

Reference

099 ED1-Mid Period Review

Date

2 February 2018

Cadent Gas Limited

Brick Kiln Street, Hinckley

Leicestershire LE10 0NA

cadentgas.com**Steve McMahon**

Ofgem

Email:RIIO.ED1@ofgem.gov.uk



Dear Steve

Cadent response to consultation on a potential RIIO-ED1 Mid-Period review

Cadent is a gas distribution company providing gas to 11 million homes and businesses through 130,000km of pipelines. We own and operate four regulated gas distribution networks covering a geographically defined service territory that spreads across the East of England, North London, the North West and the West Midlands. We welcome the opportunity to respond to this consultation and confirm that this response can be published by Ofgem.

We recognise that the Mid Period Review (MPR) is a key milestone in the price control period and we agree with the overarching principles outlined in the strategy that the purpose of the MPR is to identify;

- potential changes to existing outputs that network operators are expected to deliver, justified by clear changes in government policy, or
- whether any new outputs are required for the remainder of the price control to meet the needs of consumers and other network users.

Any deviation from this approach should be considered with great care as stability of the RIIO price control settlement is fundamental to maintaining investor confidence, lower cost of capital and thereby lower customer bills for the vital services provided by networks. Any perception that the RIIO Mid-Point Review is effectively an opportunity even at the margin to re-open the price control should therefore be avoided.

We agree with Ofgem that, "Any short-term benefits must be weighed up against the longer-term risks of undermining the stability of the regulatory regime, including potential higher costs in the longer term". For the reasons we have outlined in this response we do not support proposals that go beyond the express criteria of the Mid Period Review.

If you have any further questions please do not hesitate to contact on Nicky.Kirk@cadentgas.com

Yours sincerely

By email

Nicky Kirk

Regulatory Policy & Reporting Manager

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