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Dear James,

### **Stakeholder Engagement Incentive Reward Consultation**

Thank you for the opportunity to comment upon the above consultation. In answer to the specific questions within the consultation:

Q1: NGN's strong belief is that only good performing companies should be rewarded. For this reason we support Ofgem's position not to reward weaker performers and agree that a threshold score of 4 must be reached in order to receive a reward.

Q2: Since it is very unlikely that the panel would award the score 10 out of 10, we believe that a score of 9 is reasonable to receive the full reward and therefore we support Ofgem's position.

Q3: With regards to incentive rate, we agree with the proposed straight line incentive rate between the threshold and maximum reward score, as it is a relatively simple approach and avoids a "cliff" edge in the reward profile.

Whilst we are not directly impacted we believe the electricity distribution reward amount should be inflated using RPI to ensure that the value of the reward remains relevant and is in line with the GDN reward mechanism.

Should you have any questions on this response, please do not hesitate to contact David Gill or myself. Our response can be regarded as non-confidential.

Yours sincerely,



**Stephen Parker**  
**Regulation Director**