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By email only to: stacy.feldmann@ofgem.gov.uk

25 October 2016

Dear Stacy

Statutory consultation on LCNF and NIC funding return mechanism

Thank you for the opportunity to comment on the above notice, dated 21 September 2016. This response should be regarded as a consolidated response on behalf of UK Power Networks' affected distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc and South Eastern Power Networks plc.

We have reviewed the proposed amendments and are supportive of the proposed changes. Although we do not wish to make a formal representation, we feel it is appropriate to clarify our understanding of the scope of the funding return mechanism. It is our understanding that the mechanism only operates during the life of the relevant project i.e. only applies to revenue earned up to the project completion date set out in the project direction. If this is not your understanding or the intention of the change, we would be grateful for the opportunity to discuss this with you.

If you have any questions on the above, please do not hesitate to contact Paul Measday (07875 113241) in the first instance.

Yours sincerely



Basil Scarsella
Chief Executive Officer
UK Power Networks

Copy: Suleman Alli, Director of Safety, Strategy & Support Services
James Hope, Head of Regulation & Regulatory Finance, UK Power Networks
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