

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	ENWT205	Question Number	27																																	
Question date	3 October 2013	Answer date	11 October 2013																																	
Submission section question relates to	Expert Panel Bilateral																																			
Topic	Benefits																																			
Question	We note the projected future software cost saving. What scope is there, in other areas, for the cost of this method to reduce in the future?																																			
Notes on question																																				
Answer	<p>The table below details the assumptions made when deriving the future cost reductions for the technology elements when the <i>eta</i> Method has been proven ie the Method cost calculation.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 30%;">Equipment</th> <th style="width: 20%;">Cost Saving, %</th> <th style="width: 50%;">Assumption</th> </tr> </thead> <tbody> <tr> <td colspan="3">LV network equipment</td> </tr> <tr> <td><i>WEEZAP and LYNX</i></td> <td>25%</td> <td>New entrants enter market and compete on price</td> </tr> <tr> <td><i>OLTC</i></td> <td>15%</td> <td>Second generation employ efficient manufacturing techniques to reduce price</td> </tr> <tr> <td><i>Capacitors</i></td> <td>15%</td> <td>New UK demand stimulates supply chain</td> </tr> <tr> <td><i>Joint monitoring</i></td> <td>15%</td> <td>Cheaper components and quicker installation techniques reduce costs</td> </tr> <tr> <td colspan="3">HV network equipment</td> </tr> <tr> <td><i>Capacitors</i></td> <td>15%</td> <td>New UK demand stimulates supply chain</td> </tr> <tr> <td><i>Voltage controllers</i></td> <td>50%</td> <td>New uses stimulate demand and operational and installation methodologies reduce costs</td> </tr> <tr> <td>NMS & interface</td> <td>20%</td> <td>Interface specs and methodologies reduce costs</td> </tr> <tr> <td>Network configuration & voltage optimisation</td> <td>40%</td> <td>Operating regimes reduce configuration costs</td> </tr> </tbody> </table> <p style="margin-top: 10px;">In developing these cost saving estimates we took guidance from Electricity North</p>			Equipment	Cost Saving, %	Assumption	LV network equipment			<i>WEEZAP and LYNX</i>	25%	New entrants enter market and compete on price	<i>OLTC</i>	15%	Second generation employ efficient manufacturing techniques to reduce price	<i>Capacitors</i>	15%	New UK demand stimulates supply chain	<i>Joint monitoring</i>	15%	Cheaper components and quicker installation techniques reduce costs	HV network equipment			<i>Capacitors</i>	15%	New UK demand stimulates supply chain	<i>Voltage controllers</i>	50%	New uses stimulate demand and operational and installation methodologies reduce costs	NMS & interface	20%	Interface specs and methodologies reduce costs	Network configuration & voltage optimisation	40%	Operating regimes reduce configuration costs
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	West's Procurement section who monitor monthly, the Purchasing Index and BEAMA labour and material cost indices, which provides the team a view of equipment prices change over time.
Attachments	
Verbal Clarifications (Consultants)	