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Dear Steven,

National Grid welcomes the opportunity to respond to Ofgem's consultation to "modify price control financial models to account for the London medium pressure refund and the National Grid voluntary allowance deferral". This response is on behalf of National Grid Electricity Transmission (NGET).

Question 1 : Do you agree that the proposed PCFM changes correctly implement the voluntary deferral of the specified £130m plus £350m of non-variant allowances for Load and Asset related investments, respectively?

We agree that the proposed modifications to the RIIO-ET1 PCFM appropriately reflect the voluntary deferral of non-variant allowances.

We note that the model, et1_pcfm_cc23 included at Appendix 6 to this consultation also reflects

- the MPR decisions for both NGET TO and NGET SO as per the PCFM published on 17th May 2017,
- the removal of the blank operator tabs, and
- the correction of the SO tax trigger macro.

We consider these amendments to be appropriately reflected in the PCFM.

Should you have any queries regarding this response, please contact myself or Lynette Norton at Lynette.Norton@nationalgrid.com.

Yours sincerely,

Richard Allman