

Kiran Turner
Ofgem
9 Millbank
London
SW1P 3GE

By email to: kiran.turner@ofgem.gov.uk

31 March 2017

Dear Kiran

Network Asset Secondary Deliverables Rebasing Consultation

Thank you for the opportunity to comment on the above consultation. This letter should be treated 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.

We support Ofgem's minded to position to approve the Rebased Network Asset Secondary Deliverables Targets submitted by each of the DNOs. The framework of tests established by Ofgem, and the scrutiny applied to the revised mapping of the RIIO-ED1 business plan to the revised outputs, has been sufficient to ensure that these represent equally challenging outputs to those included in the original Network Asset Workbooks.

The comparison of total risk points that Ofgem includes, demonstrates that the revised Common Network Asset Indices Methodology (CNAIM) has produced outputs that are more consistent between the DNOs than the original methodologies and therefore meets the requirement to improve comparability.

We believe the consistency and commonality delivered by CNAIM to be a significant asset management achievement for the DNOs. The methodology provides an effective risk measurement framework integrated into a robust output reporting framework that has built on the experience gained in DPCR5. Whilst we support efforts to improve consistency and comparability across sectors, this has to recognise cross-sector differences.

It is important that the RIIO-ED1 output targets are agreed now, as we begin the third year of the RIIO-ED1 price control. This will allow the DNOs to plan and manage delivery of their outputs over the remainder of the price control period, and provide a stable framework for Ofgem and our stakeholders to monitor progress. Any further developments to improve cross sector consistency must avoid further changes to the output targets for RIIO-ED1. We will positively engage with Ofgem on this cross sector work to help achieve the desired aims.

If you have any queries please do not hesitate to contact me.



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: Robert Friel, Regulation Policy Manager, UK Power Networks
Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks