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JS/bew

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Dear David

I refer to your open letter of 17th November 2003 regarding the timetable for the transmission price control reviews.

As set out in our responses to previous consultation papers, we can see possible merit in aligning the timing of the various price reviews but will require clarification on the roll-forward proposals in order to give this matter proper consideration. We have had a number of helpful and discussions with Ofgem on this subject and will continue to work constructively with you and your staff to help develop acceptable proposals that balance the interests of companies and customers.

We agree with the statements in your letter regarding the need for an appropriate and proportionate approach to the extension to the current price controls and support your suggestion that a broad assessment of performance is most appropriate. In addition, the following issues will require to be dealt with:

- adjustments for BETTA; and
- funding arrangements for RETS.

We look forward to progressing towards detailed proposals in due course.

Yours sincerely

J Sutherland
Regulation & Asset Director