

Aris Kalogeropoulos
The Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Avonbank
Feeder Road
Bristol
BS2 0TB

Telephone 0117 9332175
Fax 0117 9332428
Email asleightholm@westernpower.co.uk

Our ref

Your ref

Date

-

18 September 2015

Dear Aris,

Notice of proposal to direct modifications to the Common Network Asset Indices Methodology under Part C of SLC 51

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 relation to Ofgem's letter dated 21st August 2015, which provides notice under Part C of SLC 51 of a proposal to direct modifications to the Common Network Asset Indices Methodology as submitted by the DNOs at the end of June 2015.

We accept Ofgem's decision to direct modifications to the Common Network Asset Indices Methodology and agree with the proposed scope of modification. In particular, we welcome the opportunity to continue development works on the Common Network Asset Indices Methodology, with the specific objective of refining the prescribed values and weightings for the calibration parameters. Undertaking this further development work should minimise the likelihood of future calibration changes being required and hence minimise requirements for restating of the Network Asset Workbooks in future years.

We note that the detailed points identified in Annex 1:List of changes (Appendix 2 of the notice letter) define the modifications that are proposed to be incorporated within Ofgem's direction. Whilst we are broadly in agreement with these detailed points, we request that the following points are given consideration:-

- Point 2: This point states that the results of the proposed validation exercise should be presented within Chapter 4 of the Common Network Asset Indices Methodology document. We agree that there is merit in documenting any validation works, but this should be in a separate document and not part of the Common Network Asset Indices Methodology document itself. The inclusion of details of any validation exercise within the main document, encumbers the methodology by requiring such a section to be revised for any future minor changes to the Common Network Asset Indices Methodology;
- Point 3: This point requires information regarding risk reporting to be provided within the Common Network Asset Indices Methodology document. The requirements for risk reporting are already defined in Annex D (Secondary

Deliverables) of the RIIO-ED1 Regulatory Instructions and Guidance. Introducing this information within the Common Network Asset Indices Methodology would introduce duplication of the Regulatory Instructions and Guidance and hence create interdependencies between the two documents. This would lead to unnecessary complexity for the implementation of future changes to either document.

- Point 4: This point requires the process for updating the Common Network Asset Indices Methodology to be defined within the Common Network Asset Indices Methodology. This is inappropriate, as the process for future modification is defined in SLC 51, itself. We suggest that it would be more appropriate for the resubmission of the modified Common Network Asset Indices Methodology to include a proposal for document management by the DNOs to be included in supporting documentation.

Should you wish to discuss any aspects of this submission please contact amichalowski@westernpower.co.uk or pmann@westernpower.co.uk.

Yours sincerely



ALISON SLEIGHTHOLM
Regulatory & Government Affairs Manager