

# Review of business support costs

Report to UK Power Networks

15 January 2013



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# Executive summary

## PA Consulting has conducted an independent assessment of business support costs

In December 2012 UK Power Networks engaged PA Consulting to undertake an assessment of business support costs using PA's proprietary international benchmarking data base. Previous experience with Ofgem suggests that the regulator will look closely at where UK Power Networks' business support costs sit when compared to its peers. The purpose of this report is therefore to provide an independent assessment of UK Power Networks' business support costs. This assessment can then be used to prepare UK Power Networks for their future submission to Ofgem and to get the business thinking about ways in which efficiency may be able to be promoted now.

For this assignment we have used recent data from 26 regulated utilities based in the US, UK and Australia, including the Distribution Network Operators (DNOs) in Great Britain (GB).

The project has been undertaken at 'arm's-length' from UK Power Networks. The assignment was conducted in PA's London Office using data supplied by UK Power Networks, with meetings at UK Power Networks' offices as required.

In summary, we consider:



- The majority of UK Power Networks' business support cost functions to be broadly efficient; and
- That cost profile forecasts do not appear unjustifiable or against the interests of consumers.

This report examines the individual business support cost categories identified by Ofgem and illustrates UK Power Networks' performance relative to the median, highest cost and lowest cost utility, as well as the DNO lower quartile (LQ) i.e. a relatively efficient DNO.




The report also contains a qualitative assessment of UK Power Networks' forecast business support costs.

## The majority of UK Power Networks' business support cost functions can generally be considered efficient but there is room for improvement

UK Power Networks' business support costs' benchmarking results for 2012<sup>1</sup> are summarised in the table below.

Business support function	Benchmarking results	Reasons for relative efficiency
IT and telecommunications	 Near the GB DNO LQ across all three measures, close to the overall median on asset and FTE bases	All GB DNOs fare relatively poorly when benchmarked on a revenue basis, possibly due to difference in regulated revenues among the benchmarking group
Property management	 UK Power Networks has the highest	UK Power Networks' property costs are relatively high due to their location in London and the South East of

<sup>1</sup> 2012 represents the year ended 31 March 2012. This convention applies throughout the report.

	costs in the group across all three measures	England
Human resources and non-operational training	 HR costs are consistently above the median and UK DNO LQ across all measures	UK Power Networks' labour costs are relatively high, possibly due to the inclusion of private insurance, reward/recognition costs, graduate costs and internal communications
Finance, audit and regulation	 Close or below group median on asset and FTE bases, somewhat above DNO LQ across all three measures	All GB DNOs fare relatively poorly when benchmarked on a revenue basis, possibly due to difference in regulated revenues among the benchmarking group
CEO office	 Close or below the median but above GB DNO LQ on all three measures	UK Power Networks' CEO office costs are relatively high due to regional factors affecting board and Exec costs, for example

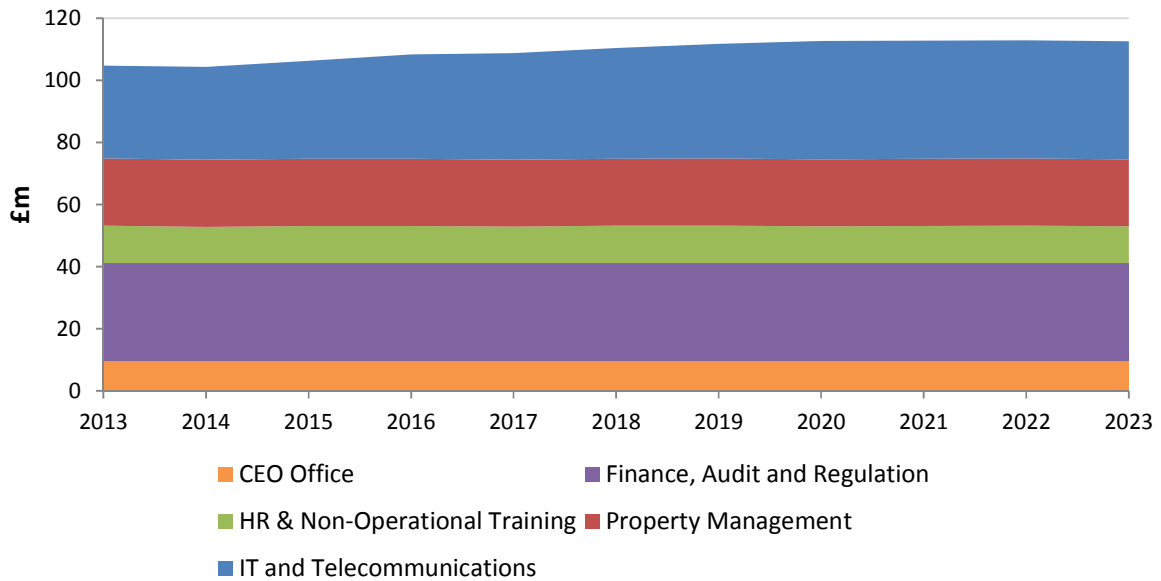
UK Power Networks can do little to overcome the issue of being based in London and the South East of England, where input costs such as property are relatively higher. Nonetheless, UK Power Networks are undertaking internal reviews of its four largest business support functions (including both property management and human resources and non-operational training) in order to justify its relative positioning among its peers.

**Initial analysis on UK Power Networks' cost profile forecasts does not suggest costs are unjustifiable or acting against consumers' interests**

Interviews with key UK Power Networks' personnel uncovered additional detail with respect to the company's forecast cost profile for business support costs. Overall, there is no reason to believe that cost forecasts are unjustifiable or against consumers' interests.

The chart below presents UK Power Networks' cost profile forecast across the five business support functions, which shows that the overall costs are set to increase £7.84 million annually from 2013 to 2023. This increase relates strictly to forecast increased IT and telecommunications expenditure, with all other business support functions' expenditure either remaining constant or slightly decreasing over the period.

## Forecast cost profile for UK Power Networks



While there are risks associated with forecasting costs, there is little evidence to suggest that these risks are unfairly passed through to consumers. Internally UK Power Networks are looking more closely at the four largest business support functions, as mentioned above. In addition, consultants representing Ofgem are looking at UK Power Networks' forecast costs for IT and telecommunications, as well as property management, to ensure that costs are kept as low as possible and consumers' interests are represented by the company's expenditure.

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# 1 Background

## 1.1 The RIIO regime and the need to demonstrate efficiency

### 1.1.1 A new regulatory regime is being implemented in electricity distribution

From April 1, 2015 a new regulatory regime will be implemented in the electricity distribution sector in GB. This regulatory regime is based upon the principles of RIIO (Revenue = Incentives + Innovation + Outputs) and is known as RIIO-ED1. RIIO-ED1 is set to apply for eight years until March 31, 2023.

The RIIO model replaces the previous RPI-X regime and is designed to better meet the investment and innovation challenge by placing more emphasis on incentives to drive the innovation needed to deliver a sustainable energy network, at value for money, for existing and future customers.

Both the gas distribution and electricity transmission sectors have already adopted the RIIO model. Experience in these sectors suggests that the regulator Ofgem will pay close attention to the efficiency of costs for each DNO, including business support costs.

### 1.1.2 UK Power Networks needs to demonstrate efficiency of its business support costs

UK Power Networks will need to convince Ofgem, its customers and other stakeholders that the company has an effective and efficient business support cost profile at this point in time and for the eight years of RIIO-ED1.

The objective of this assessment is to provide an independent report that assesses UK Power Networks' business support costs now and into the future. This assessment can then be used to prepare UK Power Networks for their future submission to Ofgem and to get the business thinking about ways in which efficiency may be able to be promoted now. Our approach is to:

- Corroborate the efficiency of UK Power Networks' business support functions using some credible external benchmarks; and
- Provide high-level, qualitative comment on UK Power Networks' forecast expenditure, based on its plans for each business support function.

This analysis is provided in the following section.

## 2 Business support cost efficiency

### 2.1 The two approaches to determine business support cost efficiency

This section presents evidence on UK Power Networks' business support costs. To this end, two analytical approaches are adopted:

- Firstly, efficiency evidence is provided, using robust external benchmarks to determine where UK Power Networks' forecast business support costs sit relative to its peers in 2012.
- Secondly, justification for UK Power Networks' forecast business support costs over RIIO-ED1 is presented to fully explain any assumptions embedded in the forecasts and how UK Power Networks plans to share risk with consumers.

Efficiency evidence and cost profile justification is provided in turn for the following five business support functions:

- IT and telecommunications;
- Property management;
- HR and non-operational training;
- Finance, audit and regulation; and
- CEO office.

#### 2.1.1 Benchmarking UK Power Networks' operations

##### Our benchmarking process

This section presents efficiency evidence, using external benchmarks to determine where UK Power Networks' forecast business support costs sit relative to its peers.

We have gathered information from 26 companies operating in electricity, gas and water distribution in the UK, US and Australian markets in order to benchmark UK Power Networks' operations.<sup>2</sup> Further detail on the companies surveyed is contained in Appendix A.

Comparing UK Power Networks' performance across the various business support functions to a wide range of comparable companies allows us to consider whether UK Power Networks is operating efficiently for a company of its type as:

- Using information from 26 companies in the benchmarking exercise reduces the chance of the sample being skewed towards the high or low end of the efficiency frontier;
- While the UK, US and Australian utilities' markets are different, all involve some level of regulated return that must be considered reasonable by the respective regulators; and
- The methodology adopted here is proven. PA Consulting recently conducted a business support cost benchmarking exercise for Northern Gas Networks, with the evidence being

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<sup>2</sup> Note that not all companies provide comparable information for each of the five business support functions. We have used as many companies as are comparable for each of the business support functions.



submitted to Ofgem. PA Consulting also undertook a similar exercise in the North American energy markets, with evidence being presented before the Alberta Utilities Commission.

UK Power Networks' business support costs are benchmarked for 2012 in three ways:

- As a percentage of revenue;
- As a percentage of tangible assets; and
- Per full-time equivalent employee.

### **Benchmarking regulated companies on a revenue basis requires some caution**

The first of the three benchmarking measures above relates to revenue. Electricity DNOs such as UK Power Networks operate in a regulated environment, where revenues are set under Ofgem's oversight. The benchmarking group used in this analysis also involves 25 other regulated companies. However, as many of these companies operate in different industries and markets, it is important to recognise they will have different allowable revenues and hence some caution should be exercised when comparing these companies on a revenue basis.

### **The importance of understanding regional differences when benchmarking**

While no measure of efficiency is perfect, there is a particular caveat that should be taken into account in this report relating to regional differences. UK Power Networks is based in London and the south east of England, where input costs such as property are relatively more expensive than other parts of GB.<sup>3</sup> As a result of this difference in costs UK Power Networks will appear relatively worse off than its peers when benchmarked against them, all other factors constant. Some caution must therefore be exercised when interpreting the results of this benchmarking analysis.

## **2.1.2 UK Power Networks' forecast cost profile justification**

In addition to the benchmarking exercise it is worthwhile analysing the forecast cost profile across the five business support functions. Ofgem are naturally concerned with consumer risk exposure to the business support costs of DNOs. While forecasts are never fully accurate given uncertainties, it is important that forecast costs are not unfairly being loaded onto consumers and hence that these costs can be justified. Justification includes linking forecasts to business activities (such as increased stakeholder engagement), outputs (such as apprentices trained) and other cost drivers (such as insurance market conditions).

Evidence to justify cost profile forecasts has been gathered through interviews with key personnel at the organisation operating in these areas. Further detail on who was interviewed is contained in Appendix B.

## **2.2 IT and telecommunications**

### **2.2.1 IT and telecommunications efficiency evidence**

IT and telecommunications cost benchmarking has been undertaken with all 26 companies on a revenue basis and 24 companies on both an asset and FTE basis. Relevant information from all Australian companies was not available for the latter two measures.

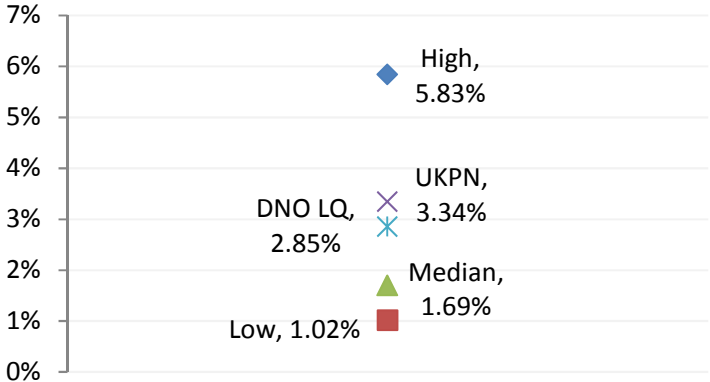
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<sup>3</sup> The relatively higher cost of property in London and the south east of England was identified by Ofgem's consultants Drivers Jonas in a 2009 property review. See:

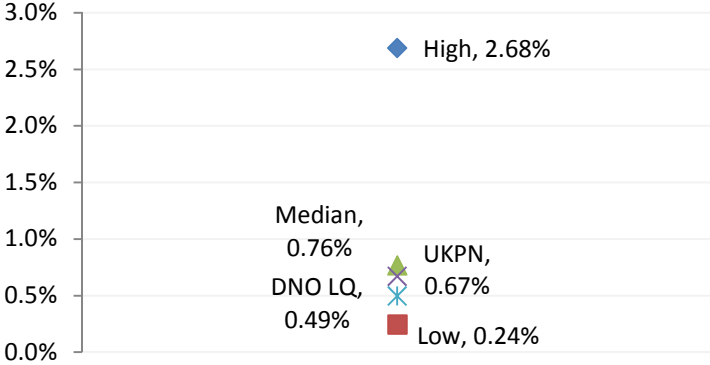
<http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/CostRep/Documents1/DPCR5%20Non-Op%20Property%20Review%20-%20Drivers%20Jonas%20Report.pdf>

UK Power Networks generally sits near the middle of the overall benchmarking group but is above the GB DNO lower quartile in IT and telecommunications spending across all three measures. IT and telecommunications' spending as a percentage of revenue is a benchmark where all GB DNOs, including UK Power Networks, fare relatively poorly when compared to the overall benchmarking group median. While UK Power Networks is not alone in having a relatively high IT and telecommunications spend on a revenue basis, it is nonetheless an area where greater regulatory scrutiny of spending is possible.

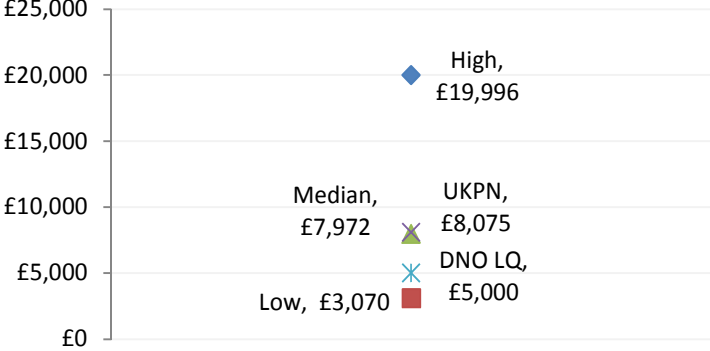
**IT Spending as a Percentage of Revenue**



**IT Spending as a Percentage of Assets**



**IT Spending Per Company Employee**



## 2.2.2 IT and telecommunications forecast cost profile

IT and Telecommunications											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
£m	29.90	29.90	31.60	33.60	34.30	35.70	36.90	38.10	38.10	38.10	38.00

IT and telecommunications forecasts are generated from a 'bottom-up' approach.<sup>4</sup> The vast majority (£26m in 2013) of these costs relate to external expenditure: £12m for telecoms, £10m for managed services and £4m for software. The remaining costs relate to atypical costs that UK Power Networks face that may not apply to other utilities, such as £3.5 million per year on operational telecoms/SCADA and £1.5 million per year on control systems.<sup>5</sup>

Over time forecasts costs efficiency gains of £8m are expected over the period from contract renewals (£4m), decommissioning post-transformation (£3.5m), and IT separation (£0.5m). However, these efficiency gains are more than offset by opex costs associated with increased capex (£4.4m) and, in particular, transformation expenditure on new software and hardware (£6.4m), Network Asset Management Plan (NAMP) expenditure on control systems (£1m), and smart metering software and hardware expenditure (£4.7m).<sup>6</sup> These costs are believed necessary to operate a modern DNO.

## 2.3 Property management

### 2.3.1 Property management efficiency evidence

For property management UK Power Networks has been benchmarked against the other 10 other companies due to both definitional differences and a lack of comparable information from the remainder of the international benchmarking group.

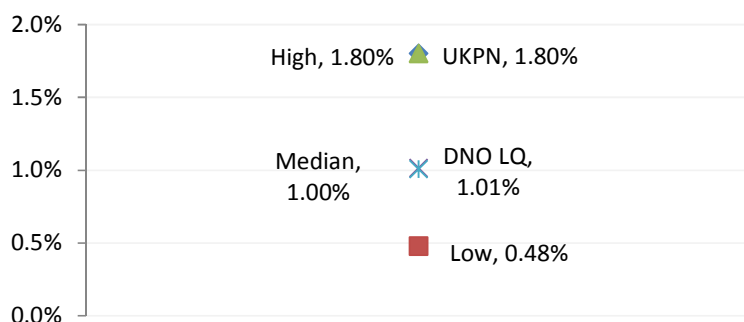
As can be seen below, UK Power Networks' property management costs are the highest in the group when taken on a revenue, assets and FTE basis. This result likely reflects the relative cost of property in London and the south east of England.

<sup>4</sup> Note that the numbers included in this report differ from those that were initially submitted to Ofgem. The initial view was based on the best estimates possible at that point in time, which involved taking existing costs and applying an efficiency factor over time. The estimates included in this report are built from the 'bottom up' and are hence more grounded in reality.

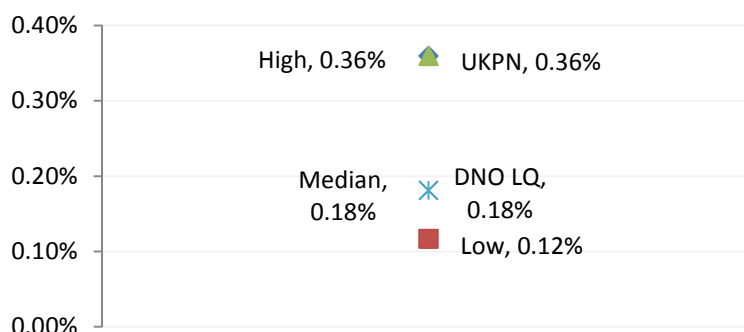
<sup>5</sup> Expenditure sub-categories do not exactly add up to totals in this section due to rounding.

<sup>6</sup> Forecasts do not include the £8 million per year associated with the EDF Energy contract, which ended in 2012.

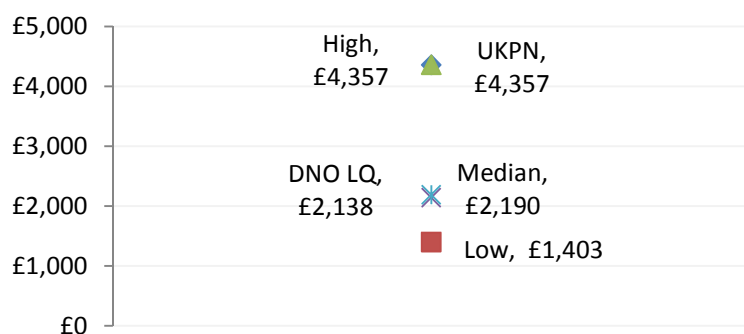
### Property Management Spending as a Percentage of Revenue



### Property Management Spending as a Percentage of Assets



### Property Management Spending per Company Employee



## 2.3.2 Property management forecast cost profile

### Property Management

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>£m</b>	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61

Property management forecast expenditure remains constant from 2013 to 2023, rolled forward from 2012 actuals. The vast majority of spending covers buildings, repairs and maintenance, and front of house services associated with UK Power Networks' property portfolio. This portfolio is extensive given UK Power Networks services approximately 8 million customers spread over London and the south east of England.

## 2.4 Human resources and non-operational training

### 2.4.1 Human resources and non-operational training efficiency evidence

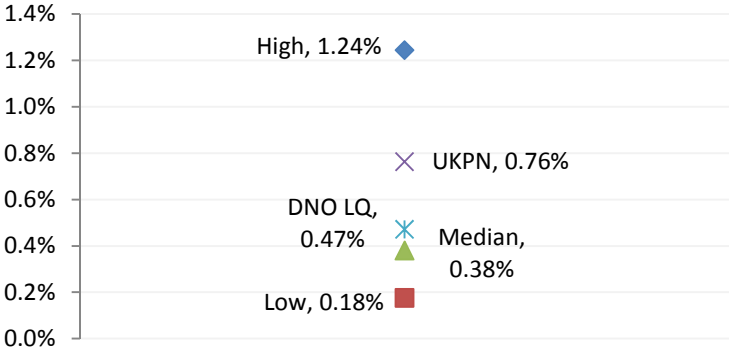
UK Power Networks' human resources costs were benchmarked against 23 other companies on a revenue basis and 22 other companies on both an asset and FTE basis, with the remaining companies either not breaking down costs by a comparable HR classification or information on asset value and FTEs not being available.

UK Power Networks performs somewhere near the median of the benchmarked companies on asset and FTE measures. On a revenue basis, however, UKPN's HR and non-operational training costs are relatively high. It should be noted that, once again, the GB DNO group as a whole fares relatively poorly on a revenue basis.

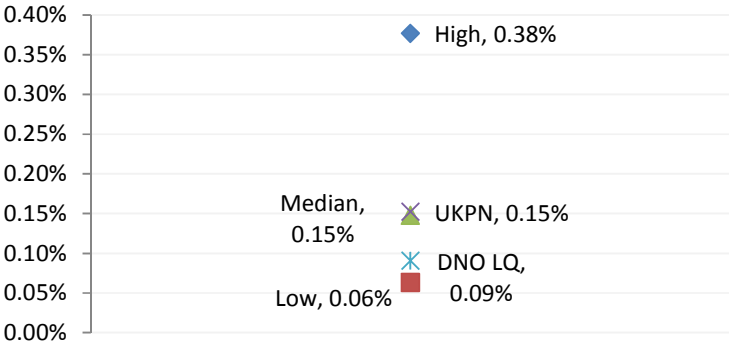
Within GB DNOs, UK Power Networks is well above the lower-quartile HR and non-operational costs by all the revenue, asset and FTE measures. UKPN's relatively poor position here reflects three factors:

- UKPN's treatment of certain HR and non-operational training costs. In particular, private health insurance for collective agreement staff (£500,000 annually), as well as reward and recognition payments worth several hundred thousand pounds per year, are paid as a single amount out of the HR and non-operational training budget. The costs of employing graduates are also included in this budget. These payments could be re-allocated as labour costs elsewhere, which is possibly how other DNOs treat these costs; and
- UK Power Networks has a team of six people devoted to internal communications that may not be present in other DNOs/companies in the benchmarking group.

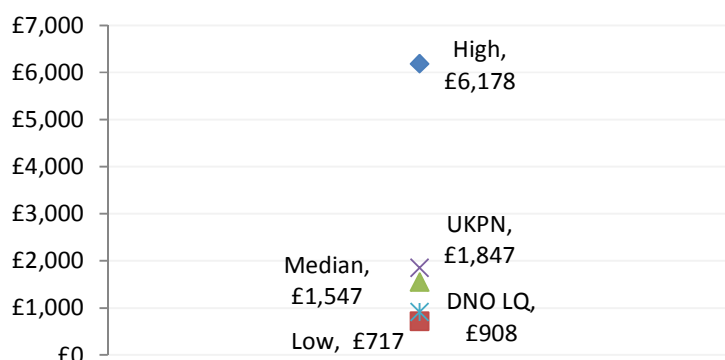
**HR&T Spending as a Percentage of Revenue**



**HR&T Spending as a Percentage of Assets**



## HR&T Spending Per Company Employee



## 2.4.2 Human resources and non-operational training forecast cost profile

### HR & Non-Operational Training

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
£m	12.11	11.71	12.02	12.05	11.76	12.06	12.12	11.85	12.04	12.12	11.86

The cost forecasts for HR and non-operational training is based on 2012 costs rolled forward over time. Overall forecast expenditure falls slightly by 2023 with movements each year. These movements represent workforce renewal efforts, although it should be noted that there is no plan to increase the size of the UKPN workforce over this period. Indeed the HR workforce has seen a decline over time from 120 people three years ago to just over 80 today. In the other direction, a commercial decision was made in 2012 to undertake more discretionary non-operational training and this expenditure is reflected throughout the period above.

## 2.5 Finance, audit and regulation

### 2.5.1 Finance, audit and regulation efficiency evidence<sup>7</sup>

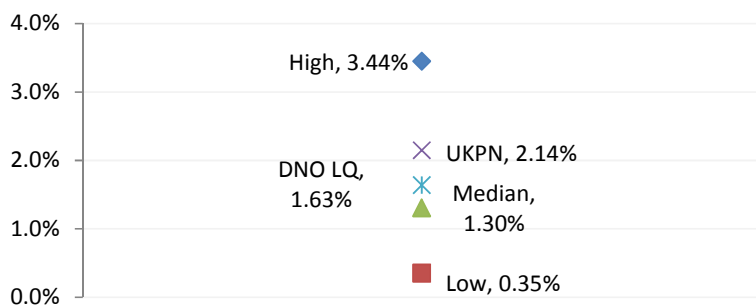
UK Power Networks' finance, audit and regulation costs were benchmarked against 25 other companies on a revenue basis and 23 other companies on both an asset and FTE basis, with the remaining companies either not breaking down costs by a comparable classification or up-to-date information on asset value and FTE's not being available.

UK Power Networks' finance, audit and regulation costs fall near the median of the benchmarking group across the asset and FTE measures adopted in this report. Indeed, UK Power Networks are below the median on an asset basis. As with IT and telecommunications and HR and non-operational training costs, however, GB DNO finance, audit and regulation costs tend to be higher than the benchmarking group as a whole when considered on a revenue basis.

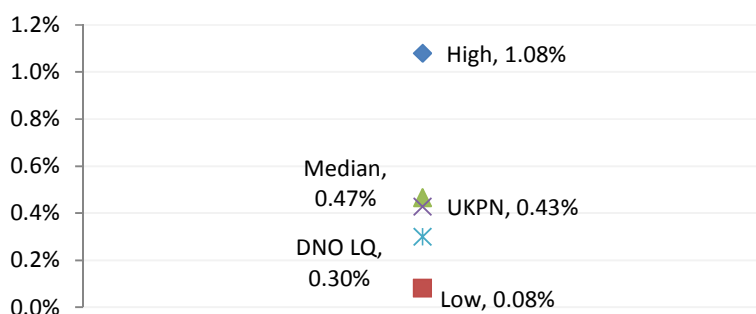
When considering just the GB DNOs, UK Power Networks sits somewhat above the lower quartile DNO across all three measures.

<sup>7</sup> Insurance has been excluded from the finance, audit and regulation efficiency evidence so that benchmarking can meaningfully be undertaken with peers. Note that insurance is included in the finance, audit and regulation forecast cost profile.

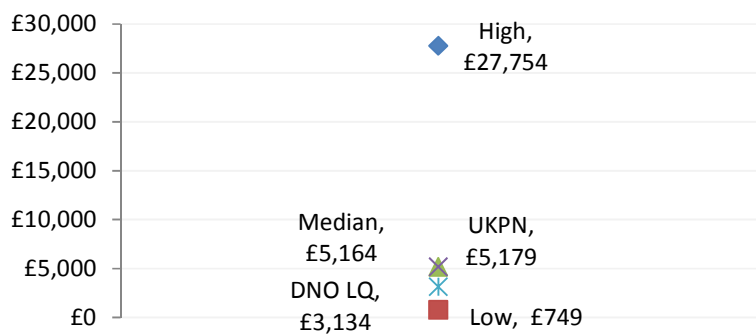
### Finance/Audit/Regulation Spending as a Percentage of Revenue



### Finance/Audit/Regulation Spending as a Percentage of Assets



### Finance/Audit/Regulation Spending Per Company Employee



## 2.5.2 Finance, audit and regulation forecast cost profile

### Finance, Audit and Regulation

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>£m</b>	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44

Finance, audit and regulation cost forecasts remain consistent out to 2023. Forecasts are rolled forward from 2011<sup>8</sup>, while the insurance component of finance, audit and regulation costs is built from a 'bottom up' approach.

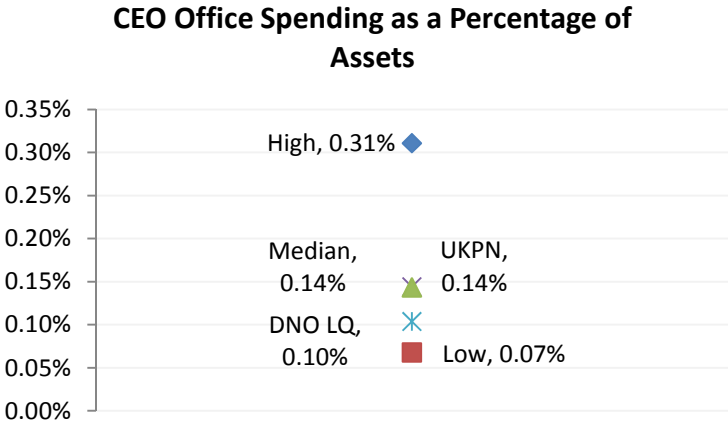
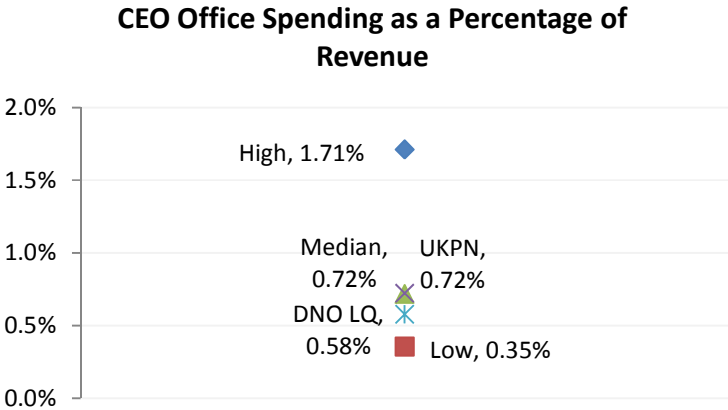
<sup>8</sup> 2011 rather than 2012 figures were used as a basis to roll forward forecasts in order to minimise the effect of costs associated with price control.

A significant proportion of these forecast costs relate to insurance: premiums are £6.74m per year and claims are £7.42m per year. Pensions at £1.7m per year is another important component of costs, as well as Electricity Network Associated (ENA) fees (£0.3m per year), Metering Registration Agreement (MRA) and Distribution Connection and Use of System Agreement (DCUSA) fees (£0.33m per year) and other subscriptions (£0.2m per year) necessary to operate as a DNO in GB.

**2.5.3 CEO office efficiency evidence**

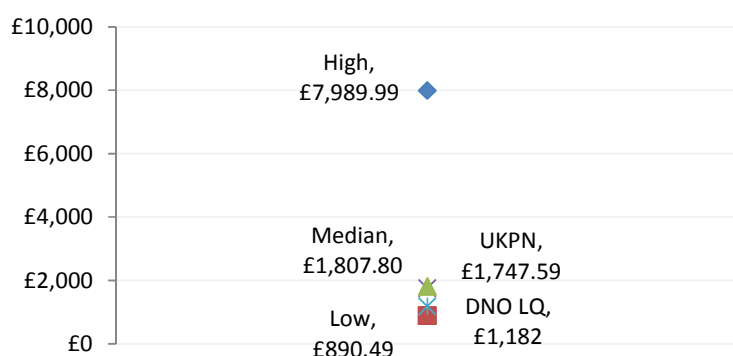
CEO office cost benchmarking has been undertaken with the seven other UK and Australian companies on a revenue basis, five other companies on an asset basis and four other companies on an FTE basis. These sample sizes were due to the necessary information not being available for various Australian companies, while US companies did not classify their costs into a CEO office category.

UK Power Networks' CEO office costs on revenue, asset and FTE measures are very similar or lower than those of the benchmarking group median, indicating a relatively efficient business support function. However, UK Power Networks' CEO office costs are higher than those of the DNO lower quartile company across all three benchmarks, possibly due to those costs associated with the Exec in London being higher than for the other DNOs.





### CEO Office Spending Per Company Employee



### 2.5.4 CEO office forecast cost profile

#### CEO Office

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>£m</b>	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68

CEO office cost forecasts are rolled forward from both an early view of the 2012 year actuals and 2011 year figures.<sup>9</sup> No movement is forecast in CEO office costs out to 2023. Among the largest components of CEO office costs are non-executive & group directors' labour costs & board meeting costs at £4m per year, external branding at £1m per year, legal services at £800,000 per year, and corporate affairs at £500,000 per year.

<sup>9</sup> A large proportion of the Exec was not in place in 2011 hence the use of more recent estimates to base forecasts on.






# 3 Conclusions on UK Power Networks' efficiency

## The majority of UK Power Networks' business support cost functions can generally be considered efficient but there is room for improvement

Three of the five business support functions are considered reasonably efficient based on our benchmarking exercise: IT and telecommunications; finance, audit and regulation; and CEO office. However, UK Power Networks is typically less efficient than the lower quartile DNO and there is therefore room for improvement within these business support functions.

The two remaining business support functions may not be efficient when compared with the benchmarking group. UK Power Networks fares particularly poorly on property management, due to the cost of property in London and the south east of England. Similarly, HR and non-operational training costs appear relatively high due to the inclusion of private insurance and reward/recognition costs, as well as the cost of labour in the region.

The table below summarises the findings from the benchmarking exercise combined with possible explanations for UK Power Networks' relative efficiency.

Business support function	Benchmarking results	Reasons for relative efficiency
IT and telecommunications	 Near the GB DNO LQ across all three measures, close to the overall median on asset and FTE bases	All GB DNOs fare relatively poorly when benchmarked on a revenue basis, possibly due to difference in regulated revenues among the benchmarking group
Property management	 UK Power Networks has the highest costs in the group across all three measures	UK Power Networks' property costs are relatively high due to their location in London and the South East of England
Human resources and non-operational training	 HR costs are consistently above the median and UK DNO LQ across all measures	UK Power Networks' labour costs are relatively high, possibly due to the inclusion of private insurance, reward/recognition costs, graduate costs and internal communications
Finance, audit and regulation	 Close or below group median on asset and FTE bases, somewhat above DNO LQ across all three measures	All GB DNOs fare relatively poorly when benchmarked on a revenue basis, possibly due to difference in regulated revenues among the benchmarking group
CEO office	 Close or below the median but above GB DNO LQ on all three measures	UK Power Networks' CEO office costs are relatively high, possibly due to regional factors affecting board and Exec costs, for example

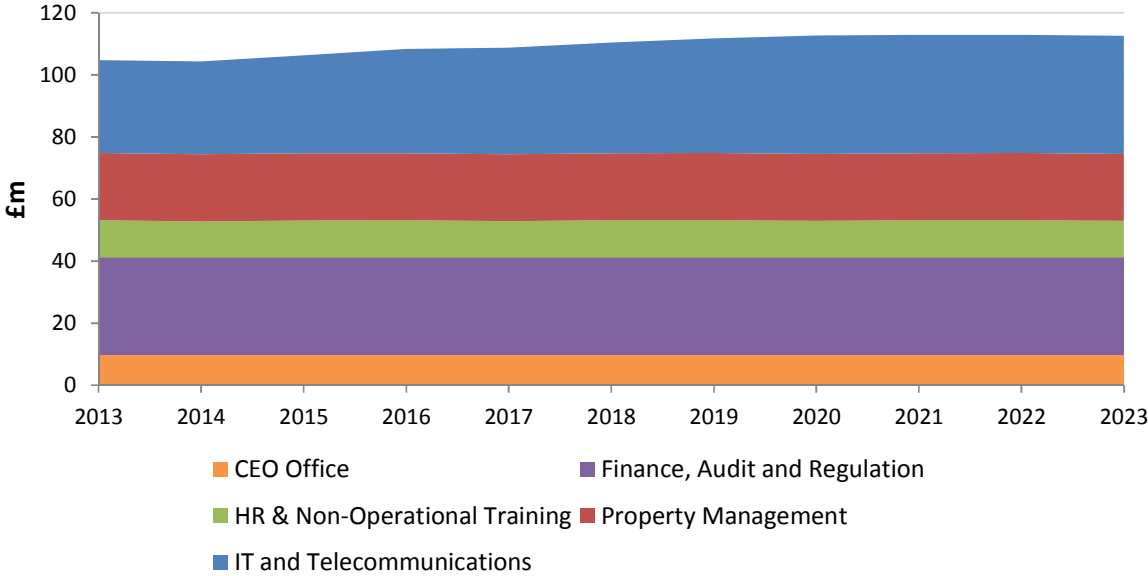
UK Power Networks can do little to overcome the issue of being based in London and the South East of England, where input costs such as property are relatively higher. Nonetheless, UK Power Networks are undertaking internal reviews of its four largest business support functions including both property management and human resources and non-operational training in order to justify its relative positioning among its peers.

**Initial analysis on UK Power Networks' cost profile forecasts does not suggest costs are unjustifiable or acting against consumers' interests**

Interviews with key UK Power Networks' personnel uncovered additional detail with respect to the company's forecast cost profile for business support costs. Overall, there is no reason to believe that cost forecasts are unjustifiable or against consumers' interests.

The following chart and table present UK Power Networks' forecast cost profile by each business support function from 2012 and including RIIO-GD1. UK Power Networks' business support costs stay relatively constant or fall over the period for four of the five business support functions, with IT and telecommunications being the only business support function to see a forecast increase in costs. Overall, total costs rise from £104.75m to £112.59m from 2013 to the end of RIIO-ED1 in 2023 as a result of this increased IT and telecommunications' expenditure.

**Forecast cost profile for UK Power Networks**



£m	UK Power Networks forecast costs to 2023											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
IT and Telecommunications	29.90	29.90	31.60	33.60	34.30	35.70	36.90	38.10	38.10	38.10	38.00	
Property Management	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	21.61	
HR & Non-Operational Training	12.11	11.71	12.02	12.05	11.76	12.06	12.12	11.85	12.04	12.12	11.86	
Finance, Audit and Regulation	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	31.44	
CEO Office	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	9.68	
	<b>104.75</b>	<b>104.35</b>	<b>106.35</b>	<b>108.38</b>	<b>108.79</b>	<b>110.50</b>	<b>111.75</b>	<b>112.68</b>	<b>112.87</b>	<b>112.95</b>	<b>112.59</b>	

While there are risks associated with forecasting costs, there is little evidence to suggest that these risks are unfairly passed through to consumers. Internally UK Power Networks are looking more closely at the four largest business support functions, as mentioned above. In addition, consultants representing Ofgem are looking at UK Power Networks' forecast costs for IT and telecommunications,

as well as property management, to ensure that costs are kept as low as possible and consumers' interests are represented by the company's expenditure.

# Appendix A: External benchmarking

The table below lists the 26 companies that were used to externally benchmark indirect business support costs, including UK Power Networks.

**Table 1 Companies used for benchmarking**

Company	Market	Industry
12 anonymous utilities <sup>10</sup>	USA	Gas and/or electricity distribution
APA Allgas Distribution	Australia	Gas distribution
APA Pipeline	Australia	Gas distribution
Electricity North West	UK	Electricity distribution
Envestra	Australia	Gas distribution
LinkWater	Australia	Water distribution
National Grid Gas	UK	Gas distribution
Northern Gas Networks	UK	Gas distribution
Northern Powergrid	UK	Electricity distribution
Scotia Gas	UK	Gas distribution
Scottish & Southern Energy	UK	Electricity distribution
Scottish Power	UK	Electricity distribution
UK Power Networks	UK	Electricity distribution
Wales & West Utilities	UK	Gas distribution
Western Power Distribution	UK	Electricity distribution

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<sup>10</sup> The 12 companies surveyed cannot be identified for confidentiality reasons. However, in general terms the companies are primarily US-based electricity and/or gas utilities, with a couple of the companies having modest overseas interests. This benchmarking evidence has been used for expert testimony before the Alberta Utilities Commission in Canada.

# Appendix B: Interviewees

The table below contains the UK Power Networks employees that were interviewed for this report, as well as their respective role.

**Table 2 UK Power Networks employees interviewed**

Employee	Role
Brian Bennett	Head of Corporate Affairs
Andrew Bilecki	Chief Information Officer
Karen Bridgman	Director
Chris Degg	Director of Human Resources
Clare Imms	Regulatory Finance Manager
Colin Nicholl	Head of Business Planning
Julian Rudd	Regulatory Framework & Engagement Manager
Richard Roberts	Finance Director
Colin Ware	Head of Architecture & Commercial

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