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James Thomson
Ofgem
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26 November 2015

Dear James

SGN response to Ofgem statutory consultation on Fuel Poor Network Extension Scheme incentive

Thank you for the opportunity to respond to your statutory consultation on the proposed Licence changes to support the implementation of an incentive for the Fuel Poor Network Extensions Scheme (FPNES) that you published on 30 October 2015.

We agree with the proposed Licence amendments that Ofgem is proposing in relation to this statutory consultation, and we acknowledge that the majority of changes we proposed in response to prior informal consultation on this matter has been considered.

We note from the statutory consultation that Ofgem has not changed the date for the submission of the Performance Report, and that this is still required by 31 July 2021. We have no issues in terms of complying with this requirement.

However, Ofgem has stated it intends to use the Performance Report to assess if the GDNs have over or under delivered against their fuel poor connections targets, and that any over or under delivery will be offset against any output commitment agreed as part of the next price control period.

The next price control period is due to commence on 1 April 2021 and, therefore, Ofgem will not be able to refer to the Performance Report when agreeing RIIO-GD2 final proposals. We have previously raised this issue with you and suggested the proposed submission date of the Performance Report should be brought forward for this to be of optimum benefit to Ofgem.

Should you require any further information with regards to our response then please do not hesitate to contact me at paul.mitchell@sgn.co.uk.

Yours sincerely,

Paul Mitchell
Regulation Manager