



Scottish & Southern
Electricity Networks

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Ofgem
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Dear Grant

DPCR5 Close Out: Consultation on proposed adjustments

Scottish and Southern Electricity Networks (SSEN) welcomes the opportunity to respond to Ofgem's DPCR5 Close Out Consultation.

Network Output Measures (NOMs)

We welcome Ofgem's view that following its assessment of SSEN's Performance Assessment Submissions (PAS), both SSEN's distribution companies have delivered a package of network outputs (NOMs) equivalent to what they committed to deliver at the start of the price control period.

We acknowledge the issues experienced regarding our asset management systems and the reliability of our asset management data. In response, SSEN undertook an extensive assurance project to evidence its HI intervention programme for DPCR5, which included regular updates to Ofgem. The results from this assurance project strongly demonstrated that SSEN had delivered the requisite intervention activity to exceed its Network Output targets set at DPCR5 Final Proposals and this formed the basis of our NOM's PAS submission.

In addition to this, and as acknowledged by Ofgem, SSEN, as part of its ongoing betterment, is currently in the process of replacing its asset management systems through the implementation of Maximo and has already implemented CBRM.

Load Related Expenditure (LRE) Re-opener

We agree with Ofgem's view that following its assessment of SSEN's PAS, SSEN does not trigger the Load Related re-opener. However, Ofgem's view is that SSEH does trigger the Load Related re-opener. To this end, Ofgem is proposing a Load Related re-opener adjustment, a reduction of £6.09m. Whilst we acknowledge Ofgem's conclusions, we are proud of the cost

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savings that we have been able to deliver on our network through the utilisation of solutions, such as bespoke transformer modelling schemes and switch capacitor devices, and believe that these have delivered significant cost savings for our customers.

High Value Projects (HVPs) re-opener and outputs

As outlined in paragraph 2.17 of the consultation document, SSEH did not receive an allowance for HVPs so neither a re-opener assessment nor an outputs assessment are applicable. We agree with Ofgem's view that following its assessment of SSEN's PAS, all HVPs undertaken by SSES during DPCR5 delivered their outputs and that SSES has not triggered the re-opener.

RIIO-ED1: Learnings from DPCR5 Close Out Process

It is essential that the experiences from this Close Out process are used to inform and develop any future Close Out process, which is developed in RIIO-ED1, or any wider Close Out process that may be considered for RIIO-1 and beyond.

Yours sincerely

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