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ELECTRICITY DISTRIBUTION BUSINESSES ACCEPT OFGEM PRICE CONTROL – BUT FOCUS IS NOW ON THEM TO DELIVER

- **All 14 electricity distribution companies accept five-year price control**
- **Focus is now on companies to invest and deliver improved service**
- **Prices to customers to be no higher than they need to be**
- **Companies welcomed Ofgem's open and transparent approach**

All of Britain's 14 electricity distribution network companies have accepted the five-year price controls proposed by energy regulator Ofgem, with effect from April 2005.

Under the new price controls, companies will be able to spend £5.7 billion in strengthening and developing their networks and will be required to improve quality of service. The price controls will also provide for investment to accommodate the growth in renewables.

The proposals announced by Ofgem at the end of November will result initially in an average increase of one per cent on distribution charges in real terms, or about 6p a month on the average domestic customer's bill. For the remaining four years of the price control period, prices will rise on average by no more than the rate of inflation.

Ofgem Chief Executive, Alistair Buchanan, said: "Throughout the process of developing our proposals, we have consulted in a very open and transparent way. This approach was welcomed and has played a part in the companies' acceptance of our final proposals. However, acceptance is just the first step.

"It is now for companies to deliver on the significant investment which the price control allows so that customers can see even better levels of service."

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Notes to editors:

1. Full details of Ofgem's proposals can be found on its website at www.ofgem.gov.uk. The price control period will begin on 1 April 2005 and run for five years.
2. Ofgem will publish the licence modifications to give effect to the new price controls in February 2005. Once these modifications are implemented, Ofgem will conduct an assessment of the review process, including open consultation with all interested parties, to learn lessons for future reviews.
3. Electricity distribution companies run the wires that transmit electricity to homes and businesses. Distribution charges account for about 25 per cent of customer bills.
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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