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By email only to: RIIO.ED1@ofgem.gov.uk

2 June 2016

Dear Grant

DPCR5 Close out: Informal consultation on changes to the RIIO-ED1 Financial Handbook

Thank you for the opportunity to comment on the above consultation. This response should be regarded as a consolidated response on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc. For convenience, the three licensees are collectively referred to as "UK Power Networks" throughout.

Please note that our response and detailed Appendix are not confidential and can be published via the Ofgem website.

We have provided Ofgem with our marked up comments in a copy of the Appendix. We are supportive of the overall methodology that has been developed, but have identified a number of areas where the drafting requires further clarification.

We have also indicated that we would like to see the drafting explicitly clarify that ongoing DPCR5 High Value Project expenditure not financed in RIIO-ED1 will be accounted for to ensure that the rolling expenditure incentives continue to operate correctly.

We recognise the significant time and effort that Ofgem and the industry have invested in getting the methodology to this point. We strongly believe that providing licensees visibility of Ofgem's initial assessment per close out category in early July is important. This enables us to understand the practical implications of the licence modifications before they are finalised. We would welcome an opportunity to discuss this further with you prior to publication of the formal statutory consultation.

If you have any questions or queries on this response then please do not hesitate to contact me in the first instance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hope', with a stylized flourish extending to the right.

James Hope
Head of Regulation & Regulatory Finance, UK Power Networks

Copy Rob Friel, UK Power Networks
Paul Measday, UK Power Networks
Ross Thompson, UK Power Networks