

Electricity and gas transmission companies, generators, suppliers, customer groups and other interested parties



Promoting choice and value for all gas and electricity customers

Our ref:49/11

Email: hannah.nixon@ofgem.gov.uk

Date: 5th May 2011

Dear Colleague,

Extension to April Consultation in light of PPA Energy Report for SO Capex for TPCR4 roll-over

The existing Transmission Price Control ("TPCR4") covers the five year period from 1 April 2007 to 31 March 2012. To allow us to implement our new regulatory model, RIIO, at the next full price control, we are rolling forward the current price control for another year to cover the period 1 April 2012 to 31 March 2013. We refer to this as the TPCR4 "roll-over".

In April we consulted on the policy scope of the roll-over¹ and our view of the appropriate allowances for operational expenditure. We also presented for consultation our technical consultant's initial view of the projected capital expenditure (capex) submitted in the licensees' business plans. An assessment of the projected Transmission Operator capex was carried out by KEMA; whilst PPA Energy assessed the projected capex associated with National Grid's System Operator functions². To better inform stakeholders we published KEMA's analysis. At the time of publication, the PPA Energy Report had not been finalised and we committed to publish the report at a later date. This report is being published in parallel with this letter³.

Responding to the PPA Energy Report

In light of the additional information contained within this report the deadline for responses from stakeholders on issues pertaining to the information contained within the PPA Energy report has been extended to 3rd June 2011. If stakeholders require additional time to respond please contact us in advance of this date.

Please note for all other aspects of the April document the deadline for response remains 13 May and is therefore unchanged.

¹ "[TPCR4 Rollover Policy update and initial analysis of business plans](#)" published April 8 2011

² This represents National Grid Electricity plc and National Grid Gas plc

³ http://www.ofgem.gov.uk/Networks/Trans/PriceControls/TPCR4Roll-over/Documents1/040511_PPA%20Report_Redacted.pdf

Please contact Martin Rodgers at martin.rodgers@ofgem.gov.uk or on 0207 901 7273 if you have any queries in respect of issues raised in this letter.

Yours faithfully,

Hannah Nixon
Partner, Transmission