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**Corporation of London Response to the June 2004 Initial Proposals of the Electricity
Distribution Price Control Review**

Thank-you for the opportunity to comment on Ofgem's initial proposals.

The Corporation is concerned that Ofgem is proposing a very substantial cut (almost 40%) to the level of capital expenditure put forward by EDF Energy for the LPN London region for the 2005-2010 distribution price control period. Ofgem's proposals, if adopted, would also see a cut of almost a third in operating costs compared to actual expenditure for the LPN area in 2002/3.

The LPN region includes the City of London. With an estimated annual contribution to the UK economy of over £20billion and the European Union GDP of €33 billion per annum*, the City is heavily reliant on continued high quality electricity supplies. Ofgem's proposals to reduce EDF Energy's planned capital expenditure for the LPN network would be at a time when the London conurbation will be under increasing pressure from growth in the working population. As we have mentioned before in our submissions, the Mayor of London's Spatial Development Strategy predicts net job growth of 636,000 by 2016. In the City of London we forecast that employment will grow from 312,000 in 2002 to 400,000 by 2016 requiring another 25 million sq. ft of offices in the City alone (a 30% increase) not including the immediate City Fringe. This will create the need for significant additional investment in electricity infrastructure terms which will need to be planned for in advance. It is imperative, for the benefit of existing and future consumers that EDF Energy is allowed the means to effectively carry out works to reinforce, renew and extend the network.

Considering business needs of the City, which are particularly onerous in terms of high quality electricity supplies, we would suggest that the customer interruptions (CI) and customer minutes lost (CML) targets until 2010 should be more challenging for EDF Energy. To achieve these targets however it is essential that sufficient levels of allowed expenditure by Ofgem are provided for improved performance in this area.

Yours sincerely

Michael Snyder

Chairman of the Policy & Resources Committee

cc. The Rt Hon Patricia Hewitt MP
Neil Hirst, Head of Energy Markets, DTI

* cebr, "The City's Importance to the EU Economy 2004"

