

ET SECTOR	
REFERENCE NUMBER:	CATEGORY: Addition
LICENCE CONDITION NUMBER: <i>(if relevant):</i>	SpC3.17
TITLE:	Net Zero Carbon Capital Construction Price Control Deliverable
RELEVANT LICENCE CONSULTATION QUESTIONS <i>(if any):</i>	
RELEVANT ISSUES LOG:	
POLICY ISSUES	
<ul style="list-style-type: none"> Appendix 1 General 	<ul style="list-style-type: none"> The values in the Appendix 1 table are spread over the last 2 years of the price control. We had intended to spend all the £2.5m in the year 25/26 and not in the prior year as well. Please adjust the expenditure profile so all the spend is in 25/26
DRAFTING ISSUES	
<ul style="list-style-type: none"> Definition "Use It or Lose It Adjustment" 3.17.6 3.17.7 	<ul style="list-style-type: none"> Suggest this definition is amended as follows "means an adjustment to allowances where they have not been spent, or have not been spent in a way that is efficient to achieve the licensee's stated aims of the Net Zero Carbon Capital Construction allowance" As the provision of the evaluation report is a licence obligation we suggest that (d) should be restricted to "any evidence reasonably available" We note that there is no reference within 3.17 to the value of the clawback not exceeding the associated allowance for the output. Whilst we note some wording to this effect has been included in the draft PCD Reporting Requirements and Methodology Document we consider that the cap on the maximum clawback for any individual output is a material feature of the PCD design and that in the interests of transparency it should be made clear on the face of the licence. It is not clear how the Use It or Lose It Adjustment described in 3.17.7 fits with the approach taken in other PCDs where an assessment is made to determine whether the PCD Output has been Fully Delivered and which is described in the PCD Reporting Requirements and Methodology Document. We will provide comments on this document separately but would flag that it does not appear to reference a Use It or Lose It Adjustment.

FINANCE ISSUES	
SUPPORTING INFORMATION	
OFGEM ENGAGEMENT:	