

30th January 2019

Dear Lee,

Following on from the determination made by Ofgem in respect to the SOLR claim for Iresa, Octopus Energy Limited is submitting claims totaling £7.2m¹ from the DNO's based on 2017/18 customer numbers. The table below shows the breakdown of this claim by the DNO's.

Distribution Licensee	Total Number of Premises	Proportion of Total Number of Premises	LRSP Claim Amount (£)
ENWL	2,383,887	8.0%	579,475.70
NPg (Northeast)	1,602,128	5.4%	389,445.58
NPg (Yorkshire)	2,298,786	7.7%	558,789.34
SHEPD	772,984	2.6%	187,897.10
SEPD	3,049,924	10.2%	741,376.10
SP Distribution	2,007,341	6.7%	487,944.83
SP Manweb	1,512,961	5.1%	367,770.85
UKPN (EPN)	3,627,858	12.2%	881,860.41
UKPN (LPN)	2,345,807	7.9%	570,219.21
UKPN (SPN)	2,296,864	7.7%	558,322.14
WPD (East Midlands)	2,647,059	8.9%	643,447.60
WPD (South Wales)	1,133,101	3.8%	275,434.41
WPD (South West)	1,613,218	5.4%	392,141.34
WPD (West Midlands)	2,481,944	8.3%	603,311.42
Total	29,773,862		7,237,436.03

Octopus Energy Limited may be required to adjust the claims in relation to finalizing credit balance position with legacy Iresa customers (circa 9% remain to be finalized). Additionally, the claims may be adjusted should Octopus Energy Limited be successful in claiming costs from the Iresa administrator.

Details on invoicing process:

To enable us to process this we will send 12 invoices on the last day of every billing month starting in April 2019 (for which an invoice will be sent on 31st May 2019).

The first 11 invoices to you will be for £32,453.80 for NPg (Northeast) and £46,565.78 for NPg (Yorkshire), calculated as 1/12th of the claim value for each licensee, with the 12th payment variable to ensure each DNO does not pay Octopus more than the amount Octopus can claim.

If a DNO recovers less than the claim value in the Relevant Regulatory Year (2019/20) the DNO will pay the lesser of the revenue recovered or claim value. The DNO will pay Octopus the shortfall plus interest in 2020/21 as per SLC38. If a DNO recovers more than the claim value in

¹ Exact claim amount for DNOs £7,237,436.03

the Relevant Regulatory Year, Octopus will receive the full claim value and the DNO will return the excess to customers in due course (timing subject to license modifications).

The invoices will be sent via email to: Accounts.Payable@northernpowergrid.com copying Lee.Wells@northernpowergrid.com, Andy.Jenkins@northernpowergrid.com and Andrew.Enzor@northernpowergrid.com on the last day of the billing month with 14-day payment terms. Invoices will be exempt from VAT in line with previous LRSP claims.

The payment should be made into the following account:

Account Name: Octopus Energy Limited

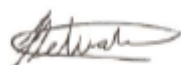
Sort code: 40-03-28

Account Number: 43807509

BIC: MIDLGB22

IBAN: GB44MIDL4003284380750

Kind regards,



Sorooban Selveratnam

Financial Controller
Octopus Energy