



Registered Office:  
Newington House  
237 Southwark Bridge Road  
London SE1 6NP

Company:  
UK Power Networks  
(Operations) Limited

Registered in England and Wales No: 3870728

Chris Watts  
Associate Partner, Costs and Outputs  
Ofgem  
9 Millbank  
London  
SW1P 3GE

26 November 2012

Dear Chris

**Re: Consultation on our minded-to position for the determination of a re-opener application in respect of additional income associated with the Traffic Management Act (and Transport for Scotland Act) under the fifth electricity distribution price control review (DPCR5)**

Thank you for the opportunity to comment on the above consultation. This response should be regarded as a consolidated response on behalf of UK Power Networks' electricity distribution licence holding company London Power Networks plc (LPN). It is non-confidential and can be published via the Ofgem website.

We have reviewed Ofgem's minded to position reducing our proposed £9.08m TMA adjustment (at 2010/11 prices) to £7.81m (2010/11 prices).

Permitting was introduced across the LPN area in 2010/11 and 2011/12, during which time a mix of permits and notices were being used. As of January 2012, streetworks noticing had been replaced by permitting in all the local authority areas served by LPN. The forecasts contained in our original submission reflected this change and were based on all streetworks notices being replaced by permits. Ofgem's approach to permit volume forecasts does not reflect this externally driven increase in future permit volumes.

This is further evidenced in the newly available information on paid for permits for the six month period (21/3/2012 – 18/9/2012) for which billing of permits is complete. Excluding connections permits, 6976 permits were paid for in six months compared with our forecast of 8900 for the full year.

	Number of Permits
<b>LPN</b>	
Capital Programme	582
Connections	6040
Network Operations	6394
<b>Grand Total</b>	<b>13016</b>

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keith.hutton@ukpowernetworks.co.uk

We therefore continue to believe Ofgem should allow the reflection of the increased volumes of permitting in our original submission for the forecast years 2012/13 to 2014/15.

Permit costs and the road closure charges that are the most significant contributor to permitting condition costs are levied by the Local Authorities and are outside of the DNOs control. Any benchmarking should recognise specific variations in these charges for each DNO.

We agree with Ofgem's proposed permit costs but we believe that with the relatively low volumes of data within other companies greater weight should be given LPN's data. We therefore continue to believe that our full claim is well justified.

We have also noted initial stakeholder's comments that they have not had sufficient time to comment on UKPN's re-opener application. Although formal stakeholder engagement is not a stated requirement within the DPCR5 re-opener process we would propose to Ofgem that UKPN only applies the TMA revenue changes to the 2014/15 DUoS prices. This should allow time for suppliers to reflect the change in their final prices.

If you have any queries please do not hesitate to contact myself or Robert Friel ([robert.friel@ukpowernetworks.co.uk](mailto:robert.friel@ukpowernetworks.co.uk)).

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Hutton', written over a light blue horizontal line.

Keith Hutton  
Head of Regulation  
UK Power Networks

Copy Ben Wilson, Director of Strategy & Regulation and CFO  
Robert Friel, Regulatory Strategy and Revenue Optimisation Manager  
Paul Measday, Regulatory Returns and Compliance Manager