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## **INDUSTRY AGREES REVIEW PROCESS FOR PRICE CONTROL HAS IMPROVED SIGNIFICANTLY**

Energy regulator Ofgem has today (Tuesday) published its assessment of the process used to reset the electricity distribution price control, based on consultation with interested parties.

All the distribution companies have acknowledged that the latest review for distribution charging between 2005-2010 was a substantial improvement on previous reviews in terms of transparency. Ofgem and the companies agree that the process of data collection for the review could be improved and have already created a new system of annual cost reporting during the last eight months which will address this issue. There are also several other proposals for improvement including reducing the number of consultation documents for the next review.

The assessment of the review results from workshop sessions and views from distribution companies, suppliers and other parties. The recommendations will be considered in planning for the next distribution price control review and, where appropriate, will feed into the reviews for the transmission and gas distribution price controls which are now underway.

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### **Notes to Editors**

1. In January this year, Ofgem announced that all 14 electricity distribution companies had accepted the five-year price controls it had proposed. The price controls began on 1 April 2005 and run for five years allowing the companies to spend £5.7 billion in strengthening and developing their networks. The companies will also be required to improve quality of service and invest to accommodate renewable generators which want to connect to the distribution network.

2. Electricity distribution companies run the wires that transmit electricity to homes and businesses. Distribution charges account for about 25 per cent of customer bills.

3. Copies of the document “Assessment of the Electricity Distribution Price Control Review Process: Conclusions” can be obtained from the Ofgem website on [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Hard copies can be ordered from the Ofgem Distribution Centre on 020 7901 7116 or by email from [distribution@ofgem.gov.uk](mailto:distribution@ofgem.gov.uk).

4. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem’s aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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