

The background of the slide features a large, semi-transparent white 'X' overlaid on a blurred image of a mechanical gear. The gear has blue and orange segments. The overall image is slightly out of focus, giving it a sense of motion or complexity.

RPI-X@20

Stakeholder workshop

Ofgem's offices, London

7 November 2008

Today's objectives

- 1. Introduce RPI-X@20 and the team**
- 2. Set out our proposed approach**
- 3. Hear your views on the key themes and issues for the review!**

What is RPI-X@20?

The RPI-X framework has been used to regulate Britain's energy networks for nearly 20 years.

RPI-X@20 will review the current approach to energy network regulation and develop recommendations for the way we regulate in future.

We will report to GEMA in Summer 2010.

So why are we doing RPI-X@20?

Good
housekeeping

RPI-X is 20 years old and now is a good time to step back and consider whether it remains fit for purpose

Meeting new
and emerging
challenges

Significant changes to the regulatory framework for energy networks may be needed to facilitate the move to a low carbon economy. The regulatory regime also needs to facilitate investment to ensure security of supply and alignment with the European agenda

Simplification?

There are concerns that the framework has become too complex making it difficult for stakeholders to understand, respond and engage in the process

Objectives of RPI-X@20 (i)

The review aims to ensure that an effective regulatory framework for network monopolies is in place, which not only delivers choice and value for consumers but also places appropriate incentives on companies to facilitate network investment and thereby deliver long term security of supply for consumers.

The overall objective is therefore in line with the Authority's primary duty, to protect the interest of consumers, where appropriate by promoting effective competition.

Objectives of RPI-X@20 (ii)

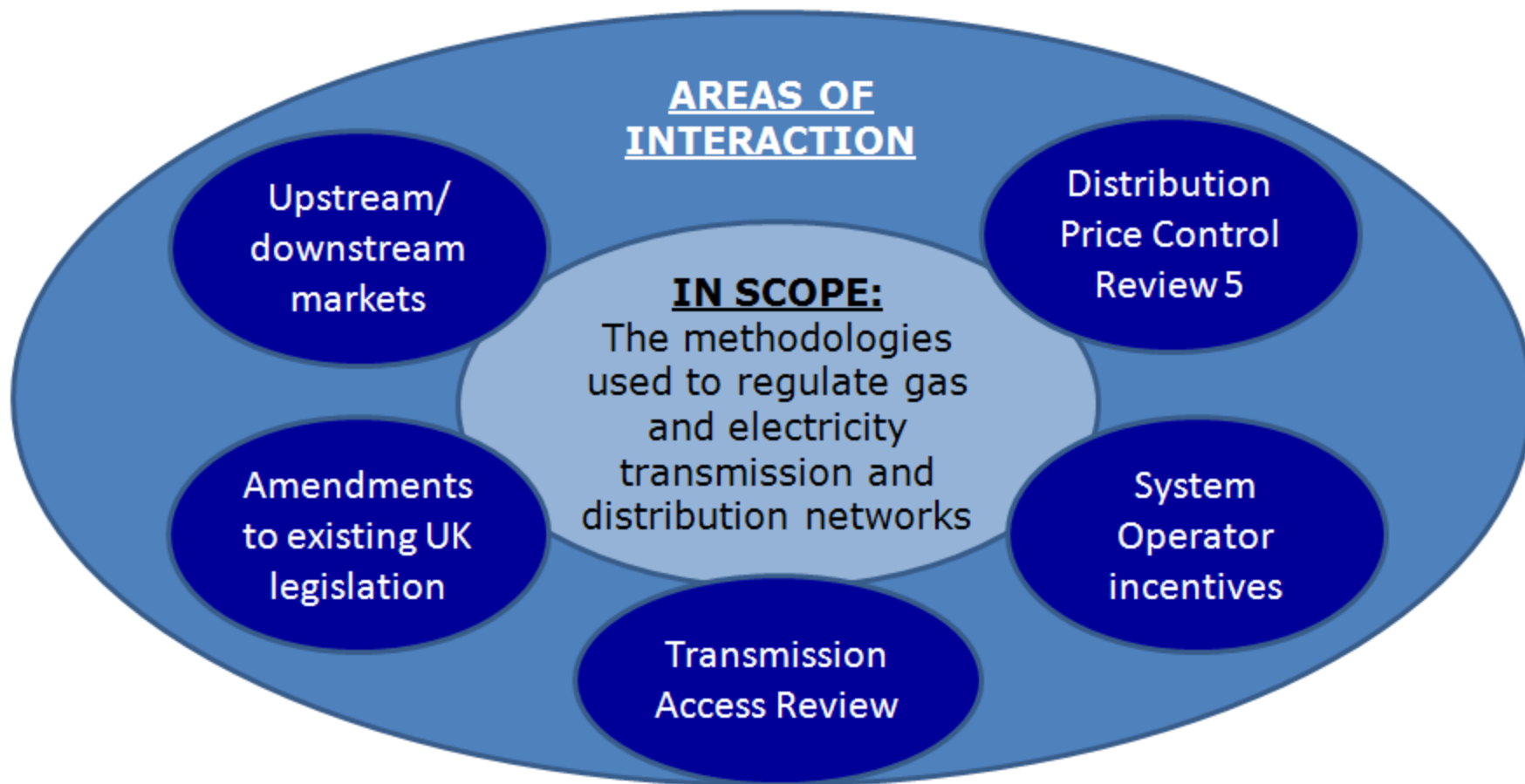
The regulatory framework should encourage licensees to:

1. Invest appropriately in GB energy networks;
2. Strive for continuous improvements in efficiency and service quality;
3. Respond to the needs of current and future customers appropriately;
4. Play a full role in tackling climate change; and
5. Forge partnerships with other industry players to improve consumer outcomes and drive the achievement of government objectives.

The regulatory framework should:

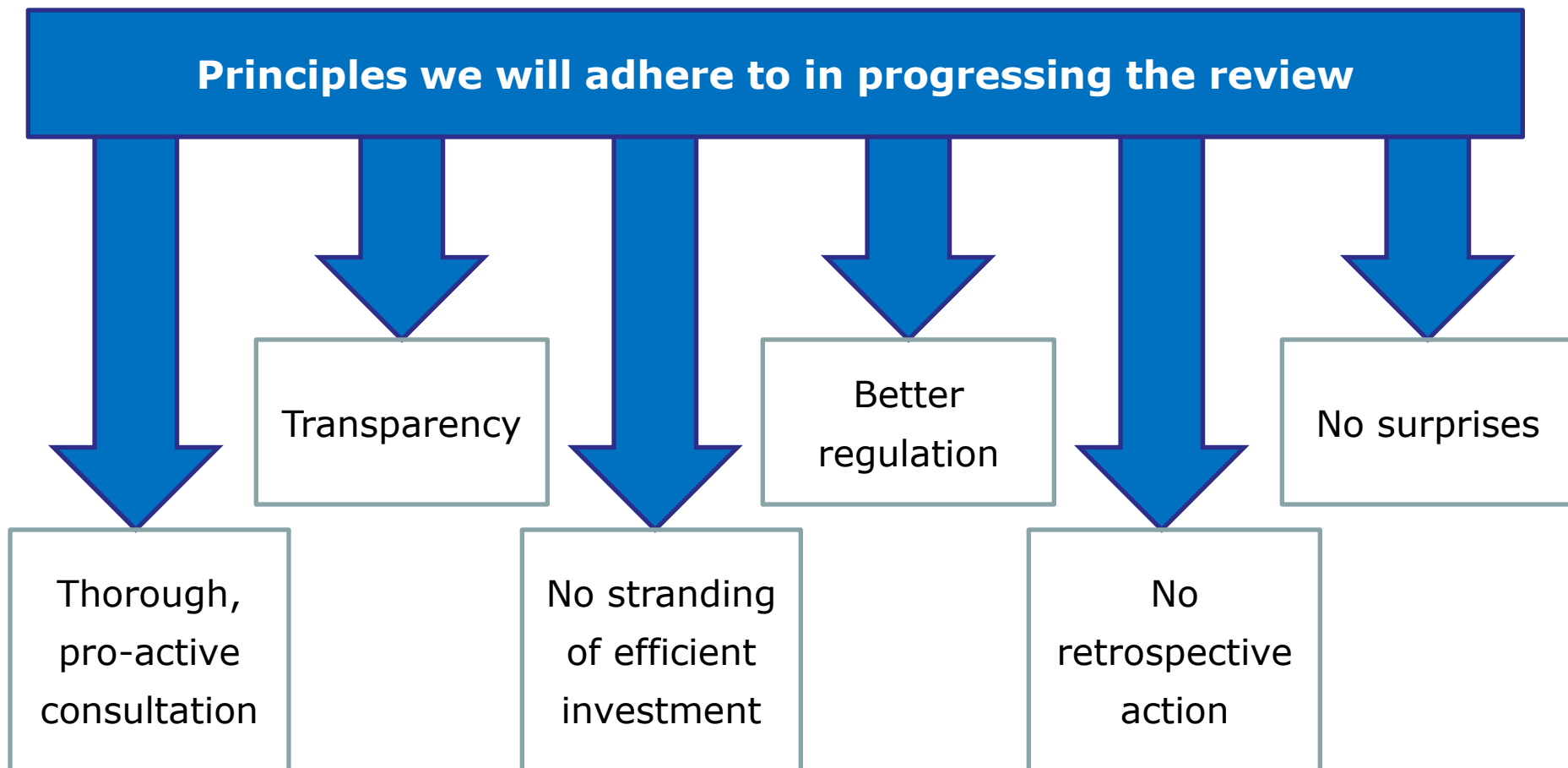
1. Be sufficiently flexible to adapt to structural changes in the energy industry; and
2. Enable efficient network companies to finance themselves efficiently.

Proposed scope of RPI-X@20



Guiding principles

Principles we will adhere to in progressing the review



Approach to RPI-X@20 (i)

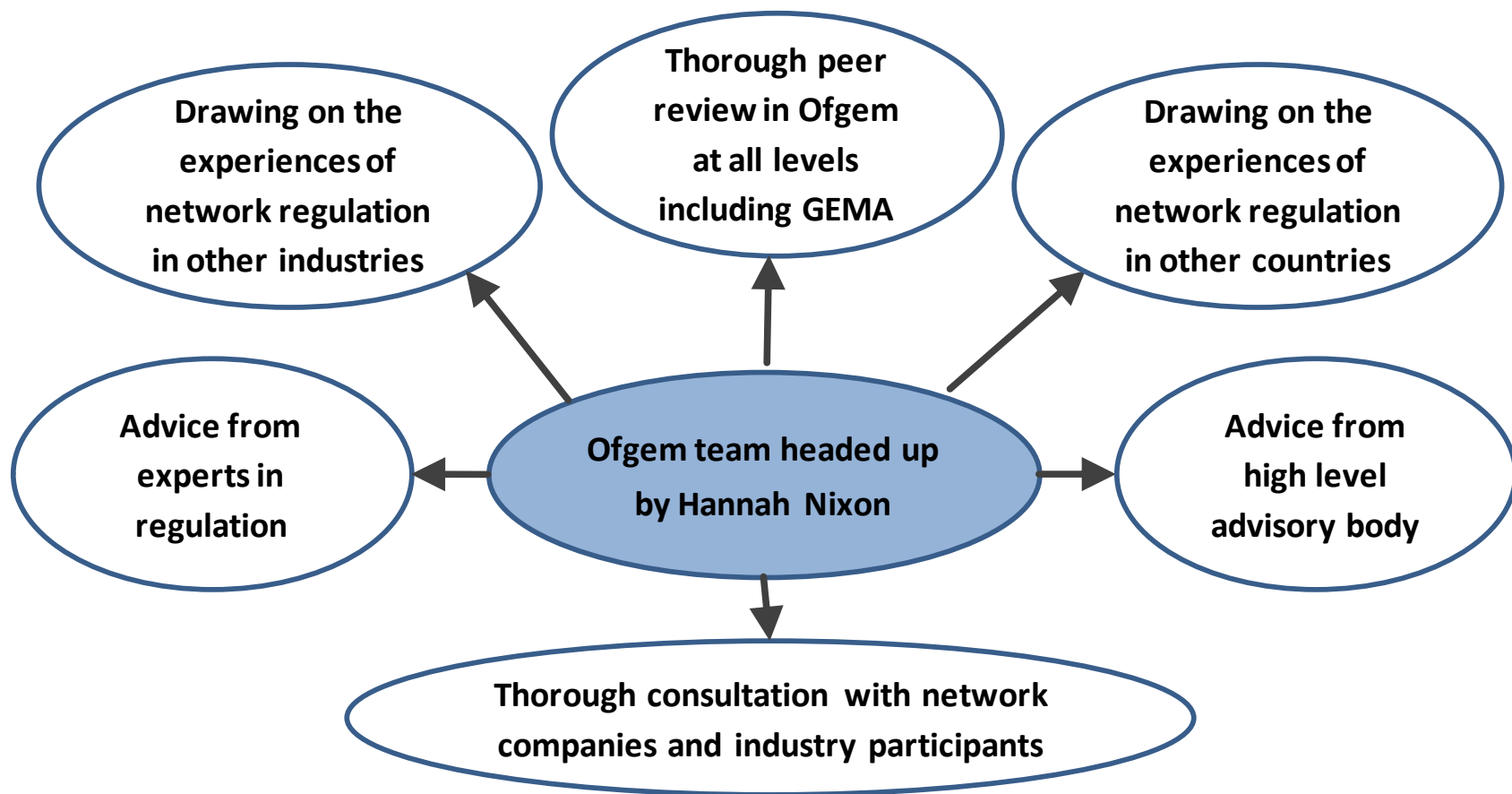
Phase 1: Vision

- High-level issues
- Blue sky thinking
- Stakeholder engagement
- Learning lessons from other regulated industries
- Drawing on academics / 'thought- leaders'
- Wide scope of review

Phase 2: Option development

- Narrowing down the potential policy options
- Exploring the potential policy options in greater depth
- Narrowing scope of the review

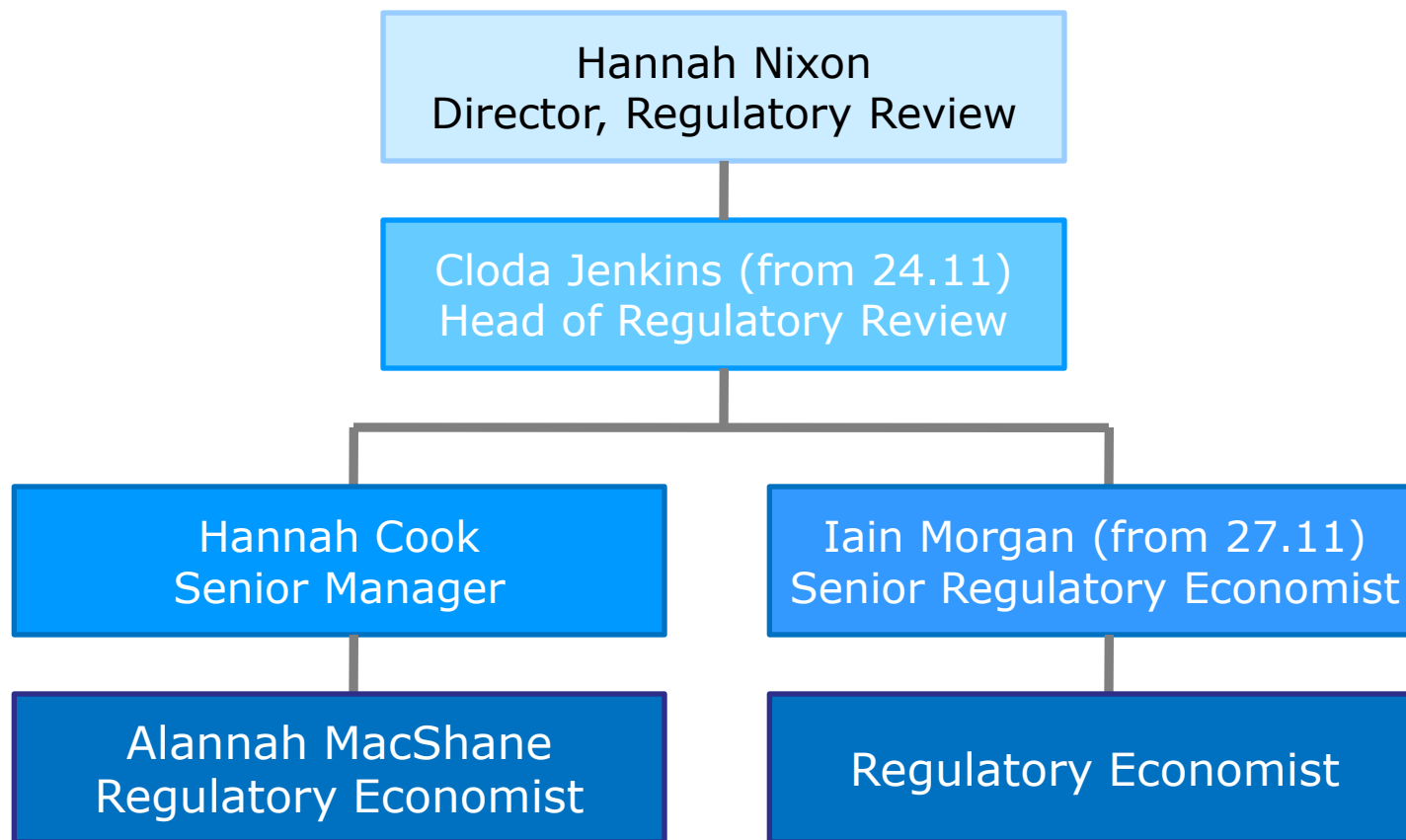
Approach to RPI-X@20 (ii)



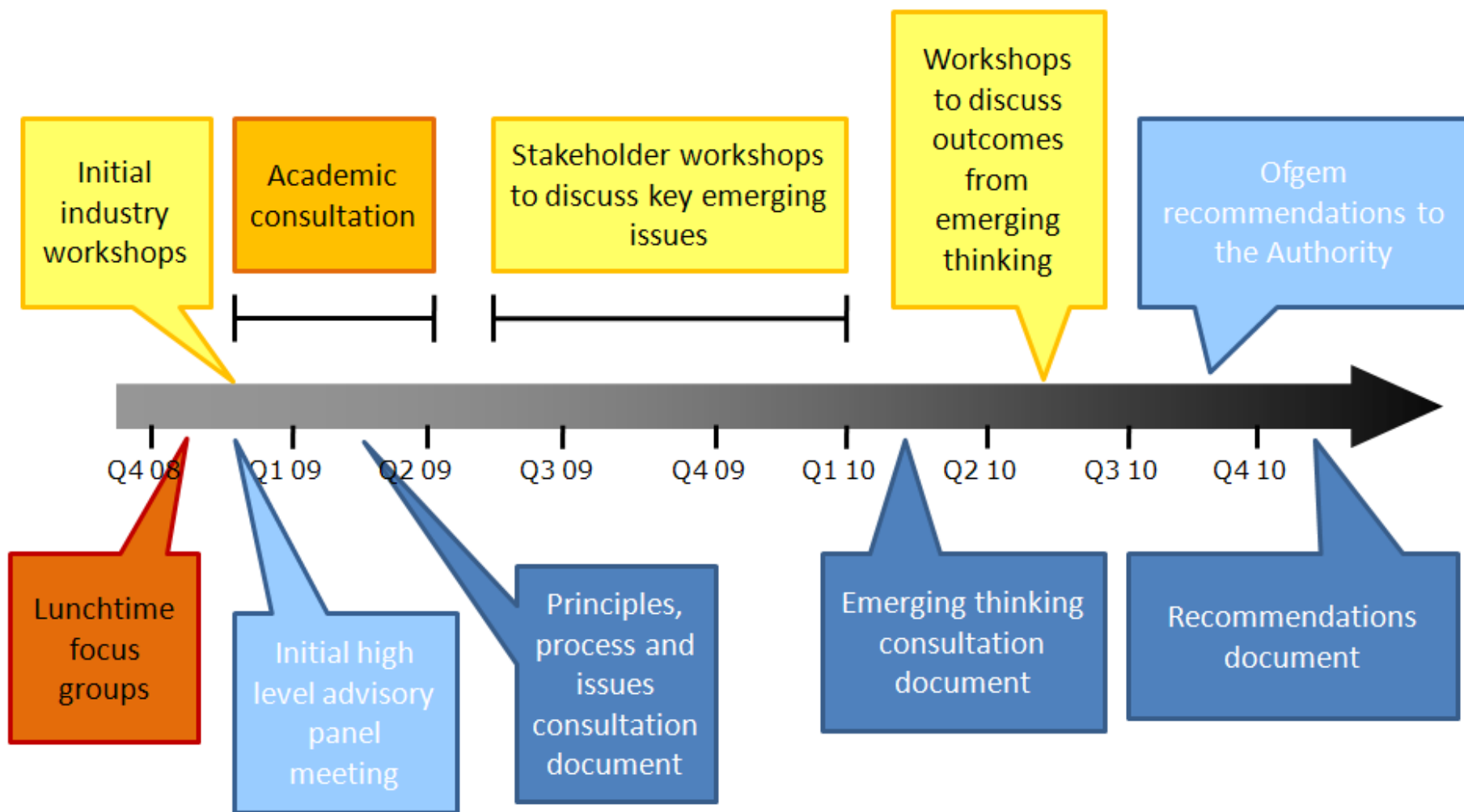
The advisory panel

PANEL MAKE-UP	INSTITUTION/INDIVIDUAL
Steve Holliday	CEO, National Grid
Gina Miscovitch	Fund Manager, Capital Fund Managers
Jim Long	Fund Manager, Ecofin
Alan Brown	MD, Deutsche Bank
Miriam Greenwood	Ofgem NED
Sir Keith Stuart	Consultant (Ex Chair, Seeboard/CEO-ABP)
Dr Simon Taylor	Cambridge University
Ed Mayo	CEO, New NCC (Consumer Focus)
Paul McIntyre	Director: Energy, DECC
Ed Humpherson	Assistant Auditor General, NAO
John Davies	Competition Commission (acting in a personal capacity)
Phil Bentley	MD, British Gas
Phil Jones	Past President ENA and CEO – CE
Fiona Woolf	Past President Law Society
Dr Michael Pollitt	Ofgem's External Consultant and Cambridge University
Gordon Edge	Director, BWEA
Alistair Buchanan	CE, Ofgem
Steve Smith	MD Networks, Ofgem
Hannah Nixon	Director of Regulatory Review, Ofgem

The RPI-X@20 team



Timetable for RPI-X@20



Getting your views heard

- We want to engage with and hear the views of all stakeholders throughout the course of the review
- We are keen to draw on experience and expertise from across the industry, academia, practitioners and the city
- We welcome views at any time. Please join our workshops, respond to our consultation documents or send us an email at RPI-X20@ofgem.gov.uk

Next steps

- The RPI-X@20 website has been made live today
- Today's presentations will be available on the website shortly
- We will put together a summary of today's discussions and will published this on the website
- A second stakeholder workshop will be held in Glasgow on 28 Nov
- The Principles, Process and Issues consultation document will be published at the end of February 2009
- We will seek to continue to engage with stakeholders through workshops following publication of the initial consultation document



Promoting choice and value
for all gas and electricity customers