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Your ref

Our Ref

Date

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Contact / Extension

Scott Mathieson
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Dear Stuart,

Transmission Network Output Measures – SP Transmission Appendix

At the joint Transmission Licensee meeting held on 20 January 2010, we undertook to provide clarification to Ofgem on the additional information we would provide to support our SP Transmission specific appendix, and the timescales for the provision of this information.

The additional information requested covers three specific areas:

- Details of asset condition mapping to internal AHI and mapping from internal AHI to outputs AHI for all main asset categories,
- Asset degradation with age assumptions for all main asset categories, and
- Details of ACU forecasting.

Section 3.1 of the SPTL specific appendix currently provides high-level detail of the assessment of asset condition, the production of internal AHI and an example mapping to the reported asset health categories. We propose to provide the following data for the main asset categories to expand and explain our methodology in more detail including the:

- Criteria used in the production of the internal AHI,
- 'Break points' for each internal AHI,
- Mapping of internal AHI to reported asset health category, and
- Forecast asset degradation in relation to the AHI.

In addition, we will provide sample worked examples detailing the application of the process to specific asset groups. It is our intention to provide this update of the SP Transmission specific appendix as part of our 2009/10 RRP submission at the end of July 2010.

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The mapping between internal AHI and reported asset health is currently undergoing a review following the recent Distribution Price Control Review which introduced a consistent 1-5 reporting regime for AHI. As we adopt one Asset Management philosophy across both transmission and distribution assets we are in the process of adapting our current Transmission reporting into one consistent with that used within the distribution businesses. This has given affect to a number translation issues between the categories, predominantly arising from the low granularity of the currently used categories within the proposed TRRP tables.

With respect to the forecasting of Average Circuit Unreliability, we have only recently, as part of the Network Output Measures process, started compiling this information on a monthly basis. We therefore have limited experience of using this data and believe that we do not have sufficient history to make an accurate forecast for our RRP for 2009/10. We therefore propose to submit actual ACU data for 2009/10 in our 2009/10 RRP. Although we will still have only limited data on which to make realistic forecasts, we intend to start including ACU forecasts from our 2010/11 RRP onwards.

Yours sincerely,



Scott Mathieson
Regulation and Commercial Director