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James Norman
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Our ref

Your ref

Date

20 March 2018

Dear James

Hinkley-Seabank: minded-to consultation on delivery model

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc in response to Ofgem's minded-to consultation on Hinkley Seabank.

We support the response from the Electricity Networks Association.

We agree with ENA members concerns that introducing a new model to deliver the project under the existing licensee's licence but with different financial parameters from NGET's agreed price control package (including a specifically determined cost of capital, derived using an updated methodology) is effectively a reopening of the RIIO -T1 price control settlement. This changes the overall risk reward profile and has longer-term and wider implications for the market and across sectors, negatively impacts on investor certainty and could potentially result in significantly detrimental impacts for consumers. WPD's response to Ofgem's consultation on the potential for an ED-1 Mid-Period Review also sets out the significant regulatory risk and instability that would be created by re-opening a price control outside of the agreed framework.

As the DNO who is a delivery partner of NGET on this project, we also reiterate the concerns raised about working under a new and untested Competition Proxy model.

Yours sincerely



ALISON SLEIGHTHOLM
Regulatory & Government Affairs Manager

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