

-----Original Message-----

From: Alex Zimmerman [<mailto:azim43@hotmail.com>]

Sent: 09 October 2003 19:50

To: Chris Chapman

Subject: OFGEM three year strategy 2004-7

Dear Sir,

I am appalled at the way National Grid has been treated by Ofgem, the government and the media in general. I am neither a shareholder nor an employee but I do believe in a level playing field which National Grid and other utilities have not enjoyed.

It is clearly evident that Utilities are over regulated and this is reflected in the capitalisation value (share price) of these companies.

Why

shouldn't Utilities make good profits, we live in a capitalistic society in which Privatisation has improved the gas, water and Electricity industry to

no end. However, because the Tory Government were responsible for Privatisation the current government are hell bent on forcing Ofgem to regulate harder. What good does that do? What difference cartel from monopoly? I do not see banks, Oils or pharmaceuticals being regulated, but

they all fix prices not in customer's interest.

Ken Livingstone had commented on how much business had lost due to the 35

minutes blackout in London recently. If that is the case, why then, is power

so cheap? If Utilities were allowed to run the industry as say the Insurance

sector, then the premium (prices) would have been hiked up to reflect the

risk. The trouble is that everyone wants something on the cheap and the government is focusing on Utilities. If they want to save real money and

bring consumers some fantastic benefits then they ought to cut the £billions

spent on Bureaucracy.

I would like to see some balance put back into the system and Utilities allowed to charge good reasonable prices raising profits to £Billions.

Prices are artificially too low and the current situation is not sustainable. There is nothing wrong in profit as history proves the customer

benefits in the end.

Look at National Grid, the capitalisation of that company is £12Billion. It

should be £30Billion. National Grid, Scottish and Southern and BG are the

only British run Utilities left. Everything else (in Gas and Electricity) is owned by the French, Germans or Americans. Allow these British utilities grow, be proud of them. I know people who work in them and they are highly educated, conscientious and honest people. Yet these same people are totally demoralised largely due to OFGEM and its lack of support. In a stakeholder society why shouldn't Employees hold lucrative shares in the company that they work for? As it turns out they work their socks off for shares worth little more than paper.

I also know people who used to work for Anderson the consulting group that OFGEM had used. These are the same consultants who earned £70 - £150K per year. They advised OFGEM that highly educated Engineers who on £25 - 30K per year were overpaid. Were the reports valid? Were they not the same company advising ENRON? Ofgem and other regulators use consultants far too much who provide useless expensive reports. Who pays? The utilities do and in the end, the customer.

I would like the regulators to give utilities freedom (Engineers who run these businesses are not salesmen or politicians), you CAN trust them!

A Zimmerman

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