

Dear Sir

As a major supplier and contractor to National Grid, DNOs and Generators we note with much interest the content of the OFGEM open letter.

We fully recognise OFGEM responsibility to establish policy and price control which ensure the current and future investment in the transmission assets in accordance with the licence agreement.

As a long standing supplier of transmission equipment and services to both the CEGB and latterly National Grid we appreciate the ageing asset base of the network. This is reflected within the PB Power report commissioned by OFGEM.

In order to support the future asset replacement programme supplier investment is essential. This investment is available but requires a high level of confidence and visibility in a progressive investment programme.

Suppliers cannot react efficiently to step change in policy. As a result it is our considered view that of the options available OFGEM explore options 1 or 2. It is these that provide the progressive growth in investment required to establish the necessary balanced commercial environment.

We trust our comments are of interest and remain available should you require to discuss our response in more detail.

Yours faithfully

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