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2 February 2016

Dear Grant

DPCR5 Closeout methodologies – notice of forthcoming consultation on timetable

Thank you for the opportunity to respond to the above letter dated 22 January 2016. This letter should be treated as a consolidated response on behalf of UK Power Networks' three licensed distribution network operators (DNOs): Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. Our response is not confidential and can be published on your website.

We agree that the focus of the work to develop the changes to the Financial Handbook should be to create methodologies that are fit for purpose and deliver an outcome that is in the best interests of customers. Recognising the substantial remaining work, we support Ofgem's proposal to modify the date for completion of the methodologies in the Financial Handbook to 31 July 2016, allowing a more appropriate timetable for the remaining work.

We also note that this will have an impact on other proposed dates in the Financial Handbook, in particular regarding the deadlines for submission of the DNOs' Closeout Performance Assessment Submissions. With the new date for finalisation of the methodologies of 31 July 2016, we suggest that the date for submission of Closeout Performance Assessment Submissions should not be before 30 September 2016 to allow DNOs time to produce reports of sufficient detail and quality.

UK Power Networks will continue to work with Ofgem, the other DNOs and other stakeholders to develop appropriate DPCR5 closeout methodologies through the Policy Working Group and hope that this response supports the process. If you have any questions specific to this response please do not hesitate to contact me.

Yours sincerely

James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks