

Cost Assessment Working Group (CAWG): 10 July 2012

The fifth meeting of the CAWG to inform cost assessment for RIIO-ED1.

From
Date and time of Meeting
Location

Sara McGonigle
10 July 2012 – 10am-4.45pm
ENA

1. Present

- Andrew Stanger, Scottish Power
- John Gray, Scottish Power
- Bob Parker, Western Power Distribution
- Barry Hollinghurst, Western Power Distribution
- Sarah Walls, Electricity North West
- Jonathan Booth, Electricity North West
- Julian Rudd, UK Power Networks
- Keith Mawson, Northern Powergrid
- Keith Noble-Nesbitt, Northern Powergrid
- Mark Kelly, Scottish and Southern Energy
- Kenny McAllister, Scottish and Southern Energy
- James Hope, Ofgem
- Sara McGonigle, Ofgem
- Mark Hogan, Ofgem
- Lawrence Irlam, Ofgem

2. Apologies

None.

3. Introduction

3.1. The meeting began with James Hope (JH), Ofgem, stating Ofgem's approach to costs visits this year. It was noted that:

- Ofgem will provide a suite of analysis to all prior to the start of the cost visits (by mid-September). As such, Ofgem will send out a letter to DNOs regarding the sharing of data.

- Ofgem will also send out questions for DNOs 2 weeks in advance of the scheduled visit. There will be a mix of generic and DNO-specific questions.
- The intention is to “hit the ground running” from Day 1 of the visit.
- Ofgem will circulate a draft agenda for comment, which is intended to be more detailed than last year.

3.2. Mark Kelly (MK), SSE, sought clarification on Action 37. Sara McGonigle (SM), Ofgem, confirmed that it concerns two areas – the data that DNOs will need for their models and the data that each individual DNO would be willing to share – both forecast and historic. MK suggested that the data in the public domain would be a useful starting point.

3.3. JH noted that there are two key issues – how reliable is historic data if we go back a number of years and that there is a need to seek legal advice on the sharing of forecast data. Sarah Walls (SW), ENWL, noted her concerns with the issue of collusion and also the sharing of commercially sensitive connections data. JH stated that he will discuss with Ofgem’s legal department.

Action	Person	Date
Ofgem to send a letter to DNOs regarding the sharing of data	MH	20 July 2012
Ofgem to check the legal position on sharing of forecast data	JH	20 July 2012

4. Real Price Effects (RPEs)

4.1. Mark Hogan (MH) of Ofgem presented on RPEs (see associated slides).

4.2. It was noted that the training on WS3 will not be available for the July 2012 submission. JH clarified that Ofgem were not expecting WS3 scenarios for July submissions but that we definitely expect to see RPEs associated with base forecast..

4.3. MK noted that there is work to be done on WS3. The scenarios are at a GB and regional level so work needs to be done before applying to the DNO level.

4.4. Andrew Stranger (AS), Scottish Power, stated that he understood that DNOs were to provide their scenarios by 20 Dec following guidance from Ofgem in September. JH confirmed that Ofgem would provide further guidance on scenarios once a decision following internal discussions has been made.

4.5. Keith Mawson (KM), Northern Powergrid, noted that until scenarios are specified it is difficult to comment on Action 11 - *DNOs to provide feedback to Ofgem on the scenario worksheet that was sent out with the July forecast pack.*

4.6. Slide 10 – Keith Noble-Nesbitt (KNN), Northern Powergrid, questioned whether it was Frontier Economics that made the productivity improvement assumptions. MH agreed to check and confirm.

4.7. SW noted that the inclusion of RPE allowances must distinguish between costs that are subject to uncertainty mechanisms (where they may not appropriate to be included in base allowances) and ex ante allowances (where they are appropriate). SW noted that we need to be able to split them so that uncertainty mechanisms include associated RPEs if they are to be based on costs in 2012-13 prices. It is important that the tables are set up to ensure this separation can be made. BP noted that RPEs should be explicit in tables and not embedded. MK, KM and AS noted their agreement with this. MK noted that the unit costs for innovative solutions are more uncertain than for the traditional solutions so

applying RPEs to this is more challenging but a separate row to reflect RPEs definitely makes sense.

4.8. JH noted that this is the sort of issue that should be raised when the DNOs meet with Ofgem to discuss the Business Plans format and content.

4.9. Regarding the question on Slide 10, it was confirmed to DNOs that they must consider this within their well justified business plans (WJBPs). JH asked the question – do efficiency gains and RPEs have an equal and opposite effect? BP said that they are two separate things and should be considered as such. While Ofgem agreed with this, the net effect in a Totex world must be something that is considered in the WJBPs.

4.10. BP noted that there needs to be clear separation between 1) RPEs; 2) productivity and 3) smart solutions. The third is different as it is a solution to a problem. KNN noted that different solutions can be put in productivity assumptions and also put in the capex baseline.

4.11. JH noted that a debate is still to be had around these issues. For examples, if a standard solutions is to replace a transformer at £1000 and the innovative/smart solution would cost £600 to achieve the same output, there is a choice for DNOs – go for traditional or smart. For each there is a degree of certainty and risk, and there remains a debate on how each should be treated in cost assessment.

4.12. MK and KM both noted assumptions are needed for both RPEs and productivity.

Action	Person	Date
Ofgem to check who made the productivity improvement assumptions for RPEs in DPCR5.	MH	20 July 2012

5. Real Options

5.1. James Grayburn (JGr) gave a presentation on Real Options in Gas Distribution. During the presentation a number of key points were made as follows:

- SW – real options might work for GD where demand is falling, but will it in ED? Thought needs to be given on its application in ED. The challenge is how to use approach to test uncertainty of whether increase will occur.
- MK asked whether it was a tool to assess investment options for GDNs or is it for GDNs to use to justify their investment decisions. JGr stated it was not simply a tool for the WJBP, but rather for the framework to be used on an annual basis, where appropriate.
- MK also noted that it raises an interesting debate on deferring investment until things are more certain. To date the discussions have focussed more on investment ahead of need. MK noted that deferral (via, for example a demand side response (DSR)) may be most appropriate in areas of high uncertainty. JH agreed with this but should a DNO choose to invest now and another to potentially invest later and deferring via a DSR, each must show that they have considered both options. KNN – noted that a DNO might spend more on short term deferral if there is value in waiting for greater certainty (eg heat pumps).
- MK asked the question – are we really saying that this is only appropriate in areas of high uncertainty? JH noted that we need to give more thought to the applicability for ED and that this discussion should be carried forward to the Business Plan meeting. But JH noted initial thoughts would be that this would not be appropriate for tree cutting, but evaluating a high voltage load scheme where there is a lot of money but

also a lot of uncertainty. Asset replacement in general may not be appropriate but transformer replacement may be.

- SW – noted the need to consider where there is a licence or other duty (eg P2/6 compliance) to undertake investment that mandate that the work be carried out even where an NPV-type calculation might suggest a lower cost option. JGr noted where there is a statutory obligation, Real Options will not apply and only applies where the investment decision is marginal – where the case to invest or not is not clear-cut.
- **Overall it was agreed that further thought on the applicability of Real Options in ED is required.** Ofgem must consider where the decision is marginal but there is an obligation on DNOs to invest.
- JGr – in considering its applicability to ED1 is important to bear in mind where it is appropriate to use Real Options (Slide 2) – where investment is irreversible (therefore would not include a decision where a transformer can be moved once put in place), there is significant uncertainty, the investment decision is marginal and investment options offer flexibility (expansion option) or delay to investment (deferral option). It is also important to note that it is not used widely. JB noted that this is the key point of the debate – it is ONLY used to make the GDNs incorporate a default value for the option value in the assessment of interruptible contract offers for annual capacity auctions. Where the outcome is marginal, more detailed assessment is carried out. It is not used for assessment of business plans.

Action	Person	Date
Ofgem to give further consideration of the use of Real Options in ED1	JH, SM, MH	September 2012

6. Whole Life Costs

6.1. ENWL gave a presentation on whole-life costing. A number of points were raised as follows:

- Slide 2 - BP – noted that points 1 (short term cost minimisation) and 2 (whole-life cost minimisation) are not mutually exclusive. Jonathan Booth (JB), ENWL agreed that on some occasions they are not.
- Slide 4 – JB noted that the last bullet point is quite a sensitive point –that is that we need to agree Health Index (HI) movements associated with refurbishment solutions and may need to adjust deterioration models to recognise that refurbishment addresses only some failure models
- JH noted that this is being discussed in the Reliability and Safety Working Group (RSWG). There are 3 key areas to be considered in the consequences of failure of assets – 1. Environment, 2. Customers and 3. Safety which add new scope for distortion. These all incur materially different costs but all yield changes in HI. In the CAWG we need to be mindful of changes in HI due to asset replacement and due to refurbishment. If the change due to refurbishment should not get the same allowance if it was for replacement.
- MK noted that the tables should be able to capture this. JH noted that the DNOs should state how they expect to achieve their HI delta ie replacement, refurbishment etc. MK noted that there is a test in the HI traffic light which brings in expenditure and this can be improved. MK questioned how Ofgem will assess the refurbishment table will Ofgem distinguish between full spec refurbishment vs. minor works.

- JH noted that output change is important. If it was originally an HI 3 and still HI 3 then there is no output change. But if there is a movement from 5 to 2, then there is an output change but that alone is not enough. Must be able to identify how this output change was achieved – ie separate refurbishment and replacement tables. MK believes this is easily achievable – a unit cost of HI movement is important and an area for development for the CAWG or for the RSWG. JH agreed with MK – there is a need to justify why refurbishment is the best option and this is not likely to be unit cost but the cost of the impact (the change in HI). MK also suggested that there needs to be a materiality test – JH agreed. RIGs V3 is a good starting point.
- Regarding the 3 options to consider for investment/solution to a problem – no regrets upsizing, DSR, investment ahead of need – MK noted that the critical issue is doing the right thing. SW agreed and noted that in real life the three are not mutually exclusive and the solution must take into account all three.
- KNN noted that some options are useful when you want to buy time. SW agreed, where a decision is clear cut – do it, but where it's not options need to be shown.
- KNN noted that rules of thumb for marginal decisions would be helpful. JH agreed – for example, if the trajectory for load is increasing and the worry is putting in too small a cable size, what is the margin for putting in the next size up (or larger)? If within, eg, 20% then why go for DSR instead of investment ahead of need. If, for example, the cost of buying time is greater than doing the extra thing, then why not do it (ie if going to need to replace anyway, then why not do it?). Setting up a decision tree to evaluate options would be useful. Agreed that more thought needs to be given to such rules of thumb.
- BP noted that in forecasts many small scale investment decisions will be uncertain. The actual decisions made when the need arises would be a mixture of DSR, conventional, smart. Therefore the use in forecasts of a basket of solutions could be appropriate – perhaps can assume split - eg 10%, 40%, 50%?
- JH asked the question of whether the DNOs wish to push Ofgem to fix certain parameters. SW said yes if want to compare outcome of decisions.
 - There are 4 options:
 1. Common model
 2. Same parameters to select bespoke solutions
 3. For DNOs to tell Ofgem what have used
 4. All DNOs to do whatever model they choose.
 - JH ruled out 3 and 4, and therefore only 1 and 2 are open to consideration.
 - KM noted that 1 and 2 do not seem compatible with the ethos of the business plan as per the RIIO handbook if Ofgem prepare the parameters. JH noted that RIIO handbook does refer to comparable outputs and defining the factors behind those comparable outputs. Factors would include asset life. KM also noted that he is struggling with the practicalities of prescribing such factors. JH noted that this would be in only areas where there is a material bearing on the outcome. SW pointed to the three model components in Slide 10 – time, discount rate and uncertainty for guidance/parameters from Ofgem.

- MK noted that his view on the presentation by ENWL was that it was about non-load replacement and that it raises significant and wide ranging questions. His concern was that at the last meeting the group seemed to be moving towards clarity and conclusions and this certainly opens things up again. While the presentation was valid, MK raised concerns about the practicalities of how to best account for whole life costs.
- JH noted that there is no intention to over-complicate the DR5 models but that it is incumbent upon Ofgem to show that as part of cost assessment that the cheapest short term solution is not always favoured when it makes sense to invest ahead of need or adopt smart solutions. JH also noted that we are aware that there a number of big questions for Ofgem to consider (like on slide 12 of the ENWL presentation).
- It may be that WLCs apply only to specific areas. Ofgem agreed to identify in the DPCR5 assessment template those areas where it believes WLCs apply.
- BP noted that he can only visualise DNOs explaining WLCs in the WJBP but it is important that there is common ground (eg same discount rate).

Action	Person	Date
Ofgem to note is the areas of the DPCR5 Assessment template where whole life costs may apply	JH	31 July 2012

7. Uncertainty Mechanisms

7.1. JH gave a presentation on Ofgem's view on the treatment of uncertainty mechanisms for ED1. It was noted that in a RIIO world, the preferences is for ex ante allowances as opposed to a large number of uncertainty mechanisms. MK noted that despite having reopeners the bar is set so high for triggers that it's unlikely there will be many.

8. Business Support Costs

8.1. SM gave a brief overview of the feedback from DNOs to date on BSCs, followed by a presentation from Martin Rogers (MR), Ofgem on the approach for T1 and GD1. A number of concerns were raised by the DNOs in that the approach for TOs and GDNs may not be appropriate for DNOs. These centred on the use of the cost drivers and comments were:

- BP asked if the cost drivers separated fixed and variable costs. MR said no and this was a real concern for DNOs (e.g. a billing system may cost £1m regardless of the size of a DNO).
- SW asked what is being defined as end-user – customers or employees. MR stated it was employees.
- JG noted that in some areas of IT&T (laptops and phones) this might make sense but in others it won't (e.g. billing systems).
- MR confirmed that the ideal situation would be to have common cost drivers across the 3 sectors – DNOs had real concerns with this.
- BP asked if the costs were on a gross basis. MR confirmed they were gross.
- SW asked how costs paid by DUoS customers would be assessed.
- SW asked whether the cost drivers were set based on actual level of costs or efficient levels – MR confirmed it was actuals.

- SW asked if Ofgem were anticipating using DNO numbers in the initial proposals (IP) – MR confirmed Ofgem were not.

8.2. Given the concerns, JH placed an action on DNOs to respond to the BSCs element of the IP by Friday 7th September to allow discussion of this at the CAWG on 18th September 2012

Action	Person	Date
DNOs to respond to the BSCs element of the IP to allow discussion of this at the CAWG on 18 th September 2012.	DNOs	7 September 2012

9. Closely Associated Indirects (CAIs)

9.1. MH gave a presentation on CAIs – feeding back to the DNOs their views on CAIs based on the actions set and then also suggesting options for the way forward. Comments on the slides were:

- BP asked what is the purpose of aggregating based on the cost driver. MH noted it was to reduce the number of models and regressions and hopefully inform the middle-up model.
- Slide 23 – DNOs were of the view to avoid using costs as a cost driver and if there are situations where it may be appropriate it should be efficient costs not actual. SW noted that it should be both efficient costs and efficient volumes as can get efficient unit costs by doing far more than is necessary to do cheaply (eg JH noted: if company A suggested 4000 poles at £20 per pole and company B 5000 at £15 a pole but the efficient volumes and costs is 4000 at £15, then is co A or co B more efficient?). JG noted that there has to be an output to assess this. JH noted that a balance is needed – in the absence of an output then normally inclined to go for low cost but if an output is targeted there is a danger that costs don't matter. A balance must be struck between the two.
- Slide 24 – Some DNOs raised questions of the possible use of MEAV for areas like Operational Training – why does the value of the network matter for this area? MH noted that he was simply feeding back some DNOs responses to actions. MH agreed to check the responses and to note where it was a majority, unanimous or minority view.
- Regarding Network Policy, each of the DNOs were asked if they think it would be more appropriate to assess in CAIs or BSCs. 4 stated CAIs and 2 that either would be ok.

Action	Person	Date
Ofgem to check on the action responses and note on the slides for CAIs if majority, minority or unanimous view.	MH	20 July 2012
DNOs to comment on areas of the slides that they wish to change	DNOs	20 July 2012

10. Non-op Capex

10.1. MH gave a brief presentation on Non-op capex. Some points raised were:

- Do we need to have non-op capex as a separate building block? Other than Small Tools, Equip, Plant & Machinery (STEPM) – other areas can be captured elsewhere. It generally made sense for areas like vehicles and transport to be captured in the

one place. JH again reiterated that these are exactly the points to raise in the meeting concerning business plan format.

- DNOs were asked if STEPM was necessary. BP stated that WPD have allowances and report expenditure against it, whilst some DNOs do not report any expenditure associated with STEPM.
- Concerns were raised where DNOs report some information and JH placed an action on DNOs (especially those with no costs allocated to certain areas) to ensure that they comply with the RIGs in the July returns (ie ensure reporting in the right areas). If there are any uncertainties they should contact Ofgem.

11. Date of next meeting

The next meeting will take place on 31 July 2012 at 10am at Ofgem's office in Glasgow (3rd Floor, Cornerstone, 107 West Regent Street, Glasgow, G2 2BA).

12. Consolidated list of actions

12.1. The table below provides a consolidated list of actions to date.

	Action	Person	Date	Complete?
Ofgem				
1	Remove Scenarios from C1 in Forecast pack.	MH	01-May-12	✓
2	Ofgem to provide in the minutes a link to the Dartford Determination consultation document.	SM	01-May-12	✓
3	Ofgem to circulate with the minutes comments on costs assessment issues in response to the RIIO-ED1 launch letter.	SM	01-May-12	✓
4	Ofgem to circulate the links to the options value model being used in RIIO-GD1 with the minutes.	SM	01-May-12	✓
5	Ofgem to circulate a redraft of the TOR and submitted comments on the TOR.	SM	04-May-12	✓
6	Ofgem to pull together a straw-man of meeting topics.	JH	04-May-12	✓
7	Ofgem will arrange with James Grayburn to present on the options value model in one of the CAWG meetings.	JH	04-May-12	✓
8	Ofgem to add delete the area in the forecast pack regarding scenarios and add it in separate table for visibility purposes only.	MH	04-May-12	✓
9	Ofgem to find out from Bill McKenzie which working group will be dealing with the issue of pension deficits.	SM	03-May-12	✓
10	Ofgem to provide greater clarity on the "opt-in" principle.	JH	10-May-12	✓
11	Ofgem to provide greater levels of commentary in the tables and for decisions made.	C&O team	ongoing	
12	To engage with colleagues to inform them of a preference of three scenarios.	Ofgem and DNOs	ongoing	
13	Ofgem to provide guidance on the scenarios.	JH	Within 1 month of WS3 report	
14	To confirm that date that James Grayburn will present at the CAWG.	SM	14-May-12	✓

15	Ofgem to provide further guidance on the scenarios and respond to email send by Sarah Walls of ENWL (cc'ing in other DNOs).	JH	15-May-12	✓
16	Ofgem to provide guidance on the elements of the BSC that will/will not be in the public domain.	SM	TBC	✓
17	JH and MK agreed to have an off-line discussion on where best to debate the issue of most efficient solutions.	JH and MK	14-Jun-12	
18	Ofgem to provide further detail on how to assess whole life costs.	JH	10-Jul-12	✓
19	Ofgem to collate the comments on the critique of the WPD totex model.	JH, SM, MH	26-Jun-12	Passed to SP on behalf of DNOs
20	Ofgem to provide further detail on how the no worse off principle will operate in practice.	JH	No later than Sep paper	
21	Ofgem to put regression analysis and supporting data on NOCs on the FTP.	KH	30 May, 31 May, 1 June 2012	✓
22	Ofgem to provide September meeting dates to the group.	SM	01-Jun-12	✓
23	Ofgem to email DNOs a blank version of ENWLs costs assessment template.	SM	01-Jun-12	✓
24	Ofgem to send summarise all responses to DNO actions and email to the group.	SM	01-Jun-12	✓
25	Ofgem to inform the group of the new date for action 12.	SM	01-Jun-12	✓
26	Ofgem to speak with Regulatory Finance colleagues on plans for cost visits.	SM	08-Jun-12	✓
27	Ofgem to inform DNOs on whether the finance pack should be included in Action	SM	08-Jun-12	✓
28	Ofgem to pull together thoughts on treatment of substation electricity for DNOs to critique.	JH	14-Jun-12	
29	Ofgem to check and re-run numbers on DPCR5 expenditure on CAIs.	MH	23-Jun-12	✓
30	Ofgem to re-run NOCs analysis with July numbers	KH	03-Aug-12	
31	Ofgem to run July data on new groupings (of CV15) for the September meeting.	KH	Sep-12	
32	Ofgem to respond to DNOs on their views on the data required by DNOs for their models.	SM	31-Jul-12	
33	Ofgem to circulate to DNOs the internal paper on scenarios.	JH	TBC	
34	Ofgem to send an updated version of the spreadsheet on the DPCR5 assessment and add in its views.	SM	31-Jul-12	
35	Ofgem to send a letter to DNOs regarding the sharing of data	MH	20 July 2012	
35	Ofgem to check who made the productivity improvement assumptions for RPEs in DPCR5.	MH	20-July-2012	
37	Ofgem to check on the action responses and note on the slides for CAIs if majority, minority or unanimous view.	MH	20 July 2012	
38	Ofgem to note is the areas of the DPCR5 Assessment template where whole life costs may apply	JH	31 July 2012	
39	Ofgem to check the legal position on sharing of forecast	JH	20 July	

	data		2012	
40	Ofgem to give further consideration of the use of Real Options in ED1	JH, SM, MH	TBC	

DNOS				
1	DNOs to provide to Ofgem thoughts on totex.	DNOs	05-May-12	✓
2	DNOs to come back to Ofgem to state willingness to present thoughts on totex at the next meeting.	DNOs	04-May-12	✓
3	DNOs to give thought prior to next meeting on further iterations of assessing BSCs	DNOs	09-May-12	✓
4	DNOs to provide to Ofgem their thoughts on areas that would merit use of external consultants.	DNOs	11-May-12	✓
5	Keith Mawson to provide an email proposing some words re RPEs to facilitate consistency in submissions.	KM	10-May-12	✓
6	DNOs to provide a high level view on what data tables should accompany the well justified business plan (WJBP). Take existing reporting templates and indicate how much/little, and in the format (i.e. as is or more aggregation) of these that they thought	DNOs	18-Jun-12	✓
7	To engage with colleagues to inform them of a preference of three scenarios.	Ofgem and DNOs	ongoing	✓
8	DNOs to email Ofgem with more detailed feedback on the Meeting plan (what should be covered, when it should be covered, in what level of detail and what they would like to achieve by the end of each meeting).	DNOs	17-May-12	✓
9	DNOs to provide feedback on the DNO Totex presentations.	DNOs	24-May-12	✓
10	DNOs agreed to feedback to Ofgem their views on the length of future forecasts	DNOs	24-May-12	✓
11	DNOs to provide feedback to Ofgem on the scenario worksheet that was sent out with the July forecast pack.	DNOs	24-May-12	✓
12	To put the 2010/11 data into the WPD totex model and report to the entire group. If not feasible in timescale, an earlier version of the WPD model will be populated with 2008/09 data.	BP and BH, WPD	31-May-12	✓
13	To critique the model in light of the numbers.	DNOs	14-Jun-12	Moved to action 43
14	JH and MK agreed to have an off-line discussion on where best to debate the issue of most efficient solutions.	JH and MK	14-Jun-12	✓
15	MK/SSE to raise the issue at the next LI meeting.	MK/SSE	14-Jun-12	✓
16	To present the numbers and comparison at the next totex meeting (26 June 2012).	BH and BP	26-Jun-12	✓
17	How would licensees put forward a justification of lowest whole life cost?	DNOs	10-Jul-12	ENWL, NPG, SP, SSE, UKPN, WPD
18	DNOs will provide their scenarios forecasts no later than 20 December 2012.	DNOs	20-Dec-12	
19	WPD to provide a new date for action 12.	DM	31-May-12	✓

20	SW to share with DNOs and Ofgem ENWL's Excel file that informed the presentation.	SW, ENWL	06-Jun-12	✓
21	DNOs to complete the template on cost assessment activity i.e. views on how cost assessment should be conducted across activities.	DNOs	18-Jun-12	✓
22	AS to check figures on substation cost per unit once receive data from SW and report back on issues.	AS	22-Jun-12	✓
23	DNOs to email Ofgem preferences of submission and visit dates.	DNOs	22-Jun-12	✓
24	DNOs to comment on any issues they have with the NOCs data on the FTP and NOC data presented by ENWL.	DNOs	22-Jun-12	✓
25	DNOs to detail to Ofgem the key principles that they would apply in running checks on developed models.	DNOs	22-Jun-12	✓
26	DNOs to provide their thoughts to Ofgem on whether different scenarios should be applied when assessing NOCs for the WJBP.	DNOs	22-Jun-12	✓
27	DNOs to provide their thoughts to Ofgem on the potential use of volumes for faults and allowances.	DNOs	22-Jun-12	ENWL, NPG, SP, SSE, UKPN, WPD
28	DNOs to provide their thoughts to Ofgem on the optimum level of aggregation for the troublecall table (CV15) in the costs and volumes RRP.	DNOs	22-Jun-12	✓
29	DNOs to provide Ofgem with their thoughts on the use of the QoS data to produce efficient volumes of faults for each DNO, and then combine this with actual cost data.	DNOs	22-Jun-12	✓
30	DNOs to provide their thoughts to Ofgem on the optimum level of aggregation within the I&M table (CV13) in the costs and volumes RRP to assess unit costs. DNOs should also consider aggregation across tables (elements from the asset replacement table CV3) and the period over which unit costs should be assessed.	DNOs	22-Jun-12	✓
31	DNOs to identify appropriate types of drivers and splits in CAIs on which to develop cost drivers.	DNOs	22-Jun-12	✓
32	DNOs to provide thoughts on elements of CAIs that will be fixed and elements that will flex depending on scenarios.	DNOS	22-Jun-12	✓
33	DNOs to identify appropriate treatment of Non Op Capex - where particular elements should be reported and costs drivers.	DNOs	22-Jun-12	✓
34	DNOs to provide Ofgem details on their potential contribution to smart meters.	DNOs	22-Jun-12	✓
35	DNOs to present suggestions of an appropriate output for WFR.	DNOs	22-Jun-12	ENWL, NPG, SP, SSE, UKPN, WPD
36	SW to provide Ofgem with note on current understanding of the proposed role and functions of DCC Communications.	SW	22-Jun-12	✓
37	DNOs to note what data, what level of granularity and what length of data (historic and forecast) they will require to input to their models.	DNOs	29-Jun-12	ENWL, NPG, SP, SSE, UKPN,

				WPD
38	DNOs to email Ofgem with their approach/range of techniques that they intend to use for the cost assessment part of the WJBP.	DNOs	03-Jul-12	ENWL, NPG, SP, SSE, UKPN, WPD
39	DNOs to send their views on how they believe Ofgem should approach their assessment in fast track.	DNOs	03-Jul-12	ENWL, NPG, SP, SSE, UKPN, WPD
40	DNOs to send their views on how they believe Ofgem should approach their assessment in slow track.	DNOs	03-Jul-12	ENWL, NPG, SP, SSE, UKPN, WPD
41	DNOs to send their views on where the CAWG should devote time (on 31 st July, Sep and post Sep meetings).	DNOs	03-Jul-12	ENWL, NPG, SP, SSE, UKPN, WPD
42	UKPN to provide Frontier Economics initial view on Totex work	UKPN	06-Jul-12	!
43	DNOs to provide SP their views on V1 of the WPD model.	DNOs	24-Jul-12	ENWL, NPG, SSE, UKPN, WPD
44	WPD to circulate proposed mid-model.	WPD	24-Jul-12	!
45	SP to co-ordinate the views of DNOs of the WPD model and present at the next meeting.	SP	31-Jul-12	
46	DNOs to circulate to all other DNOs agreed "shared data".	DNOs	01-Aug-12	
47	WPD to take CV3 and take median of unit costs and use MEAV in the model (rather than circulate MEAV calculation in V1 of model).	WPD	Early Aug	✓
48	WPD to circulate V2 of the model (cosmetic/layout).	WPD	Early Aug	
49	WPD to circulate V2 model with July numbers.	WPD	Early Aug	
50	DNOs to respond to the BSCs element of the IP to allow discussion of this at the CAWG on 18 th September 2012.	DNOs	7 Sep 2012	
51	DNOs to comment on areas of the slides that they wish to change	DNOs	20 July 2012	✓ NPG, WPD