

RPI-X@20 consultation – Networks
Ofgem
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Regulating energy networks for the future: RPI-X@20 Principles, Process and Issues

Thank you for the opportunity to comment on the above consultation.

Statoil (UK) Ltd (STUK) welcomes Ofgems proposed holistic approach to a review of the current regulatory framework and the consideration of the inter-relationships between all of Ofgems projects. The energy industry has changed dramatically since the introduction of the RPI-X framework 20 years ago, with an increasing focus on delivering the government's sustainable development agenda it is right that the regime is assessed to ensure that it is fit for purpose. STUK also believe that the respective characteristics and differing levels of risk associated with the gas and electricity regimes should be recognised and appropriately considered, acknowledging that there may be merit in applying differing frameworks to the two regimes.

Whilst supporting a review of the current industry framework STUK believe that certainty and predictability in the regime should be maintained as much as possible. A stable regime is essential for the planning and development new projects to ensure that the economics on which an investment decision is made remain accurate. To this end STUK support Ofgems guiding principles for the review which include no retrospective action and no stranding of efficient investment.

The 12 month visionary period currently included in the project timeline will allow Ofgem to fully engage with the industry to canvas and understand views and assess if change is desired or needed. STUK welcome the statement from Ofgem that they do not intend to 'implement change for changes sake' and agree that if the evidence supports it, there is nothing wrong in maintaining the status quo.

With the current emphasis on security of supply in the medium to long term, an approach such as this is essential to ensure that projects currently in the planning and approval phase are fully realised. Whilst any changes to the regulatory framework should be flexible enough to adapt to new challenges, it should also be able to ensure a level of consistency for existing developments.

STUK trust that our comments will be given due consideration and should you wish to discuss any aspect of this response further please contact me on the above number.

Yours sincerely

Shelley Rouse.
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