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Our ref

Your ref

Date

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Dear Matthew

Extending competition in electricity transmission: commercial and regulatory framework for the SPV 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 regarding Ofgem's consultation on Extending competition in electricity transmission: commercial and regulatory framework for the SPV Model, which opened on 14 September 2018.

Western Power Distribution does not agree in principle with the timing and method of Ofgem's proposition regarding the implementation of the SPV model. The introduction of a new allowed revenue stream, in this case the treatment of the SPV revenue, should be negotiated at the start of a price control review, for example RII02, or when assessing the scope of a Mid Period Review.

It is unreasonable to expect a regulated network company to deliver a project under an existing regulatory licence and framework, while changing some of the existing core financial parameters, without fully considering the overall risk of the package.

If you would like to discuss this matter further, please contact me via email at pbranston@westernpower.co.uk, or by telephone at 0117 933 2203.

Yours sincerely,



Paul Branston
Regulatory & Government Affairs Manager