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02 April 2012

Dear Hannah,

**Response to Open letter consultation on the way forward for the next electricity distribution price control review –RIIO-ED1**

With regard to Ofgem’s open letter dated 6 February 2012 on the way forward for the next electricity distribution price control review, RIIO-ED1. ENA welcomes the opportunity to respond alongside its electricity distribution network operator (DNO) members.

The electricity distribution networks have a vital and fundamental role to play in the move to the low carbon economy and are key contributors to the well-being of the UK economy. We are fast approaching the major milestone where the DNOs must start to build and develop the electricity distribution network to accommodate the future requirements for GB energy delivery. This must be done so economically, efficiently, and to the best benefit of customers, stakeholders and the UK as a whole. The world is changing and ENA is committed to playing a key role in delivering the necessary changes to help achieve the Government’s low carbon objectives.

This will be the first time that the RIIO methodology is used to establish the DNOs’ price control. The DNOs have contributed positively and enthusiastically to the debate establishing the RIIO principles. We are keen to

work with Ofgem to put those principles into practice and to negotiate the best outcome for the networks and their stakeholders.

A key driver for DNOs at all times is the necessity to balance the needs of customers, stakeholders and investors. This will be even more important during this price control review.

Learning the lessons of the transmission and gas distribution reviews will be important in making RIIO-ED1 successful. Ofgem and the industry will need to work together to achieve this. We feel it is important to spend time early in the process working on the well-justified business plan guidance and identifying those areas where companies should work together (rather than differentiate within their individual plans).

The DNOs welcome the recognition from Ofgem of the importance of allowing sufficient time for the review and the timetable is broadly welcomed. It will be very important to develop a clear view of working groups' terms of reference and plans so that issues can be prioritised within the overall framework of the process and work commenced promptly.

ENA is happy to assist Ofgem and our members in any way that it can and both ENA and its members look forward to working closely with Ofgem, customers and stakeholders during the RIIO-ED1 review.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'f. Dixon', with a horizontal line underneath.

Francesca Dixon  
Head of Regulatory Policy

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