

R/1

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## TRANSMISSION AND GAS DISTRIBUTION COMPANIES ACCEPT OFGEM PRICE CONTROLS

All of Britain's transmission and gas distribution network companies have accepted the price controls proposed by energy regulator Ofgem on December 4 2006.

The proposals, which come into effect on April 1 2007, will apply for five years for the transmission companies and for one year for the gas distribution companies. Work is already well underway on the next gas distribution price control which will apply for the following five years.

Ofgem Chief Executive, Alistair Buchanan, said: "The setting of tough and challenging price controls is one of the main ways in which Ofgem is able to protect the interests of present and future gas and electricity customers. Further work is already underway in developing our proposals for the gas distribution networks for the period from April 2008. In transmission it is now for the companies to deliver on the £5 billion investment and continue high levels of performance for customers."

- ends -

1. The four electricity and gas transmission companies are:

- National Grid Electricity Transmission (NGET)
- National Grid Gas NTS (National Transmission System)
- ScottishPower Transmission Limited (SPTL)
- Scottish Hydro-Electric Transmission Limited (SHETL)

2. The gas distribution network companies are:

- Scotia Gas Networks
- Northern Gas Networks
- National Grid Gas
- Wales and West Utilities

3. Final proposals for both price controls were published on December 4 2006 and further details can be found in press releases R/55, R/56 and R/57 which are located in the press releases archive at [www.ofgem.gov.uk](http://www.ofgem.gov.uk). Ofgem asked the transmission and gas distribution companies to indicate whether they accepted the proposals in principal by January 8 2007.

4. Ofgem will consult on the licence modifications to give effect to the proposals for both price controls in February 2007.

5. 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. The Authority's functions are set out mainly in the Gas Act 1986, the Electricity Act 1989, the Competition Act

1998 and the Utilities Act 2000. In this note, the functions of the Authority under all the relevant Acts are, for simplicity, described as the functions of Ofgem.

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