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Aris Kalogeropoulos  
Ofgem  
9 Millbank  
London SW1P 3GE

21 September 2015

Dear Aris,

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

We welcome Ofgem's letter of 21 August giving notice under standard licence condition 51 and, in particular, its recognition of the good work that has been done to date across the Distribution Network Operators (DNOs) to develop the Common Network Asset Indices Methodology.

We accept Ofgem's initial findings and continue to work with the DNOs to deliver a Methodology that complies with the provisions of paragraph 51.6 of our distribution licence. As part of this process, and recognising the list of changes set out in Annex 1 to Ofgem's notice, we would recommend that the following points are considered ahead of publishing your decision at the end of September:

- Change 3: Our understanding is that the Common Methodology allows for the trade-off of risks between assets and risk reporting, as determined by Ofgem through the Regulatory Instructions and Guidance (RIGs). We will work towards providing further information on risk. However, we believe it is the place of the RIGs to determine risk reporting rather than the Common Methodology. To this end, we request that the change associated with risk reporting is removed from the Common Methodology.
- Change 8: Whilst we accept the need for strong, clear definitions and will be working towards these, we would request that different asset management practices are recognised across the DNOs.

Should you wish to discuss any of the above, please do not hesitate to get in touch.

Yours sincerely,

Gillian Hilton  
Regulation, Networks.