

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	Smarter Network Storage	Question Number	UKPN021
Question date	06 September 2012	Answer date	10 September 2012
Submission section question relates to	Appendix A		
Topic	Net Benefits		
Question	It is stated that the traditional reinforcement cost as the alternative to the project amounts to £8.6M. Please clarify how much of this was included in the DPCR5 settlement and how much of this cost is likely to remain in the ED1 budget request. There was a suggestion in the meeting with the Consultants that this expenditure is deferred by the project; when will it be required?		
Notes on question			
Answer	<p>The DPCR5 business plan included an allowance for reinforcement at Leighton Buzzard. In our current asset management plan for DPCR5 the allowance was £3.56M. The entire traditional reinforcement cost across DPCR5 and RIIO ED1 was estimated at around £8.6M.</p> <p>A contribution of £3.15M has been declared in our submission as a 'Direct Benefit', leaving £410k in the asset management plan as a risk mitigation measure in order to continue consents work and any engineering design work on the conventional solution.</p> <p>As further explained in our answer UKPN015 there is considerable uncertainty on load growth. Based on our knowledge of likely connections and load growth, the timing of the further reinforcement will not be required until the back-end of the RIIO ED1 period.</p> <p>This further reinforcement could either be in the form of traditional reinforcement, but provision has been made in the energy storage building to increase both the capacity and storage to 8 MW / 24MWh should it be considered a cost effective alternative, providing the</p>		

	opportunity to further defer the conventional solution.
Attachments	
Verbal Clarifications (Consultants)	