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15th May 2019

WWU Response to Ofgem's Statutory consultation on Gas Distribution Network Output Measures Rebasing – 20th March through to 15th May 2019

WWU welcome the opportunity to comment on Ofgem's consultation on their intention to approve the Rebased Network Outputs for Gas Distribution Network operators under Part E of Special Condition 4H of the Gas Transporter Licence.

We supported the modifications proposed in phases 1 & 2 of the Ofgem NOM's rebasing consultation

1. Updated health and Risk targets
2. Modification of the definition of 'Workbook' in SpC 1A.4

Please find below, our response to the three questions published by Ofgem in phase 3

Question 1: Do you agree with our rebasing assessment methodology? Where you disagree, please clearly set out your reasoning and specify other considerations/factors we should take into account.

In our opinion, the tests laid out in the assessment methodology are thorough and challenging. They robustly challenge all aspects of a GDNs intervention plan's impact on asset health and risk in the two methodologies, HI/RI and Monetised Risk

Question 2: Do you agree with our view that the Rebased Targets satisfy the licence requirements? Where you disagree, please clearly set out your reasoning.

Significant volumes of data and analysis has been exchanged between the GDNs and Ofgem to validate that the GD1 Monetised Risk targets are as equally challenging as the original GD1 HI & RI targets

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Not all tests passed but this is not unexpected when comparing the results of two very different approaches to calculating asset health and risk.

We are comfortable that all test failures were justified with detailed explanations. We therefore support the conclusion that the rebased targets satisfy the licence condition

Question 3: Do you agree with our intention to approve the Rebased Targets for each GDN? Where you disagree please clearly set out your reasoning.

We support the intention to approve the rebased targets across all GDNs

If you wish to discuss this response in more detail, please contact Ian Dunstan (Asset Strategy Manager) e-mail ian.dunstan@wwutilities.co.uk or phone 07785725267

Kind Regards

Ian Dunstan

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