

Martina McKinley
Utility Regulator
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10 August 2016

Dear Martina

Consultation on revised electricity and gas licence fee methodologies

We refer to the UR's consultation and note that Annex 1 proposes to allocate the UR's electricity network regulatory costs on a 50:50 basis between transmission and distribution.

We suggest it would be more appropriate to allocate these costs by reference to the relative sizes of the transmission and distribution regulatory asset bases. For 2016/17 this would give a split of 77% to distribution and 23% to transmission.

In our RP6 business plan we have apportioned the licence fees between transmission and distribution based on headcount in accordance with our RIGs policies. This results in an 88%/12% split.

Yours sincerely



CARL HASHIM
Compliance Manager