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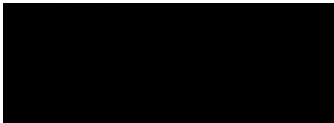
Dear Rob

**Re: Overhead cost reporting – revising RAG2 (consultation)**

Thank you for the opportunity to comment on the improved guidance on the allocation of overhead costs.

Our response to the questions raised within the consultation document is shown below.

Yours sincerely,



**Eleri Rees**  
**Strategy and Regulation Director**

**Q1. Do you agree with the guidance that we propose adding to RAG2?**

We agree that there should be a consistent approach for allocating costs between wholesale price controls.

**Q2. Are the 'general and support' categories carried over from RAG 2.08 still appropriate? If not then what should we use instead?**

In our view the general and support categories are still appropriate.

**Q3. Are there any areas that we have not covered by these proposals that we should?**

We have nothing further to add

**Q4. For 2021-22 we are considering asking companies to report costs on both their existing approach and the new approach so that we can understand the impact that this has on the allocation of costs across controls. Would you agree with this approach? If not then how could we assess the impact of this in advance of the PR24 business plan submissions?**

We agree with the proposed approach of reporting both the existing and new approach in the Annual Performance Report (APR).