

*LCN Fund Full Submission*  
*Supplementary Answer Form*

Tick if this answer is Confidential:

Tick if this answer has been provided verbally:

Project code:	WPDT2002	Question Number	6
Question date	1st September 2011	Answer date	6 <sup>th</sup> September 2011
Submission section question relates to	Sections 7 & 8		
Topic	Interruptions/IIS		
Question	<p>You anticipate that the project will result in interruptions for 2000 customers for around 2 hours each and estimate that this equates to a penalty of £125k under the IIS. In section 7 you state that you have included this £125k in the project costs. This implies that the LCN Fund will protect you from these penalties (you are entitled to request this protection). However, in section 8 you state that you have no reason to believe that you will require protection from the IIS. Can you please clarify which one of these statements is true?</p>		
Notes on question			
Answer	<p>WPD confirms that FALCON is seeking protection from IIS penalties and that the value included in the project costs is £125k.</p> <p>We have also noticed some other inconsistencies between section 7 and 8 and would therefore like to clarify the position with respect to IIS. These inconsistencies are borne by the fact WPD are currently working on identifying options to further minimise outages, and their effects, through projects that are yet to be finalised. Therefore it is expected that a further reduction in IIS can be achieved.</p> <p>We currently estimate that CI will be required for 50% of the 200 secondary substation installations required, affecting approximately 10,000 customers in total. We estimate that the customer minutes lost for each affected customer will be approximately 120 (i.e. 2 hours). Based on these estimates, the protection of £125k has been calculated as shown in the table below:</p>		

Variable	Item	Value	Source
A	Customers in WPD (East Midlands)	2,500,000	From WPD data
B	Secondary Substations	200	FALCON planned substations
C	% Secondary Substations affected	50%	Estimate of affected substations
D	Customers/Secondary Substation	100	Estimate of average number of customers/substation
E	Interruption duration (mins)	120	Estimate of interruption time at each substation
F	Customers Affected	10,000	=B*C*D
G	Customers Interrupted	10,000	=F
H	Customer Minutes Lost	1,200,000	=G*E
I	Planned Interruption Factor	0.5	From IIS
J	CI Incentive Price (£/100 customers)	120,000	From IIS
K	CML Incentive Price (£/minutes lost per cust)	420,000	From IIS
L	Cost of CI (£)	24,000	=I*G*J/(A/100)
M	Cost of CI (£)	100,800	=I*H*K/A
	Total IIS cost (£)	124,800	=L+M
Attachments			
Verbal Clarifications (Consultants )			