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**Gas Distribution Price Control Review; Fourth Consultation Document
– CIA Response**

The CIA welcomes the opportunity to comment on the Gas Distribution Price Control.

Although there is only a limited amount of data since National Grids (Transco) sale of four distribution networks, the CIA believes that comparative analysis of the differing networks is essential in aiding Ofgem to set effective price controls. We do not agree with concerns GDNs raised that “it is too early to start using such analysis across the GDNs, given the short period for which new management teams have been in place” and “there is a risk of creating an artificially efficient GDN”. This is an early opportunity to set effective efficiency targets allowing consumers to see the early benefits of the gas distribution sales two years ago.

Should there be a case to make adjustments to allowances for regional factors, the CIA believes that adjustments should be adopted for all GDNs and not just where there is evidence of significantly higher than average costs. Evidence of lower than average costs should also be factored into any adjustments for regional factors.

Through early effective comparative analysis consumers will begin to see the benefits forecasted during the sale process without waiting until the next price control review.

Regards

Gareth Davies
Climate Change and Energy Executive



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