

Robyn Daniell
Ofgem
9 Millbank
LONDON
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By electronic copy only to smartmetering@ofgem.gov.uk

Dear Robyn

Re.: Consultation on DCC Price Control: Regulatory Year 2016/17

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 licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc.

We note that the costs being generated by the Data and Communications Company (DCC) have substantially increased from the 2015/16 forecast position. Maintaining our current position as the cheapest DNO group for our customers is a key priority for UK Power Networks. In support of this ambition we welcome the rigour with which Ofgem has reviewed the costs being potentially chargeable to DNOs, and further welcome the decision to disallow substantial DCC costs that have been deemed to be unacceptable in the period 2016/17 to 2020/21.

We are concerned to note that many aspects of the rollout on DCC's outputs appear to be suffering delays. As a result of this, we would like to take this early opportunity to highlight to Ofgem that the RIIO-ED1 framework only permits us to treat DCC's costs as pass-through until the smart meter roll out is complete, in the year ended 31 March 2021. We encourage Ofgem to consider extending the pass-through window to the end of the price control given the smart meter roll out delays and DCC cost overruns, both of which are outside of our control.

If you have any queries please do not hesitate to contact me.

Yours sincerely



James Hope
Head of Regulation & Regulatory Finance
UK Power Networks