

Dora Guzeleva  
Head of Networks Policy  
The Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

17 December 2012

Dear Dora

**Consultation on restatement of 2009-10 data and closing out the DPCR4 losses incentive mechanism:  
Question 8**

Thank you for the opportunity to comment on the above matter: I am writing on behalf of each of Northern Powergrid Holdings Company and its two licensed electricity distribution businesses, Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc.

The consultation asks for responses on question 8 by 14 December 2012 from any respondents that have concerns with Ofgem's proposed approach. For the avoidance of any doubt, we do not have any such concerns, and support Ofgem's proposal.

In our response to question 10 of Ofgem's *Consultation on whether to activate the distribution losses incentive mechanism in the fifth distribution price control*, Northern Powergrid stated that the timing of the recovery of PPL should depend on its materiality, and that if it was material we could see a case for spreading it over more than one year. Given the consultation sets out PPL values ranging from -£19m to +£46m across different electricity distribution businesses, we believe that it is material and so should be spread over two years. Ofgem's proposal of spreading it across 2014-15 and 2015-16 should also provide ample notice to energy supply business in order for them to take it into account in setting their end user charges, given that the licence states Ofgem will direct the value of PPL by 1 April 2013.

Yours sincerely

A handwritten signature in blue ink that reads "John France".

John France  
Regulation Director

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