

Andy McFaul
Head of Better Regulation
Ofgem
9 Millbank
London
SW1P 3GE

Direct line 01925 534504
Direct fax 01925 534571
paul.bircham@enwpltd.co.uk

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Dear Andy

Proposed revised Guidance on Impact assessments

We welcome the opportunity to comment on the above.

The paper reflects and has reacted to the Better Regulation Executive (BRE) new general guidance for government departments. In that context:

- We note the explicit inclusion of sustainable development themes and support the greater emphasis on how any proposal will impact on sustainable development
- We note the need to quantify costs and benefits avoiding spurious accuracy where there is little reliable information or great uncertainty about costs and benefits. Whilst we support your rejection of the BRE summary template on the stated basis that Ofgem must take decisions based on statutory duties and not only on a “net benefit” test, we would suggest that Ofgem’s statutory duties are relevant considerations in terms of the background to proposals and Ofgem’s own priorities, they are not justification for proposals where the regulatory impact is not positive or is questionable.
- We have previously argued that Ofgem should set out the cost benefit for the UK as a whole before considering the effects on individual stakeholders.
- An IA needs to reflect a more balanced and objective view of the overall effect of any proposals.
- It will be necessary on a continuing basis for an IA to consider the potential conflict between maintaining a reliable electricity supply, low carbon sources of energy and affordable prices. In an increasing debate on many of these issues, an IA must be prepared to consider the policy options arising from a different choice of priorities by Ofgem. This will be particularly relevant during the course of the forthcoming Distribution Price Control Review process.

In general, we welcome the revised guidelines which should improve the quality and consistency of impact assessments

I hope our comments are of assistance to you, but should you need any more discussion, please do not hesitate to contact me.

Yours sincerely,

Paul Bircham
Regulation Director
Electricity North West Limited