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7 May 2015

Dear James,

Consultation on the draft Losses Discretionary Reward Guidance Document

Thank you for the opportunity to comment on the draft Losses Discretionary Reward Guidance Document.

The Guidance is both clear and sufficiently comprehensive. In respect of coverage of all relevant matters we believe that the Guidance should be encouraging a holistic networks approach to losses and not limiting consideration to the DNO's own network. Specifically, operational management of the transmission and distribution interface will be critical to the whole network management of losses.

We support your proposal to allow flexibility to change the focus of tranches 2 and 3 in response to learning gained during the course of RIIO-ED1.

The submission process for the first tranche is sufficiently clear.

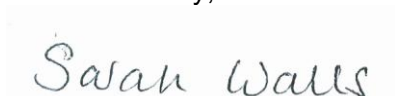
We agree that the four criteria set out in the Guidance will provide appropriate evidence to allow Ofgem to judge whether DNOs are delivering the aims of the first tranche. However, to repeat the aforementioned issue, we believe that DNOs and TNOs should be encouraged to consider the impact of their actions on the whole GB network.

The assessment process for the first tranche is clear.

We agree with the proposed process for the allocation of reward amount between successful submissions. As a point of detail, it is not clear (para 5.7) whether monies not allocated at 100% to a successful submission are redistributed to those submissions that are 100% successful, or not?

If you have any questions regarding this matter please contact me, or Ian Povey (email: ian.povey@enwl.co.uk, Tel: 0843 311 3932).

Yours sincerely,

A handwritten signature in black ink that reads "Sarah Walls".

Sarah Walls
Head of Economic Regulation