Kiran Turner
Network Price Controls
Ofgem
10 South Colonnade
London
E14 4PU

4 September 2018

Dear Mr Turner,

Energy Networks Association (ENA) represents the companies that operate and maintain the gas and electricity grid network in the UK and Ireland. Serving over 30 million customers, they are responsible for the transmission and distribution network of "wires and pipes" that keep our lights on, our homes warm and our businesses running.

Britain's energy network companies are committed to building an efficient, smarter, cleaner energy system that is fit for Britain's homes and businesses. Since privatisation in 1990, ENA members have made substantial investments to build a world-class energy network while reducing costs to consumers. In every region of the country, ENA members are pioneering new technologies needed to support communities and keep our energy running reliably, helping meet Britain's economic and social priorities.

I am writing in response to Ofgem's RIIO-T1 reopener consultation: One-off Asset Health Costs (Feeder 9).

We disagree with Ofgem's initial view on National Grid's funding application for replacing the Feeder 9 gas pipeline, and believe it is a crucial project for the UK's gas infrastructure. This is because:

- Gas continues to play a crucial role in the UK's energy infrastructure, and will continue to do so for the foreseeable future.
- The Secretary of State granted a Development Consent Order for the pipeline in 2016, demonstrating its strategic importance for UK energy policy.
- The consequences of the failure of the existing pipeline would be significant, in terms of the local environment and local and national economy.
- The Feeder 9 gas pipeline is a critical part of UK energy infrastructure. Failure of the pipeline would heavily disrupt the gas market, and likely impact power stations and industrial gas users without firm contracts.
- Ofgem's RIIO-T1 Final Proposals document said:

  > *For the Feeder 9 project we provided an ex ante allowance to enable NGGT to undertake preliminary engineering and licensing activities. Given the uncertainty and range of expected costs, we considered it appropriate that the remainder be funded (with the costs to be evaluated) via an uncertainty mechanism. The trigger for the uncertainty mechanism was NGGT being granted the appropriate planning approval.*

  This implied that the re-opener decision would consider costs, not the necessity of the project.

We are concerned that the rationale for disallowing the costs of this project would increase regulatory risks around Uncertainty Mechanisms for all networks, putting future investment decisions at risk and potentially increasing the cost of finance.

Yours sincerely,

David Smith

David Smith
Chief Executive