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By email only to: pmg@ofgem.gov.uk

17 February 2016

Dear Keith

Draft Forward Work Programme 2016/17

Thank you for the opportunity to comment on Ofgem's draft Forward Work Programme for 2016/17. This letter should be treated as a consolidated response on behalf of UK Power Networks' three licensed distribution businesses: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. Our response is not confidential and can be published on Ofgem's website.

We are supportive of Ofgem's objectives and planned activities for the coming year and agree that these should continue to be driven by the six key outputs articulated in Ofgem's Corporate Strategy: Regulation, Competition, Standards, Partnership, Confidence and Efficiency. We consider that these are appropriate guiding principles for Ofgem's work, providing balance and focus.

From a network operator perspective, we have the following comments:

- We welcome the proposal to conclude the DPCR5 closeout in a structured and timely manner – we do not believe that it is necessary to move the conclusion of this work out further into ED1. There is sufficient time in 2016 and 2017 to complete this work. We will continue to play a full and active role in ensuring that this work progresses.
- We are supportive of the work being carried out by Ofgem, under the banner of Flexibility, to look at how the energy markets will enable network operators to make use of new flexible energy resources, and how these will develop into the active management of distribution networks. We welcome the active engagement Ofgem has had with us to date and look forward to contributing further on Ofgem's review of the form of network charges. We believe that it is important that DNOs have the appropriate tools and functioning markets to ensure that actively managed flexibility services can be used to minimise network costs. Networks were built to share resources to enable economies of scale, to reduce costs and improve reliability and security of supply and we believe that this is a role they will continue to provide, enabling future flexible resources and local energy markets.
- We are supportive of Ofgem's review of the governance of the NIC but do not believe that it would be appropriate to reduce the level of innovation funding available to DNOs and other parties under the scheme, given the previous successful outcomes of the LCNF.

- The timelines involved with the RIIO Accounts work programme are heavily dependent on reaching a satisfactory conclusion on an appropriate regulatory financial reporting standard. The complexity of this should not be underestimated, but we welcome Ofgem's engagement with network operators and major audit firms on this matter.

We hope that you will find our comments helpful and look forward to the publication of the final programme in March.

If you have any questions about our response, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Hope', with a stylized flourish extending to the right.

James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy: Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks