

WPD – Losses Presentation



DPCR5 - Losses

Positives

- Consistent across DNOs
- Removes the LAFs
- The Cap and Collar provides limited exposure

Negatives

- No control over losses
- Includes DPCR4 Close Out Payment
 - uncertainty
- Indecision at a very late stage
 - uncertainty
- Methodology too Rigid
- Required a lot of investment in time and systems to set up

ED1 – Losses Method

Suggestions

- Record losses but suspend incentive until smart metering roll out
 - Smart metering could have a significant effect in level of losses recorded
 - Mid period review
- Very little change from existing recording method as the systems are in place
 - Consistent across DNOs
 - Removes the LAFs
- No DPCR5 Close Out Payment
 - Improve certainty
- Example scenarios when methodology could be relaxed
- Certainty early on