

# Losses Index



DPCR5 output measures currently assess asset replacement and reinforcement investment against improvements in Health Index and Load Index.

## Health Index

Index	HI 1	HI 2	HI 3	HI 4	HI 5
Condition	New or as new	Serviceable	Requires monitoring	Intervention being considered	End of Life

## Load Index

Index	LI 1	LI 2	LI 3	LI 4	LI 5
Loading	<90%	90-99%	100-110%	110-120%	>120%

Losses could be categorised in a similar banding however this may have to be set by voltage or for specific asset categories due to large variances in characteristics

Index	Loss 1	Loss 2	Loss 3	Loss 4	Loss 5
Primary Tx	1%	1-2%	2-3%	3-5%	>5%
Secondary Tx	<2%	2-3%	3-6%	6-10%	>10%

# Reporting Losses and Incentive rates



Current Index based output measures are based on the delta of predicted views at the end of the period with and without intervention.

ASSET CATEGORIES	End of DPCR5 (31 March 2015) with investment					End of DPCR5 (31 March 2015) without investment				
	HI 1	HI 2	HI 3	HI 4	HI 5	HI 1	HI 2	HI 3	HI 4	HI 5
<b>LV Network</b>										
LV Switchgear and Other										
LV UGB										
LV OHL Support										

The proposed losses mechanism would work in a similar way with an agreed improvement being the baseline and any over/under delivery of that improvement rewarded/penalised.

A reconciliation would likely be necessary to ensure that any significant movements due to the adoption of high loss low carbon technologies (e.g. storage heaters) would not have a negative impact on the incentive mechanism.