPN	102.5	56.3	0.0	2.5	36.8	198.1	76%
EDFE EPN	149.2	68.9	0.0	4.7	59.9	282.7	71%
SP Distribution	104.5	40.4	16.0	3.7	27.9	192.5	86%
SP Manweb	116.8	42.8	9.5	3.5	32.4	205.0	89%
SSE Hydro	77.9	59.2	0.6	1.2	21.8	160.7	107%
SSE Southern	129.6	102.0	2.0	4.2	49.4	287.2	123%

Revised totex allowance tables

1.71. The table below brings together the cost components presented above.

Table 10 – Total price control allowances (£m 2007-08 prices)

	Expenditure allowance	IQI additional income	Total	DNOs' FBPQ forecasts (total)	Ofgem's allowances as a percentage of the DNOs' forecasts
CN West	1164.4	14.5	1178.8	1322.3	89%
CN East	1177.6	14.8	1192.4	1287.3	93%
ENW	1124.5	6.6	1131.2	1245.8	91%
CE NEDL	783.4	9.7	793.2	848.4	93%
CE YEDL	1009.2	12.9	1022.1	1139.4	90%
WPD S Wales	538.4	6.4	544.8	577.8	94%
WPD S West	773.1	9.4	782.5	822.6	95%
EDFE LPN	998.7	5.3	1004.0	1140.7	88%
EDFE SPN	1030.3	5.5	1035.7	1177.4	88%
EDFE EPN	1465.5	7.8	1473.3	1727.8	85%
SP Distribution	843.3	1.2	844.4	963.8	88%
SP Manweb	1041.1	1.5	1042.6	1150.2	91%
SSE Hydro	567.4	6.9	574.3	578.4	99%
SSE Southern	1387.1	18.7	1405.8	1377.0	102%
Total	**13904.0**	**121.1**	**14025.2**	**15358.9**	**91%**

Definitions of the different cost categories

1.72. The table below details the rows from the T0 model input sheet of the FBPQs for each of the cost categories presented above.

Table 11 – Definitions of cost categories

Category	Rows in T0
Network investment (in the IQI)	93-99, 102-105
Network operating costs	86-89, 107
Closely associated indirects	90
Business support costs	91
Non-operational capex	92
Network investment (not in the IQI)	100-101
TMA	106
RPEs	108-111

Appendix 4 - Financial issues

1.73. The focus of this appendix is to present the update allowed revenue and average X results for each of the DNOs and DNO groups.

Table 12 – Allowed Revenue calculations

Group : CN	Base price controlled revenue (£m)					Average X
CN East	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£324.78	£331.69	£341.18	£349.97	£358.78	4.92%
October Letter	£355.18	£353.75	£362.00	£373.15	£386.93	4.39%
Updates	£356.84	£355.79	£364.40	£376.07	£390.31	4.57%
Change from Oct letter	£1.66	£2.04	£2.41	£2.92	£3.38	0.18%

Group : CN	Base price controlled revenue (£m)					Average X
CN West	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£310.65	£317.06	£330.30	£344.43	£356.38	4.80%
October Letter	£349.95	£347.78	£361.93	£372.13	£391.49	4.74%
Update	£351.78	£349.93	£364.42	£374.99	£394.70	4.91%
Change	£1.84	£2.15	£2.49	£2.86	£3.21	0.17%

Group : ENW	Base price controlled revenue (£m)					Average X
ENW	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£313.42	£314.52	£332.77	£332.61	£340.33	7.20%
October Letter	£361.22	£349.88	£361.08	£360.00	£363.24	4.63%
Update	£364.18	£353.35	£365.05	£364.17	£368.01	4.90%
Change	£2.95	£3.47	£3.97	£4.17	£4.77	0.27%

Group : CE	Base price controlled revenue (£m)					Average X
CE NEDL	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£217.36	£222.61	£234.34	£238.76	£243.27	6.99%
October Letter	£228.75	£242.63	£249.70	£260.69	£267.41	6.14%
Update	£229.18	£243.04	£249.97	£261.04	£267.85	6.17%
Change	£0.43	£0.40	£0.27	£0.36	£0.43	0.03%

Group : CE	Base price controlled revenue (£m)					Average X
CE YEDL	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£269.31	£275.38	£295.63	£298.23	£305.36	5.60%
October Letter	£292.22	£306.93	£316.37	£318.35	£329.22	4.57%
Update	£292.47	£306.64	£315.47	£317.87	£328.69	4.54%
Change	£0.25	-£0.28	-£0.90	-£0.47	-£0.53	-0.03%

Group : WPD	Base price controlled revenue (£m)					Average X
WPD S Wales	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£191.18	£201.78	£205.60	£206.89	£208.00	5.02%
October Letter	£194.19	£223.16	£226.62	£226.48	£229.25	4.34%
Update	£191.22	£219.93	£223.13	£222.77	£225.23	3.97%
Change	-£2.96	-£3.23	-£3.50	-£3.71	-£4.02	-0.37%

Group : WPD	Base price controlled revenue (£m)					Average X
WPD S West	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£244.08	£247.21	£259.38	£264.99	£270.50	6.27%
October Letter	£240.26	£275.35	£287.42	£290.33	£297.84	5.94%
Update	£237.92	£272.76	£284.64	£287.33	£294.63	5.71%
Change	-£2.34	-£2.59	-£2.79	-£3.00	-£3.21	-0.23%

Group : EDF	Base price controlled revenue (£m)					Average X
EDFE LPN	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£322.65	£328.23	£343.16	£348.26	£354.47	7.00%
October Letter	£322.61	£366.39	£381.93	£389.82	£402.40	6.45%
Update	£323.81	£364.59	£380.67	£389.31	£405.85	6.63%
Change	£1.21	-£1.80	-£1.26	-£0.51	£3.44	0.18%

Group : EDF	Base price controlled revenue (£m)					Average X
EDFE SPN	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£252.40	£261.16	£268.93	£278.26	£287.27	8.61%
October Letter	£250.83	£294.50	£302.72	£321.51	£333.81	8.23%
Update	£254.11	£296.86	£305.04	£319.71	£332.85	8.17%
Change	£3.28	£2.36	£2.32	-£1.80	-£0.96	-0.06%

Group : EDF	Base price controlled revenue (£m)					Average X
EDFE EPN	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£393.52	£395.13	£381.51	£423.85	£441.90	5.11%
October Letter	£408.53	£428.32	£413.97	£458.99	£482.52	5.35%
Final proposals	£415.46	£435.65	£422.68	£469.04	£493.38	5.82%
Change	£6.92	£7.33	£8.70	£10.04	£10.86	0.47%

Group : SP	Base price controlled revenue (£m)					Average X
SP Distribution	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£332.16	£293.42	£303.39	£303.81	£307.09	-4.27%
October Letter	£366.64	£327.36	£336.92	£338.63	£342.11	-1.23%
Final proposals	£366.07	£326.75	£336.26	£337.90	£341.33	-1.27%
Change	-£0.57	-£0.61	-£0.67	-£0.73	-£0.77	-0.04%

Group : SP	Base price controlled revenue (£m)					Average X
SP Manweb	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£259.06	£252.03	£268.91	£275.12	£281.18	8.56%
October Letter	£304.02	£299.41	£317.01	£312.27	£319.36	7.70%
Final proposals	£303.38	£298.78	£316.34	£311.54	£318.62	7.65%
Change	-£0.64	-£0.64	-£0.67	-£0.73	-£0.74	-0.05%

Group : SSE	Base price controlled revenue (£m)					Average X
SSE Hydro	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£224.33	£230.21	£233.91	£235.51	£238.78	4.45%
October Letter	£265.50	£268.43	£267.52	£268.66	£272.95	5.17%
Final proposals	£267.14	£270.11	£269.34	£270.61	£275.06	5.33%
Change	£1.64	£1.67	£1.81	£1.95	£2.11	0.16%

Group : SSE	Base price controlled revenue (£m)					Average X
SSE Southern	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**	
Initial proposals	£480.66	£493.86	£503.79	£507.85	£510.31	6.91%
October Letter	£472.71	£490.06	£492.19	£494.41	£497.20	3.08%
Final proposals	£476.17	£493.86	£496.17	£498.64	£501.73	3.27%
Change	£3.46	£3.79	£3.98	£4.23	£4.52	0.19%

Base price controlled revenue (£m) Average X

Total	2010-11	2011-12	2012-13	2013-14	2014-15	
Initial proposals	£4,135.55	£4,164.30	£4,302.79	£4,408.55	£4,503.63	5.30%
October Letter	£4,412.61	£4,573.97	£4,677.39	£4,785.42	£4,915.74	4.75%
Final proposals	£4,429.74	£4,588.04	£4,693.56	£4,801.00	£4,938.24	4.85%
Change	£17.12	£14.07	£16.17	£15.58	£22.50	0.10%

Annex 1 – Operational costs – by DNO

Table 13: Comparison of Current Baselines to Initial Proposals – CN West

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	200	191	183	-8	195	208	13	2%	13%
Closely associated Indirects	199	204	165	-39	197	171	-25	-4%	4%
Business Support Costs	107	111	92	-20	111	100	-12	0%	9%
Non-Operational Capex	10	9	10	1	9	32	23	-1%	215%
Workforce renewal	2	18	12	-6	18	11	-7	-	-6%
Traffic management costs	3	13	4	-8	4	4	1	-72%	3%
Total	**522**	**547**	**466**	**-81**	**534**	**526**	**-8**	**-2%**	**13%**

Table 14: Comparison of Current Baselines to Initial Proposals – CN East

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	218	204	214	9	206	233	27	1%	9%
Closely associated Indirects	177	162	169	7	170	172	2	5%	2%
Business Support Costs	80	89	84	-5	89	88	-1	-0%	5%
Non-Operational Capex	11	10	16	6	10	35	25	1%	119%
Workforce renewal	2	18	10	-8	18	10	-8	-	-5%
Traffic management costs	2	13	4	-8	3	3	-0	-75%	-31%
Total	**490**	**496**	**497**	**1**	**496**	**541**	**45**	**0%**	**9%**

Table 15: Comparison of Current Baselines to Initial Proposals – ENW

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	132	156	158	2	163	165	2	4%	4%
Closely associated Indirects	159	174	107	-68	176	130	-46	1%	22%
Business Support Costs	153	143	137	-6	143	147	4	-	8%
Non-Operational Capex	38	53	37	-16	53	57	4	-	54%
Workforce renewal	2	26	21	-6	26	20	-6	-	-4%
Traffic management costs	3	22	8	-15	6	5	-1	-73%	-30%
Total	**488**	**575**	**467**	**-108**	**567**	**525**	**-42**	**-1%**	**12%**

Table 16: Comparison of Current Baselines to Initial Proposals – CE NEDL

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	121	112	116	4	126	138	13	13%	19%
Closely associated Indirects	101	102	91	-11	102	98	-4	-	8%
Business Support Costs	87	84	81	-3	84	88	3	-0%	8%
Non-Operational Capex	22	23	23	-0	29	41	12	22%	77%
Workforce renewal	1	7	4	-3	17	12	-5	136%	174%
Traffic management costs	1	5	1	-4	1	1	0	-83%	-15%
Total	**334**	**333**	**316**	**-16**	**357**	**377**	**20**	**7%**	**19%**

Table 17: Comparison of Current Baselines to Initial Proposals – CE YEDL

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	182	172	180	8	196	196	-	14%	9%
Closely associated Indirects	113	117	115	-2	117	105	-12	-	-9%
Business Support Costs	100	96	101	5	96	96	-	-	-5%
Non-Operational Capex	22	28	25	-3	30	42	12	6%	66%
Workforce renewal	1	11	6	-4	28	23	-5	164%	277%
Traffic management costs	1	10	2	-8	1	2	0	-85%	1%
Total	**418**	**433**	**430**	**-4**	**468**	**463**	**-5**	**8%**	**8%**

Table 18: Comparison of Current Baselines to Initial Proposals – WPD South Wales

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	93	103	113	10	106	117	11	3%	3%
Closely associated Indirects	88	83	76	-7	90	72	-18	9%	-5%
Business Support Costs	74	73	69	-5	79	71	-8	8%	3%
Non-Operational Capex	24	23	23	-0	32	39	7	38%	71%
Workforce renewal	2	13	9	-4	13	9	-4	-	2%
Traffic management costs	0	7	2	-5	2	1	-0	-77%	-18%
Total	**282**	**302**	**292**	**-10**	**323**	**310**	**-12**	**7%**	**6%**

Table 19: Comparison of Current Baselines to Initial Proposals – WPD South West

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	141	161	174	12	167	174	7	4%	0%
Closely associated Indirects	119	115	85	-30	118	95	-23	2%	11%
Business Support Costs	84	82	73	-9	83	82	-1	1%	13%
Non-Operational Capex	40	55	41	-13	46	62	17	-16%	52%
Workforce renewal	3	19	13	-6	19	13	-6	-	1%
Traffic management costs	1	9	3	-7	3	2	-1	-68%	-26%
Total	**388**	**442**	**389**	**-53**	**436**	**428**	**-7**	**-1%**	**10%**

Table 20: Comparison of Current Baselines to Initial Proposals – EDFE LPN

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	161	154	160	6	142	142	-	-8%	-11%
Closely associated Indirects	152	157	153	-4	163	157	-6	4%	3%
Business Support Costs	107	106	108	2	106	106	-	-	-1%
Non-Operational Capex	37	36	32	-4	36	42	6	-	31%
Workforce renewal	4	19	7	-12	19	17	-1	-	162%
Traffic management costs	6	30	15	-15	5	4	-0	-84%	-70%
Total	**465**	**502**	**474**	**-28**	**471**	**469**	**-2**	**-6%**	**-1%**

Table 21: Comparison of Current Baselines to Initial Proposals – EDFE SPN

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	188	179	169	-10	162	162	-	-9%	-4%
Closely associated Indirects	140	150	130	-20	146	136	-10	-3%	4%
Business Support Costs	103	104	108	4	103	103	-	-1%	-5%
Non-Operational Capex	39	47	42	-5	47	56	10	-	35%
Workforce renewal	5	21	8	-13	21	20	-1	-	149%
Traffic management costs	3	16	11	-4	3	2	-0	-82%	-78%
Total	**478**	**516**	**467**	**-49**	**481**	**479**	**-2**	**-7%**	**3%**

Table 22: Comparison of Current Baselines to Initial Proposals – EDFE EPN

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October to IP	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	283	304	303	-1	279	296	17	-8%	-2%
Closely associated Indirects	251	268	199	-69	276	209	-67	3%	5%
Business Support Costs	150	156	124	-31	159	149	-10	2%	20%
Non-Operational Capex	73	72	56	-16	72	69	-3	-	22%
Workforce renewal	8	31	16	-15	31	15	-16	-	-6%
Traffic management costs	6	29	22	-7	5	5	-1	-82%	-78%
Total	**771**	**860**	**722**	**-139**	**822**	**744**	**-78**	**-4%**	**3%**

Table 23: Comparison of Current Baselines to Initial Proposals – SP Distribution

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	125	144	130	-14	168	137	-31	16%	5%
Closely associated Indirects	151	145	108	-37	148	113	-35	3%	5%
Business Support Costs	117	123	101	-22	108	104	-4	-12%	3%
Non-Operational Capex	23	22	24	2	22	40	19	-	69%
Workforce renewal	3	18	11	-7	26	16	-10	44%	52%
Traffic management costs	2	7	5	-2	4	4	0	-46%	-26%
Total	**422**	**458**	**379**	**-80**	**476**	**415**	**-61**	**4%**	**10%**

Table 24: Comparison of Current Baselines to Initial Proposals – SP Manweb

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	141	162	145	-18	165	139	-26	2%	-4%
Closely associated Indirects	147	144	108	-35	148	123	-25	3%	14%
Business Support Costs	117	123	111	-12	109	117	7	-11%	6%
Non-Operational Capex	17	22	24	2	22	43	21	-	79%
Workforce renewal	3	22	17	-5	31	24	-7	44%	46%
Traffic management costs	3	7	5	-3	4	4	-1	-42%	-26%
Total	**429**	**480**	**409**	**-71**	**481**	**450**	**-31**	**0%**	**10%**

Table 25: Comparison of Current Baselines to Initial Proposals – SSE Hydro

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	79	85	96	11	94	108	14	11%	12%
Closely associated Indirects	100	111	77	-34	113	83	-30	2%	8%
Business Support Costs	91	89	73	-16	89	78	-11	-	7%
Non-Operational Capex	23	29	35	6	29	59	30	-	69%
Workforce renewal	1	7	5	-2	7	5	-2	-	-6%
Traffic management costs	0	1	1	-0	1	1	-0	-8%	33%
Total	**293**	**322**	**287**	**-35**	**333**	**334**	**1**	**4%**	**16%**

Table 26: Comparison of Current Baselines to Initial Proposals – SSE Southern

	DPCR4 Updated	Initial Proposals (IP)			Latest update			Difference October	
		DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline	Difference	DPCR5 Forecast	Ofgem Baseline
	£m	£m	£m	£m	£m	£m	£m	%	%
Network Operating Costs	204	234	270	36	234	276	42	-	2%
Closely associated Indirects	197	212	176	-36	218	186	-32	3%	6%
Business Support Costs	129	127	122	-5	127	130	3	-	6%
Non-Operational Capex	43	50	64	14	50	102	52	-	60%
Workforce renewal	2	15	11	-4	15	10	-4	-	-5%
Traffic management costs	1	10	6	-4	3	4	1	-69%	-35%
Total	**577**	**647**	**648**	**2**	**646**	**708**	**62**	**-0%**	**9%**

Table 27: Specific baseline changes since Initial Proposals – CN West

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	19	4%
PLUS: Unmetered Electricity	-0	-0%
CHANGE: Tree Cutting	0	-
CHANGE: IT Costs	8	2%
CHANGE: Wayleaves	0	0%
CHANGE: TMA	0	0%
CHANGE: Workforce Renewal	-1	-0%
MOVEMENT FROM OTHER ISSUES	**27**	**6%**
Movement from other analysis	34	7%
TOTAL MOVEMENT	**61**	**13%**

Table 28: Specific baseline changes since Initial Proposals – CN East

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	18	4%
PLUS: Unmetered Electricity	-0	-0%
CHANGE: Tree Cutting	0	-
CHANGE: IT Costs	2	0%
CHANGE: Wayleaves	-0	-0%
CHANGE: TMA	-1	-0%
CHANGE: Workforce Renewal	-0	-0%
MOVEMENT FROM OTHER ISSUES	**17**	**3%**
Movement from other analysis	27	6%
TOTAL MOVEMENT	**44**	**9%**

Table 29: Specific baseline changes since Initial Proposals – ENW

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	11	2%
PLUS: Unmetered Electricity	5	1%
CHANGE: Tree Cutting	0	0%
CHANGE: IT Costs	7	2%
CHANGE: Wayleaves	2	0%
CHANGE: TMA	-2	-0%
CHANGE: Workforce Renewal	-1	-0%
MOVEMENT FROM OTHER ISSUES	**23**	**5%**
Movement from other analysis	36	8%
TOTAL MOVEMENT	**59**	**13%**

Table 30: Specific baseline changes since Initial Proposals – CE NEDL

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	11	3%
PLUS: Unmetered Electricity	11	3%
CHANGE: Tree Cutting	0	0%
CHANGE: IT Costs	8	3%
CHANGE: Wayleaves	1	0%
CHANGE: TMA	-0	-0%
CHANGE: Workforce Renewal	8	2%
MOVEMENT FROM OTHER ISSUES	**38**	**12%**
Movement from other analysis	23	7%
TOTAL MOVEMENT	**61**	**19%**

Table 31: Specific baseline changes since Initial Proposals – CE YEDL

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	12	3%
PLUS: Unmetered Electricity	18	4%
CHANGE: Tree Cutting	0	0%
CHANGE: IT Costs	3	1%
CHANGE: Wayleaves	2	0%
CHANGE: TMA	0	0%
CHANGE: Workforce Renewal	17	4%
MOVEMENT FROM OTHER ISSUES	**52**	**12%**
Movement from other analysis	-19	-4%
TOTAL MOVEMENT	**33**	**8%**

Table 32: Specific baseline changes since Initial Proposals – WPD S Wales

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	8	3%
PLUS: Unmetered Electricity	-0	-0%
CHANGE: Tree Cutting	0	0%
CHANGE: IT Costs	1	0%
CHANGE: Wayleaves	2	1%
CHANGE: TMA	-0	-0%
CHANGE: Workforce Renewal	0	0%
MOVEMENT FROM OTHER ISSUES	**11**	**4%**
Movement from other analysis	7	2%
TOTAL MOVEMENT	**18**	**6%**

Table 33: Specific baseline changes since Initial Proposals – WPD S West

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	22	6%
PLUS: Unmetered Electricity	-0	-0%
CHANGE: Tree Cutting	1	0%
CHANGE: IT Costs	7	2%
CHANGE: Wayleaves	4	1%
CHANGE: TMA	-1	-0%
CHANGE: Workforce Renewal	0	0%
MOVEMENT FROM OTHER ISSUES	**32**	**8%**
Movement from other analysis	7	2%
TOTAL MOVEMENT	**40**	**10%**

Table 34: Specific baseline changes since Initial Proposals – EDFE LPN

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	6	1%
PLUS: Unmetered Electricity	3	1%
CHANGE: Tree Cutting	0	-
CHANGE: IT Costs	-4	-1%
CHANGE: Wayleaves	-0	-0%
CHANGE: TMA	-10	-2%
CHANGE: Workforce Renewal	11	2%
MOVEMENT FROM OTHER ISSUES	**5**	**1%**
Movement from other analysis	-10	-2%
TOTAL MOVEMENT	**-5**	**-1%**

Table 35: Specific baseline changes since Initial Proposals – EDFE SPN

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	9	2%
PLUS: Unmetered Electricity	4	1%
CHANGE: Tree Cutting	0	-
CHANGE: IT Costs	-5	-1%
CHANGE: Wayleaves	0	0%
CHANGE: TMA	-9	-2%
CHANGE: Workforce Renewal	12	3%
MOVEMENT FROM OTHER ISSUES	**12**	**3%**
Movement from other analysis	0	0%
TOTAL MOVEMENT	**12**	**3%**

Table 36: Specific baseline changes since Initial Proposals – EDFE EPN

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	13	2%
PLUS: Unmetered Electricity	6	1%
CHANGE: Tree Cutting	0	-
CHANGE: IT Costs	19	3%
CHANGE: Wayleaves	-1	-0%
CHANGE: TMA	-17	-2%
CHANGE: Workforce Renewal	-1	-0%
MOVEMENT FROM OTHER ISSUES	**19**	**3%**
Movement from other analysis	-0	-0%
TOTAL MOVEMENT	**19**	**3%**

Table 37: Specific baseline changes since Initial Proposals – SP Distribution

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	15	4%
PLUS: Unmetered Electricity	18	5%
CHANGE: Tree Cutting	1	0%
CHANGE: IT Costs	0	0%
CHANGE: Wayleaves	3	1%
CHANGE: TMA	-1	-0%
CHANGE: Workforce Renewal	6	1%
MOVEMENT FROM OTHER ISSUES	**42**	**11%**
Movement from other analysis	-6	-1%
TOTAL MOVEMENT	**36**	**9%**

Table 38: Specific baseline changes since Initial Proposals – SP Manweb

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	15	4%
PLUS: Unmetered Electricity	2	1%
CHANGE: Tree Cutting	1	0%
CHANGE: IT Costs	-0	-0%
CHANGE: Wayleaves	3	1%
CHANGE: TMA	-1	-0%
CHANGE: Workforce Renewal	8	2%
MOVEMENT FROM OTHER ISSUES	**28**	**7%**
Movement from other analysis	13	3%
TOTAL MOVEMENT	**41**	**10%**

Table 39: Specific baseline changes since Initial Proposals – SSE Hydro

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	22	8%
PLUS: Unmetered Electricity	-0	-0%
CHANGE: Tree Cutting	1	0%
CHANGE: IT Costs	10	4%
CHANGE: Wayleaves	1	0%
CHANGE: TMA	0	0%
CHANGE: Workforce Renewal	-0	-0%
MOVEMENT FROM OTHER ISSUES	**33**	**12%**
Movement from other analysis	14	5%
TOTAL MOVEMENT	**47**	**16%**

Table 40: Specific baseline changes since Initial Proposals – SSE Distribution

	Change from Initial Proposals (£m)	Change from Initial Proposals (%)
PLUS: STE & Vehicles	39	6%
PLUS: Unmetered Electricity	-0	-0%
CHANGE: Tree Cutting	0	0%
CHANGE: IT Costs	4	1%
CHANGE: Wayleaves	0	0%
CHANGE: TMA	-2	-0%
CHANGE: Workforce Renewal	-1	-0%
MOVEMENT FROM OTHER ISSUES	**41**	**6%**
Movement from other analysis	19	3%
TOTAL MOVEMENT	**60**	**9%**

Annex 2 – Network investment by DNO

CN_West		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	56.1	26.2	20.8	20.6%	26.2	20.8	20.6%	0.0	0.0	-0.1%
Diversions	30.1	42.0	34.4	18.1%	42.0	34.5	17.9%	0.0	0.1	-0.2%
Reinforcement	110.3	149.4	137.0	8.3%	149.4	137.4	8.1%	0.0	0.4	-0.3%
Fault Levels	0.0	25.8	25.8	0.0%	25.8	25.4	1.2%	0.0	-0.3	1.2%
Asset Replacement	270.5	378.0	340.3	10.0%	378.0	342.0	9.5%	0.0	1.7	-0.5%
Operational IT&T	4.6	2.1	2.1	0.0%	2.1	2.1	0.0%	0.0	0.0	0.0%
Legal and Safety	12.6	17.4	17.3	0.6%	17.4	17.3	0.6%	0.0	0.0	0.0%
Total	484.2	640.9	577.6	9.9%	640.9	579.5	9.6%	0.0	1.9	-0.3%
Non Core (Ex-ante)										
BT21CN	0.0	8.9	6.7	25.4%	8.9	6.7	25.4%	0.0	0.0	0.0%
Flooding	0.3	2.4	2.4	0.0%	2.4	2.4	0.0%	0.0	0.0	0.0%
QoS (IIS)	31.9	7.4	0.0	100.0%	7.4	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	1.6	0.0	100.0%	1.6	0.0	100.0%	0.0	0.0	0.0%
Environmental	0.4	0.1	0.1	0.0%	0.1	0.1	0.0%	0.0	0.0	0.0%
Losses	0.0	2.3	2.0	12.0%	2.3	2.0	12.0%	0.0	0.0	0.0%
Total	32.6	22.6	11.1	50.9%	22.6	11.1	50.9%	0.0	0.0	0.0%
Total (Ex-Ante)	516.8	663.5	588.7	11.3%	663.5	590.6	12.3%	0.0	1.9	-0.3%
Non Core (Reopener / logging up)										
HILP	0.0	5.7	0.0	100.0%	5.7	0.0	100.0%	0.0	0.0	0.0%
CNI security	0.0	2.4	0.0	100.0%	2.4	0.0	100.0%	0.0	0.0	0.0%
Black Start Capability	0.0	0.5	0.0	100.0%	0.5	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	0.0	8.6	0.0	100.0%	8.6	0.0	100.0%	0.0	0.0	0.0%
Total	**516.8**	**672.2**	**588.7**	**12.4%**	**672.2**	**590.6**	**12.1%**	**0.000**	**1.9**	**-0.3%**

CN_East		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	89.4	66.6	62.3	6.5%	66.6	62.7	5.9%	0.0	0.4	-0.6%
Diversions	42.3	55.1	48.1	12.7%	55.1	48.1	12.7%	0.0	0.0	0.0%
Reinforcement	111.9	187.9	169.0	10.0%	187.9	169.0	10.0%	0.0	0.0	0.0%
Fault Levels	17.0	9.4	9.4	0.2%	9.4	9.4	0.0%	0.0	0.0	-0.2%
Asset Replacement	192.0	286.2	250.9	12.3%	286.2	248.8	13.1%	0.0	-2.1	0.7%
Operational IT&T	2.9	10.2	10.2	0.0%	10.2	10.2	0.0%	0.0	0.0	0.0%
Legal and Safety	8.1	17.1	17.1	0.0%	17.1	17.1	0.0%	0.0	0.0	0.0%
Total	463.6	632.4	566.9	10.4%	632.4	565.3	10.6%	0.0	-1.6	0.3%
Non Core (Ex-ante)										
BT21CN	0.0	23.4	16.3	30.1%	23.4	16.3	30.1%	0.0	0.0	0.0%
Flooding	0.1	8.4	8.4	0.0%	8.4	8.4	0.0%	0.0	0.0	0.0%
QoS (IIS)	27.7	2.2	0.0	100.0%	2.2	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	1.0	1.6	0.0	100.0%	1.6	0.0	100.0%	0.0	0.0	0.0%
Environmental	1.2	1.7	1.7	0.0%	1.7	1.7	0.0%	0.0	0.0	0.0%
Losses	0.0	1.4	1.3	7.0%	1.4	1.3	7.0%	0.0	0.0	0.0%
Total	30.0	38.7	27.7	28.3%	38.7	27.7	28.3%	0.0	0.0	0.0%
Total (Ex-Ante)	493.5	671.1	594.6	11.4%	671.1	593.0	13.2%	0.0	-1.6	0.3%
Non Core (Reopener/logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	2.4	0.0	100.0%	2.4	0.0	100.0%	0.0	0.0	0.0%
Black Start Capability	0.0	0.5	0.0	100.0%	0.5	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	0.0	3.0	0.0	100.0%	3.0	0.0	100.0%	0.0	0.0	0.0%
Total	**493.5**	**674.0**	**594.6**	**11.8%**	**674.0**	**593.0**	**12.0%**	**0.0**	**-1.6**	**0.2%**

ENW		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	72.9	24.4	8.8	63.8%	24.4	21.0	14.0%	0.0	12.1	-49.8%
Diversions	11.1	23.1	17.2	25.6%	23.1	22.8	1.4%	0.0	5.6	-24.2%
Reinforcement	67.8	93.6	90.0	3.9%	93.6	90.4	3.3%	0.0	0.5	-0.5%
Fault Levels	4.8	2.5	2.5	0.0%	2.5	2.5	0.0%	0.0	0.0	0.0%
Asset Replacement	234.0	349.9	312.5	10.7%	349.9	316.2	9.6%	0.0	3.7	-1.1%
Operational IT&T	13.5	16.4	15.0	8.5%	16.4	15.0	8.5%	0.0	0.0	0.0%
Legal and Safety	16.0	61.2	45.9	25.1%	61.2	45.9	25.1%	0.0	0.0	0.0%
Total	420.0	571.1	491.8	13.9%	571.1	513.7	10.0%	0.0	21.9	-3.8%
Non Core (Ex-ante)										
BT21CN	5.0	19.6	19.6	0.0%	19.6	19.6	0.0%	0.0	0.0	0.0%
Flooding	3.2	7.4	7.4	0.0%	7.4	7.4	0.0%	0.0	0.0	0.0%
QoS (IIS)	6.6	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	3.8	2.2	2.2	0.0%	2.2	2.2	0.0%	0.0	0.0	0.0%
Losses	0.2	0.0	1.8	0.0%	0.0	1.8	0.0%	0.0	0.0	0.0%
Total	18.7	29.2	31.0	-6.2%	29.2	31.0	-6.2%	0.0	0.0	0.0%
Total (Ex-Ante)	438.7	600.3	522.9	12.9%	600.3	544.8	10.2%	0.0	21.9	-3.8%
Non Core (Reopener/logging up)										
HILP	0.0	2.8	0.0	100.0%	2.8	0.0	100.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Rising mains	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	0.0	2.8	0.0	100.0%	2.8	0.0	100.0%	0.0	0.0	0.0%
Total	**438.7**	**603.1**	**522.9**	**13.3%**	**603.1**	**544.8**	**9.7%**	**0.0**	**21.9**	**-3.6%**

CE_NEDL		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	11.0	20.0	11.0	45.0%	20.0	11.1	44.3%	0.0	0.1	-0.7%
Diversions	15.9	19.7	16.9	14.0%	19.7	16.9	14.0%	0.0	0.0	0.0%
Reinforcement	61.2	56.4	56.4	0.0%	56.4	56.4	0.0%	0.0	0.0	0.0%
Fault Levels	1.0	8.9	8.9	0.0%	8.9	8.9	0.0%	0.0	0.0	0.0%
Asset Replacement	154.9	279.2	264.6	5.3%	279.2	264.6	5.3%	0.0	0.0	0.0%
Operational IT&T	0.4	5.1	5.1	0.0%	5.1	5.1	0.0%	0.0	0.0	0.0%
Legal and Safety	8.3	8.7	8.7	0.0%	8.7	8.7	0.0%	0.0	0.0	0.0%
Total	252.7	398.0	371.6	6.6%	398.0	371.7	6.6%	0.0	0.1	0.0%
Non Core (Ex-ante)										
BT21CN	0.0	2.3	2.3	0.0%	2.3	2.3	0.0%	0.0	0.0	0.0%
Flooding	0.6	3.2	1.8	45.0%	3.2	1.8	45.0%	0.0	0.0	0.0%
QoS (IIS)	15.3	2.4	0.0	100.0%	2.4	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.7	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	1.5	1.2	1.2	0.0%	1.2	1.2	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	18.1	9.1	5.3	42.3%	9.1	5.3	42.3%	0.0	0.0	0.0%
Total (Ex-Ante)	270.7	407.1	376.8	7.4%	407.1	377.0	8.0%	0.0	0.1	0.0%
Non Core (Reopener/logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	3.7	0.0	100.0%	3.7	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	4.0	1.6	59.1%	4.0	1.6	59.1%	0.0	0.0	0.0%
Total	0.0	7.7	1.6	78.6%	7.7	1.6	78.6%	0.0	0.0	0.0%
Total	**270.7**	**414.8**	**378.5**	**8.8%**	**414.8**	**378.6**	**8.7%**	**0.0**	**0.1**	**0.0%**

CE_YEDL		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	9.8	28.6	14.2	50.3%	28.6	14.4	49.7%	0.0	0.2	-0.7%
Diversions	28.2	44.5	39.5	11.3%	44.5	39.5	11.3%	0.0	0.0	0.0%
Reinforcement	49.3	62.7	62.7	0.0%	62.7	62.7	0.0%	0.0	0.0	0.0%
Fault Levels	2.7	14.1	14.1	0.0%	14.1	14.1	0.0%	0.0	0.0	0.0%
Asset Replacement	217.5	330.2	303.0	8.3%	330.2	303.0	8.3%	0.0	0.0	0.0%
Operational IT&T	3.7	9.4	9.4	0.0%	9.4	9.4	0.0%	0.0	0.0	0.0%
Legal and Safety	19.3	23.0	18.5	19.6%	23.0	20.7	9.9%	0.0	2.2	-9.8%
Total	330.5	512.6	461.4	10.0%	512.6	463.8	9.5%	0.0	2.4	-0.5%
Non Core (Ex-ante)										
BT21CN	0.0	3.2	3.2	0.0%	3.2	3.2	0.0%	0.0	0.0	0.0%
Flooding	2.1	29.6	29.0	2.0%	29.6	29.0	2.0%	0.0	0.0	0.0%
QoS (IIS)	18.1	7.6	0.0	100.0%	7.6	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	1.6	1.9	1.9	0.0%	1.9	1.9	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	21.8	42.3	34.1	19.3%	42.3	34.1	19.3%	0.0	0.0	0.0%
Total (Ex-Ante)	352.3	555.0	495.5	10.7%	555.0	498.0	11.4%	0.0	2.4	-0.5%
Non Core (Reopener/logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	9.0	0.0	100.0%	9.0	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.2	5.9	2.4	59.1%	5.9	2.4	59.1%	0.0	0.0	0.0%
Total	0.2	14.9	2.4	83.9%	14.9	2.4	83.9%	0.0	0.0	0.0%
Total	**352.4**	**569.8**	**497.9**	**12.6%**	**569.8**	**500.4**	**12.2%**	**0.0**	**2.4**	**-0.4%**

WPD_S_Wales		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	6.0	5.4	5.4	0.4%	5.4	5.4	0.2%	0.0	0.0	-0.1%
Diversions	14.2	14.0	14.0	0.0%	14.0	14.0	0.0%	0.0	0.0	0.0%
Reinforcement	22.8	19.9	18.3	8.0%	19.9	18.3	8.0%	0.0	0.0	0.0%
Fault Levels	0.0	0.7	0.7	0.0%	0.7	0.7	0.0%	0.0	0.0	0.0%
Asset Replacement	84.5	131.8	129.2	1.9%	131.8	129.1	2.0%	0.0	-0.1	0.1%
Operational IT&T	9.9	8.8	7.0	20.7%	8.8	7.0	20.7%	0.0	0.0	0.0%
Legal and Safety	1.2	13.9	12.8	7.8%	13.9	12.8	7.7%	0.0	0.0	-0.1%
Total	138.6	194.4	187.4	3.6%	194.4	187.3	3.7%	0.0	-0.1	0.1%
Non Core (Ex-ante)										
BT21CN	0.1	2.6	2.6	0.0%	2.6	2.6	0.0%	0.0	0.0	0.0%
Flooding	1.0	10.8	10.8	-0.4%	10.8	10.8	-0.4%	0.0	0.0	0.0%
QoS (IIS)	17.0	0.8	0.0	100.0%	0.8	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	3.0	0.0	100.0%	3.0	0.0	100.0%	0.0	0.0	0.0%
Environmental	0.0	3.3	3.3	0.0%	3.3	3.3	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	18.1	20.3	16.6	18.3%	20.3	16.6	18.3%	0.0	0.0	0.0%
Total (Ex-Ante)	156.7	214.7	204.0	5.0%	214.7	203.9	5.3%	0.0	-0.1	0.1%
Non Core (Reopener / logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.1	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	2.0	0.0	100.0%	2.0	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	0.1	2.0	0.0	100.0%	2.0	0.0	100.0%	0.0	0.0	0.0%
Total	**156.8**	**216.7**	**204.0**	**5.9%**	**216.7**	**203.9**	**5.9%**	**0.0**	**-0.1**	**0.0%**

WPD_S_West		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	10.7	7.8	7.7	1.4%	7.8	7.7	1.4%	0.0	0.0	0.0%
Diversions	18.0	26.0	25.2	3.1%	26.0	25.2	3.1%	0.0	0.0	0.0%
Reinforcement	33.9	20.3	20.3	0.0%	20.3	20.3	0.0%	0.0	0.0	0.0%
Fault Levels	0.0	2.9	2.9	0.0%	2.9	2.9	0.0%	0.0	0.0	0.0%
Asset Replacement	157.9	208.3	202.5	2.8%	208.3	202.6	2.8%	0.0	0.1	0.0%
Operational IT&T	11.1	12.9	11.1	14.1%	12.9	11.1	14.1%	0.0	0.0	0.0%
Legal and Safety	6.7	27.9	25.2	9.9%	27.9	25.2	9.8%	0.0	0.0	-0.1%
Total	238.3	306.1	294.8	3.7%	306.1	294.9	3.7%	0.0	0.1	0.0%
Non Core (Ex-ante)										
BT21CN	0.1	0.8	0.8	0.0%	0.8	0.8	0.0%	0.0	0.0	0.0%
Flooding	1.0	6.8	6.3	6.9%	6.8	6.3	6.9%	0.0	0.0	0.0%
QoS (IIS)	12.2	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	11.3	0.0	100.0%	11.3	0.0	100.0%	0.0	0.0	0.0%
Environmental	0.6	7.1	7.1	0.0%	7.1	7.1	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	13.9	25.9	14.2	45.3%	25.9	14.2	45.3%	0.0	0.0	0.0%
Total (Ex-Ante)	252.2	332.0	309.0	6.9%	332.0	309.1	7.4%	0.0	0.1	0.0%
Non Core (Reopener / logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	1.4	0.0	100.0%	1.4	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	0.0	1.4	0.0	100.0%	1.4	0.0	100.0%	0.0	0.0	0.0%
Total	**252.2**	**333.4**	**309.0**	**7.3%**	**333.4**	**309.1**	**7.3%**	**0.0**	**0.1**	**0.0%**

EDFE_LPN		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	3.4	11.0	10.5	4.4%	11.0	10.4	5.1%	0.0	-0.1	0.8%
Diversions	5.7	4.2	3.7	11.9%	4.2	3.7	11.9%	0.0	0.0	0.0%
Reinforcement	103.7	209.8	209.8	0.0%	209.8	209.8	0.0%	0.0	0.0	0.0%
Fault Levels	4.1	1.3	1.3	0.0%	1.3	1.3	0.0%	0.0	0.0	0.0%
Asset Replacement	254.8	275.2	243.7	11.4%	275.2	243.7	11.4%	0.0	0.0	0.0%
Operational IT&T	9.0	3.2	3.2	0.0%	3.2	3.2	0.0%	0.0	0.0	0.0%
Legal and Safety	4.6	3.9	3.9	0.0%	3.9	3.9	0.0%	0.0	0.0	0.0%
Total	385.3	508.6	476.1	6.4%	508.6	476.1	6.4%	0.0	-0.1	0.0%
Non Core (Ex-ante)										
BT21CN	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Flooding	0.5	4.1	4.1	0.0%	4.1	4.1	0.0%	0.0	0.0	0.0%
QoS (IIS)	3.6	8.0	0.0	100.0%	8.0	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	4.1	2.5	2.5	0.0%	2.5	2.5	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	8.2	14.6	6.6	54.8%	14.6	6.6	54.8%	0.0	0.0	0.0%
Total (Ex-Ante)	393.5	523.2	482.7	7.7%	523.2	482.7	8.4%	0.0	-0.1	0.0%
Non Core (Reopener / logging up)										
HILP	0.2	50.8	0.0	100.0%	50.8	0.0	100.0%	0.0	0.0	0.0%
CNI security	4.7	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	6.6	0.0	100.0%	6.6	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	0.5	0.0	100.0%	0.5	0.0	100.0%	0.0	0.0	0.0%
Total	4.9	57.9	0.0	100.0%	57.9	0.0	100.0%	0.0	0.0	0.0%
Total	**398.4**	**581.1**	**482.7**	**16.9%**	**581.1**	**482.7**	**16.9%**	**0.0**	**-0.1**	**0.0%**

EDFE_SPN		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	22.3	48.8	42.3	13.3%	48.8	42.3	13.2%	0.0	0.0	0.0%
Diversions	21.8	27.5	23.7	13.8%	27.5	23.7	13.8%	0.0	0.0	0.0%
Reinforcement	69.7	107.3	81.9	23.7%	107.3	90.4	15.7%	0.0	8.6	-8.0%
Fault Levels	0.6	3.0	3.0	0.0%	3.0	3.0	0.0%	0.0	0.0	0.0%
Asset Replacement	213.5	286.5	245.8	14.2%	286.5	245.4	14.4%	0.0	-0.4	0.1%
Operational IT&T	8.7	2.1	2.1	0.0%	2.1	2.1	0.0%	0.0	0.0	0.0%
Legal and Safety	12.8	66.7	53.0	20.5%	66.7	53.0	20.5%	0.0	0.0	0.0%
Total	349.4	541.9	451.8	16.6%	541.9	460.0	15.1%	0.0	8.2	-1.5%
Non Core (Ex-ante)										
BT21CN	0.0	23.5	16.4	30.2%	23.5	16.4	30.2%	0.0	0.0	0.0%
Flooding	0.5	6.0	6.0	0.0%	6.0	6.0	0.0%	0.0	0.0	0.0%
QoS (IIS)	19.0	15.0	0.0	100.0%	15.0	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	12.2	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	4.8	6.5	6.5	0.0%	6.5	6.5	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	36.5	51.0	28.9	43.3%	51.0	28.9	43.3%	0.0	0.0	0.0%
Total (Ex-Ante)	385.9	592.9	480.7	18.9%	592.9	488.9	21.3%	0.0	8.2	-1.5%
Non Core (Reopener / logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	9.0	0.0	100.0%	9.0	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.7	1.0	0.0	100.0%	1.0	0.0	100.0%	0.0	0.0	0.0%
Total	0.7	10.0	0.0	100.0%	10.0	0.0	100.0%	0.0	0.0	0.0%
Total	**386.6**	**602.9**	**480.7**	**20.3%**	**602.9**	**488.9**	**18.9%**	**0.0**	**8.2**	**-1.4%**

EDFE_EPN		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	25.4	29.1	16.8	42.2%	29.1	20.1	31.0%	0.0	3.3	-11.2%
Diversions	36.8	40.5	39.8	1.7%	40.5	39.8	1.7%	0.0	0.0	0.0%
Reinforcement	198.4	246.5	223.4	9.4%	246.5	229.1	7.1%	0.0	5.7	-2.3%
Fault Levels	2.8	28.3	25.1	11.4%	28.3	25.1	11.4%	0.0	0.0	0.0%
Asset Replacement	267.8	257.1	217.9	15.2%	257.1	215.4	16.2%	0.0	-2.6	1.0%
Operational IT&T	3.8	4.4	4.4	0.0%	4.4	4.4	0.0%	0.0	0.0	0.0%
Legal and Safety	28.6	71.1	54.0	24.0%	71.1	42.3	40.5%	0.0	-11.7	16.4%
Total	563.6	677.0	581.5	14.1%	677.0	576.1	14.9%	0.0	-5.3	0.8%
Non Core (Ex-ante)										
BT21CN	0.6	42.2	26.8	36.5%	42.2	26.8	36.5%	0.0	0.0	0.0%
Flooding	0.6	7.5	7.5	0.0%	7.5	7.5	0.0%	0.0	0.0	0.0%
QoS (IIS)	16.4	20.9	0.0	100.0%	20.9	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	41.3	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	8.9	7.6	7.6	0.0%	7.6	7.6	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	67.8	78.2	41.9	46.4%	78.2	41.9	46.4%	0.0	0.0	0.0%
Total (Ex-Ante)	631.4	755.2	623.4	17.5%	755.2	618.0	22.2%	0.0	-5.3	0.8%
Non Core (Reopener/logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	21.0	0.0	100.0%	21.0	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.0	0.5	0.0	100.0%	0.5	0.0	100.0%	0.0	0.0	0.0%
Total	0.0	21.5	0.0	100.0%	21.5	0.0	100.0%	0.0	0.0	0.0%
Total	**631.4**	**776.7**	**623.4**	**19.7%**	**776.7**	**618.0**	**20.4%**	**0.0**	**-5.3**	**0.7%**

SP_Distribution		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	22.0	16.4	16.4	0.1%	16.4	16.4	0.1%	0.0	0.0	0.0%
Diversions	12.4	12.8	11.7	8.6%	12.8	11.7	8.6%	0.0	0.0	0.0%
Reinforcement	43.9	61.8	61.8	0.0%	61.8	61.8	0.0%	0.0	0.0	0.0%
Fault Levels	1.1	17.3	17.3	0.0%	17.3	17.3	0.0%	0.0	0.0	0.0%
Asset Replacement	222.7	254.8	224.2	12.0%	254.8	223.4	12.3%	0.0	-0.8	0.3%
Operational IT&T	7.7	5.2	4.3	18.5%	5.2	4.3	18.5%	0.0	0.0	0.0%
Legal and Safety	14.2	15.5	14.1	8.8%	15.5	14.2	8.5%	0.0	0.0	-0.3%
Total	324.0	383.8	349.8	8.9%	383.8	349.1	9.1%	0.0	-0.7	0.2%
Non Core (Ex-ante)										
BT21CN	0.0	1.5	1.5	0.0%	1.5	1.5	0.0%	0.0	0.0	0.0%
Flooding	0.3	3.2	2.7	16.7%	3.2	2.7	16.7%	0.0	0.0	0.0%
QoS (IIS)	24.7	7.9	0.0	100.0%	7.9	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	2.0	0.0	100.0%	2.0	0.0	100.0%	0.0	0.0	0.0%
Environmental	1.0	5.5	5.5	0.0%	5.5	5.5	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	2.7	0.0%	0.0	2.7	0.0%	0.0	0.0	0.0%
Total	26.0	20.1	12.4	38.3%	20.1	12.4	38.3%	0.0	0.0	0.0%
Total (Ex-Ante)	349.9	403.9	362.2	10.3%	403.9	361.5	11.7%	0.0	-0.7	0.2%
Non Core (Reopener/logging up)										
HILP	0.0	4.6	3.6	22.0%	4.6	3.6	22.0%	0.0	0.0	0.0%
CNI security	0.0	5.0	0.0	100.0%	5.0	0.0	100.0%	0.0	0.0	0.0%
Black Start Capability	0.0	0.7	0.0	100.0%	0.7	0.0	100.0%	0.0	0.0	0.0%
Rising mains	4.8	38.6	12.4	67.9%	38.6	12.4	67.9%	0.0	0.0	0.0%
Total	4.8	48.8	16.0	67.3%	48.8	16.0	67.3%	0.0	0.0	0.0%
Total	**354.8**	**452.7**	**378.2**	**16.5%**	**452.7**	**377.4**	**16.6%**	**0.0**	**-0.7**	**0.2%**

SP_Manweb		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	36.0	40.5	40.5	0.0%	40.5	40.4	0.3%	0.0	-0.1	0.3%
Diversions	14.8	23.9	19.7	17.8%	23.9	19.7	17.8%	0.0	0.0	0.0%
Reinforcement	37.6	80.0	77.8	2.7%	80.0	77.8	2.7%	0.0	0.0	0.0%
Fault Levels	5.9	14.7	14.7	0.0%	14.7	14.7	0.0%	0.0	0.0	0.0%
Asset Replacement	233.8	333.0	299.5	10.1%	333.0	299.5	10.1%	0.0	0.0	0.0%
Operational IT&T	5.8	11.3	10.6	6.6%	11.3	10.6	6.6%	0.0	0.0	0.0%
Legal and Safety	29.8	43.7	36.6	16.2%	43.7	36.1	17.3%	0.0	-0.5	1.1%
Total	363.6	547.1	499.3	8.7%	547.1	498.7	8.8%	0.0	-0.6	0.1%
Non Core (Ex-ante)										
BT21CN	3.5	10.5	10.5	0.0%	10.5	10.5	0.0%	0.0	0.0	0.0%
Flooding	0.2	11.4	11.4	0.0%	11.4	11.4	0.0%	0.0	0.0	0.0%
QoS (IIS)	19.2	5.5	0.0	100.0%	5.5	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	2.0	0.0	100.0%	2.0	0.0	100.0%	0.0	0.0	0.0%
Environmental	2.1	4.5	4.5	0.0%	4.5	4.5	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	2.6	0.0%	0.0	2.6	0.0%	0.0	0.0	0.0%
Total	25.0	33.9	28.9	14.6%	33.9	28.9	14.6%	0.0	0.0	0.0%
Total (Ex-Ante)	388.7	581.0	528.2	9.1%	581.0	527.7	10.1%	0.0	-0.6	0.1%
Non Core (Reopener/logging up)										
HILP	0.0	4.1	2.5	39.0%	4.1	2.5	39.0%	0.0	0.0	0.0%
CNI security	0.0	6.0	0.0	100.0%	6.0	0.0	100.0%	0.0	0.0	0.0%
Black Start Capability	0.0	1.6	0.0	100.0%	1.6	0.0	100.0%	0.0	0.0	0.0%
Rising mains	0.3	21.3	7.0	67.1%	21.3	7.0	67.1%	0.0	0.0	0.0%
Total	0.3	33.0	9.5	71.2%	33.0	9.5	71.2%	0.0	0.0	0.0%
Total	**388.9**	**613.9**	**537.7**	**12.4%**	**613.9**	**537.2**	**12.5%**	**0.0**	**-0.6**	**0.1%**

SSE_Hydro		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	16.5	16.7	16.2	3.2%	16.7	16.2	3.2%	0.0	0.0	0.0%
Diversions	2.2	4.0	3.0	26.3%	4.0	3.0	26.3%	0.0	0.0	0.0%
Reinforcement	22.7	19.5	18.4	5.6%	19.5	18.4	5.6%	0.0	0.0	0.0%
Fault Levels	0.1	2.0	2.0	0.0%	2.0	2.0	0.0%	0.0	0.0	0.0%
Asset Replacement	118.1	151.2	145.5	3.8%	151.2	145.5	3.8%	0.0	0.0	0.0%
Operational IT&T	1.9	9.8	8.6	12.2%	9.8	8.6	12.2%	0.0	0.0	0.0%
Legal and Safety	3.5	11.0	11.0	0.0%	11.0	11.0	0.0%	0.0	0.0	0.0%
Total	165.0	214.2	204.6	4.5%	214.2	204.6	4.5%	0.0	0.0	0.0%
Non Core (Ex-ante)										
BT21CN	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Flooding	0.0	2.7	0.2	90.8%	2.7	0.2	90.8%	0.0	0.0	0.0%
QoS (IIS)	7.4	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	3.5	1.0	1.0	0.0%	1.0	1.0	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	1.0	0.0%	0.0	1.0	0.0%	0.0	0.0	0.0%
Total	10.9	3.7	2.3	38.0%	3.7	2.3	38.0%	0.0	0.0	0.0%
Total (Ex-Ante)	175.9	217.9	206.9	5.1%	217.9	206.9	5.3%	0.0	0.0	0.0%
Non Core (Reopener/logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	6.0	0.0	100.0%	6.0	0.0	100.0%	0.0	0.0	0.0%
Rising mains	1.4	1.5	0.6	60.0%	1.5	0.6	60.0%	0.0	0.0	0.0%
Total	1.4	7.5	0.6	92.0%	7.5	0.6	92.0%	0.0	0.0	0.0%
Total	**177.3**	**225.4**	**207.5**	**8.0%**	**225.4**	**207.5**	**8.0%**	**0.0**	**0.0**	**0.0%**

SSE_Southern		October 5th Update			October 23 (latest view)			Change		
£m (07/08)	DPCR4 actuals	DPCR5 Forecast	Baseline	Reduction (%)	DPCR5 forecast	Baseline Updated	Reduction (%)	DPCR5 forecast	Baseline	Reduction
Core (Ex-ante)										
Demand Connections	24.7	58.8	56.9	3.2%	58.8	56.9	3.2%	0.0	0.0	0.0%
Diversions	4.9	19.0	12.3	35.5%	19.0	18.3	3.7%	0.0	6.1	-31.8%
Reinforcement	169.3	150.2	142.5	5.1%	150.2	142.5	5.1%	0.0	0.0	0.0%
Fault Levels	1.2	4.3	4.3	0.0%	4.3	4.3	0.0%	0.0	0.0	0.0%
Asset Replacement	293.3	369.3	340.4	7.8%	369.3	340.4	7.8%	0.0	0.0	0.0%
Operational IT&T	1.7	18.9	16.5	12.6%	18.9	16.5	12.6%	0.0	0.0	0.0%
Legal and Safety	4.7	33.0	33.0	0.0%	33.0	33.0	0.0%	0.0	0.0	0.0%
Total	499.8	653.5	605.8	7.3%	653.5	611.9	6.4%	0.0	6.1	-0.9%
Non Core (Ex-ante)										
BT21CN	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Flooding	0.0	9.0	0.2	97.8%	9.0	0.2	97.8%	0.0	0.0	0.0%
QoS (IIS)	14.6	17.7	0.0	100.0%	17.7	0.0	100.0%	0.0	0.0	0.0%
QoS (Non IIS)	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Environmental	1.0	2.0	2.0	0.0%	2.0	2.0	0.0%	0.0	0.0	0.0%
Losses	0.0	0.0	4.1	0.0%	0.0	4.1	0.0%	0.0	0.0	0.0%
Total	15.6	28.7	6.3	77.9%	28.7	6.3	77.9%	0.0	0.0	0.0%
Total (Ex-Ante)	515.4	682.2	612.2	10.3%	682.2	618.2	10.3%	0.0	6.1	-0.9%
Non Core (Reopener / logging up)										
HILP	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
CNI security	0.0	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Black Start Capability	0.0	8.0	0.0	100.0%	8.0	0.0	100.0%	0.0	0.0	0.0%
Rising mains	3.3	5.0	2.0	60.0%	5.0	2.0	60.0%	0.0	0.0	0.0%
Total	3.3	13.0	2.0	84.6%	13.0	2.0	84.6%	0.0	0.0	0.0%
Total	**518.7**	**695.2**	**614.2**	**11.7%**	**695.2**	**620.2**	**10.8%**	**0.0**	**6.1**	**-0.9%**