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14 July 2016

Dear Grant

Statutory consultation on changes to the RIIO-ED1 Financial Handbook to enact DPCR5 Close Out

Thank you for the opportunity to comment on your proposed modifications to the RIIO-ED1 Financial Handbook to enact the close out of certain DPCR5 mechanisms.

Most of the issues that we raised in our response to your informal consultation have been addressed and we have not identified any new material issues.

We note your decision to not adjust the process to formally stop the assessment process in July 2016 for any aspect of DPCR5 Close Out if the Authority's Initial High Level Analysis shows that no adjustment is needed.

However, we continue to maintain that the absence of this step exposes DNOs that have delivered for customers over the DPCR5 period to the risk of unexpected revenue adjustments that are proposed by the Authority in February 2017 after the licensee's opportunity to submit a Performance Assessment Submission (PAS) has lapsed.

We would ask you to provide us with assurances that, if any new information is identified as a result of the spring 2017 consultation process that causes the Authority to propose a revenue adjustment that was not signalled in July 2016, the relevant DNO will have the opportunity to provide any relevant evidence it may have available before any Authority decision is made on the revenue adjustment.

I attach a marked up version of the proposed modifications in which we identify a small number of drafting suggestions. We have limited our comments to those where we believe that typographical issues result in a change to Ofgem's intended approach or where we believe changes are required to clarify your intended approach.

If you have any questions regarding our response please do not hesitate to contact me.

Yours sincerely



Sarah Walls
Head of Economic Regulation