

30 June 2011

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Submitted by email to: [regulatoryfinance@ofgem.gov.uk](mailto:regulatoryfinance@ofgem.gov.uk)

Dear Mr Darby

**Response to: "Proposed Modifications to the 'Ring Fence' Conditions in Network Operator Licences**

Brookfield Asset Management Inc. (Brookfield) is a global asset manager focussed on property, renewable power and infrastructure assets. We currently own and operate assets in several international regulatory jurisdictions, including the UK, US, Chile, Australia and New Zealand. A Brookfield managed fund, Brookfield Infrastructure Partners L.P. (NYSE:BIP and TSX:BIP.UN), is the owner of the International Energy Group, which owns GTC Pipelines Limited and the Electricity Network Company Limited (jointly referred to as "GTC").

This letter is to provide support to the submission made by GTC in response to Ofgem's *Proposed Modifications to the 'Ring Fence' Conditions in Network Operator Licences*.

We are concerned that there are aspects of the proposed ring fence conditions that would place a disproportionate regulatory burden and associated incremental costs on GTC. We would draw your attention, in particular, to the following aspects, which are expanded on in more detail in GTC's submission:

- the difficulty that GTC would face in recovering efficiently incurred incremental compliance costs, particularly under the RPC arrangement for IGTs;
- the need for clearly documented guidelines for the proposed intervention plans; and
- the continued need for cash to be held in escrow in light of the proposed tightening of cash lock up arrangements.

We recognise the need for effective financial ring fence arrangements, but would ask that you consider the issues raised by GTC so as to minimise as much as possible the additional regulatory burden and costs.

Yours sincerely



Adriaan van Jaarsveldt  
Senior Vice President, Regulatory  
Brookfield Infrastructure