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	122/12	0117 933 2175	22 November 2012

Dear Hannah

Strategy consultation for the RIIO-ED1 electricity distribution price control review

Thank you for the opportunity to comment on your proposed strategy for RIIO-ED1. Our detailed response follows the format of the strategy consultation and includes the responses to the 223 detailed question raised by Ofgem as part of the consultation. Our response is not confidential and can be published on the Ofgem website.

WPD is very supportive of what Ofgem is trying to achieve under the RIIO framework. Focus on the delivery of measurable outputs in the most efficient manner informed by stakeholder engagement has always been the basis of how WPD operates its business.

In terms of outputs, the big success of previous price reviews has been the Interruption Incentive Scheme (IIS) which has driven significant performance improvements for customers in the area they value most. We therefore disagree with the proposal to apply the efficiency incentive rate to IIS as it has the effect of reducing the incentive to improve. More importantly, it softens the blow to those companies who are underperforming who no doubt will welcome this approach. We would support a more penal approach to the underperformers as there is a wide gap between the best and the worst revealed by their normalised performance. The acquisition of CN by WPD and the improved performance of UKPN has demonstrated that despite the myriad of bogus technical excuses performance in reliability can be significantly improved by competent management hence the need to reward and penalise companies effectively.

WPD has been a frontier performer during the current price control review and will continue to be so throughout the next price control review. We therefore believe we should be considered for the fast tracking process and will endeavour to meet the proposed criteria.
Yours sincerely



Alison Sleightholm
Regulation and Government Affairs Manager