

Ref: UK Power Networks – P007684

26 June 2013
UK Power Networks,
Newington House
237 Southwark Bridge Rd
London
SE1 6NP

Dear Sirs,

RIIO-ED1 PA ASSURANCE REPORT

UK Power Networks has spent the last two years developing its business plan and the accompanying evidence as part of its ambition to be fast tracked under Ofgem's RIIO (Revenue, Incentives, Innovation and Outputs) regulatory regime.

PA Consulting Group (PA) has provided support through-out the process, the nature of which is outlined at the back of this document. In addition, we have been asked to provide formal assurance in the following areas:

- To review the UKPN Business Plan Executive summary document and confirm that:
 - a. The available data tables are supported by appropriate evidence;
 - b. The statements made concerning performance relative to history are accurate;and
- The key messages and forecast information set out in the UKPN Overall Core Narrative summary document dated 20 June 2013 is consistent with the supporting evidence provided.

PA have also been asked to ensure that both the forecast and historic data used as part of the evidence for the validation exercise has been retained in a structure that ensures it is complete, accurate and accessible.

Formal Assurance Process

The Assurance Process has been undertaken in good faith on the basis of information provided by UK Power Networks to PA at the time of undertaking the review.

During the assurance review, PA has, where necessary relied upon the assurance work of other third party providers to the business plan Executive Summary and overall Core Narrative Document. The supporting independent assurance reports should be read in conjunction with this report which does not seek to validate or supersede their findings.

continued

PA's wider activities during the RIIO Programme

PA Consulting has throughout the preparation of the UK Power Networks business plan provided challenge, advice and in some cases a direct role in supporting the delivery of elements of the business plan.

In addition to this on-going advice, the Table below outlines our direct involvement in the suite of documents comprising the business plan submission.

Document	PA involvement
One Page Summary	Nil
Executive Summaries (UKPN)	Feedback and challenge supported by report or presentation
Process Overview	Support and/or a role in Delivery
Innovation Strategy	Support and/or a role in Delivery
Overall UKPN Core Narrative	Formal assurance process supported by formal report
Outputs	Feedback and challenge supported by report or presentation
Direct Expenditure	Feedback and challenge supported by report, with recommendations presentation and review comments for both Load and Non-Load related expenditure
Indirect Expenditure	Bench-marking exercise with recommendations
Financing – Cash Flow Risk Model	Formal assurance process supported by formal report
Managing Uncertainty and Risk	Feedback and challenge supported by report or presentation
Adapting to climate change	Support and/or a role in Delivery
Smart Grid Strategy	Support and/or a role in Delivery
Smart Metering Strategy	Support and/or a role in Delivery

Yours sincerely



Liz Parminter

Member of PA's Management Group