

Anna,

I trust you're well.

I am writing on behalf of London First to follow up on previous correspondence regarding London business's concerns about long-term investment in the capital's electricity distribution infrastructure, in the context of the current consultation on RIIO-ED1.

As you will recall, London business users are particularly concerned that we face a combination of high network utilisation, rising demand for power in the capital and a regulatory system which does not effectively incentivise investment ahead of direct need to meet anticipated future electricity demand. We believe this is generating significant deadweight cost for businesses (in the form of additional uncertainty, risk, project delay and cost) which is not captured in the current system and which has the potential to undermine London's competitiveness as a world city and driver of UK economic growth.

We firmly believe that these circumstances provide a strong justification for additional investment in network infrastructure and have engaged extensively in UKPN's programme of stakeholder engagement around ED1. We are therefore disappointed that a number of important issues remain to be resolved. In particular:

- We welcome UKPN's proposals for early investment in the quality of supply in central London through both additional capital investment and an enhanced operational strategy which takes account of the additional cost and complexity of undertaking this work in central London. This offers considerable value to a range of business users from offices to theatres, restaurants and retailers and would help safeguard the capital's overall reputation as a thriving world city, which is easily damaged by supply interruptions. We would hope to see the potential benefits of this investment reflected in UKPNs ED1 quality of supply targets.
- We similarly welcome UKPN's proposals for additional investment to reinforce the wider London power network. We understand that some £60m of schemes remain under discussion. We remain of the view that the investment programme as originally proposed was inadequate to meet London's long term needs so are extremely concerned at the continuing squeeze on much-needed investment.

In both cases, we would urge Ofgem to look favourably at the need for additional investment in London's electricity distribution network to support the capital's continued growth and success.

On a broader note we are encouraged at Ofgem's participation in ongoing discussions with central government and the GLA on options for reforming the framework for long-term investment and will continue to support further work on practical options for change.

We would of course be happy to discuss any of this further.

Yours sincerely

David

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