

MAYOR OF LONDON

By e-mail: anna.rossington@ofgem.gov.uk

5 August 2013

Dear Sirs

RIIO – ED 1: Electricity distribution Network Operators' (DNOs) business plans – publication, views and next steps.

I refer to your letter of 1 July requesting views on the DNOs' business plans. In the case of London, UK Power Networks (UKPN) is the dominant DNO and this response is in relation to UKPN's draft business plan.

The Mayor has written to your Chairman, Lord Mogg, to express his concern regarding two matters:

1. He has asked that UKPN's draft business plan be fast tracked. The Mayor is very disappointed that as a result largely of regulatory constraint, UKPN's business plan does not contain a commitment to the level of forward investment needed for London. However, the current draft plan is nevertheless a clear platform for us and UKPN to work together for the immediate future and in particular, at least, to find short term solutions to securing the investment in London's electricity distribution infrastructure that is needed now. Fast tracking UKPN's business plan will help bring more certainty for developers, businesses and planning authorities in London regarding UKPN's committed investment expenditure. In addition, after allowing for the Mayor's severe reservations referred to above, the quality of the plan itself is fully sufficient to justify fast tracking and will not benefit from further delay in implementation.
2. There is a need to work with you to find solutions to the current barriers that are preventing investment in London's electricity infrastructure being committed sufficiently in advance. Ofgem is a member of the Mayor's High Level Electricity Working Group, where the issue has been discussed at length, and is fully aware of the his concerns. However I think it useful to record with you formally in response to this consultation the Mayor's continued concern regarding the point, his determination that the matter be fully addressed and, where supported by the evidence, change be made to the current regulatory framework.

The Mayor's recently published 2020 Vision for London is very clear about the importance of maintaining London's international competitiveness and contains the specific objective, to 'support energy infrastructure development, building sufficient electricity substations to meet London's future energy demand'.

I urge you to take these points fully into account in your consultation and for the future to work with the Mayor to resolve his serious concerns regarding the need to enable the DNO to invest adequately in advance of immediate demand. Without that, there is an unacceptable risk that necessary electricity infrastructure investment will lag behind the Mayor's development and infrastructure plans for London and create a serious impediment to their delivery.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Pencharz', written in a cursive style.

Matthew Pencharz
Senior Advisor – Environment and Energy