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Dear Steven

UK Power Networks Response to Consultation on your minded-to position to revise allowed expenditure for Link Box Costs under special licence condition CRC 3F

Thank you for the opportunity to comment on the above consultation, our response should be treated as consolidated on behalf of UK Power Networks' three distribution license holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc.

We note that, having reviewed the information we have provided to date, you are minded not to adjust our allowances relating to link boxes. We support this decision as it will allow us to efficiently mitigate the risk that link box failures present to the public as described below.

The safety of our employees and the public that we serve is our number one priority. At the time of first submitting our business plan for the RIIO-ED1 period, we were experiencing an increase in potentially dangerous disruptive failures of link boxes. To address this, we developed a programme of work that aimed to replace the link boxes that were most likely to fail. Evidence showed that this involved replacing all link boxes that had been installed for longer than 60 years, with other condition factors having no influence on the likelihood of failure. Targeting these link boxes resulted in a requirement to replace a much larger volume of assets over the price control period than the original business plan envisaged.

Due to the uncertainty around the requirement for this programme of work, the increased volume of replacements and associated inspection activities were allowed for the first two years of the RIIO-ED1 period with a re-opener in 2017 to assess the ongoing need. Since submitting revised volumes for RIIO-ED1 in 2014, we have continued to monitor the situation and investigate the most effective way to ensure the safety of the public in the most cost-efficient way. This has led to an increased use of suppression blankets which were developed to limit the impact of link box failures, reducing the potential to cause harm. The use of these blankets has been targeted at the highest risk locations and over the years since submitting our business plan, we have seen the number of disruptive failures fall by over 80%.

As discussed with you in detail, we remain committed to ensuring the safety of the public and have developed a revised programme of work that will keep disruptive failures to a minimum using the best solutions available. In the first two years of the RIIO-ED1 period, we have delivered 30% of the allowed replacements for the full eight year period. The revised programme involves continuing at broadly the current levels of investment to deliver the full RIIO-ED1 allowed volumes by the end of the period. In addition to this, we now plan to install suppression blankets in all link boxes on our networks over the next two years within the allowances already set for the period.

Our revised approach has been developed with input from stakeholders including discussions with the Health and Safety Executive and we continue to engage with the other Distribution Network Operators to share knowledge and best practice across the industry.

We trust that the evidence we have provided to date, and the subsequent discussions have been productive, if you wish to discuss any further please do not hesitate to contact me.

Yours sincerely



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UK Power Networks

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