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Dear Anna,

### **Consultation on RIIO-ED1 Innovation Roll-out Mechanism Submissions**

Thank you for the opportunity to comment on the IRM submissions. Having reviewed the submissions, we feel it more appropriate to comment on the general criteria against which the project could be reviewed rather than on the project specifics.

IRM as a scheme has merit where it assists a DNO to deploy a technology for the benefit of its customers that is not self financing under other incentive arrangements such as IQI.

With regard to the submissions in question, justification of the funding would in our view need to satisfy two criteria, namely the delivery of benefits that are not funded under IQI or IIS, and that the timing of the roll out is well justified. All of the technologies under consideration are well understood, relatively mature in nature and have known benefits. Evaluation of the submissions will need to confirm the need for the timing of roll out and the realisation of the claimed benefits.

In considering IRM for projects such as LIDAR; where costs are associated with routine inspections, we would recommend reassurance over the extent to which such funding would be a duplication of costs to customers. ie customers have already funded, through allowances, an effective and legally compliant inspection regime. If LIDAR offers cost reductions or additional benefits we would seek reassurances as to why the IQI incentive is not sufficient to fund the associated costs.

Where the benefits are longer term in nature such as LV monitoring, then the benefits would normally flow through IQI efficiencies against load related and other relevant allowances. In addition we would recommend that the benefits do not detract from those which would be realised anyway through the use of smart meter data.

Yours sincerely,

Steve Cox  
Engineering and Technical Director