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Joanna Campbell  
Ofgem  
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London

Our ref

Your ref

Date

-

18 October 2013

Dear Joanna

## **Consultation on the timing of a decision on electricity distribution networks' revenue for 2015-16**

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc in response to the above consultation of 4<sup>th</sup> October 2013.

Whilst the issues of predictability of revenues and future prices changes has been discussed extensively with Suppliers, we have never been given any quantification of the risk premium that Suppliers add to prices as a result. Hence, unless such information becomes available, we see little benefit in anything other than option (a) – the current review process.

If quantification of the risk premium resulting from this uncertainty is provided to Ofgem and the resulting assessment shows a net benefit, then any deferred revenues, adjusted to be NPV neutral, should be recovered in 2016/17.

Should you wish to discuss any aspects of our response please contact Nigel Turvey ([nturvey@westernpower.co.uk](mailto:nturvey@westernpower.co.uk)).

Yours sincerely



ALISON SLEIGHTHOLM  
Regulatory & Government Affairs Manager